ANNUAL REPORT AND ACCOUNTS 2022

888 HOLDINGS IS ONE OF THE WORLD'S LEADING BETTING AND GAMING COMPANIES AND OWNS AND OPERATES A RANGE OF INTERNATIONALLY RENOWNED BRANDS INCLUDING WILLIAM HILL, 888, MR GREEN AND SI SPORTSBOOK.

OUR PURPOSE

TO ENTERTAIN AND EXCITE CUSTOMERS WITH THE BEST GAMBLING EXPERIENCE IN THE WORLD.

Read more on page 4

OUR MISSION

TO LEAD THE GAMBLING WORLD IN CREATING THE BEST BETTING AND GAMING EXPERIENCES, BRINGING UNRIVALLED MOMENTS OF EXCITEMENT TO PEOPLE'S DAY-TO-DAY LIVES. WE ACHIEVE THIS BY DEVELOPING STATE-OF-THE-ART TECHNOLOGY AND CONTENT-RICH PRODUCTS THAT PROVIDE FUN, FAIR AND SAFE BETTING AND GAMING ENTERTAINMENT TO CUSTOMERS WORLDWIDE.

Read more on page 4

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Highlights* 2022

Reported Revenue £m

£1,239m +74%

2021: £712m

2022	1,239
2021	712

Pro forma Revenue £m

£1,850m -3%

2021: £1,907m

2022	1,850
2021	1,907

EBITDA £m

£116m +29%

2021: £90m

2022	116
2021	90

Pro forma Adjusted EBITDA £m

£311m +15%

2021: £270m

2022	311
2021	270

Average monthly players (millions)

1.6m +1%

2021: 1.6m

2022	1.6
2021	1.6

* EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

Adjusted EBITDA is defined as EBITDA excluding share based payment charges, foreign exchange losses and exceptional items and other defined adjustments. Further detail on exceptional items and adjusted measures is provided in note 3 to the financial statements.

Pro forma metrics, which are unaudited, reflect the results as if 888 had owned William Hill for each of the periods and excludes the results of the 888 Bingo business for all periods.

To see full details of our KPIs please go to page 28

AT A GLANCE

A global leader with world class brands

888 HOLDINGS IS ONE OF THE WORLD'S LEADING BETTING AND GAMING COMPANIES.

In 2022, the Group acquired the international (non-US) business of William Hill to create one of the world's leading global betting and gaming operators. Incorporated in Gibraltar and headquartered in the UK, the Group operates from offices worldwide and employs over 11,000 people globally.

The Group owns and operates internationally renowned brands, including William Hill, 888casino, 888poker, 888sport, and Mr Green. In addition, the Group operates the SI Sportsbook and SI Casino brands in the US in partnership with Authentic Brands Group.

The Group's operations are split into Retail, UK Online and International Online, all of which house world-class brands, and offer leading products to excite and engage our customers.

A RANGE OF LEADING BRANDS

William HILL

888

mr green

SI SPORTSBOOK

Read more on page 26

DIVERSIFIED REVENUE BY PRODUCT (PRO FORMA)[1]

Gaming
52%

Retail
28%

Betting
20%

Read more on page 50

1. Pro forma numbers, which are unaudited, reflect the results as if 888 had owned William Hill for the entire period, and exclude the bingo business.

OUR LOCALLY LICENSED OPERATIONS AND OFFICES

Locally licenced markets:

1. UK
2. Gibraltar
3. Ireland
4. Jersey
5. Germany
6. Romania
7. Spain
8. Italy
9. Denmark
10. Malta
11. Sweden
12. Portugal
13. Latvia
14. Colombia
15. Canada (Ontario)

US:

16. Nevada
17. Delaware
18. New Jersey
19. Colorado
20. Pennsylvania
21. Virginia
22. Michigan

Offices:

1. Bulgaria
2. Ceuta
3. Colombia
4. Gibraltar
5. India
6. Ireland
7. Israel
8. Latvia
9. Malta
10. Philippines
11. Poland
12. Romania
13. UK
14. US

OUR OPERATING DIVISIONS

UK&I

ONLINE

Our sports betting and gaming brands are some of the most popular in the UK&I market. William Hill and 888casino are our flagship brands here, offering market leading products to millions of customers every month.

Revenue / Pro forma[1] revenue

£456m / £717m

Pro forma average monthly actives

1.1m

RETAIL

Our William Hill retail estate has been a permanent fixture on the UK high street for over 50 years. We now have a portfolio of 1,386 shops offering exciting betting and gaming products to millions of customers all across the UK, complementing our online offering.

Revenue / Pro forma[1] revenue

£256m / £519m

Number of Licensed Betting Offices at Dec-22

1,386

International

ONLINE

We serve customers in over 100 countries worldwide using our range of world-class brands, with a primary focus on our other core markets of Italy and Spain, together with exciting growth markets such as Canada, Denmark and Germany.

Revenue / Pro forma[1] revenue

£508m / £614m

Pro forma average monthly actives

0.5m

1. Pro forma numbers, which are unaudited, reflect the results as if 888 had owned William Hill for the entire period, and exclude the bingo business.

STRATEGIC ROADMAP

Realising our potential

LEVERAGING OUR FUNDAMENTAL STRENGTHS AND ADDRESSING OUR CHALLENGES HEAD ON WITH SWIFT ACTIONS AND A CLEAR PLAN, AS WE SET THE PLATFORM FOR FUTURE SUCCESS

GOAL	Grow EPS & Deleverage			Disciplined capital allocation and more streamlined and profitable business to generate strong returns Read more on page 14
STRATEGIC PRIORITIES	Integration		Market focus	A clear plan to create a more efficient and effective business to realise our potential Read more on pages 16 to 20
KEY ENABLERS	Product and content leadership	World class brands	Customer excellence	Achieving our aims by leveraging our sources of competitive advantage Read more on page 24
CRITICAL FOUNDATIONS	Players	People	Planet	Building a sustainable business for the future Read more on page 34
	Governance			

Our updated strategic roadmap is based around three phases:

- **Position (2022):** A newly combined business with world-class brands and market-leading positions across some of the most attractive betting and gaming markets globally. However, we operate across multiple platforms and teams, with brands that are often competing against each other, leading to profit margins lower than industry peers. Additionally, financial leverage is significantly above our mid-term target of 3x.
- **Plan (2023-2025):** With clear strategic priorities of integration and market focus, we will create a more scalable and efficient business model, operating at higher profit margins and focused on select markets where our combination of high-quality products, exceptional brands, and proven operating capabilities provide strong potential for success. A highly disciplined capital allocation plan will target net debt / EBITDA of less than 3.5x by end of 2025.
- **Potential (2025+):** With a powerful platform for future growth, scaled business operations, and a robust and defensible suite of competitive advantages, we will be well positioned to deliver strong, long-term, and sustainable growth.

> Across the leadership team we have completely clear focus on what we must deliver in terms of our integration, deleveraging, and ensuring we are relentless in our pursuit of unlocking the huge potential from this combination.
>
> **Lord Mendelsohn**
> Executive Chair

Potential

OUR POSITION – PLAN – POTENTIAL STRATEGIC ROADMAP WILL CREATE THE PLATFORM FOR THE NEXT DECADE OF GROWTH, DELIVERING HIGH RETURN ON EQUITY

POSITION
Newly combined business
High leverage
Low EBITDA margins

PLAN
Grow EPS and deleverage through clear strategic priorities

POTENTIAL
A global-leader with high growth potential and attractive upside potential for equity holders

Integrate
Businesses and realise synergies

Focus
On select markets and key growth opportunities

Invest
In our sources of sustainable competitive advantage

Support
Sustainable growth through Players People Planet foundation

Prioritise
Debt reduction through ruthless focus on capital efficiency

2025 FINANCIAL TARGETS

Pro forma revenue
>£2bn

Adjusted EBITDA Margin
>23%

Leverage
<3.5X

Adjusted EPS
>35p

CLEAR DRIVERS OF POTENTIAL EPS GROWTH

Revenue growth
+1p
per 1ppt
Focus on a smaller number of the most attractive markets globally in order to deliver our revenue growth plans

Adjusted EBITDA Margin
+3p
per 1ppt
Clear levers to drive higher margins, including synergies, optimisation of operations and brand strategy, and increased focus on key markets

Debt reduction
+2p
per £100m repaid
Capital allocation model will prioritise debt reduction with a clear plan to reach 3x leverage

Debt optimisation
+3p
per 100 bps
Some flexibility in the debt structure enabling the Group to capture the future benefits of deleveraging

CHAIR'S STATEMENT

2022 was a transformational year

WE ARE FOCUSED ON BUILDING ON OUR FUNDAMENTAL STRENGTHS AND REALISING THE STRONG POTENTIAL FROM THE WILLIAM HILL ACQUISITION AS WE LOOK TO BECOME A GLOBAL LEADER

As a newly combined business we have significant scope for improving our operating model and delivering efficiencies. Over the next two years we plan to fully integrate our business – creating a bigger, stronger and better organisation with higher profit margins. We are focused on building a customer-led business with a portfolio of world class brands that provide complementary offerings, supporting our ambitions to drive market share growth in some of the most attractive betting and gaming markets in the world. This will be enabled by a scalable, unified proprietary technology stack that will underpin our product and content leadership focus.

Lord Jon Mendelsohn
Executive Chair

INTRODUCTION

2022 was a landmark year for the Group. The transformational acquisition of William Hill, which completed in July for a revised total consideration of £1.95bn, was a bold step that sets the Group on a clear course to becoming a global leader in our industry. The enlarged Group will benefit from significantly increased scale, greater revenue diversification, and an increased proportion of regulated and taxed revenues underpinned by stronger positions across our core markets of the UK, Italy, and Spain.

For more than 25 years, 888 has grown and developed as a technology-led gaming business. It has built a world-class and scalable global technology platform alongside outstanding digital marketing and data capabilities. Additionally, 888 is one of the leading online casino brands in the world. On the other hand, William Hill is a bookmaker by DNA, with an iconic brand that is instantly recognised across the UK, supported by a top-class retail estate. The highly complementary nature of these two businesses was reinforced by the materially increased synergy target of £150m we disclosed towards the end of the year. Throughout this Annual Report we outline in detail the significant benefits and value creation opportunities that will be delivered through the combination of these two highly complementary businesses, as well as update on the positive early progress made in the integration process.

As well as completing the acquisition of William Hill, we also completed the sale of our bingo business in July 2022. The bingo business operated on a separate platform and added operational and technical complexity to the Group, so the strategic disposal came at the right time for us to renew our focus on our core B2C betting and gaming products, and direct investment toward our goal of a building a scalable single global platform. We thank our valued bingo colleagues for their contributions to the 888 business over several years, and wish them well for the future.

Whilst 2022 was a year of significant strategic progress, the trading backdrop undoubtedly presented several challenges for the Group and indeed our wider industry. Global macroeconomic conditions – in particular following Russia's invasion of Ukraine in February 2022 – shifted considerably. As a result, both the Group and its customers faced high rates of inflation and higher interest rates. As an entertainment business, we are mindful of the potential impact of these cost-of-living pressures on our players.

Notably, since the acquisition of William Hill, the Group is now more exposed to the effect of higher interest rates due to its current high levels of debt. The ultimate structure of the William Hill acquisition resulted in the Group's net debt being higher than had been anticipated when the acquisition was initially announced in 2021. As a result, the Group was more exposed to material changes in interest rates in the year, which in turn impacted its ability to reinvest excess cash flow into accelerating growth in the short term.

Meanwhile, overall market growth rates across the Group's key online markets moderated during the year. At the outset of the global COVID-19 pandemic in 2020, consumers around

£150m

Expected synergies from the William Hill acquisition

~£20bn

Total addressable market of our core and growth markets

>35p

2025 Adjusted Earnings Per Share target

the world pivoted quickly towards e-commerce and digital forms of entertainment. This in turn drove significantly higher growth rates for the Group over the course of 2020 and 2021 compared to what had been previously achieved. As pandemic-related social restrictions have eased, growth rates in our online business have moderated, albeit with customer activity remaining higher than pre-pandemic levels.

Against this dynamic and testing backdrop, I would like to thank everyone across the enlarged business for their continued commitment during the year. The Group has made very positive early progress with the integration process, including raising its synergy targets materially and setting out a clear strategic roadmap towards ambitious financial targets for 2025. The Group has a clear plan to maximise the value creation opportunity from combining these two world-class businesses and the Board remains highly confident that this will underpin sustained growth and shareholder value creation over the medium and long term.

BOARD FOCUS AREAS

As a Board, our role is to represent our shareholders and broader stakeholders, and to ensure that we are holding management to account to deliver long-term, sustainable, shareholder value creation. To this end, the Board has three key priorities. The first is to ensure that the Group executes a successful integration, and the Board is confident that the Group is taking the right actions to create a more streamlined, more profitable, and more nimble business going forward.

The Board's second key focus is on building and reinforcing the teams across the Group. We significantly strengthened the operational management team during the year with a broad and diverse range of talent from the William Hill team, as well as several important external hires.

The Board's third focus is to ensure that management is always thinking about the long-term direction of the business. As part of this, the Board builds ESG and sustainability into all its planning, whether that is by ensuring that the Group does the right thing by its players by maintaining strong safer gambling standards, or by providing a great workplace for its people, or by doing its bit to support the environment and fight the climate emergency. Led by the Board's ESG Committee, the Board has full oversight of the Group's ESG strategy, targets, and progress. Further information on the Group's ESG activities during the year can be found on pages 34-45.

CHAIR'S STATEMENT CONTINUED

BOARD CHANGES

Following the completion of the acquisition of William Hill, in July 2022 we were pleased to strengthen the Board of Directors with the appointments of Andrea Gisle Joosen and Andria Vidler as Independent Non-Executive Directors, and Ori Shaked as a Non-Executive Director. Each new Board member has brought extensive and highly relevant skills and experience to the business that I know will continue to be of significant benefit to the Group as it delivers its long-term strategic objectives.

Following the year end the Group announced further directorate changes with regard to executive directors, which are discussed in more detail in the post year end developments later in this statement.

CLEAR STRATEGIC ROADMAP: POSITION-PLAN-POTENTIAL

The Group's strategic roadmap over the coming years is firmly focused on unlocking the significant potential from the combination of 888 and William Hill. However, to do this we must first acknowledge and address the key challenges that come with our current position as a newly combined Group.

Firstly, we recognise that our debt levels are high, and furthermore the cost of our debt is higher than we had anticipated due to material changes in interest rates and debt market conditions since the initial announcement of the deal in 2021. As a result, we are currently restricted when it comes to reinvesting excess cash flow into accelerating near term growth. Accordingly, we know that deleveraging must be a key priority for the Group, and we have set ourselves a clear target of reducing our net debt to EBITDA ratio from 5.6x at the end of the Period to below 3.5x by the end of 2025.

We also have a combination of three main platforms across 888, William Hill and Mr Green and in some markets, our brands are directly competing against each other. This fragmented approach and duplicate operating and technology structure means our margins are lower than peers and that's something that we must change.

We have a clear plan to address these challenges and to achieve our potential as a more profitable business that is sustainably positioned for the next decade of growth. Central to this plan is our refined strategic framework with two clear strategic priorities: integration and market focus.

These priorities are underpinned by our focus on continually developing our three key strategic enablers: product and content leadership, world class brands, and customer excellence.

Strategic priority 1: Integration

The first of our strategic priorities is to deliver a successful integration programme.

During the second half of the year, following completion of the acquisition, we immediately began working hard on our technology migration programme. We analysed every aspect of the enlarged Group's different product platforms and took the swift decision to use 888's technology as the Group's core platform going forward. We also identified certain market-leading components from William Hill's technology that we will incorporate into the core platform. These include William Hill's global trading and retail technology platforms.

I am pleased to report that we are making good progress with our technology integration, with Mr Green launched in Germany on our core platform. The next stage is migrating Mr Green in Sweden on to the 888 platform in the coming months, which will be the first major milestone for the technology integration program as we aim to deliver our platform of the future over the next few years.

Not only will our platform of the future deliver a significant cost advantage to the Group, but we also believe there is an important revenue upside opportunity as we bring together our best-in-class product and content from across betting and gaming. One example of this is within our sports offering, where William Hill currently provides over 50,000 more in-play football markets each year than 888sport. We are confident that by expanding the range of betting options at 888sport and SI Sportsbook we will drive higher customer engagement and revenue. Similarly, 888 has a world-class games development studio, Section8, which creates some of the most successful 888casino content. We are on track to be able to offer this content to both William Hill and Mr Green customers across various markets in 2023.

Strategic priority 2: Market focus

The second of our strategic priorities is ensuring that we have a very clear focus on the key market opportunities for the Group that will deliver superior returns on investment.

This process categorises each of the Group's geographic markets into one of four market archetypes. Firstly, our core markets of the UK, Italy, and Spain. Cumulatively these countries represented around 70% of the Group's online revenue in 2022 and offer a total addressable market of more than £10 billion. These are all markets with tightening regulations and rising barriers to entry, and where we believe the Group can further build market share by strengthening our key competitive advantages. During the year the Group made significant investments in proactive safer gambling measures in the UK, which we believe positions us well ahead of the anticipated white paper on UK gambling regulation. Coupled with the tough comparative period that was aided by COVID related digital migration, these factors led to a 20% year-over-year decline in UK online revenues across the Group. We look forward to the white paper and subsequent level playing field that it should bring to the UK market, and are confident that our leading brands and sustainable recreational customer base will see us succeed in this market.

Our second market archetype is our growth markets, which includes Denmark, Germany, Ireland, Ontario in Canada, and the USA. These are regulated but less mature markets for the Group where we believe we can grow significantly through disrupting and building on the strong initial positions we have developed, or by taking advantage of our unique customer propositions. Across this group of markets our focus is on rapid growth, which will be achieved by reinvesting all underlying profitability generated across this cohort of markets back into the most attractive growth opportunities. Over time, as we grow our share in these markets, our intention is that some of these will become additional core markets for the Group where we will then aim to consolidate market leading positions and drive profitability. During the year we launched the SI Sportsbook brand in Virginia and Michigan in the US and launched 888 under a local licence in Ontario, Canada, further successfully bolstering the Group's growth market portfolio. Early in 2023 we launched newly licensed offerings with SI casino in Michigan and Mr Green in Germany as we further support our growth markets.

Thirdly, we have our optimise markets. The Group currently offers its products across a huge range of global markets

and, as we have a global and scalable platform, we can do this profitably and successfully in both regulated and offshore markets. Our optimise markets are ones where either the market opportunity is not compelling, or where we do not currently see an opportunity to be one of the dominant players in that market. As a result, our focus is on providing our products to customers in the most cost-efficient, profitable manner.

Finally, we have our pipeline markets. These are regions or countries where there is an attractive growth opportunity, but where we need a different model to unlock the potential opportunity. A great example of this is in Africa, where during the year we launched a joint venture, 888AFRICA, to operate 888 brands in online betting and gaming markets across selected regulated markets in Africa. We were pleased to report that Tanzania, Zambia, Mozambique and Kenya all successfully launched during the second half of the year, in time for the FIFA World Cup, and we have seen some very positive early momentum. The Group has a minority stake in 888AFRICA, with the option to increase this to take control and ultimately own up to 100% of the venture in the future.

KEY STRATEGIC ENABLERS

The Group's market share gains will be underpinned by our sources of sustainable competitive advantage, which act as strategic enablers. These are product and content leadership, world-class brands and customer excellence.

Product and content leadership

888's proprietary technology across all products provides a clear strategic advantage against our competitors and enables complete flexibility over the user experience. Our focus on clear product development principles allows us to offer best-in-class products, differentiated content and AI-powered personalisation. Read more about our progress this year on page 24.

World-class brands

The Group owns and operates some of the most recognised betting and gaming brands in our core and growth markets, including William Hill, 888, and Mr Green. We harness the power of our world-renowned brands, together with our highly effective, automated, and flexible data-driven marketing machine, to acquire, retain and engage customers in a unique way. Read more about our progress this year on page 26.

Customer excellence

Understanding customer needs and building our product, marketing, and offers to create the best experiences possible is critical to our growth plans. A key part of our relentless focus on customer experience is delivering quick and effective customer service. We are investing in this area all the time and through integration will be able to improve customer experience even more. Read more about our progress this year on page 27.

CRITICAL STRATEGIC FOUNDATIONS

We know that without getting the following three critical strategic foundations right, we will not be able to succeed in executing on our vision for the combined Group.

CHAIR'S STATEMENT CONTINUED

CRITICAL STRATEGIC FOUNDATIONS CONTINUED

People and culture

Nurturing the right corporate culture and building the right team will be central to our future success. This starts with our strong executive team, which comprises the best leadership talent from across 888 and William Hill as well as some important new hires who joined the business during the Period. These include Harinder Gill, the Group's new Chief Risk Officer, and Anna Barsby, our new Chief Product and Technology Officer.

As we progress further through the integration process, we are focused on building a strong team culture that brings together the best attributes of both businesses and ensures that the sum of these great, historic businesses creates a combination that is stronger together. A powerful, agile, engaged, and unified team culture is critical to this.

Player safety

The second of our critical strategic foundations is player safety. We strive to build seamless customer journeys that enable players to easily track and limit their spending, while also enabling us as the operator to intervene when there is a risk of harm. By doing this, we will create an even more trusted relationship with our players, who in turn know that they can enjoy their betting and gaming with us in a safe and sustainable manner.

Over recent years, we have made important progress in the critical area of safer gambling. This includes making significant investments in our team and technology, which are central to our plans to continue to reduce the risks related to player safety. The Group's risk and compliance team, led by Harinder Gill, has more than doubled in size in the last three years to almost 400 employees and is now one of our largest departments.

One of our key goals is to make safer gambling a normal part of the customer experience. This is why we are pleased to report an 8.5 percentage point year on year increase in the number of the Group's players with safer gambling limits in place, with over 45% of our global customers now utilising limits to help ensure both a safer and more entertaining betting and gaming environment.

When it comes to safer gambling, we know that we are on a journey of continual improvement, and we acknowledge that the Group has not always got this right. We know that we must strive to do better and, in the year ahead, we are focused on enhancing the Group's overall approach to risk management, improving core processes, integrating teams, and aligning the slightly different safer gambling approaches that exist across our different platforms.

Planet

The Group acknowledges that the urgency and importance of the climate crisis requires everyone to play their part, and we continue to build on the progress we have made in this area. 2022 has been a year of transition for the group, as we work to combine the 888 and William Hill businesses. Our carbon footprint has expanded following the William Hill acquisition, but we have continued to evolve both in understanding our climate impact and working to address our carbon footprint. We have continued to make progress in delivering on our climate goals and have been rewarded with improved ratings from various key ESG ratings bodies. In 2022 we retained membership of the FTSE4Good Index as well as achieved much improved scores in the CDP rating, achieving a B- rating up from a previous rating of F. In early 2023 we achieved a CSA rating of 34, up from our prior year score of 26, an above average score for our sector. I am pleased with progress in this area but there is more to do in order for us to continue to ensure we are supporting the global fight against climate change You can read more about our progress this year on page 44.

POST YEAR-END DEVELOPMENTS

Directorate Changes

After the year-end the Group announced that Itai Pazner, Chief Executive Officer and Executive Director, was leaving office as CEO and as a Director with immediate effect on 30th January 2023. On behalf of the Board, I would like to thank Itai for his significant contributions to the business over more than 20 years, including the last four as CEO. Itai has played a very important role in building a business with powerful proprietary technology and has overseen successful early stages to the William Hill integration process. We wish him well in his future endeavours.

Since that date, I have assumed the role of Interim Executive Chairman while the Board searches for a permanent CEO. In this role I have assumed the responsibilities of the CEO and am fully focused on actively driving the business forward and leading our team to deliver our clear strategic plans. Across the leadership team we have completely clear focus on what we must deliver in terms of our integration, deleveraging, and ensuring we are relentless in our pursuit of driving market share gains in our key markets.

Also in January 2023 we announced that Yariv Dafna, the Group's CFO would leave the business at the end of 2023. On behalf of the Board, I would like to thank Yariv for his significant input to 888's progress in recent years and we look forward to his continued contributions to the Board during the remainder of the year.

We have a very strong operational management team in place, and a Board priority right now is the appointment of a permanent CEO. We have been pleased with the depth and calibre of the candidates that we are engaging with and are making good progress with our search.

We are absolutely committed to appointing a CEO that will lead the team to deliver the potential of this business. The focus of the board is therefore on making the right selection, rather than just making a quick selection.

Compliance and safer gambling

We have invested significantly in our compliance team, with the drive for higher standards headed by our new Chief Risk Officer, Harinder Gill, who joined the Group last summer. The compliance team has new personnel, procedures and policies and are charged with the mission to drive higher standards across all areas of risk and safer gambling and, as a Board and leadership team, we are all fully committed to this.

In late January, our internal team identified failures where our safer gambling policies were not being effectively applied. Further investigations identified similar accounts which were later confirmed to be a broader issue within a specific cohort of players, namely our VIPs in the Middle East. The Board once fully briefed took the prudent decision to suspend all of these accounts while the compliance team investigated the situation further.

Whilst this was a very disappointing development, I am pleased with how the business responded and that we have been able to quickly remedy the failings. Furthermore, I am highly confident that our policies and procedures are robust, and this failure was isolated to a very specific cohort of players. We have found no further issues and do not anticipate any further actions here. I am also pleased to say that we have successfully started reopening accounts and revenues in the region are beginning to recover.

On the 28th March 2023 the GB Gambling Commission ("GBGC") announced a £19m regulatory settlement in lieu of a financial penalty had been reached with William Hill in relation to historic player safety failings.

The failings occurred before we owned William Hill, so we could have had no bearing on the areas that were investigated. However, the team had already taken significant remedial action, and we have further reinforced this following the acquisition. As a result, the business is now in a far stronger position from a compliance perspective, and with the improvement actions having already been taken, the announcement of the settlement has no further impact on our operations or revenue expectations in the UK.

These historic failings are not acceptable to me or the Board, and the entire Group shares the GBGC's commitment to improve compliance standards across the industry. We will continue to work collaboratively with the regulator and other stakeholders to achieve this.

UK Gambling Act Review

We continue to await the outcome of a review of the Gambling Act, which could potentially lead to major changes in UK regulation, albeit the extent and timing of any potential changes remains unclear. We have continued to take proactive steps during 2022 to increase the level of safer gambling interventions, including lowering thresholds for intervention and stepping up affordability checks, as well as lowering the max stake limits on our slots. We believe all of this positions the business well for any future changes through the white paper and any associated consultations that will likely follow.

OUTLOOK

Whilst – as outlined above – the Group faces some near-term challenges with our debt position and cost of debt, I am confident in our clear strategic plan to create shareholder value and achieve our exciting potential. Over the coming years the Group's absolute focus will be on delivering our synergy targets, deleveraging, and delivering a successful integration process that creates a highly efficient, unified business model.

At our Capital Markets Day towards the end of 2022, the Group outlined four key financial targets for FY25 which the Board is confident will underpin strong shareholder returns. These are as follows:

- **Revenue of more than £2bn** reflecting our refined strategic focus on a smaller number of key markets;
- **Adjusted EBITDA margin of more than 23%,** up from 17% in the Period, which will be driven by a successful integration programme;
- **Leverage of less than 3.5x,** down from 5.6x at the end of the Period, which will be driven by an extremely disciplined approach to capital allocation, with a focus on deleveraging; and
- **Adjusted earnings per share of more than 35p,** reflecting the strength and benefits of the combined Group.

The management team continues to make very good progress with the integration and synergy programme. Whilst there is still much work to be done, we are pleased with what has been achieved so far, from critical early decisions taken around the technology platform and migration plan, to defining our market focus and bringing the teams together to execute on this. Our new operating model has been rolled out and the Board is pleased with how all our colleagues are now working together to achieve our common goals. The Board is confident that this progress will support a superior EBITDA margin for the Group in 2023 compared to 2022.

Whilst there remain several well-known macroeconomic and industry challenges as outlined above, the Board is confident that the combination with William Hill will unlock significant potential for the enlarged Group and all its stakeholders. This will be underpinned by its superior technology, talent, brands, scale, and more diversified revenue streams. Your Board and executive leadership team will continue to ensure that the Group remains resolutely focused on enhancing long-term value creation for shareholders and we look forward making further progress in the year ahead.

Lord Mendelsohn
Executive Chair
14 April 2023

BUSINESS MODEL

A model for growth

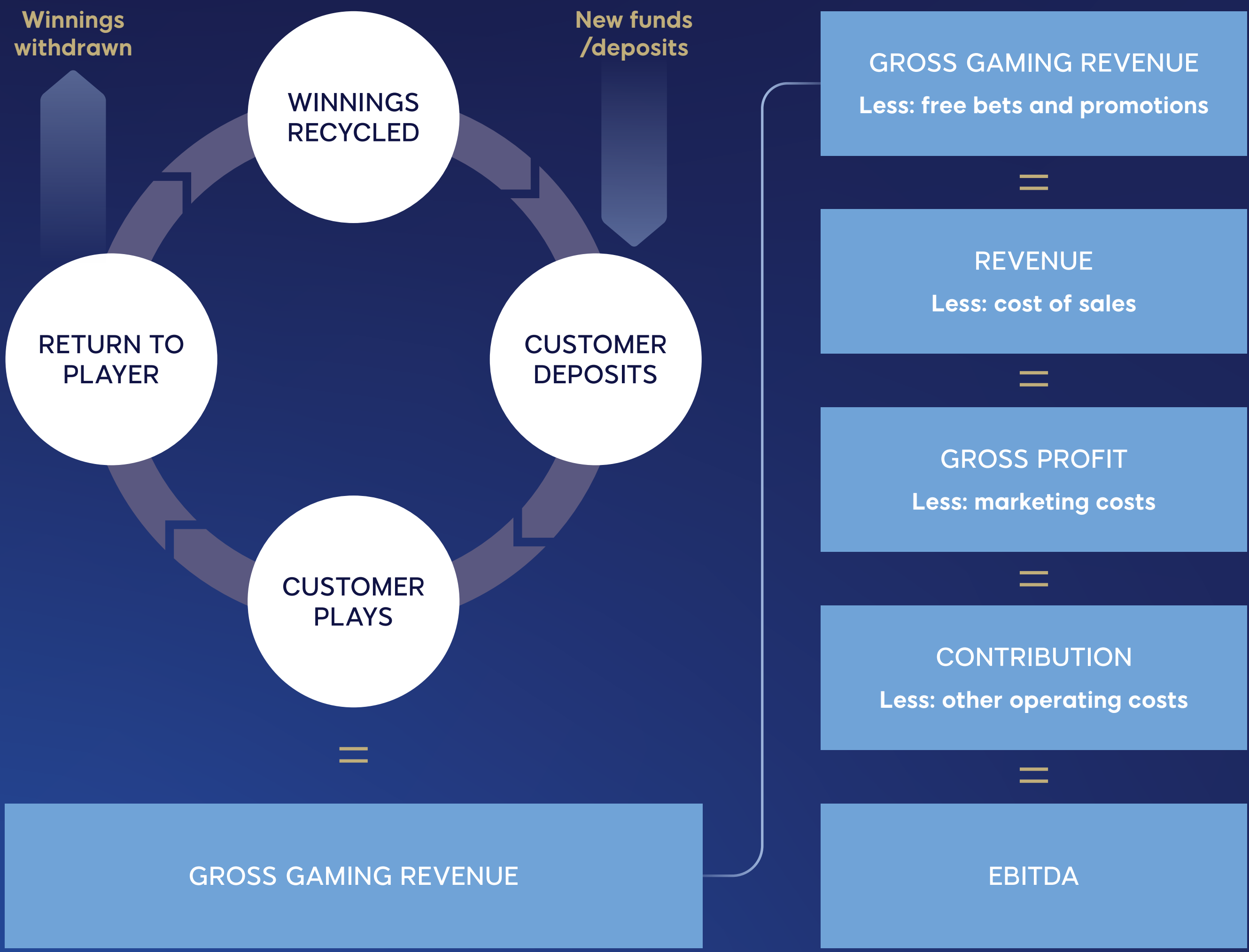
HOW WE GENERATE REVENUE

BETTING

Traditional bookmaking where we make a margin from bets placed by customers on the outcome of events. Given the variance and unpredictability in sporting results, this can be volatile in the short term.

GAMING

Games of chance such as online casino, slots, and machine gaming terminals involving customers playing against the house, where we generate a margin. In poker, players play against each other and we charge a commission from each hand or entry fees for tournaments.



HOW WE ENABLE GROWTH

THE VALUE WE CREATE*

Taxes

£588m

Betting and gaming duties, VAT, corporate tax and employee taxes

Sport contributions

£114m

Levies, sponsorship and picture payments

Industry

£6.4m

Voluntary contributions to research, education and treatment of gambling related harm

Employees

+8

Employee net promoter score across all our colleagues

* All of the metrics above are given on a pro forma basis as if 888 had owned William Hill for the full year

STRATEGIC OVERVIEW

Clear strategic priorities

OUR UPDATED STRATEGIC ROADMAP SEEKS TO BUILD ON OUR FUNDAMENTAL STRENGTHS WITH A CLEAR PLAN, ENABLING THE GROUP TO REALISE ITS STRONG POTENTIAL...

POSITION

Fragmented business operations

Multiple tech platforms

Duplicate functions

PLAN

Streamlined and efficient operating model

Single unified tech stack

Player + people focus

POTENTIAL

Improved profitability

Market leading customer experience

Platform for future growth

...WITH CLEAR STRATEGIC PRIORITIES AS WE BUILD A GLOBAL LEADER

STRATEGIC OVERVIEW CONTINUED

Integration

WE ARE FOCUSED ON DELIVERING VALUE THROUGH SYNERGIES

Through the successful integration of William Hill and 888, we will create a global industry leader with world class brands, scalable technology, and premier betting and gaming content for our customers. Soon after bringing the two businesses together, we identified further opportunities for synergies, and materially increased our cost synergy target from the original £100m to approximately £150m. As well as increasing the target, we also accelerated the timeline for delivery and now expect to achieve approximately £87 million of EBITDA synergies in 2023 (previous expectations of £54m).

The increased synergy opportunity reinforces the highly attractive strategic rationale for bringing the two complementary 888 and William Hill businesses together. The integration process will create a much larger business that leverages a single, unified technology stack and a wide range of global functions, including customer services, payments, and digital marketing. The Board believes the streamlined operating model will create an even stronger, higher margin business with scalability and significant further growth potential.

The management team's clear focus is on delivering a smooth integration process and creating an enlarged Group that is bigger, better, and stronger together.

WE WILL LEVERAGE 888'S WORLD-CLASS TECHNOLOGY

At 888, we have a long and established history of developing our own technology and have spent years building one of the strongest proprietary platforms in the sector that has successfully scaled across almost 20 regulated markets.

As a result, we made an early decision to use 888's technology as the Group's single technology platform moving forward. We will benefit from the platform's proven capabilities and will continue to evolve it by incorporating market leading components from William Hill's technology, particularly in relation to trading capabilities and retail.

As we migrate all our brands on to our future platform over the coming years, we will deliver two clear benefits. Firstly, there will be a significant cost advantage, as we will no longer run parallel platforms. Secondly, we believe there will be an important revenue opportunity as we combine best-in-class product and content across both betting and gaming.

To support in the execution of our technology migration, we were delighted to recruit Anna Barsby as the Group's new Chief Product and Technology Officer towards the end of the year. Anna has significant experience with complex technology integrations and migration projects and is closely overseeing the first major technology migration of Mr. Green in Sweden on to the core platform, which we expect to complete during 2023.

OUR INTEGRATION PROGRAMME IS CENTRED AROUND FIVE CLEAR GUIDING PRINCIPLES:

1. We have established our executive leadership team early, providing clear targets and accountability for delivery
2. We will not compromise on our compliance and regulatory requirements throughout the integration process
3. We will deliver cost synergies as soon as possible
4. We are clearly prioritising integration projects, while seeking to minimise disruption to business as usual growth
5. We are focused on identifying and retaining the best talent across the enlarged business

> As we got into the details of the integration, we uncovered further opportunities for savings, and increased our cost synergy target, from the original £100 million to approximately £150 million.

Elena Chambers
Chief Operations Officer

Integration: creating opportunities

Mark Skinner
Chief People Officer

One of the key drivers of our future is building the right corporate culture and creating an environment that motivates and engages our colleagues with a diverse and inclusive team. This is particularly important as we embark on an integration journey, that can often lead to nervousness and uncertainty among our people, but also creates exciting opportunities.

Mark Skinner
Chief People Officer

Q/ How do you keep employees engaged through the integration process?

A/ One of the key aims right from day one was to be as proactive as possible with communication around the integration, sharing key messages, introducing teams to each other, and being as transparent as we can around the future plans. An example of what we've done here is a global 'all offices' virtual gathering on day one with all of the executives in our offices hosting a round the world get together.

Understanding employee sentiment and measuring engagement is also critical at a time like this, particularly in a hybrid work environment where it's sometimes harder to get a feel for the office buzz. We used a Workday tool called Peakon in William Hill for the last few years which is a monthly survey of all colleagues where we can tailor questions and get a real understanding of what is going well and where there are any concerns. This provides actionable insight so we can make changes in real time to really make our employees voices heard. We immediately set about rolling this out across the 888 business as well, and the executive teams are also holding listening sessions and acting on the regular feedback our colleagues are providing.

Employee engagement is critical for us, and our employee net promoter score is one of our group OKRs. There is always more to do on employee engagement, but it remains a key focus as we deliver on our plans.

Q/ What stage of the integration program are we at from a people perspective?

A/ Any integration process naturally creates uncertainty for people, so providing early clarity was critical. Following completion in July we quickly rolled out the first stage of the organisational design, with the executive and operational management teams in place from day one. By November we had confirmed all the direct reports to the executive team.

Following further changes to our wider macro and market environment in the second half of 2022 we took the decision to accelerate the synergy delivery program, including making the decision to use 888's proprietary technology as the future platform for the group. This led to certain changes from a people perspective, and meant we had to make tough decisions and say goodbye to a number of valued colleagues.

In early 2023 we rolled out the second phase of the organisational design, with clearer reporting lines around country focused functions, rather than the legacy product and brand approach of 888. Along with the rollout of a combined Group-wide reward and performance structure for 2023 this means we are now in a strong position from a people perspective, and while change is never easy, we now have clarity around how each of our colleagues will be driving our strategy forward.

Q/ What are the key focus areas for the people team as you go through integration?

A/ People are critical to everything we do and putting our thousands of colleagues at the heart of the decision-making process is key to ensuring a successful integration. Our work has centred around four key areas, being change management, engagement, organisational culture, and building out our future people strategy.

Listening to and acting on feedback from our colleagues is vital as we progress through integration, and we are using our listening sessions and regular colleague surveys to ensure we are addressing any concerns.

Find out more about what we have been doing in the people section on pages 40-43.

Q/ What is your approach to culture and values within the newly combined business?

A/ Prior to the combination both 888 and William Hill had strong and distinctive employment cultures, and it's important we don't lose sight of what made each business successful in its own right. We also have a really diverse range of cultures across our office locations around the world and it's equally important not to lose this local sense of belonging.

Our priority for shaping the culture of the new business is to draw on the strengths of both organisations, maintaining and nurturing the values and behaviours which made them great places to work, while at the same time ensuring we are guided by a core set of values or principles that form the foundations of our overall culture as a new business.

We have conducted comprehensive culture reviews and held various workshops and group sessions across the business. Through 2023 our objective is to roll out a common set of values to bring together the best of both organisations, and then really focus on ensuring the business is living these values.

Q/ What are your longer term people ambitions?

A/ Our people are critical to our future – building a diverse and inclusive team, with great growth potential and high engagement underpins our plans to execute at pace, and build a bigger, stronger and better business.

We have set an ambitious 2025 people strategy centred on being the best place to work in the industry, where people want to join and love to stay, with a strong identity that sets the standard for what great looks like.

To do this we will be focused on defining our culture and empowering colleagues, adding skills and capabilities to the team so we can achieve our goals, and ensuring we celebrate our differences with a diverse and inclusive environment.

You can read more about our plans on pages 40-43.

STRATEGIC OVERVIEW CONTINUED

Market focus

WE ARE WELL POSITIONED TO TAKE ADVANTAGE OF INDUSTRY TRENDS

An effective strategy relies on reacting to, and positioning our business to benefit from, changing external circumstances. We face into a wide range of major drivers in our industry, but we believe the four most important ones are:

> In the context of our business, where we have huge global capabilities and can deliver our products and brands almost anywhere, strategy is all about helping our business leaders drive focus so we can maximise our long-term value creation.

Vaughan Lewis
Chief Strategy Officer

1. REGULATORY CHANGE

Compared to 10 and 20 years ago, regulation within our industry is almost unrecognisable. Regulatory tightening is raising standards, and also raising the barriers to entry, making it more and more challenging to compete. This can benefit operators like us with established market leading positions and brands.

2. M&A

The industry is consolidating rapidly, but it is still highly fragmented relative to more mature industries. We have seen the significant benefits of M&A across the sector over the years, and we have a clear plan in place to deliver the benefits of our transformational M&A.

3. CHANNEL SHIFTS AND INCREASING MATURITY

In our biggest market the UK, nearly 60% of gambling is online already, so the market is maturing and growth will be slower. In the less developed markets, there is still huge growth potential and positioning our business to take advantage of both trends is critical.

4. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

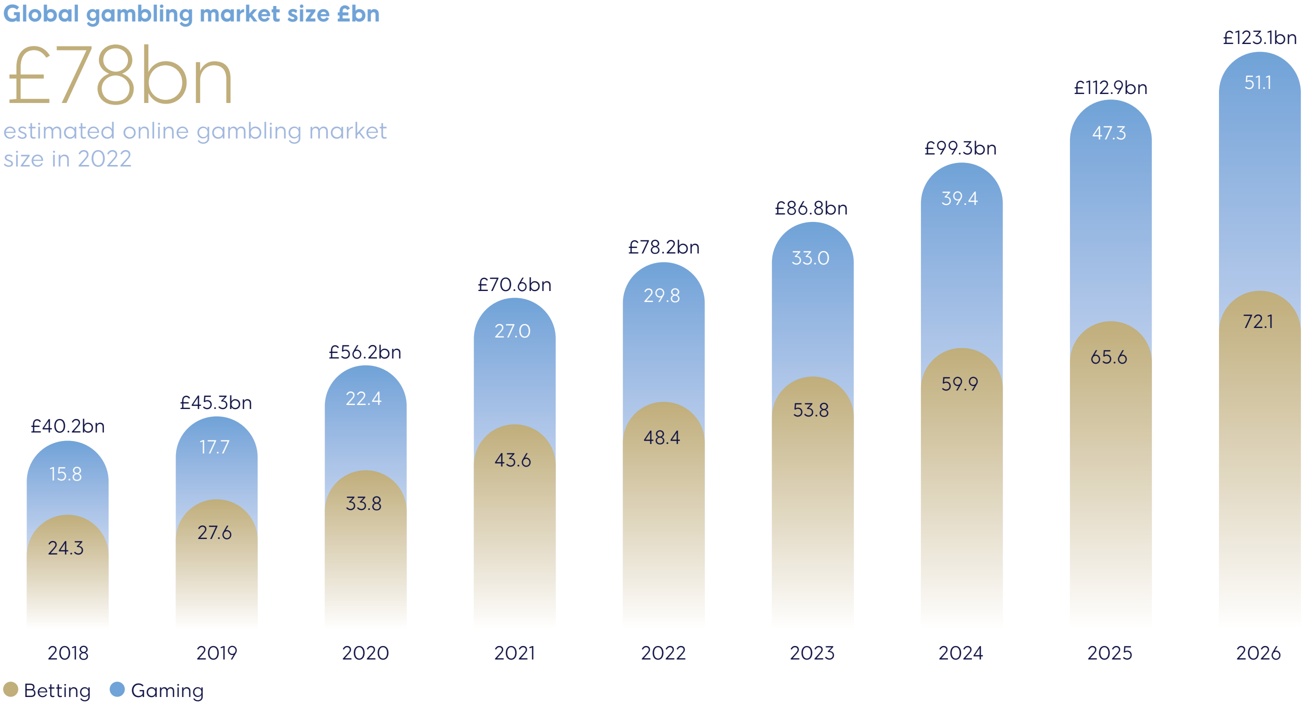
Customers, regulators and broader society are more engaged with safer gambling than ever before. Our people need clear growth and development plans and a diverse and inclusive workplace. We are a global business and want to contribute to the communities we are part of. It is also crucial that we play our part in addressing the climate crisis and ensure we are minimising our impact on the planet.

WE OPERATE IN A LARGE AND GROWING MARKET

Global gambling market size £bn

£78bn

estimated online gambling market size in 2022



Source: H2 Gambling Capital

A global growth opportunity

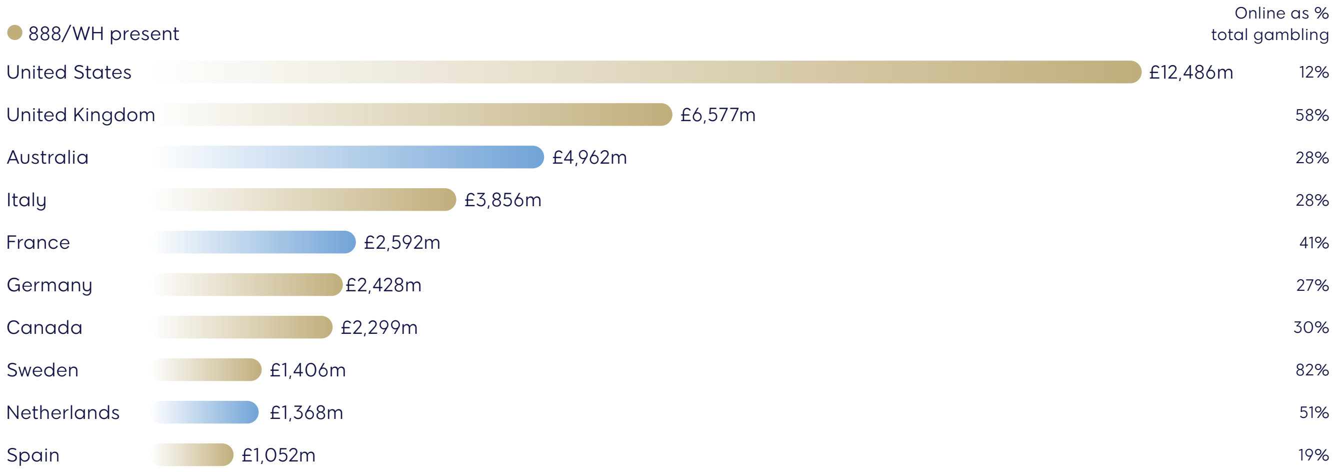
H2 Gambling Capital estimates that the total addressable market for online betting and gaming (excluding lotteries) was £78 billion in gross gaming revenue in 2022, having grown at a CAGR of 18% from 2018-2022. The industry benefits from powerful structural growth drivers, including digital migration from land-based gambling, ongoing improvements in technology, increasing internet and mobile penetration, and the regulation of online betting and gaming, such that H2 estimates the addressable market will grow at a CAGR of 12% from 2022-2026.

In 2022 H2 estimates that circa 28% of all gambling was done online, reflecting a significant acceleration in digital migration driven by government policy responses to the COVID-19 pandemic, in particular lockdowns around the globe. While most countries reverted back to normal operating conditions in 2022, including the reopening of retail gambling venues, this step change in digital adoption has largely remained, with customer activity online remaining elevated, and the COVID-19 unwind effect on revenue largely relating to reductions in spend per head as customers spread their leisure spend across a wider range of activities.

Despite the recent acceleration in digital adoption, there remains a long runway of growth ahead, and our business is well positioned within the most attractive end markets to take advantage of these trends.

STRATEGIC OVERVIEW CONTINUED

GGR market size of top 10 regulated markets or regulating markets



Source: H2 Gambling Capital

We are present in seven of the top 10 regulated or regulating markets, the majority of which have a long runway of potential growth from further online migration.

A focus on locally regulated markets

Our strategic focus is on regulated markets, as these represent the best opportunity for sustainable growth. We support the development of local regulatory regimes across our markets, as regulation typically drives better outcomes for customers, for the business, and for wider stakeholders.

Locally regulated or taxed markets represented 87% of online revenue in 2022, and 90% of total group including retail.

Overleaf we discuss our market focus framework, but with all of our core and growth markets being locally regulated markets, together with the continued adoption of local regulatory regimes in some of our dotcom markets, we expect the percentage of revenue coming from locally regulated markets should continue to increase. Post the year end we suspended activities of the VIP segment of customers in our Middle East markets following the discovery that best practices were not being followed with regard to our internal policies and processes for KYC and AML documentation. Following these changes, only approximately 8% of revenue now comes from markets served by our multi-jurisdictional point of supply licences, with no individual offshore market greater than 2% of revenue. We believe this increases the sustainability of the business, while at the same time enabling us to benefit from the scale advantages of our platform to provide our services globally and drive incremental cashflow.

Regulatory update

Across our key markets there were several regulatory developments during 2022, including:

UK: In June 2022 the Gambling Commission updated its consumer protection guidance for online operators to cover additional information on a range of areas including the identification of vulnerable customers and indicators of harm.

In October 2022 new rules on advertising came into effect that prohibit the use of celebrities who are likely to appeal to under 18s.

We continue to await the outcome of a review of the Gambling Act, which could potentially lead to major changes in UK regulation, albeit the extent and timing of any potential changes remains unclear. We have continued to take proactive steps during 2022 to increase the level of safer gambling interventions, including lowering thresholds for intervention and stepping up affordability checks, as well as lowering the max stake limits on our slots. We believe all of this positions the business well for any future changes through the white paper and any associated consultations that will likely follow.

> Market focus means that we are spending our time, our team's time and our resources on the opportunities where we have the greatest chance of success, and where we can deliver the strongest long-term returns.
>
> **Vaughan Lewis**
> Chief Strategy Officer

Italy: In October 2022 a range of new sports betting regulations that apply to sports outside of horse racing were enacted including a reduction in the minimum stake from €2 to €1, an increase in maximum winnings from €10k to €50k, permitting cash-out and draw no bet options for bettors, and permitting odds to three decimal places.

Spain: While no major changes took place during 2022, the market could be subject to significant changes in 2023 following the potential introduction of the new Royal decree on Responsible Gambling, which will amend the Gambling Law of 2011, and is expected to be approved in H1 2023. New requirements are set to be introduced for operators to implement robust policies and processes for detecting problem gambling and ensure timely prevention of gambling related harm.

Ireland: In December 2022 the government published the Gambling Regulation Bill. The key focus of the new legislation will be the creation of a new regulator and enhanced player protection, through the introduction of restrictions on stakes, payment methods, self-imposed limits, advertising, sponsorships and promotions.

Germany: A new German gambling regulator, Glücksspielbehörde (GGL), gained enforcement powers from 1 July 2022 and assumed full regulatory authority from 1 January 2023. In early 2023 the Group received its gaming (poker + slots) licence from the GGL and launched the Mr Green brand under this licence in March 2023.

Canada: The Group obtained a licence in the newly regulated Canadian province of Ontario in March 2022, launching its services on the day licensed operations were permitted (4 April 2022). It is still uncertain if additional online licensing will be introduced locally by other Canadian provinces.

The US: We obtained local licences and launched SI Sportsbook in Virginia and Michigan during 2022 and launched SI Casino in Michigan in early 2023. The US business is also in the process of bidding to extend its operation as the sole technology provider to the Delaware lottery.

STRATEGIC OVERVIEW CONTINUED

WE HAVE A CLEAR MARKET FOCUS FRAMEWORK

Our clear market focus framework is a critical component of our corporate strategy. It helps us to identify the markets where we have the greatest chance of success, and where we believe we can deliver the strongest long-term returns. Across all of our target markets, we plan to increase share by leveraging the Group's investments in its key competitive advantages, namely product and content leadership, world class brands and customer excellence.

We have a really disciplined data-led approach to ensure we spend our time and our money in the right markets. We call it our market consideration framework, and we use it to group all our countries into four archetypes.

	CORE	GROWTH	OPTIMISE	PIPELINE
% OF FY22 ONLINE REVENUE	~70%	~10%	~20%	N/A
TOTAL MARKET SIZE (2022)*	£10.4bn	£9.2bn	£59.8bn	
MARKET GROWTH CAGR (22-26)*	3.5%	11.5%	13.7%	
TARGET MARKET SHARE	10-15%+	5-10%+	<5%	N/A
GROWTH FOCUS	●●○	●●●	○○○	●●●
PROFIT FOCUS	●●●	●○○	●●●	●○○

* Source: H2 Gambling Capital (GGR)

Core markets

The UK, Italy and Spain – these make up around 70% of our online revenues. The market size across these three markets is £10 billion, and we already have over 10% market share. Here we are focused on building our market share by delivering and strengthening our competitive advantages. These are all markets with tightening regulations and rising barriers to entry, and where our position and plan deliver us sustainable market leading positions in highly attractive markets.

Growth markets

Ontario, Denmark, Germany, Ireland and the US – these make up about 10% of our online revenues. These are all regulated markets, but are less mature than our core markets, and we have the opportunity to grow rapidly and build on our strong initial positions. Our focus is on growth here, so we will reinvest all our underlying profits into growth, and operate this group at around breakeven at a contribution level, targeting 5-10% market share.

Optimise markets

As we have a global and scalable platform, we can offer our products in a huge range of markets profitably in both regulated and offshore markets. But these are markets where either the opportunity is not compelling, or our assets don't currently give us the chance to be a top-3 player. Our main focus in these markets is to provide our products in a cost efficient manner, and reap the benefits of our scalable business.

Pipeline markets

There is a long pipeline of exciting future growth markets. These are markets or regions where there is an attractive growth opportunity, but where we need a different model to unlock this opportunity. The best example of this is 888AFRICA, which is covered on page 23.

All of our core, growth and pipeline markets are locally regulated markets, and this drives our long-term sustainable plans.

Our growth markets will become our core markets of the future, with high and sustainable profits.

And in our optimise group, all the countries are essentially competing to become a growth market and receive increased focus and investment from the group.

CASE STUDY PIPELINE MARKETS: 888AFRICA

Delivering a lower capital-intensive route to potentially large value creation

888AFRICA JOINT VENTURE

Africa is a region that has very attractive growth potential, but one where we didn't have the assets and capabilities to maximise our chance of success.

To address this, and to take advantage of this strong market opportunity, we created a new entity in 888AFRICA where we partnered with a highly experienced and entrepreneurial team, which is focused on driving growth in this region.

Currently we own just under 20% of the business with an option to eventually own 100%.

RAPID PROGRESS AND STRONG EARLY PERFORMANCE

Having set up the business in March 2022, we went live in four regulated countries (Tanzania, Zambia, Mozambique, and Kenya) by September 2022, and we are delighted with the early signs of progress in the first few months, seeing exponential growth in both actives and stakes.

The key to this is our focus on localisation; delivering product, promotions and offers that truly resonate with betting audiences, and doing it in an authentic way, delivered by local teams in Tanzania, Kenya and Mozambique.

For instance, the Dabo Dabo promotion gives players the opportunity to win things like motorbikes and TVs – there are prize draws for this on local TV, and this builds our brand awareness and trust.

Another example is our World Cup campaigns, which used insights and competitive data from each of our markets to build our brand awareness through low-cost, high reach local channels.

It is still early days, but we have entertained over 500,000 players already, and we are really confident that we will build leading positions in our target countries, which will deliver strong shareholder value.

>£1bn
estimated total addressable market from our initial 4 markets[1]

20%
four current markets set to grow ~20% CAGR through to 2026[1]

1. Regulus Partners

KEY ENABLERS

Product and content leadership

THE BEST OF BOTH BUSINESSES

THE BEST OF BOTH BUSINESSES

888 is a gaming business by DNA and is widely recognised as one of, if not the, premier online casino brand in the world. William Hill on the other hand is a bookmaker by DNA, with a world class sports betting offering and trading capabilities. A key benefit from the combination of 888 and William Hill is that we will bring together the best of both businesses. By moving to a unified technology platform, we will be able to offer customers the very best of sports and gaming content across all of our brands.

CONTINUED PRODUCT INNOVATION

Our product development isn't solely focused on the integration though, with both 888 and William Hill launching several exciting new products in 2022, as we look to deliver a best-in-class product experience and drive customer engagement. We look forward to being able to offer these features across the brands following the integration – as we unlock the huge potential from the combination.

The betslip is one of the key areas of any betting app, and during the year we upgraded the William Hill interface to improve the customer journey. Customers can even boost or insure their odds pre-match, all within the betslip, increasing value perception and improving customer engagement.

On 888sport we redesigned our football pages to enable quicker acca building and further integrate in-play markets, leading to a 20% increase in the number of players including in-play markets within their accumulators.

On the William Hill gaming side we have developed a proprietary real time promotions framework which enables targeted interactions with our gaming players across all game providers – this drives engagement for customers and enhances their entertainment experience. We've also made the whole gaming experience more personal and relevant for our customers with targeted games content in the lobby, which has improved our customer experience, value perception and player retention.

Within 888 gaming, we have upgraded our core platform and significantly increased speed, introduced our in-house AI recommendation engine and enabled higher levels of customisation to further improve the customer experience. We also launched an AI-driven bonus distribution mechanism supported by real-time data to award players with surprise bonuses and increase retention.

Product and content leadership is a critical competitive advantage. The combination of 888 and William Hill will enable us to offer best-in-breed betting and gaming products across all our brands.

Anna Barsby
Chief Product and Technology Officer

We have also invested heavily in ensuring we have the best content available on the platform, including launching over 600 games during 2022, bringing the total games available to around 2,800. It's particularly pleasing that nearly 40% of our top 20 slots are in-house games developed by our Section 8 studio, and we look forward to introducing that top class content onto the William Hill platform in 2023.

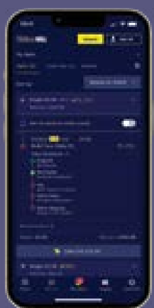
Both William Hill and 888 have continued to improve automated chatbot facilities with a strong focus on increasing speed and ease of use in customer support, driving scalable cost efficiency. William Hill's chatbot now handles the equivalent volumes of 40 full time employees.

#BUILDYOURODDS

One of our key product improvements this year was the enhancements to William Hill's bet builder product #BuildYourOdds.

Bet builder is one of the most popular products and we made key improvements including the addition of leg tracking and real time views of bet status. Enabling customers to track their bets is a really important part of the customer experience, and our players can now see the status of each individual leg, in real-time, and whether it is winning or losing.

As well as being a great way to follow the action, it allows our customers to take informed actions – such as cashing out.



SAFER GAMBLING TOOLS

During 2022 we continued to invest heavily in tools and features to improve player safety. These improvements include a smart profit and loss tool, improved player risk algorithms, our unique control centre product and a best-in-class player help centre.

We will continue to innovate, learn and improve in this area. Right now, we are working through all of these tools and customer insights to understand how we can best utilise and improve our existing tools, as well as how we can better develop new technology.

We continue to strive to use technology as a force for good, leveraging our data and AI capabilities to personalise player safety.

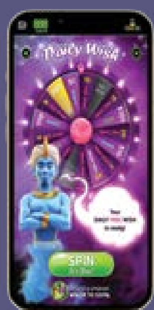
DAILY WISH WHEEL

2022 saw the launch of an exciting new free to play game on 888casino across our key markets – the daily wish wheel.

Each day, a player gets a free spin on the wheel, and can win free spins, cash or other prizes. This supports our recreational play strategy and offers our customers another layer of engagement and excitement.

We have a range of wheels available including a Millionaire Genie wheel – hosted by one of our most popular Section8 characters, Millionaire Genie, which is a smash hit series of slots and games that can only be played at 888.

Our Millionaire Genie wheel gives players a reason to come back to us every day, and is also a reminder of our unique, high quality games.



KEY ENABLERS CONTINUED

World class brands

888 HOLDINGS OWNS AND OPERATES SEVERAL GLOBALLY RENOWNED SPORTS BETTING AND GAMING BRANDS, INCLUDING WILLIAM HILL, 888CASINO, 888SPORT, 888POKER AND MR GREEN. WE ALSO OPERATE THE SI SPORTSBOOK AND SI CASINO BRANDS IN THE US IN PARTNERSHIP WITH AUTHENTIC BRANDS GROUP.

Founded in the UK in 1934, William Hill is an iconic sports betting and gaming brand operating internationally, and one of the leading brands in the UK. It has a strong retail heritage, with over 1,350 instantly recognisable high street shops.

Founded in 1997 as one of the first online casinos, 888casino has since grown to be one of the largest, multiple award-winning, online casino brands globally. We offer almost 3,000 games, from a combination of top providers and our own exclusive games developed in house by our Section8 studio, as well as one of the largest selections of live casino tables in the world.

888sport was established in 2008 and in a category that is largely dominated by a few well-established legacy brands in each market, we continue to position 888sport as a challenger brand by connecting with our players through an innovative, cutting-edge sports experience.

888poker was launched in 2002 and has become one of the world's most popular poker sites offering an award-winning online poker environment that enables players of all abilities to enjoy a wide variety of games on mobile or desktop.

Mr Green, launched in 2008, is one of the category's most distinctive and premium online gaming brands. Instantly recognisable, and multiple award-winning, we offer a wide range of casino and slot games with a particularly strong Nordic presence.

SI Sportsbook and SI Casino are the group's US brands and the newest brands in our portfolio. Established in 2021 through a joint venture with Authentic Brands Group (who own the Sports Illustrated brand), our goal is to leverage the iconic Sports Illustrated brand and bring unique experiences to players in the highly competitive US sports betting and gaming market.

Customer excellence

BRILLIANT BASICS: A RELENTLESS FOCUS ON THE CUSTOMER EXPERIENCE

To us, customer excellence means delivering the best possible customer experience. Whether that's by ensuring we have the best products and content on the market or delivering the best possible service, we know that by continually building customer excellence, we will increase player loyalty and improve engagement.

Digital entertainment businesses in all areas of consumers' lives, from media and entertainment to travel and banking, are consistently raising the standards for superior customer experiences. As a result, our customers' expectations of their experiences with our brands are also increasing. Consequently, we continue to focus on enhancing multiple areas of our products including interfaces, improving loading times, developing responsible gaming tools, and delivering quality customer support to ensure that our customers enjoy the best possible experiences with our brands. We benchmark ourselves against leading brands across entertainment, banking, and all other digital services, not just gaming operators.

One of the key focus areas at William Hill over recent periods has been on improving customer journeys by focusing on optimising the basic things that players do the most. This could be resetting a password, depositing and betting, tracking bets, or changing player safety limits. We focus on understanding the flow of these customer journeys and constantly testing different options with our customers to make their experience as seamless as possible.

We call this concept "brilliant basics" and have made significant improvements across both William Hill and 888 during 2022 and this is a key focus area going forward as well. We know that by getting the basics right and improving our customer service we can drive higher retention and player value.

A FIRST-CLASS RETAIL EXPERIENCE

Our customer excellence philosophy is critical to the success of our William Hill shops. Our more than 6,500 shop colleagues are custodians of the William Hill brand, and are responsible for providing high quality, retail experiences for our customers. This is supported by our continuous investment in in-store technology and training, particularly in safer gambling which is an intrinsic part of the retail customer experience.

> Customer excellence underpins our whole philosophy. Understanding our customers and what they want, as well as how we can engage them and create great experiences for everyone, is critical to our success.
>
> **Phil Walker**
> UK & Ireland MD

KPIs

Measuring our progress

WE TRACK THE FOLLOWING KEY FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS ("KPIS").

These KPIs allow us to assess our progress against the Group's strategy and help inform decision making. These KPIs are also some of the most commonly used KPIs for external stakeholders, particularly our shareholders, when assessing the performance of the Group.

Pro forma metrics reflect the performance of the Group as if it had owned William Hill for all periods, and exclude the results of the 888 bingo business for all periods.

FINANCIAL KPIs

Pro forma Revenue £m

£1,850m -3%

Reported Revenue £m

£1,239m +74%

Definition:

Revenue represents the total amount staked or wagered by customers, less amounts paid out to customers, free bets and promotional credits, and VAT. B2B revenue reflects fees receivable for the provision of gaming services.

Why we measure it:

This measures the Group's ability to generate return on its marketing investment and grow market share across its key geographies and products, in line with the market focus pillar of our strategy.

Performance:

Reported revenue increased by 74% in 2022, driven by the acquisition of William Hill, which completed on 1 July 2022.

Pro forma revenue decreased by 3% in 2022, with a 54% increase in retail revenue following the reopening of shops post lockdown, more than offset by a 15% decline in online revenue, primarily driven by proactive safer gambling measures in the UK and the closure of the Netherlands.

Pro forma Adjusted EBITDA £m

£311m +15%

Reported EBITDA £m

£116m +29%

Definition:

EBITDA represents total earnings before interest, tax, depreciation, and amortisation generated from our operations. Adjusted EBITDA also excludes any exceptional items which are typically non-recurring in nature.

Why we measure it:

This measures the underlying profitability of our business driven by our investment choices and our ability to effectively manage costs and leverage our growing scale.

Performance:

Reported EBITDA increased by 29% in 2022, driven by the acquisition of William Hill.

Pro forma Adjusted EBITDA increased by 15% in 2022, driven by the benefit of retail reopening post lockdowns, and the early delivery of some synergy benefits.

Adjusted EBITDA Margin (%)

17%

Definition:

Adjusted EBITDA Margin reflects pro forma Adjusted EBITDA divided by pro forma Revenue.

Why we measure it:

Adjusted EBITDA Margin is a measure of the profitability of our business, and measures how much of our revenue we convert into underlying profitability. Improving Adjusted EBITDA Margin is a key strategic priority for the business.

Performance:

Adjusted EBITDA Margin of 16.8% was an increase of 2.6ppts compared to 2021, driven by retail reopening post lockdowns, and the early delivery of some synergy benefits.

Adjusted Basic Earnings Per Share (pence)

15.1p -32%

Reported Basic Earnings Per Share (pence)

(28.3)p

Definition:

EPS represents net earnings divided by the weighted average number of shares. Adjusted basic EPS represents earnings excluding exceptional items, share benefit charges and share of post-tax loss of equity accounted associate.

Why we measure it:

This measures the effectiveness with which the Group achieves long-term value for our shareholders in line with the Group strategy.

Performance:

Basic earnings per share decreased to a loss of 28.3p (2021: profit of 13.4p) due to the exceptional items resulting from the William Hill acquisition. Adjusted EPS of 15.1p decreased by 32% in 2022 with the increase in Adjusted EBITDA being more than offset at a net profit level by additional interest charges following the acquisition of William Hill.

Leverage ratio (net debt / Adjusted EBITDA)

5.6x

Definition:

Leverage ratio is calculated as net debt divided by trailing 12-month pro forma Adjusted EBITDA. Net debt comprises the principal outstanding balance of borrowings, accrued interest on those borrowings and derivatives held for hedging debt instruments less cash and cash equivalents (excluding customer balances).

Why we measure it:

Deleveraging is a key strategic priority for the Group and the leverage ratio is a measure of our capital allocation and ability to achieve our potential. We have set a 2025 target for leverage ratio to be below 3.5x.

Performance:

Leverage increased significantly in 2022 following the largely debt-funded acquisition of William Hill.

KPIs continued

NON-FINANCIAL KPIs

Average monthly players (millions)

1.6m +1%

Definition:

Average monthly players (AMPs) represents the total number of players who have placed and/or wagered a stake and/or contributed to rake or tournament fees during the month. The figure reflects the average of the monthly figures for the relevant reporting period.

Why we measure it:

Customer engagement is a key driver of long-term growth, and is useful in assessing performance against strategic objectives, which are centred around customer experience.

Performance:

AMPs are stated on a pro forma basis and increased by 1% in 2022 reflecting continued expansion of our recreational customer base across core markets despite the tough comparative period.

Customer net promoter score

19% +2ppts

Definition:

Customer NPS asks customers if they would recommend us and is measured as the percentage of detractors (scoring 0 to 6) subtracted from the percentage of promoters (scoring 9 or 10) to give the net promoter score.

Why we measure it:

Customer NPS measures whether we are delivering good experiences for our customers, which is core to our strategy.

Performance:

Customer NPS here reflects William Hill only while we are in the process of rolling out tracking group wide. NPS increased by 2ppts in 2022 reflecting product improvements and a continued focus on improving customer service.

Employee net promoter score

+8

Definition:

Employee engagement is measured by eNPS, which looks at how likely colleagues are to recommend 888 William Hill as a place to work on a scale of 0-10. The percentage of detractors (scoring 0 to 6) is subtracted from the percentage of promoters (scoring 9 or 10) to give the net promoter score.

Why we measure it:

We believe eNPS is a true reflection of our People initiatives. It encapsulates the employee experience and, particularly through a period of change, allows us to understand whether we are supporting colleagues in the right way.

Performance:

eNPS of +8 for the Group as a whole is a positive outcome considering the Group is going through a period of change following the acquisition. Read more about our People initiatives on pages 40-43.

STAKEHOLDER ENGAGEMENT

Who are our stakeholders?

	CUSTOMERS	COLLEAGUES	REGULATORS
WHY?	Our business and livelihood depend upon our customers. Building strong relationships with them, using the expertise of our teams, ensures we gain a deep understanding of their needs, allowing us to identify areas of support. Our competitive customer offering is achieved by protecting customers, improved product personalisation and innovation and best-in-class customer support. By understanding what our customers think about our brand, products and services, we can focus on continuous improvements that align with their priorities. The priority for our customers is a superior betting and gaming experience. This means playing great products, enjoying quality customer service and having confidence that they are playing in a safe and secure environment.	The talent, commitment and skill of our colleagues around the world underpins our ability to deliver our strategic priorities. We are proud of our colleagues and want to provide them with a workplace where they can flourish. Empowerment, career development, health and well-being and social responsibility are all areas our colleagues have told us they consider important in the workplace. We have an inclusive informal culture, rooted in respect, care and commitment.	Regulators across various territories give the Group a licence to operate and set the terms for providing services in their markets. We need absolute clarity on their regulations to ensure we align with their priorities. Regulators have an important role in promoting a safer gaming environment, which benefits all operators such as 888 that are committed to responsible models of operation. As such, it is valuable for the business to maintain regular dialogue with regulators. Regulators must be reassured that operators are using the full scope of their resources to comply with local market regulations and deliver a safe gaming environment.
HOW?	We regularly measure the quality of our service performance through customer satisfaction, Net Promoter Scores, surveys and web analytics. Our customer services teams and retail colleagues are in contact with our customers daily. We operate multiple communications channels to generate feedback, to gain insight and to understand their preferences and needs. We use data analytics and AI together with our customer communications channels to promote safer gambling. More information about Safer Gambling can be found in our Sustainability Report on page 34	Our workplaces are informal, open and collaborative underpinned by high professional standards. Regular "Town Halls" are held to update on business developments and allow questions and feedback. All colleagues have the opportunity to provide feedback through employee engagement surveys, forums and apps such as Slido. eNPS is measured group wide following the acquisition of William Hill, with a current score of +8. We are committed to proactive, timely and transparent internal communications with our team on an ongoing basis. We continue to monitor and develop our approach to performance management, to promote a culture of continuous improvement. Read more on page 40	We engage in regular and transparent dialogue with regulators across our global markets. We participate in industry events and forums to better understand the requirements of the regulators wherever we operate. Read more on page 59

The Company views stakeholder engagement as an important part of its ongoing governance arrangements. As a Gibraltar company the UK Companies Act 2006 does not apply, however we continue to comply with the requirements of section 172. In accordance with the UK Corporate Governance Code 2018, the Company's key stakeholders are considered in Board discussions and decision-making with all board papers including an explanation of how the impact to stakeholders has been considered.

	SHAREHOLDERS	COMMUNITIES	PARTNERS
WHY?	As investors in the business we want to ensure we understand the views of our shareholders and debtholders. The relationship between the Board and its investors is based on trust, transparency and the timely disclosure of information. The Board recognises the importance of demonstrating a high level of openness and engagement to maintain confidence in our ability to create value. Investors seek clear evidence that the company has a strategy for value-creation across the short, medium and long-term. They demand transparency as the foundation of a trust-based relationship and expect clarity on the Board's approach to maximising opportunities and managing risks.	We recognise that the local communities where we operate can be a business's greatest advocates, particularly when it comes to recruitment. To maintain a positive relationship, we need to listen to local issues and understand how we can have a positive impact. The communities around our global offices look for the company to demonstrate its commitment to the local area by being a responsible corporate citizen. Our retail estate depends on the support of our local communities. We aim to build lasting relationships within the communities in which we operate and our retail colleagues know and understand their customers.	We work with partners in various areas of our business. It is imperative we maintain an open dialogue with our partners in order to operate effectively together and ensure that our interests are aligned. Our partnerships rely on our track record for effective management, value creation and responsible business operations. Our partners want to know that this reputation is secure for the long-term and that they can trust our team to deliver a mutually beneficial partnership.
HOW?	We have an open dialogue and regularly meet with our major shareholders and debtholders to get their views and feedback. We provide regular investor updates through the publication of trading updates, half and full year results. Market views and shareholder analysis is included as a standing Board item. We ensure an ongoing conversation with investors through our financial reporting as well as events such as our Annual General Meeting and Capital Markets Events. Read more on page 96	We have a well-established community involvement programme. We encourage colleagues to be involved in community events and participate in local charities. Colleagues dedicate time sponsored by the company to these causes. William Hill provides financial support for colleagues facing financial hardship, with 11 grants given in 2022. As a Group our economic contribution is significant, including a pro forma total tax contribution of £588m in 2022. Read more on page 43	We have an open, constructive and effective relationship with all partners through regular meetings which provide both parties the ability to feedback on successes, challenges and the future roadmap The Group's whistleblowing hotline is available to suppliers to allow them to raise any concerns anonymously and all issues are tracked and monitored.

SUSTAINABILITY

ESG framework – Players, People, Planet

OUR APPROACH TO ESG AND SUSTAINABILITY IS FUNDAMENTAL TO THE GROUP'S LONG-TERM GROWTH AMBITIONS, AS WE CONTINUE TO BUILD THE BUSINESS INTO A GLOBAL ONLINE BETTING AND GAMING LEADER.

Both the 888 and William Hill businesses have made significant progress in these areas in recent years and as a combined Group things are no different – we take our responsibilities seriously and this is a critical foundation to all our strategic plans.

As we work through the integration of the two businesses, we have reviewed our respective approaches to ESG matters and have begun work on creating a bigger and bolder holistic framework that encapsulates the global nature of our business, along with ensuring we do the right thing for the millions of players we entertain each year and the thousands of staff we employ throughout the world.

Our ESG framework, called Players, People, Planet is now the bedrock for our broader corporate strategy moving forwards. We realise that if we do not invest in this area, we will not reach our overall business goals. We also strive to run our business the right way, caring for our players, our colleagues, the communities we are part of, and the planet we live on. We strive to have long-term and mutually fruitful relationships with our players, ensure our colleagues can thrive at work and ensure we are protecting the planet we live on.

We continue to increase investment in this area building on the great work done by both businesses in recent years. The ESG Committee of the board meets regularly, and during the year was led by the Chair of the Board, Lord Mendelsohn. In January 2023, Andria Vidler took over as Chair of the ESG Committee following Lord Mendelsohn's move to an Executive position on an interim basis.

Part of the evolution of our ESG framework, and our bigger and bolder ambitions, will involve the establishment of a range of goals related to different areas, against which the board will receive regular updates about progress. Our wider executive team are intimately involved in our ESG plans and will have relevant targets related to our goals in this area included as part of their annual bonus plan.

> We also strive to run our business the right way, caring for our players, our colleagues, the communities we are part of and the planet we live on.

Phil Walker
UK & Ireland MD

THE EVOLVED FRAMEWORK FOR OUR ENLARGED BUSINESS COVERS THE FOLLOWING AREAS:

Players

PREVENTING HARM THROUGH SAFER GAMBLING, AND ENGAGING PLAYERS WITH POSITIVE EXPERIENCES

Players: Work continues across all brands as we aim to make player safety an integral part of customers using our products. During the year we launched an intuitive Profit & Loss product feature to the William Hill app and enhanced the control centre product on 888 apps giving users further control over their play. We continue to invest in new tools, processes and technology to ensure that we build safe and sustainable gambling experiences.

People

AN ENGAGING AND INCLUSIVE ENVIRONMENT WHERE COLLEAGUES CAN THRIVE

People: 2022 has been a year of significant change for colleagues across the Group as we brought the two businesses together. During the first half of the year it was all about supporting colleagues in advance of completion, and following completion is has been about transparent communications and regular updates on integration progress. We also rolled out employee engagement tracking to all 888 colleagues so we now have a group wide view of how our colleagues are feeling. This is crucial as we enter a period of significant change with the rollout of our new operating model, and as we look to build a winning culture for the future.

Planet

PROTECTING OUR ENVIRONMENT, INCLUDING NET ZERO CARBON

Planet: Work continues to reduce our carbon emissions in line with our net zero goals. Key highlights include 888 achieving a B- CDP rating, and retaining membership of the FTSE4GOOD index, which shows us to be making coordinated action on ESG issues. William Hill also made significant progress in this area prior to the completion of the acquisition including becoming certified as carbon neutral this year across its Scope 1 and Scope 2 emissions – a fantastic achievement considering the size of our large retail estate.

In 2023, we will continue to strive to deliver against our ESG goals. We are aiming to increase our impact in all areas to ensure we are running a truly socially responsible business.

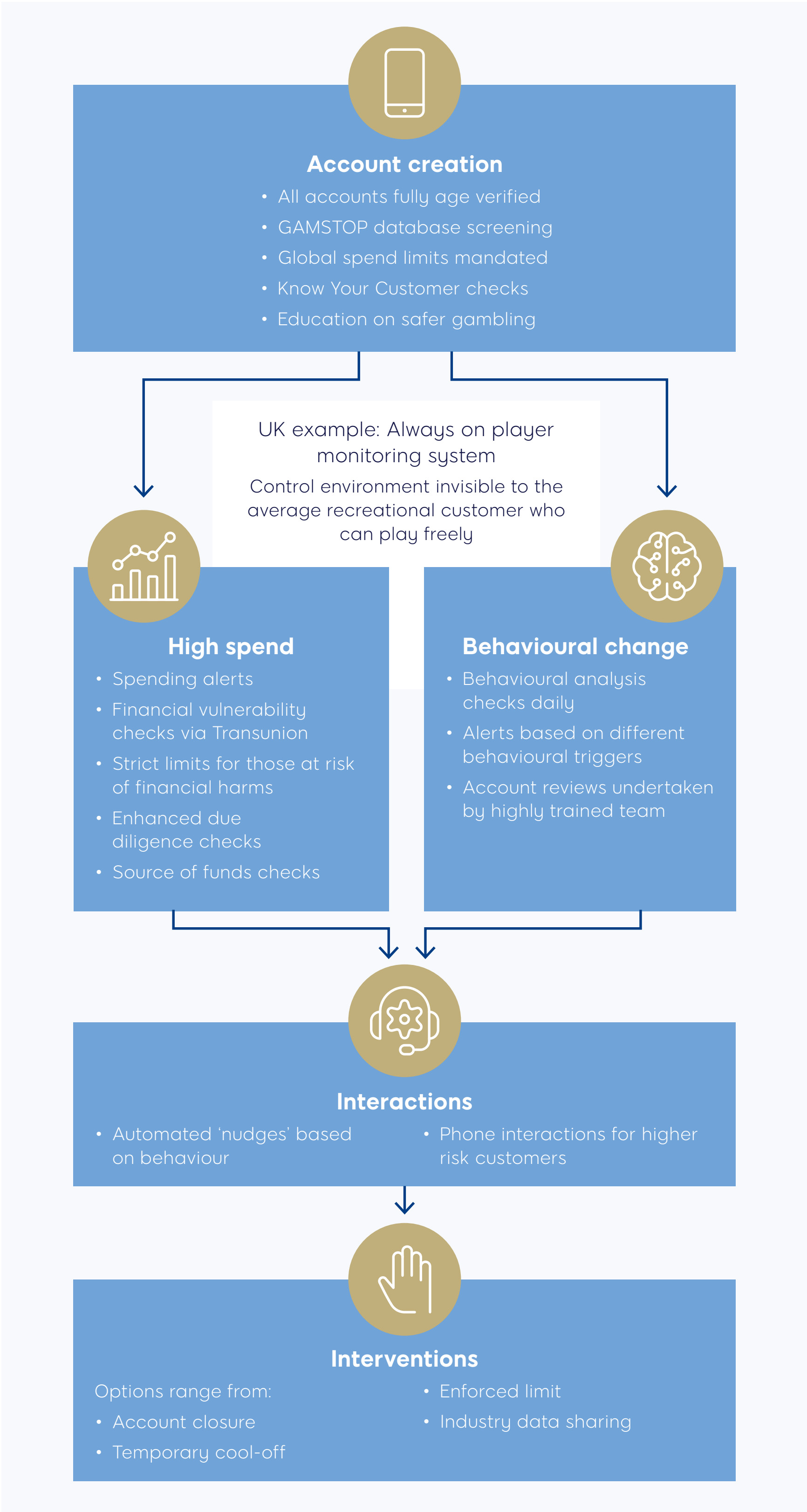
Players

As we work to integrate the two businesses, player safety will remain critical to everything we do. We strive to maintain long term relationships with our players, which we know must be built on ensuring customers gamble in a safe and sustainable way.

As part of the 'Players' pillar of our ESG framework, teams across the business are working on a new, holistic approach to player safety that can be consistently applied across all of our brands, platforms and geographies, subject of course to ensuring compliance with specific local requirements where relevant. Safer gambling is an area both businesses have not always got right in the past, but under new leadership we are re-doubling our efforts to ensure player safety is embedded at the heart of everything we do and enhancing our approach in this area is a key part of the plan.

During 2022, and partly in anticipation of the gambling white paper being published by the government in the United Kingdom, we continued to enhance our player protection strategy across our brands in the UK. The wider group has taken on William Hill's prior top tier membership of the trade association, the Betting and Gaming Council (BGC) in the United Kingdom. The BGC has worked hard to drive standards in the UK in recent years delivering cross industry collaboration on such projects as:

- Whistle to whistle ban – restricted gambling adverts during sporting events before 9pm;
- Ad-tech – using the latest online advertising technology to reduce exposure to gambling content in the young and ensure that targeted ads are seen by players aged over 25;
- Research, Education and Treatment (RET) spend – increasing voluntary funding year on year up to 1% of GGY in 2024 from the biggest brands, including William Hill; and
- Ongoing work around piloting new cross industry initiatives such as a single customer view.



On the 28th March 2023 the GBGC announced that a £19m regulatory settlement in lieu of a penalty had been reached with William Hill in relation to historic player safety failings.

The failings occurred before we owned William Hill, so we could have had no bearing on the areas that were investigated. However, the team had already taken significant remedial action, and we have further reinforced this following the acquisition. As a result, the business is now in a far stronger position from a compliance perspective.

KEY TRENDS

The usage of deposit limits by customers continued to rise across all our brands. Deposit limits are an important safer gambling tool, and adoption increased from 36.6% in 2021 to 45.1% in 2022 as we continued to encourage customers to set their own limits, while also proactively imposing limits on some customers where we felt prudent to do so.

We increased our interactions with customers through different contact methods. Interactions with customers helps us to identify and prevent harmful play before it occurs, and in 2022 we recorded over 2.7 million customer interactions across our brands, which represented an 18.6% increase year on year.

In retail we pride ourselves on our safer gambling focus and the relationships our highly trained colleagues can build with customers. In 2022 we conducted 88,308 safer gambling interactions, up from 37,704 in 2021, albeit the retail estate was closed for much of 2021.

The global roll out of 888's proprietary Control Centre safer gambling product, which empowers players to make more informed decisions about their gambling through intuitively presented, real time data, continued at pace, with 72% of 888 brand players worldwide now having access to the product, up from 39% this time last year.

We also continued to deliver safer gambling training to all colleagues across the business, regardless of role, to strengthen our culture of player protection.

Financial vulnerability checks using third party service providers were rolled out in the United Kingdom for all customers at low levels of spend across all of the Group's brands – with over 500,000 of these checks taking place in 2022.

KEY ACHIEVEMENTS IN 2022

Work continued throughout the year to advance the Group's approach to player safety across all brands and channels.

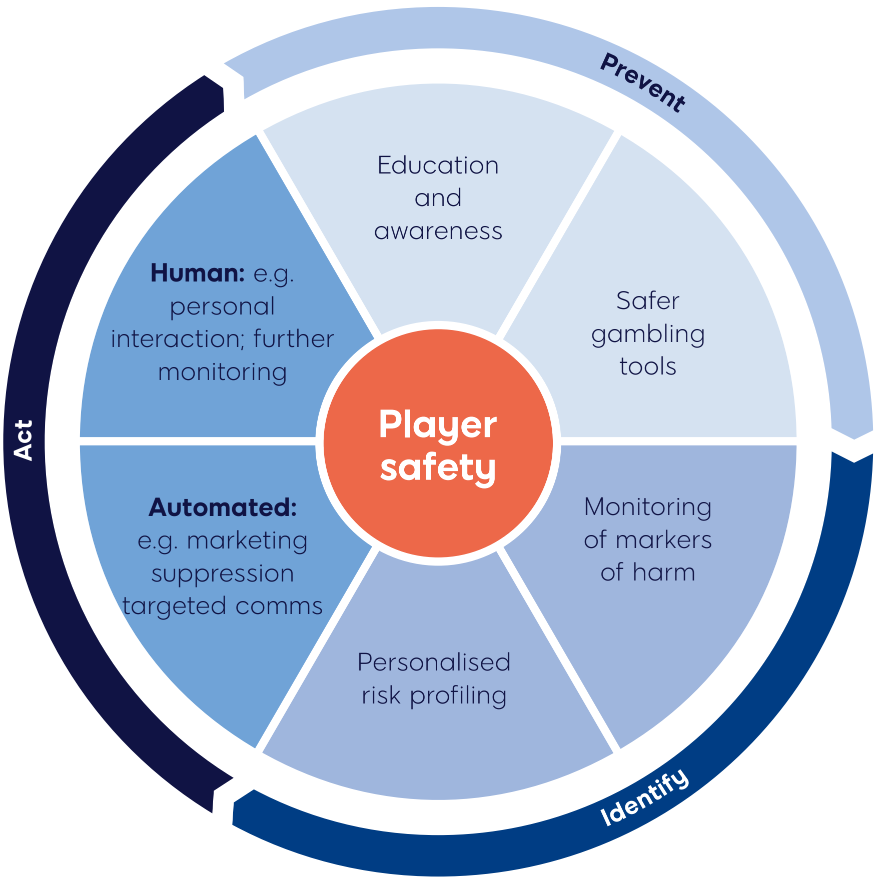
Reflecting on our progress we have delivered several key initiatives across the three focus areas of our player safety framework:

Prevent: Instil safer gambling principles across the player base and with colleagues to help prevent gambling related harm before it occurs.

Identify: Use best in-class proprietary and third party technology to identify risky players quickly.

Act: Interact with players at different risk levels at the right time using the right contact method.

Progress against each of these focus areas is listed below. Alongside this we have continued to invest in strengthening our Compliance and Safer Gambling teams, which now comprise more than 400 professionals. We also continue to invest in the technology and product required to ensure we are offering our players a safe and sustainable gambling experience and ensuring safer gambling is an intrinsic part of playing with our brands.



Players continued

PREVENT

We believe that a core principle of safer gambling is the upfront prevention of harm. We do this through:

Education and awareness: Ensure players know the risks of gambling and normalise discussions about safer gambling. We also strive to ensure colleagues are informed about the potential risks a small proportion of our players can face from using our products, so they are better positioned to identify vulnerable players and prevent the risk of harm.

Safer gambling tools: Drive mass adoption of safer gambling tools that help players control spend and provide alerts regarding their betting behaviour.

In 2022 we saw good progress in this area with the adoption of deposit limits by our players increasing by 36% to 45% of our total player base. Processes have also been adopted to add in mandatory limits for players early in their account life and to ensure the limits available are appropriate.

William Hill has continued to improve its profit and loss tool by making it more intuitive, with simple and clear visuals of a player's activity. The tool is also now more prominent across its products, making it much more visible to players throughout the customer journey. Along with the Control Centre product on 888 brands these features give us great data and insight into what customers interact with, what works and what doesn't. We will continue to innovate, learn and improve.

In retail, a new system of alerts have been built into machines to flag to retail colleagues if a customer may be exhibiting concerning behaviours.

We continued to normalise the use of safer gambling tools by including messaging in above the line TV adverts and direct player marketing campaigns across all our brands. Finally, training of colleagues across the business has continued at pace with all colleagues now participating in safer gambling training each year.

IDENTIFY

We believe technology is a key driver of a successful safer gambling strategy and we have continued to invest in building up our capabilities in this area. Our focus here is twofold:

Monitoring of markers of harm: Timely analysis of player behaviour to highlight potential risk factors.

Personalised risk profiling: We want to ensure players get an individualised gambling experience that relates to them directly.

Across William Hill's retail estate, we continued to advance our technology, with new player safety warnings now live to colleagues via the EPOS till system. The Group's retail presence is a huge strength of our business, particularly for safer gambling interactions. Our trained retail colleagues can interact face to face with any customers who might exhibiting signs of harmful gambling and can do so in a one to one, effective manner. Our shop colleagues carried out over 80,000 safer gambling interactions in 2022.

With the number of brands in our portfolio we now have a complex ecosystem across multiple different platforms. Key work has been undertaken to start to align our platforms, including sharing self-exclusion information and account closures around our brands, ensuring players are better protected across the Group.

In the United Kingdom the issue of affordability continues to be a critical point of discussion across stakeholders including operators, the regulator and politicians. We made significant strides in introducing automated checks within our ecosystem in partnership with third party service providers. These checks use technology alongside financial markers of harm, such as bankruptcy and county court judgement data to help us identify players who may be at elevated risk of financial harm.

ACT

We believe that multiple different forms of interactions with customers must take place to ensure we create a truly safe gambling eco system. We believe that we must build a system that utilises automated nudge interactions as well as harnessing the power of our highly-trained colleagues to talk to customers on a one-to-one basis. We use an increasing number of automated interactions at the lower end of the player risk spectrum, but where the risk is higher, we use a mix of human and automated interactions to ensure we are doing everything in our power to support the player. A great strength of the retail model is the ability to have a human interaction with almost every customer that walks through the door and indeed our retail teams build up strong relationships with regular customers.

Our work across the act pillar focuses across two key interaction types:

Human: We carry out thousands of one-to-one interactions with our players on a daily basis. We want our colleagues to have the best training available to ensure they are in the best position to deliver meaningful and impactful interactions.

Automated: We are a business of scale that has millions of players around the world. In order to effectively communicate with such a large player base, we must have a scalable technology solution to be able to interact with our players at multiple points in their gambling journey.

In 2022 we continued to evolve our interaction abilities in both areas. We invested in enhanced training, reduced thresholds which trigger interactions, and introduced mandatory safer gambling interactions in retail. Online we continued to grow our team across

Compliance and Player Safety to ensure we have the appropriately sized team to deal with our growth plans. We also modernised how we review a player's account and have deployed a new bespoke player case management system to improve our record keeping and accuracy when reviewing a player's account. For 888 brands, the Observer, our proprietary player monitoring system, continued to drive effective automated interactions with players, supporting a 4 % increase in automated interactions at 888's brands in 2022.

RET FUNDING SUMMARY

888 Holdings is a Category A member of the Betting and Gaming Council (BGC), the industry trade body for the United Kingdom. As part of their commitment to safer gambling, the core BGC members have committed to increased funding for organisations supporting research, education, and treatment of problem gambling. This commitment has seen spending at William Hill grow from 0.1% of GGY in 2018/19 to an enhanced level of spending of 0.75% in 2022/23 to reach a target of 1% in 2023/24. The primary beneficiaries of our RET spend in 2022 were:

Gambleaware: An independent charity which commissions treatment and prevention programmes across the United Kingdom, including funding the National Gambling Treatment Service. Funding continues to be provided as part of the Betting and Gaming Council's long-term commitment to guarantee funding for the charity.

EPIC Risk Management: A training, education, and advisory company that specialises in using lived experience of gambling harm to deliver programmes around how to prevent gambling-related harm. We partnered with EPIC to deliver a game changing gambling harm minimisation programme for the horse racing industry. The focus on this educational programme will be on how professional and amateur jockeys, and individuals working in multiple roles across the horse racing industry, interact with gambling and gambling related messages.

Anonymind: Anonymind is a provider of both online and residential treatment and therapy for individuals suffering from gambling harm. We supported its treatment programmes, ensuring those that need support can get it quickly.

Gamcare/YGAM: We support the funding of the national Young People's Gambling Harm Prevention Programme, a joint national education programme for young people around the United Kingdom. This is a four year programme that runs from April 2020 until April 2024 across the country.

Gordon Moody Association: Gordon Moody is a charity providing support and treatment for gambling addiction. We supported Gordon Moody's female residential treatment programme. The programme, which is a world first, was launched at the end of 2021.

Betknowmore: Betknowmore is a charity that provides gambling support and training services. William Hill has supported their Gambling Outreach and Living Support programme. This is a community outreach programme initially launched in two London boroughs.

NEXT STEPS IN 2023

As we move into 2023 our focus turns to evolving and enhancing our safer gambling plans to ensure they support our bigger and bolder ambitions as a new, enlarged business. We aim to bring together the best of all of our brands to evolve our offer and develop a best-in-class player protection framework for our brands across the world. Compliance with the regulations around the world is a minimum requirement, we aim to go above and beyond to ensure our revenues are sustainable and we retain our player base for years to come.

People

2022 has been a year of significant change for colleagues across the Group. With the acquisition of William Hill non-US business completing on 1 July the year has been divided into two distinct periods. The first saw both legacy organisations supporting their colleagues in preparation for the acquisition and the expected impact on teams. The second has been a period of change with the impact of the acquisition beginning to be felt across the Group as we work to bring both businesses together.

Bringing together over 11,000 colleagues in our new combined business has challenged the leaders in our business and the People team who support them, with a focus on four key areas.

- **Integration and change:** The need to quickly establish the operating model and structures of our combined business to enable the business to achieve ambitious synergy targets meant rapid and significant change for our colleagues.
- **Engagement:** Maintaining engagement levels through periods of change is a key challenge for the business, making clear and regular communications meaningful, supportive and transparent.
- **Organisational culture:** Both legacy organisations have their own unique cultures, our priority looking forward is to build our new winning culture where people want to join and love to stay.
- **Future People strategy:** There are consistent themes within the people strategies of William Hill and 888, the focus now is to create a new strong identity and set out our ambition for the future.

INTEGRATION AND CHANGE

The first priority for the Group following the acquisition of William Hill was to establish the strong leadership team who would guide the business through change. On 1 July we announced our new Executive Team, combining the previous William Hill and 888 teams to create a new management team with vast experience and a track record of success in the industry.

Following these appointments the Executive Team began their work to design and build their new operating models to understand the structure of their new leadership teams. In November we were able to announce our new senior leadership team, putting in place the individuals who would support the Executive Team in delivering their strategies. In doing this we were able to draw on the large and experienced combined talent pool of the Group, ensuring a balance between both legacy organisations and diversity across our locations.

In early 2023 we announced the immediate departure of our CEO, with Lord Mendelsohn stepping in on an interim basis as Executive Chair, and the intended future departure of our CFO. Given the plans that had already been put in place, and the stability within the wider executive and senior management team, we are confident our people can navigate through this additional element of change.

With accelerated plans to deliver synergies across the business in late 2022 through into 2023 the business then began plans for change. Several key initiatives were delivered through the second half of the year with highlights including:

- **Business operations and customer service model**
  Although we are only in the early stages of bringing the customer operation teams of the two legacy organisations together, we have already started to look at how the different processes, systems and teams can be aligned to support all customers. Our People team across several of our locations including the UK, Gibraltar, Romania, Bulgaria and the Philippines have been an integral part of this work.
- **Bolder in Retail**
  This initiative aimed to restructure the William Hill UK Retail business to change the way we work ensuring the sustainability and profitability of retail into the future. We appointed a revised retail leadership team with a refreshed regional model and introduced new roles to our shop teams with changed responsibilities. This meant over 1,000 colleagues stepping into the new role of Team Leader, with extensive support from our retail People team to help them transition into this new role.
- **Product and technology**
  Our Product and Technology team continues to play a vital role in the business. The appointment of Anna Barsby as Chief Product and Technology Officer, an experienced transformation leader with a strong track record of delivering large scale change, was a key first step in the integration of our platforms and products. Anna moved quickly to determine the future of the Group's technology and product infrastructure, with decisions relating to future platforms and structures made soon after her appointment. These decisions had a significant impact on teams within her business area, and the People team were vital in supporting individuals in many of our locations.

ENGAGEMENT

Management recognise that maintaining colleague engagement through a period of significant change will be a key challenge for the business. Prior to the acquisition both 888 and William Hill had been through several years of change and uncertainty and there was unanimous agreement that the second half of 2022 into 2023 and beyond would be no different.

The first priority for the Group was to ensure we were able to measure and track engagement in a way that was consistent across both legacy organisations as we worked to bring them together. Very soon after acquisition we were able to launch Workday Peakon, the platform through which William Hill had previously delivered its engagement surveys, to colleagues across the whole Group. This established a regular cadence of surveys to understand how colleagues were experiencing the change across the business. These surveys allow colleagues to answer a series of questions about the business as well as leaving comments and feedback for leaders to acknowledge and respond to, creating a consistent two-way communication channel. Our engagement surveys are issued

to 100% of our colleagues via the Workday Peakon platform, with an 80% response rate.

The key measure of success identified as the main focus for the Group is our employee net promoter score, or eNPS.

ORGANISATIONAL CULTURE

Prior to the acquisition both 888 and William Hill had strong and distinctive employment cultures. Our priority for shaping the culture of the new business was to draw on the strengths of both organisations, maintaining and nurturing the values and behaviours which made them such successful businesses in their own right.

The first step on this journey was to undertake a comprehensive review of the culture of both organisations, to enable the development of a well-informed plan for change and engagement. To do this we engaged third party consultants to independently assess each organisation, exploring the two heritages with the aim of providing a shared understanding of their culture in relation to values, leadership and People team.

The outcome of this review gave us key insights into our shared values. The core principles of collaboration, respect, transparency, authenticity and caring underpinned those values and the behaviours each organisation expected of its leaders. It is these principles which will form the foundations of our new culture and our plan to continue to integrate the two businesses.

For 2023 our key objective is to define and embed a common set of values to bring together the best of both organisations. To be authentic these values must be embedded into the day to day experience, owned and role modelled by leaders, celebrated, and used as a means to hold ourselves and each other to account. We are now developing a plan to create these values with a consultative and collaborative process with the business, led by our centres of expertise in HR.

FUTURE STRATEGY

There are consistent, shared themes across the legacy People strategies of 888 and William Hill. Our focus since acquisition and into 2023 has been on creating the new, and we have started with our 2025 People Ambition.

Across both organisations we believe it is clear that there are three priority areas of focus to build the foundations of everything we do:

- Defining the working culture of our organisation, tied to the new values of the Group, empowering colleagues to work in the way that suits them best and supporting them in every aspect of their lives. This includes our approach to flexible working, the health and wellbeing support we extend to colleagues, and developing empathetic and supportive leaders;

WHAT IS ENPS?

eNPS is measured by asking colleagues to score the question "How likely is it you would recommend 888 William Hill as a place to work?" on a scale of 0-10. The percentage of detractors (scoring 0 to 6) is subtracted from the percentage of promoters (scoring 9 or 10) to give the net promoter score.

We believe that a positive eNPS is a true demonstration of the success of our People initiatives. It encapsulates the employee experience and, particularly through a period of change, allows us to understand whether we are supporting colleagues in the right way. We are proud to have finished 2022 with an eNPS of +8 across the combined Group, with a score of +28 and +29 in the non-retail businesses of William Hill and 888 respectively.

Recognising the importance of this measure, eNPS has been included in the remuneration targets for the Directors, Executive Committee and other senior leaders to promote a collaborative approach to engaging colleagues across the Group. We anticipate many significant challenges to engagement in 2023 – large scale people change as we deliver the new organisational design, continued external economic pressures on customers and colleagues, and ongoing regulatory challenges in our key markets. We aim to at least maintain our current engagement levels with plans in place to build on this strong foundation.

SUSTAINABILITY CONTINUED

People continued

FUTURE STRATEGY CONTINUED

- Adding the skills and capabilities that the Group will need as we move forward to achieve our ambitions, investing in nurturing and developing our talent to set the standard across the industry. This gives colleagues access to the industry's best development programmes and makes sure we support the career ambitions of all of our colleagues; and
- Ensuring that we celebrate our differences and have a culture where all colleagues, no matter their background and experiences, feel represented and respected. Here we focus on inclusion and belonging with the natural consequence of diversifying our business across every level of the organisation.

MEASURING OUR PROGRESS

Alongside the focus on integration and our people plans around this, both legacy organisations continued with a range of people initiatives throughout the year, alongside tracking a range of people related metrics, the data for which is set out below. Given the transaction completed on 1 July 2022, the data presented below (unless otherwise specified) is taken as the combined position as if we had been one company for the whole of 2022. We will use the 2022 numbers presented here as a baseline and during 2023 as we create a combined people strategy, we will look to define specific objectives and targets related to certain of these metrics.

DIVERSITY AND INCLUSION

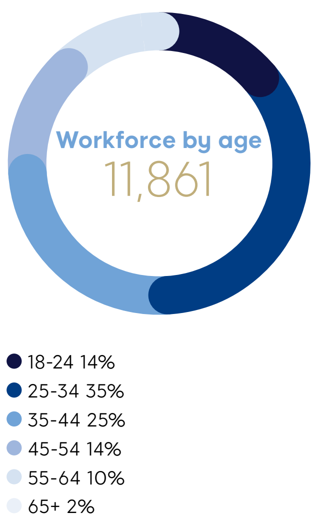
Both legacy organisations have strong commitments to developing inclusive cultures rooted in respect. We know that an integral part of our success is diversity of background, experience and perspective and we actively promote inclusivity, including ensuring there is no less favourable treatment on the grounds of sex, sexual orientation, gender re-assignment, marital or civil partnership status, race (including colour, nationality, ethnic or national origin), disability, religion or belief, age, or pregnancy and maternity. We strive to ensure reasonable adjustments are provided for people with disabilities who are applying to or already working with us.

Key highlights of 2022

- William Hill added an Inclusive Leadership module to the Leadership Essentials programme, requiring all new people leaders to develop their understanding of why diversity and inclusion is integral to organisational success and how they can be an inclusive leader.
- In October 2022, many of our locations around the world introduced a global menopause policy, with other locations set to introduce it in 2023.
- In November 2022, we continued the evolution of our family leave policies, launching our new Neonatal policy in the UK, providing full pay for the duration of a neonatal admission.
- Our Product & Tech department also employed several women through the company Code First Girls, who provide free coding courses to women across the UK.
- We continue to celebrate and mark key dates in the Diversity and Inclusion calendar with global events and internal communication campaigns including International Women's Day, Men's Health Awareness, Pride, Mental Health Awareness and Black History Month, among others.

As we continue to build on the strengths of our two businesses, our priority remains building an inclusive organisation where individuals are respected and valued for who they are. Our focus for 2023 will be driving progress through our new DE&I governance structure which will provide a framework for all DE&I activity across the new, combined organisation. The new structure will include the introduction of a group wide steering committee, providing strategic direction and guidance for all DE&I activity; the launch of an employee led Inclusion Council to provide employee voice and input to shape our DE&I approach; and the creation of multiple employee networks, bringing colleagues with shared experiences and interests across all areas of the organisation together.

Diversity at 888 William Hill	2022
Employees worldwide	**11,861**
Female employees	**5,622**
% of female employees	**47%**
Part time employees	**4,097**
% part-time employees	**35%**
Number of contractors	**141**
% of women on the Board of Directors	**44%**
% of women in senior management positions	**32%**
% of women in junior management positions	**33%**
% of women in STEM positions	**22%**
% of women in management positions in revenue-generating functions	**39%**



COMMITTED TO COLLEAGUE DEVELOPMENT

Learning support is available to every colleague via a suite of blended learning solutions that is tailored to either role, function, or level within the organisation e.g., individual contributor/people leader/senior leader, as well as a variety of other content to support personal and competency development. Every new colleague receives a tailored induction which includes access to learning content that is location specific. Every colleague has access to a Learning Management System, which hosts all company required learning, optional personal and skills development content, and the ability to book onto live webinars or courses that are delivered by our internal experts. In 2022 every level of leadership in the WH business had access to a structured leadership development programme, which will be broadened to the wider 888 WH audience in 2023. During 2022, 888 used external suppliers to support development progress for colleagues and leaders. In our Product & Technology function, colleagues have access to O'Reilly, a global and best in class online learning platform that offers a range of learning paths, conferences, online live events, and sandboxes for colleagues to learn about the most up to date developments and in the global industry.

Talent at 888 William Hill	2022
Total number of new hires	**4,395**
Total number of new hires from internal candidates	**1,235**
Total employee turnover rate	**35%**
Voluntary employee turnover rate	**29%**

ECONOMIC AND COMMUNITY CONTRIBUTIONS

The Group employs a significant number of people across over 1,350 retail outlets and offices in more than 14 territories. As such, our economic footprint is significant and in 2022, we contributed £588m in taxes and duties across our countries of operation.

During the year the William Hill hardship fund awarded 11 grants for employee hardship, with an average value of over £2,000, ensuring our colleagues are cared for when they need it most.

We are part of communities all over the world and we want to play a key role in giving back in those areas. As part of that colleagues from all our brands have volunteered across numerous projects worldwide. In the United Kingdom, William Hill have built a partnership with Neighbourly, a platform that provides volunteering opportunities for colleagues across the country. As part of the first year of this programme 92 colleagues participated in 18 projects across the country focusing on supporting work covering the themes of wellbeing, sport and the environment. Across our 888 brands colleagues volunteered supporting such causes as typhoon relief, animal shelters and other charities chosen by colleagues that were relevant to their location.

Pro forma contributions at 888 William Hill	2022
Total tax contribution	**£588m**
Sports sponsorship, levies and picture payments	**£114m**
Employee hardship fund grants	**£22,390**

Our 2025 ambition is to be the best place to work in the industry, with a strong identity that sets the standard for what great looks like. We celebrate individuality, care for each other and invest in developing talent

* How have senior management, junior management, STEM and management positions in revenue-generating functions been defined?

Senior management:
Executive team and their direct reports.

Junior management:
Women in non-senior management roles.

STEM:
Women in Technology roles, excluding Trading.

Management in revenue generating functions:
Colleagues that work directly for our P&L functions (UK&I Market (including Retail & Online), International Market).

SUSTAINABILITY CONTINUED

Planet

2022 was a year of transition for the Group as we began work to combine the 888 and William Hill businesses. The Group's carbon footprint expanded significantly with the William Hill acquisition due to its large retail estate, and we have continued to evolve both in understanding our climate impact and working to address our carbon footprint. Focus on addressing environmental impact has been increasing across both businesses in recent years and we intend to build on this as a combined Group moving forwards.

We will be reviewing our environmental goals and targets reflecting our priorities and operations as a combined Group. We recognise that climate change is one of the greatest challenges of our time and we want to ensure we are playing our part by minimising our impact on the planet and setting strong, challenging, emission reduction goals.

We are proud of our progress so far which has been recognised across various ESG Ratings bodies though we recognise there is more work to do to reduce our impact on the environment.

KEY ACHIEVEMENTS IN 2022

- **Net zero by 2030: achieve 80% reduction in Scope 1 & 2 (2019 baseline)** – 888 (excluding William Hill) – 44% reduction in Scope 1 and 2 (market-based) emissions from 2019 baseline.
- **Net zero target across value chain by 2035** – 888 (excluding William Hill) – 10% reduction in Scope 3 emissions from 2021.
- **ESG ratings** – improvements in our CSA and CDP ratings alongside maintaining our strong MISC and FTSE4GOOD ratings.
- William Hill became one of the first operators in the sector to become certified as carbon neutral (Scope 1 and 2 emissions).
- First qualitative climate-related scenario analysis performed and climate is recognised in the Group Risk Register for the first time.

TCFD SUMMARY

We again publish our Task Force on Climate-related Financial Disclosures (TCFD) report, building on our work last year, with a summary provided in this section and more detailed information about the climate related governance, strategy, risk management (including scenario analysis) and metrics and targets available in the dedicated TCFD Report found on page 68.

Governance

Our climate governance begins with the Board's approval of the strategy and targets set out in the Zero Carbon Report 2022 (available on our website). The Group has an established system of ESG governance which is embedded throughout the organisation, with the Board being ultimately accountable for the implementation and delivery of the transition plan. The ESG Committee of the Board has oversight of all ESG matters across the three pillars of our framework (including Planet) and the Group's ESG governance structure is outlined on page 69.

Our ESG governance structure evolved to include a Risk and Sustainability Committee, a monthly executive management committee which provides oversight to support the ESG Committee of the Board in managing risks to 888's long-term strategic objectives. In March 2023, an ESG and Sustainability Director was appointed who has executive responsibility for the Group's overall ESG framework. The ESG and Sustainability Director leads the ESG Forum, a cross-functional forum through which ESG issues can be managed and escalated to the Risk and Sustainability Committee as appropriate.

In 2023, climate-based targets will be linked to executive remuneration for the first time, with Initial targets included covering the three pillars of the ESG framework: Players, People, Planet. As the ESG Committee of the Board reviews the implementation of the ESG strategy, it will consider the appropriateness of these targets and whether additional ESG metrics and targets should be incorporated into executive remuneration.

Strategy

Climate change is a key focus area of our ESG framework. In 2021, we set an ambitious climate goal to reach net zero greenhouse gas (GHG) emissions by 2035. For us, 'net zero' means ensuring that the GHG emissions associated with our business are reduced towards zero as far as possible, with residual emissions balanced by quality carbon removal initiatives, thereby achieving a 'net zero' position. Our data centres, retail estate, offices, and business travel are the main sources of our GHG emissions.

Our net zero strategy was first published in the 'Zero Carbon Report 2021'[1]. This year's progress against the 2021 net zero strategy and development of 888's transition plan is published in the Zero Carbon Report 2022 found on our website.

Risk management

Climate-related scenario analysis was conducted for the first time this year to inform our climate-related strategy and risk management. The climate-related scenario analysis considers the risks from transitioning to a low-carbon economy or transition risks (which may entail policy and legal, technology, market, and reputational risks) and the physical risks resulting from climate change. Physical risks can be event driven, such as extreme weather events, or longer-term shifts in climate patterns.

The climate-related scenario analysis demonstrates that the material risks and opportunities the Group faces from climate change include both physical and transition risks in the global markets in which we operate. To respond to these risks, we will take enterprise-wide action and build resilience by managing the physical (sites, supply chain) and transition (market, policy & legal, and reputational) risks and opportunities in the value chain, through mitigation and adaptation and business continuity planning. We believe we already have strong business continuity planning in place after the impact of COVID-19, and these foundations can be built on as the climate challenge evolves.

Based on the scenario analysis results, climate was included in the Group's Risk Register for the first time this year and the material climate-related risks have been mapped against other business risks according to the materiality, nature, and size of their impact.

ACQUISITION AND DIVESTMENT ACTIVITY

In comparison with other sectors, our overall environmental impact is relatively low as our products are largely virtual. Our carbon footprint changed during 2022 as a result of our acquisition of William Hill and the sale of 888's bingo business.

Welcoming William Hill into the Group means our overall carbon footprint has increased due to the brand's large UK retail estate and ten global offices (William Hill has approximately 10,000 employees and over 1,350 shops). The sale of 888's bingo business had an immaterial impact on the Group's carbon footprint as it involved the transfer of only a small number of employees at two existing sites.

Historically William Hill's carbon footprint has been carefully managed and it has already started the journey towards reaching net zero. In May 2022, William Hill achieved its goal to become a certified carbon-neutral business across Scope 1 and 2 emissions[2]. In 2022, smart meters for electricity were fully installed across the UK retail estate to enable monitoring of energy usage and to drive down energy consumption. The impact on the Group's GHG emissions from acquiring William Hill's carbon footprint has therefore been reduced for Scope 1 and 2 emissions. The focus area for the transition plan is therefore reducing William Hill's Scope 3 emissions, with further detail included in our Zero Carbon Report 2022.

Metrics and targets (set in 2021, excluding William Hill)

- Net zero by 2030: 80% reduction in Scope 1 & 2 (2019 baseline).
- Net zero target across 888's value chain by 2035.

Against the net zero targets, 888 (excluding William Hill) achieved a 44% reduction in total Scope 1 and 2 (market-based) emissions from a 2019 baseline and a 29% reduction on prior year. The material drivers for reducing Scope 1 and 2 emissions on prior year are the re-classification of emissions to Scope 3 for subletting part of the Israel office, reduction in energy use in Gibraltar, cessation of the UK data centre, and a reduction in energy supplied to European data centres.

Across our wider value chain, 888 (excluding William Hill) achieved a 10% reduction in Scope 3 emissions from prior year mainly due to a reduction in spend with high emitting suppliers (spend-based assessment used) and lower emission factors used in the GHG accounting calculations. Due to COVID-19 restrictions in place during 2021, there is a significant year on year increase in emissions this year for business travel and employee commuting, which have been calculated for all offices this year whereas last year only Israel was included. Focusing on engaging with suppliers to reduce Scope 3 emissions will be a cornerstone of our transition plan next year.

In 2023, William Hill's emissions data will be fully integrated, and we will re-calculate the baseline values for our net zero targets. Once we have recalculated the baseline, we will seek third-party validation over our commitments and may consider third party assurance of our emissions data.

We have made significant progress in this area and we have been recognised as such by the various ESG Ratings.

The business achieved an improved rating of 34 in the CSA, up from 26 the previous year and above the sector average of 21.

Our CDP rating was B-, again improved year on year and well ahead of industry averages.

We also retained membership of the FTSE4GOOD Series Index, achieving a rating of 3.9/5. This is a high score for a business in the Travel and Leisure subsector, with high ratings achieved across the social and governance elements of the scoring.

Our AA rating was also maintained in the MCSI ESG rating.

ALIGNMENT WITH THE TCFD REPORTING FRAMEWORK

Overleaf we summarise the 2022 alignment with the TCFD reporting framework, with further detail included in the TCFD Report on page 68. We are aligned with the TCFD's recommendations, subject to the following areas, which need further work due to the timing of the acquisition of William Hill, and the scenario analysis (completed Nov-22):

- Strategy, parts b) & c); and
- Metrics and Targets, parts a) & c).

Where our disclosure is not consistent with TCFD recommendations, the reasons for this are outlined in the full TCFD Report and a plan is in place to improve the maturity of the TCFD reporting in future reporting periods.

NEXT STEPS IN 2023

As we move forwards as a wider business our focus on our environmental impact is clear. After good progress in 2022, particularly across our Scope 1 and Scope 2 emissions, we must re-examine our climate targets, ensuring we are doing the most we can to minimise our carbon production. Scope 3 emission reduction will become a focus and we will work with our suppliers to ensure that they have proactive plans in place to reduce their emissions.

We must also work to ensure we effectively merge our climate data groupwide to allow us to re-baseline our targets for the new, larger business. Once that has been achieved, we will seek third party validation of our climate commitments and may consider third party assurance of our emissions data.

We will also continue to work with external ratings agencies to sense check our progress across both industry peers and other comparable businesses as we work towards reducing our environmental impact.

TCFD OVERVIEW

888'S ALIGNMENT WITH THE TCFD FRAMEWORK

Disclosure Level: ● Full ◐ Partial ○ Omitted

	TCFD Recommendation	Reference/Further work
Governance	a) Describe the Board's oversight of climate-related risks and opportunities. ●	• TCFD Report, page 68 • Governance, page 90 • Zero Carbon Report 2022, page 20
	b) Describe management's role in assessing and managing climate related risks and opportunities. ●	
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. ● b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. ◐	• TCFD Report, page 68 • Planet Pillar, ESG Report, page 44 • Zero Carbon Report 2022, page 14 • Further work is required to integrate the outputs of the scenario analysis into the business strategy and financial planning cycles moving forward including developing metrics to monitor climate-related risks and potential financial impacts as required.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. ◐	• TCFD Report, page 68 • Further work is required on the consideration of the potential impact of climate-related issues on financial performance and position across different climate scenarios, together with sensitivity analysis.
Risk Management	a) Describe the organisation's processes for identifying and assessing climate-related risks. ● b) Describe the organisation's processes for managing climate-related risks. ●	• TCFD Report, page 68 • Risk Management section, page 56 • Zero Carbon Report 2022, page 18
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. ●	
Metrics and Targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. ◐	• TCFD Report, page 68 • Zero Carbon Report 2022, page 25 The Group has started to qualify the financial impact of climate-related risks, but quantified scenario analysis needs to be conducted.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. ● c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. ◐	• Zero Carbon Report 2022, page 25 • ESG Supplementary Information, page 82 • In 2023, the Group will integrate William Hill's data, exclude 888's bingo business data, and re-calculate the baseline values for its net zero targets. The Group may also consider applying William Hill's wider environmental metrics to 888.

CFO'S REPORT

Setting the platform for future growth

WE ARE VERY FOCUSED ON DELIVERING A LEANER, HIGHER MARGIN, MORE EFFICIENT BUSINESS, THAT WILL DRIVE RAPID DE-LEVERAGING AND UNLOCK THE STRONG POTENTIAL OF OUR BUSINESS

Our plan is improve profitability and ensure we are really disciplined with our capital allocation, prioritising debt reduction. This has the potential to deliver superior shareholder returns with a target of at least 35p of adjusted EPS by 2025.

Yariv Dafna
Chief Financial Officer

SUMMARY

Reported revenue for the year was £1,239m (+74%) with the main driver being the completion of the acquisition of William Hill on 1 July 2022. On a pro forma basis revenue of £1,850m and Adjusted EBITDA of £311m were both in line with the guidance given at our capital markets day in November 2022.

Alongside the transformation in our revenue and earnings, our balance sheet has significantly changed following the acquisition, with the predominantly debt-funded deal leading to a highly leveraged balance sheet with debt of £1.7bn and a net debt to Adjusted EBITDA ratio of 5.6x at 31 December 2022. Given the deterioration in debt capital market conditions between signing and completing the acquisition, the ultimate structure of the William Hill acquisition left the Group more exposed to changes in interest rates, which continued to increase through the second half of 2022 following completion. We were pleased to successfully issue £347m equivalent of new debt in December 2022 to repay some of the initial deal financing, and increase the level of hedging we have in place such that approximately 70% of interest is fixed for at least the next three years.

Increased interest costs, the current macroeconomic climate and the impact of high inflation on the cost base, is putting pressure on the profit margins and cash generation of the Group. This restricts our ability to reinvest excess cash flow to accelerate near term growth and means our focus in the short term is on improving profitability through synergies and other cost savings generated from the transformation and integration programme. This will allow us to enhance cash generation and deleverage which is the key priority of the Group.

The integration and transformation programmes encompass both the programme to integrate the William Hill business into the 888 Group, unlocking approximately £150m cash synergies per annum, and wider transformation initiatives across the combined Group to drive efficiencies in operations. The programme is expected to continue until 2025, albeit many of the initiatives are expected to complete in 2023. There is an expected £100m of cash costs to achieve synergies expected to be incurred across the integration programme; with the expense expected to be greater than this due to non-cash items, such as impairments of software assets not required as the technology stack of the two businesses are integrated, and costs associated with the wider transformation programme.

As the Group executes these plans to improve profitability margins and deleverage, this will enable further investment in the growth opportunities available to the Group, in order to achieve the key financial targets for FY 2025 as outlined within the Capital Markets Day in November 2022 and which the Board remain confident in achieving:

- Revenue of more than £2bn
- Adjusted EBITDA margin above 23%
- Leverage of less than 3.5x
- Adjusted earnings per share of more than 35p

Reconciliation of Statutory EBITDA to Adjusted EBITDA, Adjusted profit before tax and Adjusted net profit

	Adjusted results		Exceptional items and adjustments		Statutory results	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Revenue	**1,238.8**	712.3	**0.0**	0.0	**1,238.8**	712.3
Cost of sales	**(440.4)**	(242.3)	**(0.1)**	(10.9)	**(440.5)**	(253.2)
Gross profit	**798.4**	470.0	**(0.1)**	(10.9)	**798.3**	459.1
Marketing expenses	**(257.8)**	(222.6)	**0.0**	0.0	**(257.8)**	(222.6)
Operating expenses	**(323.0)**	(127.7)	**(102.3)**	(19.2)	**(425.3)**	(146.9)
Share of post-tax profit of equity accounted associate	**0.3**	0.0	**0.0**	0.0	**0.3**	0.0
EBITDA*	**217.9**	119.7	**(102.4)**	(30.1)	**115.5**	89.6
Depreciation and amortisation	**(63.6)**	(26.4)	**(56.7)**	0.0	**(120.3)**	(26.4)
(Loss)/Profit before interest and tax	**154.3**	93.3	**(159.1)**	(30.1)	**(4.8)**	63.2
Finance income and expenses	**(73.8)**	(4.2)	**(37.1)**	0.0	**(110.9)**	(4.2)
(Loss)/Profit before tax	**80.5**	89.1	**(196.2)**	(30.1)	**(115.7)**	59.0
Taxation	**(16.3)**	(6.5)	**11.4**	(2.5)	**(4.9)**	(9.0)
(Loss)/Profit after tax	**64.2**	82.6	**(184.8)**	(32.6)	**(120.6)**	50.0
Basic earnings per share	**15.1**	22.2			**(28.3)**	13.4

* EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

Adjusted EBITDA is defined as EBITDA excluding share based payment charges, foreign exchange losses and exceptional items and other defined adjustments. Foreign exchange losses and share benefit charges were excluded to allow for further understanding of the underlying financial performance of the Group. Further detail on exceptional items and adjusted measures is provided in note 3 to financial statements.

In the reporting of financial information, the Directors use various APMs. These APMs should be considered in addition to, and are not intended to be a substitute for, IFRS measurements. As they are not defined by International Financial Reporting Standards, they may not be directly comparable with other companies' APMs. The Directors believe these APMs provide additional useful information for understanding performance of the Group. They are used to enhance the comparability of information between reporting periods and are used by management for performance analysis and planning. An explanation of our adjusted results, including a reconciliation to the statutory results is provided in note 3 to the financial statements.

	Pro forma		
	2022 £'m	2021 £'m	Change
Revenue	**1,850.1**	1,907.0	(3.0%)
Adjusted Cost of sales	**(599.2)**	(646.4)	
Gross profit	**1,250.9**	1,260.6	(0.8%)
Marketing expenses	**(331.8)**	(433.0)	
Adjusted operating expenses	**(608.7)**	(558.5)	
Share of post-tax profit of equity accounted associate	**0.2**	0.8	
Adjusted EBITDA	**310.6**	269.9	15.1%

* Pro forma information presented in the financial summary (including the associated narrative) is not part of the audit of financial information performed by the Independent Auditor. These are defined on page 50.

In FY23 specifically, we currently expect revenue to decline by low to mid single digits but EBITDA margin, on an adjusted basis, to improve to greater than 20%. This is a significant increase compared to the pro forma adjusted EBITDA margin of 16.8% in FY 2022, reflecting the realisation of a large proportion of the synergies from the acquisition.

In the UK market, we look forward to the Gambling Act white paper and subsequent level playing field that it should bring, and are confident that our leading brands and sustainable recreational customer base will see us succeed in this market. The acquisition of William Hill has also meant the Group is more diversified with a Retail business and an improved position internationally, in particular in our core markets of Italy and Spain. This creates a more sustainable business in a changing regulatory environment.

Revenue for the first quarter of 2023 was £446m, representing an increase of 168% on a reported basis and decrease of 5% on a pro forma basis. The reduction on a pro forma basis reflects strong growth in retail of +8%, more than offset by UK&I Online being down 9% with the continued impact of safer gambling changes, and International Online being down 11% as a result of our refined market focus and compliance changes in the Middle East.

CFO'S REPORT CONTINUED

SUMMARY CONTINUED

Pro-forma results

Given the significance of the acquisition of William Hill midway through the year, the statutory results do not provide a clear comparison of performance to the previous period as they consolidate results of the William Hill business for the second half of the year in FY 2022. As such, in the analysis below, focus is given to the pro forma results showing a clearer performance of the Group in FY 2022 compared to FY 2021.

Within these pro forma unaudited results which do not form part of the audited financial statements, the FY 2021 financials cover the 52 week period from 30 December 2020 to 28 December 2021 for William Hill. Since the acquisition, the William Hill business has aligned to the monthly financial calendar of the Group and, therefore, the FY 2022 financials cover the period from 29 December 2021 to 31 December 2022.

Change in presentation currency

The Group has changed the currency in which it presents its financial results from US Dollar to UK pound sterling (GBP) with effect from 1 January 2022, in consideration of the William Hill acquisition and current business mix which has now significantly higher GBP exposure and with 888 US Dollar denominated earnings a relatively lower proportion of overall earnings.

The opening balance sheet and comparatives have all been translated and re-presented to GBP following this change in presentational currency.

Segmental change

The Group has changed its operating segments within the year to reflect geographic divisions as opposed to segments by product as disclosed in previous years. This reflects the way in which results are monitored and reported in the enlarged Group.

Following the acquisition of William Hill, the business has been restructured to be managed as a UK business, comprising UK Retail and UK&I Online segments, and an International business with both supported by a Corporate centre. The US business is disclosed within the International segment and the Irish business is managed within the UK&I Online segment.

The results of the Bingo business that was sold during the year are presented within 'Other'.

The comparatives have been re-presented to display the results in these new reportable segments.

CONSOLIDATED INCOME STATEMENT

Revenue

Revenue for the Group was £1,238.8m for FY 2022 on a statutory basis; an increase of 74% to FY 2021 of £712.3m with the consolidation of William Hill revenues across H2 2022.

On a pro forma basis, revenue was £1,850.1m; a decrease of 3% compared to £1,907.0m in FY 2021.

The decline in revenue primarily reflects the additional player safety checks implemented in the UK&I Online business across both brands over the previous two years with a 20% reduction in UK&I Online revenue in FY 2022 compared to FY 2021.

The International business declined by 9%, mainly due to regulatory changes across a range of markets, most notably the impact of the Netherlands business closing at the end of Q3 2021.

This is partly offset by a 54% increase in Retail revenues driven by a full year with a full Retail estate trading compared to lockdowns and other restrictions particularly across H1 2021.

Online sports betting revenue of £363.1m reflected a decline of 24%, and online gaming revenue of £968.0m reflected a decline of 11%. Performance across both products was principally driven by the same factors as above, with the decline larger in sports due to country mix, with more of the sports business being in the UK. Alongside this FY 2022 had a tough comparator from a sporting fixture perspective, with 2021 containing additional fixtures as major football leagues caught up post COVID-19 disruption.

Cost of sales

Cost of sales mainly comprise gaming taxes and levies, commissions and royalties payable to third parties, chargebacks, payment service provider ("PSP") commissions and costs related to operational risk management and customer due diligence services. Cost of sales has increased on a statutory basis to £440.5m from £253.2m due to the acquisition of William Hill. On a pro forma basis, cost of sales has decreased by 7.3% to £599.2m reflecting the reduction in revenue, with cost of sales representing 32.4% of revenues (FY 2021: 33.9%).

Gross profit

On a statutory basis, gross profit has increased to £798.3m from £459.1m with the consolidation of the results of William Hill for the second half of FY 2022.

On a pro forma basis, gross profit has decreased by 0.8% from £1,260.6m to £1,250.9m but with an increase in the gross margin from 66.1% to 67.6%.

Marketing expenses

Marketing is a significant investment for our Group to drive growth through investing in our leading brands, as well as customer acquisition and retention activities. On a statutory basis marketing increased to £257.8m compared to £222.6m in FY 2021 with a marketing ratio of 20.8%, which decreased from 31.3%, driven by the inclusion of the retail business, which has significantly lower marketing ratio.

On a pro forma basis, marketing decreased by 23.4% from £433.0m to £331.8m. Certain marketing is demand driven and flexible so part of the reduction is as a result of the reduced revenue noted above, with further marketing savings being achieved following the acquisition with a refined brand marketing strategy to focus marketing on specific brands in specific countries. The marketing to revenue ratio has decreased from 22.7% in FY 2021 to 17.9% in FY 2022. This partly reflects the mix of revenue with more generated from the Retail business where the marketing investment is lower. Excluding the Retail segment, the marketing ratio decreased from 27.1% to 24.4% reflecting the refined brand marketing strategy.

Operating expenses

Operating expenses mainly comprise employment costs, property costs, technology services and maintenance and legal and professional fees. On a statutory level, operating expenses increased to £448.5m from £160.2m in FY 2021. This increase is due to the acquisition of William Hill with the Retail business having a much higher proportion of operating expenses to revenue given the employment and property costs required to operate.

On a pro forma basis, operating expenses excluding depreciation and amortisation have increased by 9.0% from £558.5m in FY 2021 to £608.7m in FY 2022. The main reason for this increase is due to inflationary pressures, in particular the impact of utility cost inflation in the Retail business.

Adjusted EBITDA

Reported EBITDA increased by 28.9% from £89.6m to £115.5m. On an adjusted basis, the increase was 82.0% to £217.9m from £119.7m, with an increased margin of 17.6% compared to 16.8% in FY 2021.

On a pro forma basis, adjusted EBITDA increased by 15.1% to £310.6m in FY 2022 compared to £269.9m in FY 2021. The adjusted EBITDA margin increased from 14.2% in FY 2021 to 16.8% in FY 2022 driven by the focus on cost efficiency alongside the early benefits of synergy delivery, particularly marketing savings from the optimised brand marketing strategy across different markets.

Income statement by segment

The below table shows the Group's performance by segment:

As reported

	Revenue				Adjusted EBITDA			
	2022 £'m	2021 £'m	Change from previous year	% of reported Revenue (2022)	2022 £'m	2021 £'m	Change from previous year	% of Adjusted EBITDA (2022)
Retail	**255.5**	—		20.6%	**41.2**	—		18.9%
UK&I Online	**455.5**	255.2	78.5%	36.8%	**61.6**	7.7	700.0%	28.3%
Total UK	**711.0**	255.2	178.6%	57.4%	**102.8**	7.7	>1,000%	47.2%
International	**508.3**	410.4	23.9%	41.0%	**118.3**	114.1	3.7%	54.3%
Other	**19.5**	46.7	(58.2%)	1.6%	**1.7**	7.3	(76.7%)	0.8%
Corporate	**—**	—	—	—	**(4.9)**	(9.4)	(47.9%)	(2.2)%
Total	**1,238.8**	712.3	73.9%	100.0%	**217.9**	119.7	82.0%	100.0%

Pro forma

	Revenue				Adjusted EBITDA			
	2022 £'m	2021 £'m	Change from previous year	% of reported Revenue (2022)	2022 £'m	2021 £'m	Change from previous year	% of Adjusted EBITDA (2022)
Retail	**519.0**	336.8	54.1%	28.1%	**90.7**	0.3	>1,000%	29.2%
UK&I Online	**717.4**	898.9	(20.2)%	38.8%	**111.9**	165.2	(32.2)%	36.0%
Total UK	**1,236.3**	1,235.6	0.1%	66.8%	**202.6**	165.4	22.5%	65.2%
International	**613.7**	671.4	(8.6)%	33.2%	**136.0**	147.5	(7.8)%	43.8%
Other	**—**	—			**—**	—		
Corporate	**—**	—			**(28.1)**	(43.0)	(34.7)%	(9.0)%
Total	**1,850.1**	1,907.0	(3.0)%	100.0%	**310.6**	269.9	15.1%	100.0%

For the commentary on divisional performance below, the focus is given to the pro forma financials in order to give a clearer comparative of performance compared to the previous period. Furthermore, it reflects adjusted results, since that is the basis on which these are reported internally and in our segmental analysis. An explanation of our adjusted results, including a reconciliation to the statutory results, is provided in note 3 to the financial statements.

CFO'S REPORT CONTINUED

UK

UK&I Online

On a statutory basis, revenue increased by 78.5% to £455.5m and Adjusted EBITDA increased by £53.9m compared to the previous period.

On a pro forma basis, revenue declined by 20.2% to £717.4m mainly due to the additional player safety measures implemented across 888 and William Hill brands across the previous two years. In addition to this there was a positive substitution impact from Retail in the UK&I Online business in the first months of 2021 during the lockdown in the UK. Pro forma adjusted EBITDA has declined by £53.3m or 32.2% with the Adjusted EBITDA margin declining as a result of a high fixed cost base, which is being addressed through the integration programme.

Retail

On a statutory basis, Retail generated revenue of £255.5m and Adjusted EBITDA of £41.2m as the Retail business continued to deliver robust financial performance and strong cash generation following its re-opening.

On a pro forma basis, revenue increased by 54.1% to £519.0m as 2022 was a return to a full year of trading with a lockdown until April 2021 in the prior year. Pro forma adjusted EBITDA increased by £90.4m to £90.7m in FY 2022, again reflecting the increased profitability from a full year of an open trading Retail estate. At the same time the Retail estate had a particularly large impact from the inflationary pressures and specifically rising utilities costs in FY 2022.

There were 1,386 shops open at the end of FY 2022 compared to 1,407 at the end of FY 2021. The small reduction to the already well optimised estate largely reflects the impact of inflationary cost increases making certain shops no longer commercially viable.

INTERNATIONAL

On a statutory basis, the International business revenue increased by 23.9% to £508.3m and Adjusted EBITDA increased by £4.2m compared to the previous period.

On a pro forma basis revenue declined by 8.6% to £613.7m, in part due to the closure of the Netherlands market in September 2021, as well as additional regulatory impacts and other smaller market closures. The two core markets within the International business, Italy and Spain, were both flat compared to 2021. Pro forma adjusted EBITDA declined by £11.5m to £136.0m with the Adjusted EBITDA margin declining as a result of a high fixed cost base, which is being addressed through the integration programme.

Within the International business, the US business revenue was £20.4m, an increase of 27% compared to the previous period. Adjusted EBITDA was a loss of £12.3m in the period compared to a loss of £12.1m in the previous period with the continued investment in marketing and other costs to grow the business.

CORPORATE COSTS

On a statutory basis, corporate costs were £4.9m in FY 2022 compared to £9.4m expense in FY 2021. This is due to the timing of the release of staff incentive accruals across the Group including those accrued prior to acquisition within William Hill.

On a pro forma basis, there was a reduction in corporate costs of £14.9m to £28.1m due to the removal of staff incentive accruals for FY 2022 compared to FY 2021 and certain synergies being generated through the integration programme.

Exceptional items and Adjustments

	2022 £'m	2021 £'m
Exceptional items		
Retroactive duties and associated charges	**(3.9)**	4.2
Acquisition related costs	**24.5**	10.9
Transformation costs	**14.4**	2.2
Disposal of 888 Bingo	**11.7**	—
Impairment of US Goodwill and other assets	**55.7**	—
Revaluation of deferred consideration	**(9.2)**	—
Total exceptional items before interest and tax	**93.2**	17.3
Bond early redemption fees	**14.1**	—
Gain on settlement of bonds	**(7.1)**	—
Total exceptional items before tax	**100.2**	17.3
Tax on exceptional items	**2.8**	2.5
Total exceptional items	**103.0**	19.8
Adjustments		
Amortisation of finance fees	**7.4**	—
Amortisation of acquired intangibles	**56.7**	—
Foreign exchange	**26.7**	6.7
Share benefit charge	**5.2**	6.1
Total adjustments before tax	**96.0**	12.8
Tax on adjustments	**(14.2)**	—
Total adjustments	**81.8**	12.8
Total exceptional items and adjustments	**184.8**	32.6

Total exceptional items in the year were £103.0m in FY 2022 compared to £19.8m in FY 2021.

Exceptional items are defined as those items which are considered to be one-off or material in nature to be brought to attention to better understand the Group's financial performance. Refer to note 3 to the financial statements for further detail.

There were £24.5m of costs incurred to complete the acquisition of the William Hill business, predominantly comprising adviser fees.

Furthermore, £14.4m of costs were incurred relating to the on-going transformation and integration of the William Hill business. This includes £12.5m of cash costs incurred to achieve synergies, which is still expected to total £100m across the integration. There were also £1.9m of additional transformation costs relating to a restructure of the Retail operating model to drive further efficiencies, albeit these efficiencies are not classified as synergies.

The transformation and integration programme is expected to take three years until 2025 and is currently expected to generate synergies of approximately £150m, an increase of £50m over our initial target.

During the year, as part of the annual impairment review, the Group has impaired the goodwill of its US business. As such, the goodwill of the US business has been impaired in full, totalling £25.7m. In addition to this there were non-cash impairment costs of £30.0m relating predominantly to the write off of software acquired with the William Hill business that is not planned to be used by the Group following the decision to use the existing 888 platform as the Group's platform going forward.

We completed the sale of the Bingo business to Saphalata Holdings Ltd., a member of the Broadway Gaming Group, for a total cash consideration of £37.4m with the loss on disposal of £11.7m recognised as an exceptional item.

As a part of the transaction agreement with Caesars for the purchase of William Hill, an amount of up to £100m consideration was deferred subject to the enlarged group hitting specific EBITDA metrics. This was fair valued on acquisition at £9.6m and revalued at the year-end date to £0.4m, leading to a release in this contingent consideration of £9.2m.

The final operating exceptional item was a credit of £3.9m relating to the reversal of previous regulatory provisions after a settlement of a specific liability relating to Spain; with the credit recognised as an exceptional item to ensure a consistent accounting treatment to the recognition of the original provision.

There were also £7.0m of non-operating exceptional items within finance costs. This reflects £14.1m of costs associated with the early settlement of the William Hill Senior Unsecured Notes representing early redemption fees and the the accelerated write off of unamortised finance fees, offset by a credit of £7.1m representing the reduction in value on settlement of the William Hill Senior Unsecured Notes compared to the fair value recognised on acquisition.

Adjustments were those items that are recurring items that are excluded from internal measures of underlying performance in order to provide clear visibility of the underlying performance across the Group. They are items that are therefore excluded from Adjusted EBITDA, Adjusted PAT and Adjusted EPS.

The amortisation of the specific intangibles assets recognised on acquisitions has been presented as an adjusted item, totalling £56.7m relating to the William Hill acquisition. This amortisation is a recurring item that will be recognised over its useful life.

The other items that have been presented as adjusted items are foreign exchange losses of £26.7m (£6.7m in FY 2021), share based payment charges of £5.2m (£6.1m in FY 2021) and amortisation of finance fees of £7.4m (£nil in FY 2021).

FINANCE INCOME AND EXPENSES

Net finance expenses of £110.9m (2021: £4.2m) related predominantly on the interest expense from the debt on acquisition of William Hill (£75.0m). There were also exceptional net finance charges of £7.0m related to the bond early redemption fee and gain on settlement of bonds as explained within Exceptional items and Adjustments section above. The finance expense resulting from operating leases was £3.0m (2021: £0.9m) with the increase due to the acquired Retail business within William Hill and the finance expense from hedging activities was £3.3m.

PROFIT BEFORE TAX

The net loss before tax for 2022 was £115.7m (2021: net profit before tax of £59.0m). On an adjusted basis, profits decreased by 10% to £80.5m (2021: net profit before tax of £89.1m) with the increased financing costs from the debt on acquisition of William Hill offsetting the increased earnings from the enlarged Group.

TAXATION

On a statutory basis, the Group recognised a tax charge of £4.9m on a loss before tax of £115.7m, giving an effective tax rate of 4.2% (2021: tax charge of £9.0m and an effective tax rate of 15%). The tax charge and therefore the tax rate is higher than the expected tax credit arising on the loss of 19% primarily due to the lack of tax relief on exceptional costs associated with the acquisition of William Hill and which is offset by prior year credits in respect of additional tax relief obtained on interest costs.

On an adjusted basis, the Group recognised a tax charge of £16.3m on a profit before tax of £80.5m, giving an effective tax rate of 20.2%. (2021: tax charge of £6.5m and an effective tax rate of 7%). The tax charge and therefore the tax rate is broadly in line with the expected tax rate of 19%.

The Group's adjusted effective tax rate for 2023 is now expected to be c8%.

CFO'S REPORT CONTINUED

NET (LOSS)/PROFIT AND ADJUSTED NET PROFIT

The net loss for 2022 was £120.6m (2021: net profit of £50.0m). On an adjusted basis, profits decreased to £64.2m from £82.6m in 2021.

EARNINGS PER SHARE

Basic earnings per share decreased to a loss of 28.3p (2021: profit of 13.4p) as a result of the reduction in net profits in 2022 predominantly due to the exceptional items surrounding transaction and transformation related costs.

On an adjusted basis, basic earnings per share decreased by 32% to 15.1p (2021: 22.2p). Further information on the reconciliation of earnings per share is given in note 10 to 2022 financial statements.

DIVIDEND

The Board of Directors is not recommending a dividend to be paid in respect of the year ended 31 December 2022 (2021: 3.2p per share), in light of the Board's decision to suspend payments of dividends until leverage is at or below 3x, as previously announced following the acquisition.

ACCOUNTING FOR THE ACQUISITION OF THE WILLIAM HILL BUSINESS

As part of the accounting for the £1.95bn acquisition of the William Hill business, it is necessary to allocate the acquisition value between acquired assets and liabilities. As such the Group have valued the acquired assets and liabilities of William Hill to fair value as at the 1 July 2022 acquisition date.

This has led to the recognition of certain separately identifiable intangible assets on the consolidated statement of financial position of the Group in addition to other fair value adjustments on other recognised assets and liabilities.

The separately identifiable intangible assets include the value of the William Hill brand of £574.4m, the value of customer relationships of £595.1m and £8.5m in respect of licences. These assets are amortised, with the amortisation recognised as an Adjusting item within Exceptional items and Adjustments to aid further understanding of the underlying financial performance of the Group.

The remaining value of the transaction after recognising the fair value of all identifiable assets and liabilities has been allocated to goodwill, with the value of £785.6m recognised. This goodwill value represents a number of factors such as the future growth of the William Hill business, potential to achieve buyer specific synergies and the value of the workforce.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position consolidated the acquired William Hill business from 1 July 2022 and as such there are significant differences in the 31 December 2022 position compared to the 31 December 2021. Note 16 to the financial statements shows the assets and liabilities acquired which explain a majority of the differences.

Non-current assets increased by £2,297.2m to £2,457.1m compared to £159.9m at FY 2021, predominantly due to assets recognised on the acquisition of the William Hill business of £2,614.8m including goodwill (£785.6m); brand (£574.4m); customer relationships (£595.1m); licences (£8.5m); software and technology (£226.2m); property, plant and equipment (£109.5m); right of use lease assets (£72.3m) and investments and associates (£40.0m).

Within the period there were material impairments relating to the US B2C business of £25.7m, due to changing market and economic conditions leading to a revised strategy in the US business and an increased discount rate driving an impairment. In addition to this there were non-cash impairment costs of £30.0m relating predominantly to the write off of software acquired with the William Hill business that is not planned to be used by the Group following the decision to use the existing 888 platform as the Group's platform going forward. Within this £28.1m specifically related to the impairment of the Unity platform that had been under development within William Hill.

Current assets are £494.4m, an increase of £254.2m compared to £240.2m at FY 2021. Within this cash and cash equivalents has increased to £317.6m from £189.4m, although this includes £141.3m of client funds held compared to £60.1m at FY 2021 due to the additional client liabilities in the William Hill business. Excluding client funds, cash and cash equivalents have increased by £47.0m from £129.3m in FY 2021 to £176.3m in FY 2022.

Total current liabilities have increased by £451.5m from £251.9m at FY 2021 to £703.4m at FY 2022. This includes the increase of client funds held and the trade and other payables acquired on acquisition of the William Hill business of £382.3m. Provisions have increased to £111.5m from £19.0m. This includes the current portion of the provision for customer claims, as well as a provision of £19.2m for the regulatory settlement agreed between William Hill and the GB Gambling Commission. There are then additional provisions of £61.7m for gaming tax in Austria; £2.0m of provisions relating to shop closure costs and £3.7m of restructuring costs.

Non-current liabilities are £2,088.9m, an increase of £2,065.2m to the balance of £23.7m in FY 2021. This increase is predominantly due to funding the acquisition of William Hill of £1,697.5m. In addition, the deferred tax liability has increased by £218.5m mainly driven from the acquisition accounting and the lease liabilities have increased by £46.9m with the acquisition of the Retail estate in William Hill. This includes the non-current portion of the provision for customer claims of £86.2m, predominantly in Austria and predominantly recognised on acquisition of William Hill as part of acquisition accounting where previously held contingent liabilities were recognised on the statement of financial position in line with the business combinations accounting standards.

Net assets of £159.2m is an increase of £34.7m compared to £124.5m at FY 2021. The equity includes the net proceeds of £158.5m from the share issue in April 2022 to partly fund the acquisition of the William Hill business.

Cash flows

	2022 £'m	2021 £'m
Cash generated from operating activities before working capital	**139.6**	98.0
Working capital movements	**(169.8)**	(1.4)
Net cash (used in)/generated from operating activities	**(30.2)**	96.6
Acquisitions	**(386.8)**	–
Disposals	**33.0**	–
Capital expenditure	**(76.8)**	(23.0)
Net movement in borrowings incl loan transaction fees	**527.6**	–
Proceeds from equity placing	**158.5**	–
Interest paid	**(75.6)**	(0.5)
Dividends paid	**–**	(43.8)
Other movements in cash incl FX	**(21.5)**	(2.9)
Net cash inflow	**128.2**	26.4
Cash balance at 31 December	**317.6**	189.4
Gross Debt	**(1,815.0)**	0.0
Net Debt	**(1,727.7)**	106.4

Overall the Group had a cash inflow of £128.2m in the year, compared to an inflow of £26.4m in FY 2021. This resulted in a cash balance of £317.6m as at 31 December 2022 (£189.4m at 31 December 2021) although this included client funds and other restricted cash of £141.3m such that unrestricted cash available to the Group was £176.3m compared to £129.3m in FY 2021.

The cash inflow in the year predominantly reflected the financing for and acquisition of the William Hill business. The inflows from the net borrowings after payment of loan transaction fees and the refinancing of the debt within the William Hill business was £527.6m coupled with the proceeds from the equity issue in April 2022 of £163m, before fees with net proceeds of £158.5m. The acquisition of William Hill was for a cash equity value of £386.8m, net of cash acquired, which nets to an inflow of £299.3m. Cash interest payments on the borrowings were £75.6m.

The disposal of the Bingo business to Saphalata Holdings Ltd., a member of the Broadway Gaming Group, generated cash of £37.4m with £0.5m generated from the sale of property, plant and equipment in the Retail business.

Cash flow from operations was a £30.2m outflow compared to an inflow of £96.6m in FY 2021. This reduction was partly due to significant working capital outflows in the period coming from the acquired balance sheet from William Hill and the exceptional items in the year causing a statutory loss before tax as well as a reduction of staff incentive accruals and reduced marketing spend driven from the brand marketing synergies.

DEBT

	2022
Borrowings	**(1,702.3)**
Loan transaction fees	**(112.7)**
Gross Borrowings	**(1,815.0)**
Lease liability	**(89.0)**
Cash (excluding customer balances)	**176.3**
Net Debt	**(1,727.7)**
EBITDA	**310.6**
Leverage	**5.6x**

The gross borrowings balance as at 31 December 2022 was £1,815.0m. The earliest maturity of this debt is in 2026, which is £11m, with the vast majority of the debt maturing across 2027 and 2028. In addition to this, the Group has access to a £150m Revolving Credit Facility maturing in January 2028, which is currently undrawn.

The debt is across GBP sterling; Euro and US Dollar with 50% of the debt in Euro; 43% in GBP and 7% in USD. The Group have undertaken hedging activities such that 70% of the interest costs is at fixed costs and 30% at floating rates with the hedging relationships in place for three years.

The net debt balance at 31 December 2022 was £1,727.7m with a net debt to EBITDA ratio of 5.6x. The Group has the target to bring this down to less than 3.5x by FY 2025.

Yariv Dafna
Chief Financial Officer
14 April 2023

RISK MANAGEMENT

Improving sustainability

OUR TOP PRIORITY IS TO ENSURE THE LONG-TERM STABILITY AND SUCCESS OF THE BUSINESS, AND EFFECTIVE RISK MANAGEMENT PLAYS A CRITICAL ROLE IN ACHIEVING THIS GOAL

The effective understanding, measurement, acceptance, and mitigation of risk is fundamental to the Group achieving its strategic priorities.

Harinder Gill
Chief Risk Officer

INTRODUCTION

Following the acquisition of William Hill, the Board took an important strategic decision to create the new role of Chief Risk Officer. This helps put the culture of risk management and compliance truly at the heart of its activities and drives continuous improvement in risk management best practice across the business.

Our top priority is to ensure the long-term stability and success of the business, and effective risk management plays a critical role in achieving this goal. We continue to operate in a dynamic and challenging environment with macroeconomic, political and social uncertainties, increasingly demanding regulatory obligations and, a competitive landscape needing innovation within product and content leadership.

While the business continues to take its regulatory and compliance obligations very seriously, aiming for minimal risk exposure, we are prepared to take risks in other areas, where we can create value through selective risk taking in accordance with our risk appetite. A condition is that we have the necessary tools and capability to effectively manage the exposure.

A critical part of my role will be to ensure we continue to invest in resources to build a sustainable business and adapt to the changing regulatory and competitive landscape, while ensuring we continuously strive to improve risk management processes and policies, fostering a culture of transparency and accountability.

During 2022 the risk profile of the Group was impacted by both the acquisition of William Hill and the sale of the B2B and B2C bingo operations. The sale of the bingo business reduced the Group's dependency on B2B relationships, and thereby its partnership risk, as well as reducing regulatory and technological complexity.

The acquisition of William Hill gave rise to certain risks to which the Group had not previously been exposed, such as risks around the acquisition financing, integration, and operating an estate of LBOs in the UK. Alongside this there were areas of risk to which the Group's exposure materially increased, such as regulatory risks and increased sports betting exposure.

The Group issued a prospectus dated 29 April 2022, which is available on our website, and which sets out in detail the assessment of the risks to which the Group is exposed following completion of the acquisition.

Early in 2023 we saw the benefits of our enhanced compliance culture and processes when it was self-identified by the compliance team that certain best practices had not been followed regarding KYC and AML for certain 888 VIP customers in the Middle East. The ensuing actions we have taken reflect the proper functioning of the Group's enhanced compliance culture and serve as a good example of what a proactive approach to risk management looks like. The process of reopening accounts is based on an assessment of customer accounts, policies, procedures and controls against the company's developed compliance standards and alignment with industry best practice, rather than limiting ourselves just to compliance with the legal and regulatory requirements applicable in Gibraltar.

KEY SUCCESSES IN 2022

- **Addressing player protection and safer gambling:** A culture of player safety and sustainability is being established while maintaining competitive advantage and achieving operational excellence.
- **Strengthened AML framework:** Enhancements have been made to strengthen the AML risk assessment framework as the business seeks to develop a unified approach across the merged entities and the jurisdictions within which it operates.
- **Management governance and oversight:** The Group has improved governance oversight with the introduction of an Executive Risk & Sustainability Committee, which is chaired by the Chief Risk Officer and enhances second-line of defence oversight.

KEY PRIORITIES FOR 2023

- **Continuing compliance with regulations and industry standards:** The growing complexity of the Group's regulatory footprint means a robust understanding of the legal and regulatory position in key locations worldwide is crucial to mitigating this risk, combined with strong relationships with regulators. The Group continues to engage routinely with independent legal advisers and specialist third parties to review our internal risk and control framework and related operations.
- **Strengthening the Group's risk management processes:** The Group continues to focus on the development and embedding of an enterprise risk management framework, including investing in a Governance, Risk and Compliance ('GRC') system and a broader and more extensive compliance monitoring, testing and evaluation programme.
- **Managing and mitigating emerging risks:** As the business and economic environment continues to evolve, the business must stay attuned to new and emerging risks that may impact the organisation. This includes risks related to the regulatory landscape, technology and cyber security, geopolitical instability, and more.
- **Solidifying a strong risk culture:** Ensuring risk management is understood and prioritised by every employee as the business continues to promote accountability and ownership and encourage risk reporting and transparency.

In the following risk report, we detail our approach to risk management and seek to explain the principal risks and uncertainties in our business and how these risks are managed, with the aim of ensuring the Group maintains an appropriate risk profile.

RISK MANAGEMENT CONTINUED

RISK MANAGEMENT STRATEGY

The effective understanding, measurement, acceptance and mitigation of risk is fundamental to the Group achieving its strategic priorities. The Group's approach to its risk management strategy is strongly focused on improving its ability to identify, evaluate, monitor and manage its principal risks as well as responding to the challenges presented by new and emerging risks.

The risk management strategy is underpinned by a robust governance structure and a culture of transparency and accountability. It involves:

- Having a comprehensive risk management plan in place to identify and assess potential risks, including emerging risks, as well as the implementation of controls to mitigate, manage or avoid adverse impacts;
- The continuous monitoring, assessment, and review of risks to ensure they are kept at an acceptable level, including financial risks to ensure the company can withstand market fluctuations and unexpected events, such as economic downturns;
- The implementation of strict compliance and regulatory measures to ensure the company is compliant with relevant laws and regulations;
- Having a crisis management plan in place to respond to unexpected events, such as natural disasters or security breaches, to minimise damage and quickly return to normal operations;
- Effective communication and training provided to all employees to ensure they understand their role in identifying and managing risks; and
- Staying abreast of industry trends, competitor activities and market conditions to make informed decisions and adapt to changes within the operating environment.

The Group is committed to maintaining a culture of risk awareness and continuous improvement in its risk management practices.

RISK APPETITE

The organisation is committed to achieving its strategic objectives, maintaining a strong focus on risk management. The business recognises that taking on certain levels of risk is necessary to achieve its goals, but it also understands the importance of managing these risks effectively.

The Group's risk appetite is to take on calculated and manageable risks that are aligned with the strategic objectives and that the business has the capabilities to mitigate. The company will not take on risks that could have a material impact on the Group's ability to achieve its objectives or that could threaten its viability.

The risk appetite encapsulates both financial, such as credit, market and operational risk, and non-financial risks such as regulatory, reputational, and environmental and social risks. It is formally articulated through the Risk Appetite Statement (RAS) and consists of both qualitative statements and quantitative metrics.

The following principles guide the Group's overarching appetite for risk and determine how these are managed:

STRATEGIC

- The Group's strategic goal is to grow earnings per share and deleverage, underpinned by the strategic priorities of integrating William Hill and a disciplined market focus. Whilst the business has a low appetite to risks that jeopardise its brand and reputation, where it has discretion, the business is willing to assume more risk to remain agile in meeting the challenges of an evolving business, and a changing external and regulatory landscape.
- The company is dedicated to building a sustainable business for the future and the Group has a low tolerance to risks that could disrupt the critical foundations of its strategy encompassing its people, players, planet and the core governance that underpins these.

FINANCIAL POSITION

- The Group aims to deliver on its growth plans by focusing on a small number of the most attractive global markets and by driving higher margins through synergies and optimisation of its business and operating model.
- The business aims to maintain a strong capital, liquidity and funding position by ruthless focus on capital efficiency, with our capital allocation plans centred on prioritising debt reduction and deleveraging.

OPERATIONAL ACTIVITIES

- The business aims for a more cost-efficient operating model by generating returns in line with its risk appetite and focusing on delivering synergies through evaluating cost of sales, marketing and other operating costs.
- The Group expects its people to uphold the highest ethical and legal standards, encouraging employees to act with integrity and to act in accordance with the law. The Group therefore has zero tolerance for deliberate attempts to defraud, misappropriate property or circumvent regulations, law or company policies or procedures.
- As an online B2C and B2B business, the availability and integrity of 888 Holdings IT infrastructure is crucial to the supply of its offerings and compliance with its regulatory obligations and to the maintenance of customer loyalty. The business therefore has a low appetite for technology failure or disruption due to outage, degradation and/or inaccurate data being consumed by the Company, which could cause significant impact to core business activities.
- Understanding customer needs and building product, marketing, and offers to create the best experiences possible is critical to business growth plans. A key part of the Group's relentless focus on customer experience is delivering quick and effective customer service and creating the safest possible gambling experience.

REGULATORY COMPLIANCE

- The Group's markets operate in an increasingly complex regulatory environment. The business continues to invest in its Risk and Compliance function to ensure compliance with applicable laws and regulations.
- The business takes its AML and CTF responsibilities very seriously and has a rigorous risk assessment framework with direct oversight by the Board. It is important to us to unify the risk assessment processes across the entities and jurisdictions that we operate in.
- Player safety is at the heart of what the business does, and we strive to embed this in products and customer experience, using data and analytical insights to drive continuous improvement.

EMERGING RISKS

Emerging risks are new and developing risks that are often difficult to quantify but may materially affect the operations of the business. These are usually uncertain risks external to the business or which relate to changes in the markets in which the Company operates. The Group takes a proactive approach to managing them, with the objective of mitigating their impact on the delivery of its strategy. Examples of emerging risks include global economic changes, the ongoing war in Ukraine, technological advancement, and climate change.

RISK MANAGEMENT CONTINUED

GOVERNANCE

The risk management governance framework to oversee and manage all business activities includes specific roles, responsibilities, and decision-making processes. It ensures that the company's risk management strategy is being implemented effectively and efficiently and that the risk strategy is aligned with overall company goals and objectives. Our three lines of defence model consists of three distinct lines of responsibility and provides a clear and transparent risk management and reporting framework to support the board in its oversight responsibilities.

An overview of the Group's risk management governance structure along with key responsibilities is outlined right.

BOARD OF DIRECTORS

The Board of Directors is responsible for approving and aligning the company's strategic objectives with its risk appetite and overseeing the effectiveness of the risk management framework. This includes reviewing and approving the Company's risk management and internal controls system, policies and practices as well as reviewing management reports on the company's risk profile and mitigating factors.

BOARD AUDIT COMMITTEE

The Board Audit Committee has overall responsibility for ensuring that the Group maintains a sound system of internal control. It develops and maintains an approach to assess the adequacy of risk management that incorporates risk appetite and tolerance, the framework within which risk is managed and the responsibility and procedures pertaining to the application of the policy.

BOARD ESG COMMITTEE

The Board ESG Committee will provide Board-level oversight of 888's ESG strategy, targets and progress against key performance indicators.

EXECUTIVE RISK AND SUSTAINABILITY COMMITTEE

The Executive Risk Committee was introduced in 2022 to oversee the implementation and effectiveness of the risk management framework, and expanded its role to include additional Sustainability duties. The Committee provides appropriate executive management oversight to support the Board in managing principal and emerging risks to its long-term strategic objectives, including its impact on environment, social and governance issues as part of its sustainability strategy. The Committee will monitor the Company performance against Board risk appetite, review the effectiveness of the Company's risk management framework and ensure risk management decisions are aligned to long term goals.

DIVISIONAL COMMITTEES AND FORUMS

Committees and Forums are either already in / being put in place with delegated authority from the Executive Risk and Sustainability Committee to support the Group Chief Risk Officer in exercising specific risk management responsibilities. Dedicated Committees include, a Financial Crime Committee, Compliance Committees, Data Governance forum and other forums related to delivering specific change initiatives following internal or external reviews.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that are considered to have a potentially material impact on the Group's future performance, sustainability and strategic objectives are set out on the following pages, along with more detailed commentary and a summary on how the Group mitigates these risks. This list is not exhaustive but encompasses management's assessment of those risks which require considered response at this time.

Links to strategic objectives

1. Integrate Businesses and realise synergies
2. Focus on select markets and key growth opportunities
3. Invest in our sources of sustainable competitive advantage
4. Support sustainable growth through Players People Planet framework
5. Prioritise debt reduction through ruthless focus on capital efficiency

Risk link

S Strategic risks · F Financial risks · O Operational risks · R Regulatory & compliance risks

Risk level

Low · Moderate · High

Trend

Increase · Decrease · Stable

Risk Category	Risk	Summary	Links to strategy	Potential Impact	Trend from prior year
Strategic risks	Reputational	Risk that the business's brand and image is adversely impacted by compliance or operational weaknesses	2, 3, 4	High	Increase
	ESG	Risk that the business does not meet its environmental, sustainability or governance objectives	4	Moderate	Stable
Financial risks	Market Risk	Risk of poor liquidity, debt management or FX fluctuations that lead to issues with suppliers and lenders, increased costs and reduced profitability	3, 5	High	Increase
	Taxation	Risk that taxes and duties increase the Group's cost base impacting profitability	3, 5	Moderate	Stable
Operational risks	People	Risk that the business fails to retain key colleagues or recruit sufficient experienced employees to achieve its targets and objectives	All	Moderate	Increase
	Integration	Risk that the integration of William Hill will not deliver all or substantially all the expected benefits and against the expected delivery timelines	1,2,3,5	High	N/A
	Cyber & Technology	Risk of cyber-attacks or technology failures leading to reduction in availability of services and/or disruption to core operations and customer access to our products and services	All	High	Stable
	Partnership	Risk that contractual obligations are not met to/from strategic partnerships or suppliers impacting the long-term viability of our operations	All	High	Stable
Regulatory and compliance risks	Regulatory and Compliance Developments	Risk of changes in regulations and laws that can impact the organisation's operations and financial performance or risk of failure to meet our compliance obligations	All	High	Increase
	Data Protection and e-privacy	Risk that personal data processes are determined to be in contravention of data protection regulations or risk of unauthorised access to or loss of customer, employee, or other stakeholder data	All	High	Increase

RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk link
S Strategic risks F Financial risks O Operational risks R Regulatory & compliance risks

Risk level
Low Moderate High

Trend
Increase Decrease Stable

REPUTATIONAL

Risk link S Trend
Impact
Owner: Chief Strategy Officer

The Group relies on its world class brands across its key markets, with brand reputation being a key driver of customer choice. As such, maintaining a strong reputation is critical to the ongoing success of the Group.

There continues to be a trend in a number of jurisdictions where the business operates to strengthen regulations over safer gambling and customer protection, particularly in regard to those underage and players who are vulnerable or at an increased risk of harm. There is also an emphasis on enhancing controls over anti money laundering and anti-terrorist funding activities across the industry.

Media reporting on the industry as a whole has seen continuing and indeed increased criticism of how individual customers have been treated. This has led to further calls for additional regulation, particularly around responsible gambling, affordability and advertising, Any failure to ensure the business is fully compliant would result in significant reputational damage, in addition to any sanctions imposed by its regulators.

How we manage and mitigate the risk

The business has strengthened its governance policies, procedures and processes in place to ensure it meets its regulatory obligations and to protect customers when they use its services.

The Group continually reviews governance and oversight arrangements and the control environment to prevent any non-compliance and to identify and manage any potential areas needing improvement. All staff are trained to provide a safer gaming experience to customers and to recognise and take appropriate actions if they identify potentially harmful or underage activity across online and retail operations.

The Group offers a range of tools and support to potentially vulnerable customers and it provides customers with other information regarding responsible gaming. The Group works with gambling protection experts and regulators as well as its own internal teams to ensure that it adopts, embeds and monitors social responsibility guidelines and that it undertakes proactive responsible gaming communications and measures for all customers.

The business continually strives to protect the hard-won reputation of all its brands and the corporate affairs team, marketing, compliance and legal teams all work closely with operational and front-line management to ensure that all employees are well trained and engaged to ensure that the business acts in a responsible way with all its internal and external stakeholders.

ESG

Risk link S Trend
Impact
Owner: Chief Strategy Officer

The Group is committed to the policies, procedures and controls over the delivery of its Environmental, Social and Governance (ESG) objectives.

ESG issues include risks such as climate change, player protection, diversity & inclusion, cybersecurity concerns and social responsibility not just to employees and customers but also to the communities where the business bases its operations and retail outlets. Unlike most other risk types, certain aspects of ESG risks are often emerging with unique characteristics. Climate-related risks for example tend to have little relevant historical data associated with them and tend to be non-linear in nature.

Nevertheless, The Group has identified several ESG objectives and has developed sustainability metrics and targets to monitor progress against these. The ESG framework is called 'Players, People, Planet,' and the Group's progress and targets are detailed on pages 34–45 in this Annual Report. The Group's strategic focus is on protecting our players from gambling related harm, creating an engaging and inclusive environment where colleagues can thrive and protecting the environment by achieving net zero carbon emissions by 2030.

How we manage and mitigate the risk

Key ESG policies, procedures and controls to support the ESG framework are reviewed and updated on an ongoing basis, with overall oversight provided by an ESG committee of the Board.

The business maintains oversight of the Group's performance against its sustainability strategy (as defined in the Company's ESG Framework and as amended from time to time), including the monitoring of any material risks which could threaten the financial and operational performance of the Company and its strategic objectives, including its commitment to corporate social responsibility.

The Group has developed sustainability metrics and measures to monitor progress on performance against management initiatives and any sustainability related commitments communicated externally in support of the Company's objectives.

Management constantly review global developments and consider the Company's position on emerging sustainability issues as well as reviewing any other matters relevant to sustainability or ESG issues raised.

Risk link
S Strategic risks F Financial risks O Operational risks R Regulatory & compliance risks

Risk level
Low Moderate High

Trend
Increase Decrease Stable

MARKET RISK

Risk link S Trend Increase
Impact High
Owner: Chief Financial Officer

The acquisition of William Hill was financed using a combination of sources, including significant debt facilities. The Group has entered into a range of hedging arrangements such that approximately 70% of interest costs are fixed for the next three years, and the currency profile of the debt was more closely aligned to the currency profile of the Group. However, the Group is still exposed to risks related to interest rate changes and currency fluctuations, which could increase the cost of the Group's borrowings, and this could divert resources from investing in growth, marketing and delivery of new products and projects.

The Group is also exposed to foreign exchange rate fluctuations and risks in its financial reporting. A substantial part of the Group's deposits and revenues are generated in GBP, EUR and other currencies, whilst the Group's operating expenses are largely incurred in local currencies, primarily GBP, EUR, ILS, and USD, with incremental operating cost exposure across our offices in Philippines, Romania, Bulgaria and Poland. The Group also has debt servicing costs which are denominated in USD and EUR, partially hedged in GBP.

How we manage and mitigate the risk

Actions have been taken to reduce risks related to floating interest rates with 70% of the Group's loans now hedged against interest changes. Additionally, the treasury team continues to seek more optimisation of the debt based on market opportunities. The business continues to focus on the group's operational cashflow forecasting capabilities and management of cash in the business, report on unrestricted and available cash balances, and ensure we remain within our banking covenants. Management also evaluates the current liquidity buffer and monitor and report on liquidity headroom on a regular basis, modelling liquidity downside sensitivities and scenarios.

The Group has mitigated this risk by adopting policies to hedge certain costs to GBP, including negotiating with suppliers to change invoicing to GBP. The Group has entered into FX or cross currency swaps in order to hedge part of its ongoing USD and EUR exposure arising due to the acquisition financing and its ongoing EUR exposure under outstanding notes. Forward deals are also in place to hedge ILS against revenue in Canadian Dollars and GBP.

TAXATION

Risk link S Trend Stable
Impact High
Owner: Chief Financial Officer

The Group is subject to a range of taxes, duties and levies in many of the countries where we have operations or in which our customers are located. These taxes have changed over time and continue to be subject to change. In addition to tax rate changes, the Group's international footprint brings added complexity to its tax and duty positions, which requires careful management to ensure the business fulfils its obligations.

The nature of tax affairs can be complicated with differing legal interpretation regarding the scope and scale of taxation, which alongside potential rate changes mean the levels of taxation to which the Group is exposed may change in the future, creating a risk of additional costs. There is also a risk of audits of the Group's tax filings and/or challenges to the filing/non-filing positions the Group is taking in certain locations. Any adjustments made by tax authorities to the Group's filed positions may also lead to opportunities for governments to apply financial penalties and interest – this action may impact the company's reputation with customers, the capital markets and key stakeholders such as compliance and regulatory bodies who issue and monitor its operating licences.

How we manage and mitigate the risk

The business has dedicated tax experts within the business, supported by its legal team and external specialists where appropriate to carefully monitor proposed changes to its taxation base and rates and to communicate early any implications to senior management.

To mitigate the risk of a transfer pricing challenge by authorities, the Group seeks to ensure that all transactions between related parties are appropriately documented and priced on an arm's length basis, which where necessary, is supported by third party evidence.

Management aim to ensure that each legal entity within the Group is tax resident of a jurisdiction in accordance with the local applicable tax laws and that there is no taxable presence in any other jurisdiction. Regular reviews are undertaken to assure management that appropriate governance supports business decision making being taken in the relevant location.

RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk link
S Strategic risks F Financial risks O Operational risks R Regulatory & compliance risks

Risk level
Low Moderate High

Trend
Increase Decrease Stable

PEOPLE

Risk link S Trend Increase
Impact High Owner: Chief People Officer

Our colleagues across all of our business functions are vital to ensuring our day to day operations are undertaken efficiently and effectively and also to the successful delivery of our strategic business objectives.

Competition for highly qualified personnel is intense in many of the locations in which the Group is based. Ensuring our colleagues are well remunerated, managed and supported is fundamental to the success of the business.

The integration activities following the acquisition of William Hill have introduced some uncertainty for our colleagues across the business, which does carry a risk with regard to staff retention in particular, but also recruitment in the short term.

How we manage and mitigate the risk

The Group continually benchmarks remuneration and benefits packages against similar businesses to ensure we remain competitive, and which helps to ensure we retain key employees, and continue to attract new quality recruits to support the delivery of our strategy.

Management ensure that regular communication is held with all our colleagues so that they are aware of any organisational changes resulting from our integration activities as soon as possible, particularly for those affected either directly or indirectly.

Our HR functions have a number of strategies in place to ensure that we do our utmost to protect both the physical and mental wellbeing of all our colleagues.

The Board has an active Nominations Committee, which is responsible for succession planning at the Board and senior management levels and is supported as necessary by external executive recruitment agencies. Succession planning is also undertaken for our other management positions and for key personnel across all business functions.

INTEGRATION

Risk link S Trend Increase
Impact High Owner: Chief People Officer

The Group is in the process of integrating the William Hill business into its corporate structure, with the strategy to integrate operations and technology and deliver cost synergies whilst retaining its customer base and experienced and qualified personnel.

The integration is supported by strong governance, oversight and dedicated management teams. However, risks inherently remain to the delivery and timing of all or substantially all the expected benefits and to the timely delivery of these benefits. The delivery of these synergies involves complexity, and associated costs to revising current systems and organisational structures. As such there is a risk that these costs could exceed our current cost estimates, impacting on anticipated integration benefits.

Consolidating multiple technology systems can be complex and challenging, and may lead to potential disruptions in our operations and require us to take on higher levels of risk in the short term.

Integration risks also include the unexpected loss of key personnel, the erosion of our existing customer base and issues in integrating financial and operational policies, processes, procedures and controls. There are challenges in managing the increased scope, geographic diversity and complexity of the Group's operations. Third-party partners and suppliers may look to terminate or alter their existing contracts with the Group.

There are also risks associated with the management of conflicting interests within the Group and failure to mitigate contingent or assumed liabilities, as well as diversion of management and resources from the Group's core business activity due to personnel being required to assist in the integration process.

How we manage and mitigate the risk

The integration plans have strong governance arrangements in place with oversight by specific integration program managers, particularly with regard to technology, as well as both the Executive management team and the Group Board.

Dedicated management teams are in place across all the business divisions and Group functions supported by experienced integration programme managers.

Detailed integration plans are in place and are being delivered across the Group, with regular reporting, supported by Finance, on the progress of the delivery of these plans together with associated synergies and costs, which are tracked and monitored against forecasts. This allows any variances to expected benefits and costs to be quickly identified and mitigated.

Risk link
S Strategic risks F Financial risks O Operational risks R Regulatory & compliance risks

Risk level
Low Moderate High

Trend
Increase Decrease Stable

CYBER AND TECHNOLOGY

Risk link S Trend –
Impact ● **Owner:** Chief Product & Technology Officer

There is a continual risk that our technology systems and as a result our operations may be impacted by cyber-attacks such as Distributed Denial of Service (DDoS) by malicious third parties, the theft or misuse of customer and business data by internal or external agents or natural or manmade disasters affecting our offices and operational locations or those of our key suppliers.

Cyber-attacks leading to data theft could expose the Group to "ransom" demands or regulatory sanctions including fines and reputational damage, which could lead to loss of customer confidence in the business.

The loss of availability of our technology and communication systems, or those in our key suppliers' infrastructure could cause significant disruption and cost to the business, and lead to revenue loss both during the incident and in the aftermath if customers move their business to our competitors. Lengthy down-time could also cause us to breach regulatory obligations.

How we manage and mitigate the risk

Measures to mitigate the risks to our business and technology infrastructure include the procurement and use of anti-DDoS services and anti-virus protection from leading suppliers. Physical and logical network segmentation is also used to isolate and protect our networks and to restrict malicious activities. To ensure systems are protected properly and effectively, external security scans and assessments (e.g. PCI DSS) are carried out on a regular basis. To minimise dependence on telecommunication service providers, the Group invests in network infrastructure redundancies whilst regularly reviewing its service providers.

888.com has a disaster recovery site to ensure full recovery in the event of a major incident. In the event of loss of functionality of 888's critical services, the business can be fully recovered through the resources available at the disaster recovery site. As part of integration plans, the Group is planning to migrate William Hill and Mr Green systems to the existing 888 platform which will strengthen the Business Continuity and Disaster Recovery options currently available to these parts of the Group.

Systems are in place which are designed to identify and alert management to problems related to systems, key business indicators and issues around customer service. Changes, incidents and service level agreement key performance indicators are tracked to ensure a consistent and well managed customer experience. Capacity headroom and system-wide availability is measured and monitored so that actions can be proactively taken to manage any risks to service availability. Network-related performance issues are addressed by rerouting traffic using different routes or providers.

PARTNERSHIP

Risk link S Trend –
Impact ● **Owner:** Chief Financial Officer

To effectively deliver our products and services to customers the Group has reliance upon certain critical suppliers of technology, payment services, marketing, gaming products, sports content and media. The effective management of critical third party relationships and performance is key to delivering our strategic objectives. Any failure of our suppliers to provide services to us may have a significant adverse impact our own operations.

The Group also has certain strategic partnerships where we supply third party operators with business to business (B2B) gambling services in the United States which have strategic importance for the longer term growth in our US business. Any risks to our B2B partnerships or meeting our contractual obligations with them have to be managed to ensure the long-term viability of our operations linked to these relationships, and to ensure we are able to meet our strategic growth targets.

How we manage and mitigate the risk

The risk related to B2B operations was significantly reduced during 2022 following the sales of our B2B and B2C bingo operations, enabling the Group to increase its focus on its core betting and gaming operations.

The business ensures that we manage and maintain all our B2B partnerships commercially, including the functionality and technology of the B2B platforms offered, competitive pricing, maintaining an ongoing relationship with B2B partners, and ensuring that 888 has good relationships with all our strategic partners so that we have a clear understanding of the requirements and expectations of our B2B partners and their stakeholders.

Key suppliers are managed through relationship management with procurement and operational managers and through regular reviews of performance against SLAs, with mitigating action taken where variances are identified.

RISK MANAGEMENT CONTINUED

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk link
S Strategic risks F Financial risks O Operational risks R Regulatory & compliance risks

Risk level
Low Moderate High

Trend
Increase Decrease Stable

REGULATORY AND COMPLIANCE

Risk link S
Impact
Trend
Owner: Chief Risk Officer

Compliance with regulatory requirements is critical to maintaining the Group's licences, protecting our customers and driving growth. With most of our revenue generated from licensed jurisdictions and more countries looking to regulate, the importance of such licenses to the business is constantly increasing.

Regulatory requirements in key markets are subject to change, sometimes at short notice, which could benefit or have an adverse impact on the Group and additional costs may be incurred in order to comply with any new laws or regulations. During the year the Group was subject to additional regulatory requirements across a number of its markets, including newly regulated markets in which it launched its products for the first time such as Ontario in Canada and certain US states. Regulatory changes during 2022 are explained in more detail in the market focus section on page 18.

How we manage and mitigate the risk

The Group Compliance, Legal and other operational teams regularly consult with regulators and external legal advisers in markets where the business operates and in particular in jurisdictions where it generates significant revenue. The Group ensures that frequent and routine updates on legal and regulatory changes in these jurisdictions are obtained, and in any others that may offer growth opportunities.

The Group continually adapts its services and its compliance activities to ensure that it remains compliant with the latest legal and regulatory requirements. As part of the integration of 888 and William Hill the Group has implemented governance, organisational and procedural changes to deliver compliance with obligations and requirements which apply to the newly combined Group. The business has already begun to implement best practices across Compliance teams in order to strengthen management oversight and improve co-operation across the business to ensure that regulatory requirements take priority over commercial interests.

The Group continues to invest in technology and product developments to automate processes and controls across compliance related activities. It aims to improve management information and oversight and reduce the reliance on manual controls. This will improve customer protection and mitigate associated risks.

DATA PROTECTION AND E-PRIVACY

Risk link S
Impact
Trend
Owner: Chief Risk Officer

The integrity of the Group's data protection framework including the holding, processing and protection of customer's, third party and sensitive business data is crucial to the supply of its services to customers and the Group's compliance with regulatory and legal obligations.

The Group is exposed to the risk that data breaches could result in financial loss, reputational damage, and potential regulatory enforcement including financial penalties.

The betting and gaming sector is under increased scrutiny from data protection regulators globally and particularly in the UK where the ICO specifically called out the betting and gaming industry's use of adtech, social media and general use of personal data as an area of focus for the next three-years in the ICO25 strategy document.

How we manage and mitigate the risk

The Company has appointed a Group Data Protection Officer to manage the Company's compliance with associated privacy and data protection regulations. The Data Protection function is tasked with advising on and monitoring compliance with key regulations, recommending and implementing key controls such as policy and training where required.

The Company recognises that the Data Protection function is a supporting advisory function and accountability for determining the nature, scope, context and purpose of processing in a compliant manner remains with the Company at large. It does this with the consultancy support of the Data Protection function and the policy, process and training resources that have been implemented. As such, measures have been deployed to ensure that: Customer personal data is protected; People are informed about how the Company uses their data; People's data rights are complied with; and, Third parties process personal data compliantly.

VIABILITY STATEMENT

In accordance with provision 31 of the 2018 UK Corporate Governance Code (the 2018 Code), the Group has assessed their prospects over a longer period than the 12 months required by the Going Concern assessment.

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due, over a three-year period to December 2025. In making this statement, the Board has assessed the Company's current position, its prospects and its strategy, as well as performed a robust assessment of the principal risks facing the Company both individually and in aggregate, including those risks that could potentially threaten the Group's business model, future performance, solvency or liquidity.

The nature of the risks and opportunities faced by the Group (in particular, the actual or possible impact of future fiscal and regulatory changes, regulatory actions and the pace of technological change) limits the Directors' ability to make reliable longer-term predictions. Accordingly, the Board has agreed to maintain a three-year horizon to allow for a greater degree of certainty in its assumptions.

The Directors' assessment includes a financial review, which is derived from the Group's detailed bottom-up budget for 2023 and from the medium-term Group's top-down five-year forecast for 2024 and 2025, being the most recent Board-approved forecasts. It identifies the expected cash flows, net debt headroom and funding covenant compliance throughout the three years under review.

With respect to the period assessed, the Directors have considered:

- The Group's resilience to threats to its viability in a broad range of severe but plausible scenarios; and
- Both qualitative and quantitative analyses, including the combined impact of the crystallisation of multiple risks simultaneously, which the Directors consider sufficiently robust to make a sound statement.

The principal risks facing the Group, and how the Group addresses such risks, are described in this Strategic Report, and the key risks are summarised in the section 'Principal risks and uncertainties' which can be found on pages 56–66. The most relevant of these risks to the viability of the Group were considered to be:

- Changing regulation in Online, and specifically: the impact of a potential introduction of affordability measures in the UK; a maximum stake on online slot machines in the UK; the impact of potential new regulations in the European countries in which we operate; the impact of any breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes;
- Reputational impact and fines from regulators if we have a breach in our compliance procedures that results in a failure to meet the expectations of regulators, our shareholders and broader stakeholders;
- A major cyber-attack and/or data protection violation, resulting in the loss of availability of our online offering, reputational damage and fines for breach of GDPR regulations;
- Delivery and timing of the integrated Group synergies that results in costs that exceed our current cost estimates; and
- The impact of increasing interest rates on the Group's floating rate debt.

Sensitivity analysis on these risks has been undertaken to stress test the resilience of the Group. The sensitivity analysis considers all of the Group's principal risks and models the impact of those considered relevant to the Group's viability. This modelling tests a number of the main assumptions underlying the forecasts, as well as effective mitigation that could occur to avoid or reduce the impact or occurrence of the risk. The mitigations identified by the Group include but are not limited to drawing down on the revolving credit facility (£150m maturing January 2028, which currently remains undrawn), stopping or decreasing non-essential capital investment and variable costs including marketing spend.

Through this analysis, the Directors have a reasonable expectation that no single event or plausible combination of events would be sufficient to impact its viability, and even under the most severe but plausible combination of events the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

THIS REPORT PROVIDES 888'S CLIMATE-RELATED DISCLOSURES IN LINE WITH THE TCFD'S GUIDANCE AND RECOMMENDATIONS. A SUMMARY OF THE CLIMATE-RELATED FINANCIAL DISCLOSURES HAS BEEN INTEGRATED INTO THE SUSTAINABILITY SECTION OF THE ANNUAL REPORT ON PAGE 34.

In addition to this TCFD report, further detail on the greenhouse gas emissions can be found in the Zero Carbon Report 2022 and the ESG Supplementary Information section on page 82. Throughout this report we refer to the Zero Carbon Report 2022, which is available on our corporate website, and other areas of this annual report, including the ESG supplementary information.

The information contained within the Planet and TCFD sections of the report (pages 44–45 and 68–88) has not been assured or independently verified.

All information included has been compiled by the business and taken from sources that we deem to accurate and reliable. All reasonable care has been taken to ensure the data is accurate but no independent verification of the data has taken place to assure its accuracy or completeness.

As recommended by the TCFD, scenario analysis has been used this year as a tool through which to better understand the potential impact of climate change on the business.

GOVERNANCE

The Group has an established system of ESG governance agreed to by the Board, which is embedded throughout the business proportionate to the nature, scale, and complexity of 888's operations.

Board oversight of climate-related risks and opportunities

The Board provides oversight of 888's climate-related risks and opportunities supported by the Group's executive committees and management (see Figure 1).

Figure 1: the Board's oversight of climate-related risks and opportunities.

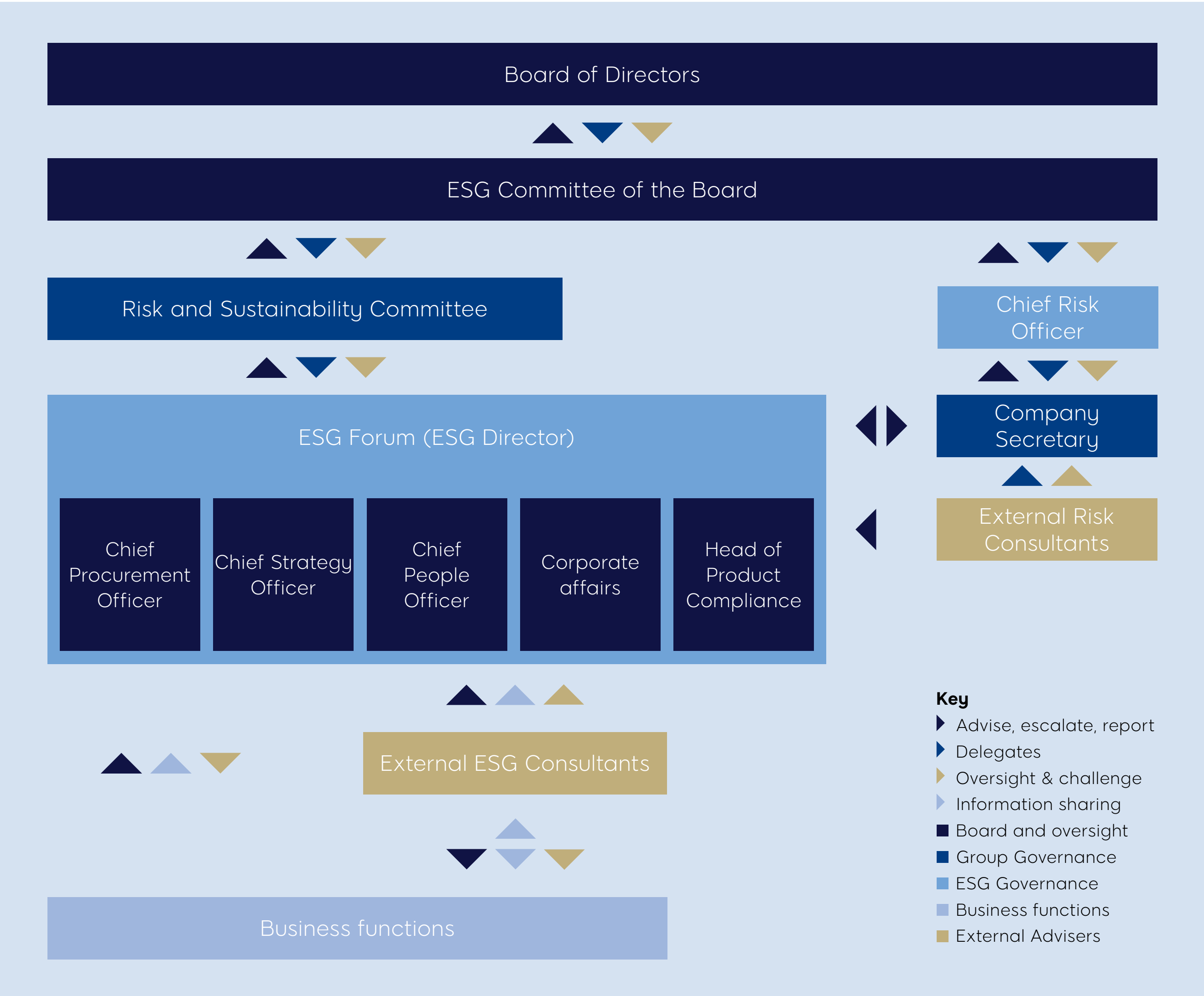
ESG governance

Board of Directors	The Board is accountable for all climate-related risks and opportunities impacting the Group and for the net zero targets set. In July 2022, Andria Vidler was appointed to the Board, bringing her extensive ESG experience. In 2022, the Board considered climate-related matters when acquiring William Hill, reviewing the ESG strategy and the Group's Risk Register. A non-executive director was also present during this year's climate-related scenario analysis workshops. In 2022 the Board received updates on climate issues from the ESG Committee of the Board via the Chairman, who was both the Chair of the Board and the Chair of the ESG Committee of the Board. In January 2023, Andria Vidler took over the role of Chair of the ESG Committee. ESG updates are now also a standing agenda item at board meetings.
ESG Committee of the Board	In 2021, 888 established an ESG Committee of the Board, comprising Senior Independent Director, Anne de Kerckhove, Non-Executive Director, Mark Summerfield, and the Chairman, Lord Mendelsohn. The ESG Committee of the Board has oversight of all ESG matters (inclusive of climate) including strategy; targets and key performance indicators; budgets; capex and setting performance objectives. Materiality is the threshold at which ESG issues become sufficiently important to 888's investors and other stakeholders that they should be publicly reported and includes anything that is materially different from expectations and requires a significant change in strategy or creates a material change in financial results or position. The threshold of materiality for ESG issues is continually assessed by the ESG Committee of the Board as stakeholders' needs evolve over time. The Chief Risk Officer, who leads the Risk and Sustainability Committee, and the Chief Strategy Officer provide updates to the ESG Committee of the Board at every Board meeting. In 2022, the ESG Committee of the Board met at least three times to discuss the Zero Carbon Report and how the Group's progress towards net zero should be tracked. The scenario analysis results were presented to the ESG Committee of the Board in November 2022. Climate-related issues were also considered during the acquisition of the William Hill business, and they continue to be discussed as this new business is integrated into the Group. The Group plan to consider climate-related issues during any future acquisitions or divestments, and to consider carbon emissions when making any new investments, such as siting new facilities.

Management's ownership of climate-related risks and opportunities

The executive team is responsible for managing climate-related risks and opportunities on a day-to-day basis. Figure 2 outlines 888's overall ESG governance structure.

Figure 2: 888's ESG governance organogram



Assessment and monitoring of climate-related risks and opportunities is embedded in the Group's executive committees and business functions. In 2022, the Group's ESG governance structure evolved to include a Risk and Sustainability Committee. In March 2023, an ESG and Sustainability Director was also appointed, who has executive responsibility for the Group's ESG strategy.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

GOVERNANCE CONTINUED

Management's ownership of climate-related risks and opportunities continued

Figure 3: Management's ownership of climate-related risks and opportunities

ESG governance

Risk and Sustainability Committee	The Risk and Sustainability Committee is a monthly executive management committee, which provides oversight to support the ESG Committee of the Board in managing risks to 888's long-term strategic objectives. The committee will monitor the Group's performance against the Board's risk appetite, review the effectiveness of the risk management framework and ensure risk management decisions are aligned to long-term goals (see the terms of reference available on 888's corporate website). The Risk and Sustainability Committee is chaired by the Chief Risk Officer, who owns the Group Risk Register. The Chief Risk Officer reports to the ESG Committee of the Board at regular intervals.
ESG Forum	In March 2023, the Group appointed an ESG and Sustainability Director, who has executive responsibility for the Group's ESG strategy. The ESG and Sustainability Director leads the ESG Forum, a cross-functional forum which implements the Group's ESG and climate strategy, including representatives from Procurement, Strategy, People, Corporate Affairs and Product Compliance. The ESG Forum serves as a medium through which ESG issues (including climate) can be managed and escalated to the Risk and Sustainability Committee by the ESG and Sustainability Director. In 2023, the ESG Forum will meet at least quarterly to discuss ESG issues, progress against targets and updates on current and planned initiatives. The environmental data is tracked internally by 888 using a dashboard (Carbon Footprint Dashboard) to assess progress against climate goals. The Carbon Footprint Dashboard is presented periodically by facilities to the ESG Forum. William Hill also has an internal MI tracker to monitor progress against environmental targets. In 2023, the ESG Forum will review the how the environmental data, processes and procedures will be integrated for the Group.
The Group's functions	Procurement, led by the Chief Procurement Officer, has ownership of all environmental issues, including climate. Specifically, Procurement owns Scope 1, 2 and 3 GHG emissions and develops the strategies for driving-down absolute GHG emissions across the business. Procurement will be leading a strategy from 2023 onwards encompassing best practice in monitoring and ultimately driving down emissions both in the Group and the supply chain. The Facilities Manager and Vice President for Finance also discuss any climate-related issues and Facilities monitor and report on environmental targets, metrics and KPIs. External consultants also assist management as required.

Future priorities

In 2023, the Group will continue to integrate the climate-related governance processes of 888 and William Hill, and may consider focusing on:

- the ESG Committee of the Board receiving more regular updates from management on climate;
- evolving how the Board and management monitor and oversee progress against goals and targets for addressing environmental matters and climate-related issues; and
- updating the Group's internal policies and procedures to embed the transition plan to net zero throughout the organisation.

Strategy

Climate change is a key focus area under the Planet pillar of the ESG Strategy. The Group is committed to transitioning its business model to one that aligns with a 1.5°C world and a net zero carbon economy and it has developed a transition plan (Zero Carbon Report 2022). The Group's strategic response focuses on the associated transition and physical climate-related risks and opportunities which are material to 888.

888's transition plan

The Group is committed to contributing to the global economy's transition to a low carbon reality. In the Zero Carbon Report 2021, 888 set the ambitious targets of being net zero by 2030 (Scope 1 and 2 emissions) and across its value chain by 2035 (Scope 3 emissions). These targets are integrated into the strategy, with four priority actions covering 888's operations and the wider value chain. The Group believes that early action to drive aggressive reductions in emissions will lead to a more competitive business overall.

To avoid potential regulatory shocks and proactively manage the climate-related risks, the Group has committed to meeting net zero by 2035, which is 15 years earlier than the UK government's mandate to be net zero by 2050.

The Zero Carbon Report 2022 (second release) is an update with our progress along the pathway to reach net zero emissions. It also outlines the development of 888's transition plan to align our business model with a world in which the global average temperature is allowed to rise by no more than 1.5°C above pre-industrial levels. 888 acknowledges that in 2022 the UK Transition Plan Taskforce ('TPT') developed a sector neutral framework for transition plan disclosures. The Group may consider aligning its disclosures with the TPT's guidance for transition plans in future iterations of its plan.

888 strives to incorporate its net zero commitments into all parts of its operations. To deliver these net zero targets, 888 will apply several business levers across four priorities (outlined below) and business as usual activities will also be employed, such as monitoring energy efficiency.

Priority 1: urgently cut Scope 1 and 2 emissions by 80% by 2030 (2019 baseline), principally using renewable energy and also targeting absolute emissions reductions.

Priority 2: by 2025, both large and smaller vendors representing 60% of the Group's third-party supplier spend should have carbon reduction plans in place to target an 80% fall in their emissions by 2035 (the '80 by 60' strategy).

Priority 3: encourage the use of greener transport for employees commuting and travelling for business, targeting a reduction of 80% in emissions by 2035 (2021 baseline).

Priority 4: invest in high quality carbon removal offsets for the remaining 20% of Scope 1 and 2 emissions (by 2030) and remaining indirect emissions (by 2035).

For details of progress undertaken in 2022 against these targets and future actions, please refer to the Zero Carbon Report 2022. The risks of meeting the net zero targets and challenges of the transition plan are also discussed in the Zero Carbon Report 2022. In 2023, the Group will re-calculate the baseline values for its net zero targets based on the acquisition and divestment activity in 2022.

Climate-related scenario analysis

This year, the Group conducted qualitative scenario analysis to inform its climate strategy and risk management, and climate has been included in the Group Risk Register for the first time for monitoring by the Board.

Climate-related risks and opportunities identified over the short-, medium- and long-term

Due to the inherent uncertainty and pervasive nature of the risks associated with climate change, the Group modelled multiple time horizons and performed scenario analysis under three climate scenarios to assess its exposure to physical and transition risks up to 2100.

The following expected timescales for impact were selected:

Short-, medium- & long-term time horizons disclosed by 888

2022–2025	2026–2037	2037–2100
SHORT-TERM	MEDIUM-TERM	LONG-TERM

These time horizons were chosen with the understanding that climate-related issues tend to manifest over the long-term but medium- and short-term implications may also be seen. The scenario analysis assumptions and methodology are found in the ESG Supplementary Information section of the Annual Report.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

GOVERNANCE CONTINUED

Climate scenarios

Following the advice of external advisers, management chose to model three climate scenarios (including a 2°C or lower scenario as recommended by the TCFD) to ensure that a range of different climate transition pathways were represented (see Figure 4).

Figure 4: Climate-related scenarios used in the scenario analysis and sources

Early action
(1.5-2.0°C)

Physical aspects

- Increase in the intensity and frequency of extreme weather events
- Manageable changes across most regions
- Shifts in agriculture practices may be observed

Transitional aspects

- Implement policy changes to limit warming to below 1.5°C
- Rapid decarbonisation of infrastructure and technology is implemented in high emitting sectors
- Common use of fossil fuels is ruled out with extremely limited use by 2040

Limited action
(2.0-3.0°C)

Physical aspects

- Further increased intensity and frequency of extreme weather events
- In some global regions conditions are unmanageable under extreme physical conditions
- Considerable ecological impacts expected
- Shifts in agriculture practices observed
- Low lying regions become vulnerable to sea-level rise

Transitional aspects

- Some new climate policies expected to be implemented
- Limited decarbonisation in high emitting sectors
- Governmental policies not consistently aligned to mitigating climate change

No action
(3.0-4.0°C)

Physical aspects

- Prolonged, extreme weather conditions
- Areas uninhabitable
- Large ecological destruction
- Climate feedback effects enforce rapid physical changes and produce high uncertainty around magnitude of impacts from feedback

Transitional aspects

- Very few climate policies are introduced
- Emissions are reduced gradually through efficiencies only
- Reasonable reliance globally on fossil fuels

Below is a high level overview of the key features of each warming scenario

Early action
(1.5-2.0°C)

SSP1-2.6

- Net-zero emissions expected from 2050 onwards.
- Warming stays well below 2°C by 2100, with the aim of staying within the 1.5°C threshold.

Other published scenarios:

IEA WEO Net Zero (~1.5°C) and Sustainable Development (<2 °C)

Scenarios. IPCC RCP 1.9 (1.5°c) and 2.6 (<2°C)

Limited action
(2.0-3.0°C)

SSP2-4.5

- Emissions expected to peak by 2050 but do not reach net zero by 2100.
- Warming is estimated to be around 2.7°C by 2100.

Aligns with the more ambitious pledges made under the Paris Agreement.

Other published scenarios:

IEA WEO Announced Pledges (~2.1°C) and Stated Policies (~2.6°C) scenarios. IPCC RCP 3.4 (2-2.4°C) and 4.5 (2-3°C)

No action
(3.0-4.0°C)

SSP3-7.0

- Emissions continue to rise and are expected to double by 2100.
- Warming is estimated to be around 3.6°C by 2100.

Other published scenarios:

IPCC RCP 6 (3-4°C)

Climate-related risks and opportunities identified and risk management

A comprehensive list of potential climate-related risks and opportunities was developed and refined during the scenario analysis to focus on those that could materially impact the Group (see Figure 5). The risks and opportunities the Group faces from climate change include not only the physical aspects but also legal, policy and commercial changes in the global markets in which 888 operates. To respond to these risks, the Group will need to take enterprise-wide action and build resilience through mitigation, adaptation, and business continuity planning. The Group already has strong business continuity planning in place after the impact of COVID-19, and these foundations can be built on as the climate challenge evolves.

Figure 5: 888's material climate-related risks identified during the scenario analysis

TRANSITION RISKS

Market

- Temporary increases to the cost of living during the transition to low carbon technologies

Policy and legal

- Legislation introduced to ban fossil fuel use for fuel and energy generation and to favour renewable energy generation

Reputation

- Market/stakeholder pressure to switch all sites onto renewable energy to meet pledged carbon reduction and net zero targets

PHYSICAL RISKS

Acute Physical

- Increase in extreme acute weather events locally and flash flooding events from increased/prolonged participation
- Increased frequency and intensity of acute weather events globally

Chronic Physical

- Coastal flooding driven by sea level rises

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

GOVERNANCE CONTINUED

Climate-related risks and opportunities identified and risk management continued

Figure 6: material physical climate-related risks and opportunities identified during the scenario analysis

Risk	Impact/Opportunity	Climate scenario (°C)	Materiality
Coastal flooding driven by sea level rise	Safety risk to employees from travel and infrastructure flood damage to offices, LBOs and employee homes located in coastal regions. Increase in costs for building repairs and reinforcement to mitigate against future events e.g., flood defences and insurance costs or refused reinsurance in vulnerable areas.	3-4	Medium
Increase in extreme acute weather events locally e.g., hurricane intensity, frequency and geographical disparity, flash flooding events as a result of increased/prolonged precipitation.	Potential disruption to business services due to energy supply and communication services disruption e.g., telecoms and phone lines due to damage. Health and Safety risk to employees located in offices, LBOs and homes due to damage and potential increase in employee absence or requirement to work from home. Increased overhead costs for building repairs. **Opportunity: reduce emissions from commuting and mitigate of employee absence due to improved capacity for remote working, established during global COVID-19 restrictions.**	3-4	Low
		2-3	Low
Increased frequency and intensity of extreme acute weather events globally.	Loss of revenue as a result of the cancellation or rescheduling of sporting events.	3-4	Low
		2-3	Low

Materiality
Low Medium High Very High

Timeline
S <5 years M 5-15 years L 15 years+

Likelihood	Expected timescale for impact	Level of action required to manage risk	Management approach and adaptive capacity
Likely (60%)	L	Action required in the medium term	Assess sites in coastal regions through mapping across retail estate. Where necessary consideration will be given to changing site locations for sites in flood plains to mitigate this risk.
Very Likely (80%)	S M L	Maintain current processes to manage risk	Ensure Business Continuity Plans are updated and tested accordingly for each office location to ensure risk is mitigated. Ensure key staff have ability to work remotely and from home to naturally reduce this risk.
Virtually certain (99-100%)	M L	No action required to manage risk	The business model needs to pivot accordingly to any change in sporting timetable. The organisation's ability to adapt to sporting disruption has been demonstrated under other circumstances such as COVID-19 and 888 is well equipped to continue this, based on lessons already learned from previous challenges.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

GOVERNANCE CONTINUED

Climate-related risks and opportunities identified and risk management continued

Figure 7: material transition climate-related risks and opportunities identified during the scenario analysis

Risk	Impact/Opportunity	Climate scenario (°C)	Materiality
Temporary increases to the cost of living during the transition to low-carbon technologies.	Economic constraints mean clients may have less disposable income to spend on leisure and gambling activities, resulting in a loss of revenue for the business. Increased risk of vulnerability to harmful gambling for clients in high-risk groups.	1.5-2	Medium
		2-3	Low
	Demand from employees, especially those on national living wages, for increase to wages due to wide-scale increase in cost of living.	1.5-2	Low
		2-3	Low
Legislation introduced to place a ban on fossil fuel use for fuel and energy generation and introduction of legislation to favour renewable energy generation.	Loss of profit, driven by an increase in overhead energy costs (commercial and domestic) and concerns around energy security issues (e.g. restricted periods of energy use/blackouts) affecting service delivery, and client access to services, especially at LBOs. **Opportunity: Long term energy security within localised energy grids from renewable energy generation, with the potential to stabilise market energy prices. Opportunity to identify peak times for energy consumption and aim to reduce this, saving costs and lowering the carbon footprint of these sites.**	1.5-2	Medium
Requirement to switch all sites under 888's control onto renewable energy due to market/ stakeholder pressure and to meet pledged carbon reduction and Net Zero targets.	Transition to green energy for global sites can be difficult due to limited infrastructure in place, and often comes at a higher overhead cost.	2-3	Low

Materiality
Low Medium High Very High

Timeline
S <5 years M 5-15 years L 15 years+

Likelihood	Expected timescale for impact	Level of action required to manage risk	Management approach and adaptive capacity
Very Likely (80%)	S M	Maintain current processes to manage risk	On-going review of economic conditions in main markets to analyse effects on customer disposable income. Thresholds for spend and affordability checks to be reviewed periodically.
	S M	No action required to manage risk	
Likely (60%)	S M L	Maintain current processes to manage risk	Review of retail colleague pay in line with changing economic conditions.
	S M L		
Very Likely (80%)	S M	Maintain current processes to manage risk	Use previous situations e.g., COVID-19 as a proxy for modelling potential impact. Other options to be reviewed as part of the Planet pillar of the ESG strategy.
Very Likely (80%)	S M	Maintain current processes to manage risk	Procurement to assess and aim to source renewable energy in all locations. Longer term strategy to be reviewed as part of the Planet pillar of the ESG Framework.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

THE IMPACT OF IDENTIFIED CLIMATE-RELATED RISKS AND OPPORTUNITIES ON 888'S BUSINESSES, STRATEGY, AND FINANCIAL PLANNING

Through wider strategy measures to drive energy efficiency and its transition plan, the Group has already started to reduce its exposure to some of the material transition risks.

Overall, the priorities for the Group in transitioning to a low-carbon economy are to focus on addressing the identified transitional risks across operations, reducing the global carbon footprint, assessing the efficiency of resources, and improving the efficiency with which energy is used. These priorities are discussed further in the Group's Zero Carbon Report 2022. A high-level view of the impact of climate-related issues across the Group's strategy and businesses is provided in Figure 8 below. Management will review the opportunities for mitigating the impacts of the risks identified in the climate-related scenario analysis, particularly those deemed to be of significant risk.

Figure 8 – summary of the impact of climate-related issues on the Group's strategy and businesses

Category	Impact on strategy and businesses
Products and services	Betting, especially online gambling, uses a service business model with little to no physical products. As a result, the Group's core digital product offering has a low environmental impact. Although the Group will continue to strive to reduce GHG emissions from its offices, retail units and data centres, changes to the core product offering as the Group transitions to a low-carbon economy are not being considered. Likewise, investment in research and development for the development of low-carbon products/services, is not currently being considered. The potential impact on 888's services is outlined in the scenario results (Figures 6 and 7), together with management's mitigation approach.
Supply chain and value chain	The transition risks identified by the scenario analysis in a low-carbon economy will also be faced by the Group's supply chain and wider value chain, which may lead to increases in prices (due to inflationary pressures) and further cost increases for the Group. The importance of the Group's supplier engagement activities and engaging with others in the value chain is key during the transition and discussed in the transition plan.
Operations	To manage 888's exposure in the 3-4°C scenario where physical risk dominates, the priority for the organisation is to focus on actions to preserve the continuity of the business should any of the material physical risks materialise. The impact on operations and location of facilities will need to be reviewed in response to the coastal flooding risk identified, and a mapping exercise undertaken to assess this risk and consideration given to changing site locations if required.
Acquisitions or divestments and access to capital	The climate-related risks and opportunities identified by the scenario analysis will be considered during any future acquisitions, divestments, or access to capital decisions made as part of the ESG Committee of the Board's overall decision-making process.

The Group needs to undertake further work to fully integrate the outputs of the scenario analysis into the strategy and financial planning cycles moving forward and develop metrics to monitor climate-related risks and potential financial impacts as required (to meet the TCFD Recommendation for Strategy, part b). The Group may look to disclose quantitative climate-related scenario analysis outputs in future reporting periods.

THE RESILIENCE OF 888'S STRATEGY TO CLIMATE CHANGE CONSIDERING DIFFERENT CLIMATE-RELATED SCENARIOS

The Group's ESG strategy is validated annually by the Board and periodically by the ESG Committee of the Board to ensure it remains relevant and resilient. Due to the dynamic nature of the economy and climate change, scenario analysis will be reperformed every three years or after any material business changes, in line with guidance from the Department for Business, Energy and Industrial Strategy. Elements of the strategy may be refreshed earlier if there are significant changes in the external or internal environment.

The Group believes its net zero plan, and the actions it is developing to mitigate climate risks will support the resilience of the business to the varying climate change scenarios considered. However, consideration of the potential impact of climate-related issues on financial performance and position, across different climate scenarios, needs to be considered and sensitivity analysis performed (to meet the TCFD Recommendation for Strategy, part c).

RISK MANAGEMENT

Climate change has been integrated into the Group's risk management framework and the Group's processes for identifying, assessing, and managing climate-related risks is described below.

As part of the Group's risk management procedures, the Board takes account of the significance of environmental matters (including climate) to the business. The Board factors into the risk assessment impact, likelihood, and appetite considerations, and risk is managed across the Group in the context of the Board's overall risk appetite. Business risks are identified, assessed, managed, monitored, and reported in accordance with the Risk Management Policy (see the Risk Management Strategy section of the Annual Report). As part of this process, management are advised by external advisers on emerging regulatory risks. Business Functions also identify climate-related risks and opportunities, and these issues are cascaded upwards by the Heads of Functions for discussion at the ESG Forum for consideration and assessment by the ESG and Sustainability Director.

This year, climate-related scenario analysis has been performed for the first time. The risks and opportunities of transitioning to a low-carbon economy have been discussed and analysed by management during the scenario analysis, and a non-executive director was also present during the scenario analysis workshops. The climate-related scenario analysis results were presented to the ESG Committee of the Board, and this has influenced the climate strategy for the Zero Carbon Report 2022, which is approved by the Board. In 2022, climate risk has been added to the Group Risk Register for the first time for monitoring by the Board, and the material climate-related risks have been mapped against other business risks according to the materiality, nature, and size of their impact.

FUTURE PRIORITIES

In 2023, the Group may complete the following work on its climate strategy to further enhance and increase the quality of its TCFD disclosures:

- The scenario analysis output will inform strategic and financial planning cycles moving forward and metrics to monitor climate-related risks and potential financial impacts developed as required (to meet the TCFD Recommendation for Strategy, part b).
- Climate change risk mitigation and adaptation strategies will be developed, whilst also considering policies that take advantage of any opportunities identified.
- The appropriateness of a granular review of climate change risks and opportunities to look at the different geographies and business models utilised throughout the Group, using a divisional, brand and Group lens will be considered.

In the longer-term, a more detailed quantitative scenario analysis approach will be developed to enhance future TCFD reporting disclosures.

Throughout 2023, the Group will continue to develop the climate risk management processes and may consider the following actions:

- The Group may develop a different risk register for different geographical regions (such as the US) where the regulatory landscape is different.
- The ESG and Sustainability Director will oversee the dissemination of responsibilities for the material climate-related risks and opportunities identified during the scenario analysis.
- The climate-related risks will be reviewed on a regular basis to ensure they are up to date with the most recent scientific understanding and legislative requirements.

METRICS AND TARGETS

The data for the Group's climate-related metrics and targets and its streamlined energy and carbon reporting requirements are found in the ESG Supplementary Information section. Decarbonisation metrics and the risks involved in reducing the GHG emissions are also discussed in the Zero Carbon Report 2022.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

MONITORING 888'S PROGRESS – TCFD CROSS-INDUSTRY CLIMATE-RELATED METRICS AND TARGETS

The Group continually reviews its climate metrics and targets to ensure the underlying data is accurate and complete, and to ensure the metrics are providing the information the business and stakeholders need to monitor performance and review 888's progress. Following the completion of this year's climate scenario analysis, the Group is considering its position in respect of developing further TCFD cross-industry climate-related metrics and targets. Figure 9 below outlines the Group's approach and progress with the TCFD cross-industry metrics.

Figure 9: 888's approach and progress with the TCFD cross-industry metrics

TCFD cross-industry metric category	888's approach	2022 progress and future priorities
GHG emissions	**Metrics** The Group's absolute GHG emissions and emissions intensity ratios are found in the ESG Supplementary Information section. Decarbonisation metrics and the risks involved in reducing the GHG emissions are discussed in the Zero Carbon Report 2022. The methodology for calculating the GHG emissions is contained within Appendix 2 of the Zero Carbon Report 2022. **888's targets set in 2021 (excluding William Hill):** **Net zero target (Scope 1 and 2) by 2030** – by achieving an 80% reduction in Scope 1 and 2 emissions and using 20% carbon removal offsets. **Net zero target (Scope 3) by 2035** – by achieving the '80 by 60 strategy' and using high-quality carbon removals. Both targets outlined in the Zero Carbon Report 2022.	888's progress with meeting the net zero targets is outlined in the Zero Carbon Report 2022. In 2023, the Group needs to integrate William Hill's data, exclude 888's bingo business data, and re-baseline all targets (TCFD Recommendation for Metrics and Targets, parts a, and c). The GHG accounting methodology should also be updated for William Hill. Once the Group has recalculated the baseline for the emissions targets, it intends to seek third-party validation over its commitments and may consider third party assurance over emissions data. The Group may also consider the need to develop a robust climate reporting controls framework to align with financial reporting. **Environmental metrics and targets** 888's wider environmental initiatives are monitored and tracked internally but have not been reported to date. In 2019, William Hill set environmental targets and progress to date is shown in the ESG Supplementary Information section. In 2023, the Group may also consider including metrics and targets associated with water, waste management etc. (where relevant and applicable) across the enlarged Group.
Transition risks	Scenario analysis was completed in 2022, which identified three material transition risks, including: • Regulations being introduced to place a ban on fossil fuels and/ or the introduction of legislation to favour renewable energy generation; and • Economic constraints in a low-carbon economy may result in customers having less disposable income to spend on leisure and gambling activities.	Priority 1 of the transition plan will reduce 888's exposure to regulatory transition risks (see Zero Carbon Report 2022 for further detail). A renewable energy metric is disclosed to track the 888's progress against the switch to renewable energy. Following the scenario analysis, and as the transition plan develops, the Group will review the appropriateness of developing future metrics surrounding the amount and extent of the business activities vulnerable to transition risks. For example, the Group may also consider the use of modelling around average customer disposable income, by country or region, to understand the impact of low-carbon economic constraints on future revenues.

TCFD cross-industry metric category	888's approach	2022 progress and future priorities
Physical risks	Scenario analysis was completed in 2022, which identified three material physical risks. One of the physical risks related to coastal flooding driven by sea level rise.	Following the scenario analysis and as the transition plan develops, the Group will review the appropriateness of developing future metrics surrounding the amount and extent of the business activities vulnerable to physical risks. For example, the Group will consider mapping which sites will be impacted directly by flooding and develop a metric for tracking vulnerable sites.
Climate-related opportunities	Scenario analysis was completed in 2022, which identified material climate-related opportunities, including: • reducing emissions from employee commuting; and • energy efficiency and long- term energy security from renewable energy generation.	Priority 3 of the Zero Carbon Report 2022 tracks progress against the Greener Travel priority (including employee commuting). Priority 1 of the Zero Carbon Report 2022, tracks progress against the switch to renewable energy. Smart meters have been installed across the UK retail estate to track energy efficiency and investment in renewable energy generation is being considered. The Group will review whether any further metrics for climate-related opportunities are required in future reporting periods.
Capital deployment	The ESG Committee of the Board will review and approve the expected cost of delivering on the Group's decarbonisation ambitions over time, which is likely to be the biggest climate-related requirement for capital deployment.	The Group is considering the financial plans for its decarbonisation ambitions and whether to develop a long-term green energy strategy and budget, to ensure investment in renewable energy is maintained. The Group will consider whether any further metrics and targets for capital deployment are required in future reporting periods.
Internal carbon prices	An internal carbon price has not been adopted by the Group to date as the focus has been on integrating the William Hill business and implementing the three priority initiatives to reduce GHG emissions.	In 2023, the Group will continue to review and evaluate whether the use of internal carbon prices would be appropriate to assist to incentivise decarbonisation across its operations given the scale of the consolidated GHG emissions for 888 and William Hill.
Executive remuneration	The ESG Committee of the Board reviews the implementation of the ESG strategy and considers the extent to which additional ESG metrics and targets (including climate) should be incorporated into executive remuneration.	2022's executive bonus structure includes some ESG components across the 3 pillars of the strategy. In 2023, climate-based targets will be included in the executive bonus remuneration, alongside a safer gambling metric. Should any additional climate metrics and targets be incorporated into executive remuneration, this will be disclosed in future reporting periods.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

ESG SUPPLEMENTARY INFORMATION

Climate reporting – GHG emissions (TCFD reporting)

Data presentation

The data shown for the GHG absolute emissions is measured in tonnes of CO2e ('tCO2e'). The acquisition of William Hill completed on 1 July 2022, and as such, William Hill's GHG emissions are only consolidated for the period of the Group's ownership, for the six months from 1 July 2022 to 31 December 2022. The Group also sold 888's bingo business on 7 July 2022 and its historical emissions include those for 888's bingo business. The Group is choosing to report the emissions data for FY22 separately for 888 and William Hill to make the emissions comparable to 2021 reporting and to highlight progress against 888's targets. The targets will be re-baselined next year to reflect the acquisition of William Hill and the divestment of 888 bingo.

All figures are reported under the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) and Scope 3 emissions were calculated using the GHG Protocol Corporate Value Chain. The calculation methodology for GHG emissions is outlined in full in Appendix 2 to the Zero Carbon Report 2022.

Figure 10: 888's net zero targets (excluding William Hill) and absolute GHG emissions

Scope	Targets	2019 Baseline (tCO_2e)	**FY22[J] Global emissions (tCO_2e)**	FY21 Global emissions (tCO_2e)	FY21/22 % change
888 (excluding William Hill)[A]					
Scope 1[D]	**Net zero by 2030:** achieve 80% reduction in Total Scope 1 & 2 from 2019 baseline (market-based)[G]	745	**30**	1	2900%
Scope 2 (market based)[E]		3,152	**2,171**	3,088	(30%)
Total Scope 1-2 (market-based)		3,897	**2,201** **44% reduction from 2019)**	3,089	(29%)
Scope 2 (location-based)[E]		3,152	**2,300**	3,088	(26%)
Scope 3[F]	**Net Zero by 2035:** using the '80 by 60' strategy[H]	N/a	**23,419**	26,020	(10%)

Scope	Targets	2019 Baseline (tCO_2e)	**FY22[J] Global emissions (tCO_2e)**	FY21 Global emissions (tCO_2e)	FY21/22 % change
William Hill[B]					
Scope 1[D]	Targets for the enlarged 888 Group to be re-baselined in FY23[I]	N/a	**473**	William Hill was outside of 888's operational control in FY21	
Scope 2 (market-based)[E]			**397**		
Scope 2 (location-based)[E]			**5,572**		
Scope 3 (market-based)[F]			**35,416**		
Scope 3 (location-based)[F]			**37,501**		
888 Group (including William Hill)[C]					
Scope 1)[D]	Targets for the enlarged 888 Group to be re-baselined in FY23[I]	N/a	**503**	William Hill was outside of 888's operational control in FY21	
Scope 2 (market-based)[E]			**2,568**		
Scope 2 (location-based)[E]			**7,872**		
Scope 3 (market-based)[F]			**58,835**		
Scope 3 (location-based)[F]			**60,920**		

A–C All figures reported under the GHG Protocol and the GHG Protocol Corporate Value Chain. The Group is choosing to report the emissions data separately for 888 (excluding William Hill), William Hill and the consolidated Group position, to make the emissions comparable to 2021 reporting and to highlight progress against targets set by 888 in 2021. The targets will be re-baselined next year to reflect the acquisition of William Hill and the divestment of 888 Bingo. The 888 Group position[C] is calculated by adding the emissions of 888 (excluding William Hill)[A] to William Hill's emissions for the period of six months from 1 July 2022 to 31 December 2022[B]. It is acknowledged that the pro-rata method ignores the seasonality of the underlying data.

D Total direct (Scope 1) GHG emissions from assets and activities under operational control. The Scope 1 calculation methodology for FY22 is detailed in Appendix 2 of the Zero Carbon Report 2022. The 2900% increase in Scope 1 emissions from FY21 is due to the introduction of gas in the Romania office in 2022.

E Total indirect GHG emissions (Scope 2) from consumption of purchased electricity, heat or steam energy using both the location-based and market-based approach as applicable. Scope 2 location-based emissions are 2,300 tCO_2e. 888's Romania office is powered by renewable energy so on a market-based approach it has zero emissions, and the Scope 2 emissions are only 2,171 tCO_2e. William Hill's UK retail estate is powered by renewable energy so on a market-based approach, it has zero emissions and the residual Scope 2 emissions of 397 tCO_2e are for the international sites. Scope 2 emissions on a location-based approach are 5,572 tCO_2e for the UK retail and international sites. The Scope 2 calculation methodology for FY22 is detailed in Appendix 2 of the Zero Carbon Report 2022.

F Total other indirect GHG emissions (Scope 3) not covered in Scope 2 that occur in the value chain, including both upstream and downstream emissions. First comprehensive study of 888's Scope 3 footprint conducted in 2021. The Scope 3 calculation methodology for FY22 is detailed in Appendix 2 of the Zero Carbon Report 2022. Scope 3, Category 3 shown using the market-based and location-based methods and Figure 11 contains the Scope 3 emissions per category.

G The 2019 baseline for total Scope 1 and 2 GHG emissions for 888 (excluding William Hill) was 3,897 tonnes of CO_2e. The Group plans to use carbon removal offsets for the remaining 20% of emissions to achieve net zero by 2030.

H The '80 by 60' strategy – by 2025 both large and smaller vendors representing 60% of 888's third-party supplier spend should have carbon reduction plans in place and that these plans will be targeting an 80% fall in their emissions by 2035. The Group will invest in carbon removal offsets for the remaining indirect emissions to reach net zero by 2035.

I The Group will re-baseline its targets in FY23 after William Hill's data has been fully integrated into the Group and 888 Bingo's data has been excluded. Note that future acquisition and divestments could have a material impact on meeting the targets.

J Estimates for the full 2022 reporting year were still being finalised at the time of reporting and may be revised in subsequent reporting.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

ESG SUPPLEMENTARY INFORMATION CONTINUED

Climate reporting – GHG emissions (TCFD reporting) continued

Data presentation continued

Figure 11 – 888's Scope 3 emissions per category

	FY22 Global emissions (tCO_2e)	% of Total Scope 3 emissions
888 Group (including William Hill)[A-C]		
Purchased Goods & Services	**48,181**	82%
Business Travel	**2,066**	4%
Investments	**1,943**	3%
Capital Goods	**1,846**	3%
Upstream Transportation & Distribution	**1,834**	3%
Employee Commuting	**1,681**	3%
Fuel & Energy-related Activities	**1,018**	2%
Waste Generated in Operations	**159**	0%
Downstream Leased Assets	**107**	0%
Total Scope 3 (market-based)[A]	**58,835**	100%

A Scope 3 emissions were calculated using the GHG Protocol Corporate Value Chain. The Scope 3 calculation methodology for FY22 is detailed in Appendix 2 of the Zero Carbon Report 2022. The emissions shown are for the consolidated 888 Group. The 888 Group position[C] is calculated by adding the emissions of 888 (excluding William Hill)[A] to William Hill's emissions for the period of six months from 1 July 2022 to 31 December 2022[B].

Streamlined energy carbon reporting requirements (SECR)

The Group's streamlined energy and carbon reporting requirements (SECR) are shown in Figure 12. The methodology used is the GHG Protocol. The energy and carbon reports are aligned with the boundaries of the financial statements (i.e., reporting only includes William Hill's energy and carbon data for the six-month period of ownership by the Group). Energy efficiency actions taken are detailed in the Zero Carbon Report 2022 and include smart electricity meters being rolled out across William Hill's UK retail estate and better monitoring of energy consumption.

Intensity ratio

For SECR reporting purposes, 888 (excluding William Hill) has historically reported its:

- GHG emissions per headcount (tCO_2e/employee);
- emissions per turnover in USD (tCO_2 e/US $m); and
- emissions per square metre area of offices (tCO_2e/m^2).

William Hill has historically reported its emissions intensity ratio in relation to turnover (tCO2 e/£1 million of group turnover). Due to data constraints following the integration of William Hill, this year the Group is reporting only one emissions intensity ratio – the emissions intensity per turnover (tCO2e/£ million).

The Group's emissions intensity measurement increased significantly this year due to the acquisition of William Hill and its large UK retail estate, which has increased the Group's GHG emissions. The Group's energy consumption also increased due to this acquisition.

888's historical emissions intensity ratios are outlined in Figure 13 for year-on-year comparison purposes only. Excluding the impact of the acquisition of William Hill, 888's emissions intensity per turnover ratio reduced to 2.53 this year from 4.20 in the prior year due to a 25% reduction in total Scope 1 and 2 emissions (location-based) and a reduction in 888's turnover.

Figure 12 – 888's energy and GHG emissions intensity ratio

	2022			2021		
	Global	UK & offshore[H]	Global (excluding UK & offshore)	Global	UK & offshore[H]	Global (excluding UK & offshore)
888 Group[A-C]						
Energy consumption (kWh)[D]	**36,258,669**	**28,191,674**	**8,066,995**	8,246,662	606,540	7,640,122
Scope 1 emissions (tCO_2e)	**503**	**344**	**159**	1	—	1
Scope 2 emissions (tCO_2e)	**7,872**	**5,179**	**2,693**	3,088	128[E]	2,960
Total Scope 1 and 2 emissions (tCO_2e)	**8,375**	**5,523**	**2,852**	3,089	128[E]	2,961
Emissions per turnover tCO_2e/£m[F]	**6.76 (£1,239 m)**	**12.68 (£435 m)**	**3.55 (£804 m)**	4.20 (£736 m)	0.44 (£287 m)	6.60 (£449 m)

A-C All figures reported under the GHG Protocol. Scope 2 emissions calculated using the location-based method. The calculation methodology for FY22 is detailed in Appendix 2 of the Zero Carbon Report 2022. The 888 Group position[C] is calculated by adding the data of 888 (excluding William Hill)[A] to William Hill's data for the period of six months from July to December 2022[B].

D FY22 UK energy consumption data shown for William Hill only. 888's UK data centre closed in September 2021 and the UK office consumption is immaterial because 888's UK office closed in July 2022.

E FY21 energy consumption for UK office restated from 14 tCO_2e to 128 tCO_2e (UK data centre of 114 tCO_2e is now included).

F Turnover for the Group re-stated for FY21 in GBP (previously reported in USD – Global revenue $996m, UK revenue $389m) using an exchange rate of 1: 0.739, USD: GBP from 31 December 2021.

G Estimates for the full 2022 reporting year were still being finalised at the time of reporting and may be revised in subsequent reporting.

H 'UK & offshore area' includes UK data (excluding the British Overseas Territory, Gibraltar).

Figure 13 – 888's global energy and GHG emissions intensity ratios (excluding William Hill)

	2022		2021	
	Ratio	Parameter amount	Ratio	Parameter amount
888 (excluding William Hill)[A]				
Global energy consumption (kWh)		**7,001,279**		8,246,662
Scope 1 emissions (tCO_2e)		**30**		1
Scope 2 emissions (tCO_2e)		**2,300**		3,088
Total Scope 1 and 2 emissions (tCO_2e)		**2,330**		3,089
Emissions per turnover tCO_2e/£m[C]	**2.53**	**£624.5 m**	4.20	£736 m
Emissions per headcount tCO_2e/employee	**1.29**	**1,808 emp**	1.60	1,900 emp
Emission per square metre area of offices tCO_2e/m^2 office area	**0.12**	**18,793 sqm**	0.15	21,150 sqm

A All figures reported under the GHG Protocol. Location-based method used for Scope 2 emissions. Total Scope 1 and 2 emissions are 2,201 tCO_2e on a market-based approach. Data shown is for 888 (excluding William Hill) for comparison purposes only. The calculation methodology for FY22 is detailed in Appendix 2 of the Zero Carbon Report 2022. Energy consumption reduced based on prior year due to the closure of the UK data centre and a reduction in activity at the European data centre.

B Estimates for the full 2022 reporting year were still being finalised at the time of reporting and may be revised in subsequent reporting.

C Turnover for the Group re-stated for FY21 in GBP (previously stated in USD – Global revenue $996m) using an exchange rate of 1: 0.739, USD: GBP from 31 December 2021.

Environmental initiatives

The Group is focused on reducing waste, water usage and plastic across its operations. In 2023, the Group will review the appropriateness of disclosing wider environmental metrics and targets to track performance after the integration of William Hill's environmental data.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

ESG SUPPLEMENTARY INFORMATION CONTINUED

888's key wider environmental initiatives in 2022:

- Paper: progress has been made by employing 'DocuSign' for employee contracts to reduce paper consumption.
- Waste: there has been a review of waste segregation in the Israel office.
- Water: in the Romania office, motion sensors were introduced to reduce water loss.
- Plastic: 888 partnered with ECOSEC, the provider of tamper evident security solutions, to use its biodegradable poker chip bags at live events, starting with 888poker LIVE in Barcelona. This was the first time that the Group, or any major operator in the sector, had incorporated biodegradable chip bags at a live event. The initial purchase will remove approximately 130 kilograms of plastic from circulation.

William Hill's environmental initiatives (set prior to acquisition by 888)

In 2019 and prior to the acquisition by 888, William Hill set five-year environmental targets for 2024 (2019 baseline) and this year's progress against these targets is shown in Figure 14. Energy efficiency actions taken by William Hill and key environmental initiatives in 2022 are shown below:

- **Energy** – a full retail rollout of smart electricity metering across the UK retail estate, which will allow better monitoring of energy consumption to lower energy usage and overall carbon. An Energy Focus week ran in Retail to make sure staff are promoting good energy control and using best practice of its energy saving initiatives. This year there has been a 2% increase in global energy consumption compared to FY21 because William Hill was closed for three months in 2021 (due to COVID-19 restrictions). William Hill also achieved its goal and became certified as carbon neutral in 2022 (see GHG emissions discussion below).
- **Waste** – significant progress has been made on the target to reduce William Hill's waste to landfill by 30% and to make sure that 95% of waste never goes to landfill. In 2022, William Hill achieved a 73% improvement compared to the 2019 baseline for waste to landfill, and landfill diversion currently sits at 92%, compared to the target of 95%. The total waste tonnes increased slightly by 28% on prior year because of the impact of COVID-19 rules (William Hill was closed for three months of the year in 2021).
- **Vehicles** – real progress has been made on the target to make the transport fleet 30% electric/hybrid. In 2022, 24% of the fleet is electric/hybrid compared to only 19% in 2021, due to policy and employee choice initiatives. In 2022, the company vehicle fleet reduced from 180 to 139 vehicles, which was due to policy changes and further scrutiny on employee vehicle requirements.
- **Water** – reducing William Hill's water consumption is a focus area and water consumption fell by 21% in 2022. This is partly related to the impact of COVID-19 in 2021 (when William Hill was closed for three months), water saving initiatives and subsequent re-billing from suppliers.
- **Video Conferencing** – to reduce business travel, William Hill set a pre-COVID-19 target in 2018 to increase its utilisation of video conferencing by 400%. In 2022, there has been an estimated 445% increase in the use of video conferencing since 2018 as hybrid working business practices have evolved.
- **Paper** – William Hill launched a new innovative and digital-focused shop, which is paperless, as a pilot in Leeds to reduce paper consumption. The success of this pilot will be reviewed in 2023.

Figure 14: William Hill's environmental targets and FY22 progress

Corporate metric[A]	2024 Target	Base line	FY22 Absolute amount	FY21 Absolute amount	FY20 Absolute amount	FY21/22 Movement
Annual global energy use (kW/h)	Annual global energy use (kW/h)	N/a	**54,862,751**	53,670,742	45,008,806	2%
Waste to landfill (tonnes)	30% improvement from 2019 baseline	587 (2019)	**158 (73%)**	137	257	15%
Landfill diversion (tonnes)	See below	N/a	**1,769**	1,382	2,520	28%
Landfill %	95% landfill diversion	81%	**92%**	91%	83%	1%
Fleet target to be electric/ plug-in hybrid/ electric vehicle	30% of fleet to be electric/ plug-in hybrid	N/a	**24%**	19%	13%	26%
Water (m^3)[B]	Water baselined to assess water saving initiatives	270,000 (1,414 shop estate)	**262,095** (1,407 shop estate)	332, 581	222,915	(21%)
Video Conferencing (no. of monthly meetings)[C]	Increase of 400% from 2018	76,043 (2018)	**414,138** (445% increase from 2018)	365,000	336,149	13%

A Historical data shown for FY20-21 for William Hill Limited (formerly William Hill PLC) for the full twelve months in the reporting period. William Hill was acquired by 888 Holdings PLC on 1 July 2022 and the data shown is William Hill's operational data for the full twelve months in 2022.

B Comparator for FY21 re-stated to a more accurate value of 332,581 m^3 from 339,649 m^3 which was based on an estimate for December 2021 figures. William Hill now owns 1,407 shops in the retail estate.

C William Hill changed third party providers for video conferencing facilities during the year. This total represents the data for the old provider plus an estimate for the full year for the new provider (as data is only stored for 6 months – 83,569 meetings in that period). Comparator for FY21 re-stated to 365,000 from 367,791 meetings, which was based on an estimate for December 2021 figures.

William Hill's GHG emissions

William Hill achieved its goal and became certified as carbon neutral in 2022 (Scope 1 and 2) through investing in carbon offsetting projects. William Hill's total Scope 1 and 2 emissions (location-based) decreased by 9% from prior year (see Table Figure 13). The larger decrease in Scope 1 and 2 (location based) emissions compared to the 2% increase in global energy use, is explained by electricity grids becoming greener. This leads to an average reduction in emission factors in countries where William Hill operates (for example, in the UK there has been a 9% decrease in the emissions factor for FY22/21 due to a decrease in coal use in electricity generation and an increase in renewable generation).

Figure 15: William Hill's absolute GHG emissions

GHG emissions[A]	FY22 Absolute amount	FY21 Absolute amount	FY20 Absolute amount	FY21/22 Movement
Scope 1 (tCO_2e)[B]	**945**	1,025	1,263	(8%)
Scope 2 (tCO_2e)[B] (market-based)	**795**	1,390	N/a	(43%)
Scope 2 (tCO_2e)[B] (location-based)	**11,144**	12,218	11,237	(9%)
Total Scope 1 &2[B] (market-based) (tCO_2e)	**1,740**	2,416	N/a	(28%)
Total Scope 1 &2 (location-based) (tCO_2e)[B]	**12,089**	13,243	12,499	(9%)
Scope 3 (market-based) (tCO_2e)	**70,831**	69,216	N/a	2%
Scope 3 (location-based) (tCO_2e)	**75,002**	73,246	N/a	2%

A All figures reported under the GHG Protocol and the GHG Protocol Corporate Value Chain. Historical data shown for FY20-21 for William Hill Limited (formerly William Hill PLC) for the full twelve months in the reporting period. William Hill was acquired by 888 Holdings PLC on 1 July 2022 and the data shown is William Hill's operational data for the full twelve months in 2022. Scope 2 emissions shown on both a location-based and market-based approach, and the difference is due to the UK retail estate which has zero emissions on the market-based approach as it is supplied by renewable energy.

B FY21 Scope 1 and 2 emissions include the US emissions which are excluded from the FY22 calculations (William Hill vacated the US in 2022). The FY21/22 movement in Scope 1 emissions on a like-for-like basis (excluding the US) relates to an increase in the use of company vehicles and air conditioning in the UK. The FY21/22 movement in the Scope 2 (market-based) emissions on a like-for-like basis (excluding the US) is mainly due to a fall in electricity use in Gibraltar. On a location-based method, the FY21/22 Scope 2 movement is mainly due to a fall in electricity use in the UK.

William Hill calculated its Scope 3 emissions (which include indirect emissions across its value chain) for the first time this year and the baseline year is 2021. William Hill's Scope 3 emissions (market-based) increased by 2% on the prior year and the most significant emission category is Purchased Goods and Services (including Capital Goods) (see Figure 16). The most significant increase in Scope 3 emissions since the previous year is associated with Upstream Transportation and Distribution (mainly for courier services for the retail estate), Employee Commuting and Business Travel (particularly air travel and hotel stays) as restrictions from COVID-19 were relaxed this year.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT CONTINUED

ESG SUPPLEMENTARY INFORMATION CONTINUED

William Hill's GHG emissions continued

Figure 16: William Hill's Scope 3 emissions per category

Scope 3 Category[A]	FY22 Absolute amount	% of Total Scope 3 emissions
Purchased Goods & Services (including Capital Goods)	**62,357**	88%
Upstream Transportation and Distribution	**3,668**	5%
Employee Commuting	**2,354**	3%
Business Travel[B]	**1,889**	3%
Fuel & Energy-related Activities	**252**	0%
Investments	**194**	0%
Waste Generated in Operations	**117**	0%
Total Scope 3 (market-based)	**70,831**	100%

A Scope 3 emissions were calculated using the GHG Protocol Corporate Value Chain. The Scope 3 calculation methodology for FY22 is detailed in Appendix 2 of the Zero Carbon Report 2022. William Hill was acquired by 888 Holdings PLC on 1 July 2022 and the data shown is William Hill's operational data for the full twelve months in 2022.

B Business Travel is the sum of the emissions for flights, hotels, rail travel, taxi travel and employees' grey fleet.

Climate scenario analysis methodology (TCFD reporting)

The Group has performed climate-related scenario analysis for the first time this year under the guidance of external advisers and the methodology used is outlined below.

The scenario analysis was completed in line with recommendations published by the TCFD and aligns closely with ISO 14091 (2021) and other reference publicly available resources. A qualitative approach was used and the level of action required to respond to the risk was identified. This approach was used to ensure that a clear narrative around the scenarios and the associated risks was developed first before attempting extensive quantification, which without the former may have been arbitrary. The key features of the climate scenarios are detailed in Figure 4 and the results of the scenario analysis are shown in the TCFD Report Figures 6 and 7.

Limitations of the scenario analysis process

The following limitations were identified by external advisers during the scenario analysis process:

- The definition of likelihood is assigned based on qualitative (opinions using scientific understanding of climate change and timescales) rather than quantitative aspects. This may allow for inconsistencies in determining likelihood, which is subsequently used to rank risks by materiality. When revisiting scenario analysis in the future other variables in place of 'likelihood' could be used to assign materiality such as 'impact on company objectives vs level of action required'.
- The scenarios are built around published climate models, reports, and other resources. There are limitations within the climate models themselves and the narrative these generate due to the high levels of scientific uncertainties embedded into climate change.
- The scenario analysis considers three time horizons, one of which (short) is only up to 5 years. Company strategy is often built around short time horizons (financial forecasts and company objectives etc.) rather than long time horizons (e.g. up to 2050) timescales due to increased uncertainty. Considering long time horizons is often unfamiliar and uncomfortable for organisations but is a requirement when considering impacts of climate change. This should be an area for improvement when reviewing climate scenario analysis in the future and 888 should begin to consider a wider range of time horizons.

The following climate-related risk terminology has been used in the scenario analysis:

- **Materiality:** A simple materiality matrix based on likelihood and level of action required was developed using orders of magnitude. An uplift based on the warming scenario being considered was applied to account for a higher level of physical risk under more extreme warming conditions, and higher transitional risk under lower warming scenarios.
- **Transitional risk:** Policy and legislation changes and advances in infrastructure and technology that are driven by climate-change.
- **Mitigation:** Avoiding and reducing emissions of GHG emissions into the atmosphere to prevent the planet from warming to more extreme temperatures.
- **Physical risk (acute):** Short-term events that have the potential for significant physical impact to the local environment e.g., hurricane, storm surge, wildfire.
- **Physical risk (chronic):** Long-term physical processes that have the potential for significant physical impact on either a wider geographical scale and/or for prolonged periods of time.
- **Adaptation:** Adaptation relates to actions that reduce the negative impact of climate change, while taking advantage of potential new opportunities.

BOARD OF DIRECTORS

An experienced Board

2022 WAS YEAR OF EXCEPTIONAL CHANGE FOR THE GROUP. DURING THE FIRST HALF OF THE YEAR THE FOCUS OF THE BOARD WAS ON THE TRANSFORMATIONAL ACQUISITION OF WILLIAM HILL.

Following completion of the acquisition, the appointment of three additional board members has not only brought extensive and highly relevant skills and experience to the Board, but it has also further strengthened the Group's corporate governance structure. This has been of significant benefit to the Group during the second half of 2022 as it laid out a competitive plan at its Capital Markets Day, to delivers its long-term strategic objectives as an enlarged business following the acquisition of William Hill.

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A Audit Committee
E ESG Committee
N Nominations Committee
G Gaming Compliance Committee
R Remuneration Committee
C Chair

- Male 4
- Female 4

- iNEDs 5
- NEDs 1
- Executive Directors 2

1 / Lord Mendelsohn
Executive Chair

Lord Mendelsohn was appointed as Non-Executive Chair of the Board in March 2021. He is a highly experienced gambling sector professional with more than 20 years' industry experience that includes co-founding Oakvale Capital LLP, a leading M&A and strategic advisory boutique focusing on the gaming, gambling and sports sectors. He also serves as Senior Adviser to Value Retail Plc and RG Advisors.

He cofounded LLM Communications, a corporate and public affairs consultancy which was acquired by Financial Dynamics and served as a Managing Director and later as Chair of the Global Issues Division, including after it was acquired by FTI Consulting. He is an investor in early stage and start-up companies in various sectors including technology, leisure and energy.

Lord Mendelsohn is a Working Life Peer who has been a member of the House of Lords since October 2013. He has served as a Shadow Minister for Business, International Trade and Innovation and Skills.

Lord Mendelsohn was a member of the Audit and Remuneration Committees until his appointment as Chair of the Board in March 2021. He was Chair of the ESG Committee until his appointment as Executive Chair in January 2023.

Age 56.

2/ Anne de Kerckhove
Independent Non-Executive Director, Senior Independent Director

Anne was appointed Senior Independent Director on 17 March 2021, and is Chair of the Company's Nominations and Remuneration Committees and a member of the Company's Audit and ESG Committees. Anne was also appointed as the Workforce Engagement Designated Non-Executive in July 2022.

Anne was until recently the CEO of Freespee, a fast growing company in the conversational commerce space. Previously, she was the CEO of Iron Capital and the Managing Director EMEA for Videology, Global Director of Reed Elsevier, and COO and International Managing Director at Inspired Gaming Group. Anne is an angel investor and mentor for early-stage start-ups and entrepreneurial funds including CRE and Daphni. She holds a Bachelor of Commerce from McGill University and an MBA from INSEAD.

Age 50.

NON-EXECUTIVE SKILLS AND EXPERIENCE

	Lord Mendelsohn	Anne De Kerckhove	Mark Summerfield	Limor Ganot	Andrea Gisle Joosen	Andria Vidler	Ori Shaked
Finance, audit and risk management			●	●			
Remuneration		●	●	●	●		
Technology		●	●	●	●	●	●
M&A and capital markets	●		●	●			
Gambling/gaming	●	●	●		●	●	●
Marketing/Branding					●	●	●
International business	●	●		●	●	●	
Consumer services	●	●			●	●	

3/ Yariv Dafna

Chief Financial Officer

Yariv was appointed as CFO of the Company and joined the Board on 1 November 2020. Yariv was appointed as a member of the Gaming Compliance Committee in May 2021.

Yariv held a number of positions with Telit Communications plc since 2003, taking an active role in its IPO in 2005 and subsequent fundraisings. His positions at Telit included Group CFO from 2007 to 2012, Chief Corporate Development Officer with responsibility for all M&A activity, and subsequently also COO, with responsibility for all operation and purchasing activities. In November 2017, he was appointed to Telit's Board as Finance Director with responsibility for finance, legal, IT and corporate development activities.

Yariv started his career in 1999 at Deloitte Israel and holds a BA in Business Administration and Accounting from the College of Management Academic Studies, an MBA from Tel Aviv University, and is a Certified Public Accountant.

Yariv will step down from his role at the end of 2023.

Age 49.

4/ Mark Summerfield

Independent Non-Executive Director

Mark worked as a Chartered Accountant for KPMG in the UK and US for 29 years, 18 as a partner. His roles included Global Head of Gaming, UK Head of Audit for Technology, Media and Telecoms ("TMT") and UK Head of Assurance. He has extensive knowledge and experience in auditing, financial reporting and governance, as well as mergers and acquisitions and capital market transactions.

Mark spent most of his career working for companies in the TMT and leisure sectors and built KPMG's gaming practice, working with a number of online gaming operators. He was also William Hill's interim CFO for 15 months, helping set the Group's strategic direction and assisting with its transformation and technology programmes.

Mark was appointed as Non-Executive Director and Chair of the Audit Committee in September 2019. He is also a member of the Company's ESG, Remuneration, Nominations and Gaming Compliance Committees.

Age 56.

5/ Limor Ganot

Independent Non-Executive Director

Limor was appointed as a Non-executive Director of the Company in August 2020 and in April 2021, was appointed to the Company's Audit and Remuneration Committee. She is managing partner of Gefen Capital, a US-Israeli venture capital fund that invests in disruptive technologies, a board member of Diners Club Israel, and former co-CEO of Alon Blue Square Israel. She is a certified public accountant who started her professional journey in the corporate finance division at KPMG, and received her Bachelors of Science in Accounting and Economics from Tel Aviv University.

Age 50.

6/ Andrea Gisle Joosen

Independent Non-Executive Director

Andrea was appointed as a non-executive director of the Company in July 2022. She is a highly experienced non-executive director, having held leadership positions across multiple international technology and consumer industries companies. She currently serves as a Non-executive Director for Currys plc and Billerud AB. She previously chaired Sweden-headquartered Acast AB and was a Non-executive Director at ICA Gruppen, James Hardie Industries plc and Mr Green & Co, the online gaming business which was acquired by William Hill plc in 2018. During her executive career, Andrea has held numerous leadership roles in the media and technology sectors including as CEO of Boxer TV Sweden and as Managing Director of Nordics for Panasonic, Chantelle Group and Twentieth Century Fox.

Andrea has a BSc in Business Administration and MSc in International Marketing from Copenhagen Business School. She has also completed Executive Education at Harvard Business School in both Effective Negotiations and Audit Committees in a New Era of Governance.

Age 59.

7/ Andria Vidler

Independent Non-executive

Andria was appointed as non-executive director in July 2022 and Chair of the ESG Committee in January 2023. She has 30 years' experience in marketing and technology, focusing on re-energising brands through consumer engagement and digital innovation. Since 2020 she has been the CEO of Tag EMEA, the independent end-to-end creative production partner for brands and agencies. Andria leads the global ESG strategy for Tag. Andria was previously CEO of Centaur Media PLC. Prior to Centaur, Andria spent four years as CEO for EMI Music UK & Ireland and has held senior roles at Bauer Media and the BBC. She was a Non-executive for Gamesys PLC where she chaired the ESG committee. She has previously served as a Trustee for the Media Trust and the Roundhouse Trust and as Chair of the Marketing Group of Great Britain.

Andria has a BA (Hons) in History from Anglia Ruskin University and an MBA from the University of Bradford. In 2021 she also undertook the Oxford University Leading Sustainable Corporations Programme.

Age 56.

8/ Ori Shaked

Non-Executive Director

Ori was appointed to the board in September 2022. He is a gaming entrepreneur and experienced game producer. He was previously employed by the Group until 2017 as a game producer, online marketer and business development manager. Ori acts as an early-stage investor in gaming and blockchain start-up companies. He holds a BA in Business Management from Tel Aviv University. Ori is not considered independent following his appointment by the Group's largest shareholder, Salix Trust Company (BVI) Limited, in bare trust on behalf of Dalia Shaked, in line with its right to appoint a non-executive director.

Age 39.

CORPORATE GOVERNANCE REPORT

Leading the way

Our commitment to corporate governance is fundamental to ensuring we operate in a responsible and transparent manner, delivering long-term value to our stakeholders, including our shareholders, employees, customers, and the communities in which we operate. With the joining of 888 and William Hill, our governance framework plays a key role to ensure that our combined business is managed effectively, that the Board has appropriate oversight of strategic matters and to facilitate an effective decision-making process.

Although the Company is incorporated in Gibraltar, the UK Corporate Governance Code 2018 (the "Code" or "UK Corporate Governance Code") applies pursuant to the UK Listing Rules as the Company's Ordinary Shares are admitted to the premium segment of the UK Official List and to trading on the London Stock Exchange's main market for listed securities.

This statement also includes items required by the UK Listing Rules and the Disclosure Guidance and Transparency Rules, including how the "Main Principles" of the UK Corporate Governance Code have been applied.

For the year ended 31 December 2022, the Company fully complied with the provisions set out in the Code. However, following the departure of Itai Pazner as CEO in January 2023, Lord Mendelsohn was appointed as Executive Chair on an interim basis while a permanent CEO is recruited. The Board acknowledges that this does not comply with the provision of the Code requiring that the roles of Chair and CEO be exercised separately. However, it has considered that this interim measure is in the best interests of the Company and its stakeholders to ensure robust leadership during this transition period.

BOARD LEADERSHIP

The Board of Directors is responsible for overseeing the management of the Company and setting its strategic direction. As at 31 December 2022, our Board comprised 7 non-executive directors and 2 executive directors, all of whom have a range of relevant skills and experience to bring to the Company.

The non-executive directors bring independent judgement to bear on issues of strategy, performance, and risk, and provide constructive challenge to the executive directors. The executive directors are responsible for implementing the Company's strategy and delivering its performance.

Meetings and attendance

There are six regularly scheduled board meetings planned per year. However, when urgent decision-making is required between meetings on matters reserved for the Board, there is a process in place to facilitate discussion and decision making. The Directors regularly communicate and exchange information irrespective of the timing of meetings.

Set out below are details of the Directors' attendance record at Board and Committee meetings in 2022. All meetings in 2022 were held in person in London apart from the July Board meeting which was held at 888's office in Bucharest in order for the Board to see local operations and meet with employees.

Director meeting attendance for year ended 31 December 2022

	Board	Audit Committee	Remuneration Committee	Nominations Committee	ESG Committee	Gaming Compliance Committee[1]
Total held in year	**6**	**5**	**4**	**2**	**3**	**4**
Lord Mendelsohn	6	—	—	—	3	—
Itai Pazner	6	—	—	—	—	—
Yariv Dafna	6	—	—	—	—	4
Anne de Kerckhove	6	4	4	2	3	—
Mark Summerfield	6	5	4	2	3	4
Limor Ganot	6	5	4	—	—	—
Andrea Gisle Joosen[2]	2	—	—	—	—	—
Andria Vidler[2]	3	—	—	—	—	—
Ori Shaked[3]	2	—	—	—	—	—
Randy Freer[4]	—	—	—	—	—	—

1. Mr. Michael Alonso is Chair of the Gaming Compliance Committee but is not a Board member.
2. Andrea Gisle Joosen and Andria Vidler were appointed to the Board on 5 July 2022.
3. Ori Shaked was appointed to the Board on 13 September 2022.
4. Randy Freer was appointed to the Board on 5 July 2022 and stepped down on 31 August 2022 and did not attend any board meetings.

The Chair has responsibility for ensuring that agendas for Board meetings are set in advance. Board papers are issued to Directors sufficiently in advance of meetings to facilitate both informed debate and timely decisions. If a Director is unable to attend a meeting, he or she is given the opportunity to raise any issues and give any comments to the Chair in advance.

None of the Directors have raised any concerns about the running of the Company or a proposed action which needed to be recorded in the Board minutes of the Company or in a statement to the Chair for circulation to the Board.

Meetings with Non-Executive Directors

At each Board meeting, the Chair designates time for the Non-Executive Directors to meet without the Executive Directors being present.

The Non-Executive Directors also meet once per year without the Chair present in order to appraise the performance of the Chair and take into account the views of the Executive Directors. This process is led by the Senior Independent Director in accordance with the UK Corporate Governance Code. This took place in March 2022.

Board responsibilities and procedures

The Directors consider it essential that the Company should be both led and controlled by an effective Board. The Board focuses upon the Company's long-term objectives, strategic and policy issues. It formally and transparently considers the management of key risks facing the Group, as well as determining the nature and extent of significant risks it will take in achieving its strategic objectives. It maintains and reviews annually the effectiveness of the Company's risk management and internal control systems. The Board is responsible for acquisitions and divestments, major capital expenditure projects and considering the Company's budgets and dividend policy. The Board also determines key appointments. The Board receives regular updates on shareholders' views.

The Board has an established calendar of business which covers the financial calendar, strategic planning, annual budgets and performance self-assessments, as well as the conduct of standing business. The calendar forms the basis for effective integration of business activities as between the Board and its principal committees, which individually consider their own operating frameworks against the Board's business programme.

The Board delegates certain matters to its principal committees who provide reports and make recommendations to the Board. The terms of reference for each committee are available on the Company's website.

Board activities 2022

During 2022, the Board has overseen the strategic development of the Company including the acquisition of William Hill. It has reviewed and monitored the operational, trading and financial performance of the Company, including how it creates value over the long term.

Audit Committee	ESG Committee	Remuneration Committee	Nominations Committee	Gaming Compliance Committee
Assists the Board in discharging its responsibilities for the integrity of the Company's financial statements, risk management, assessment of the effectiveness of the system of internal control and the effectiveness of Internal and External Auditors.	Assist the Board in defining and reviewing the Company's strategy relating to ESG matters, setting relevant KPIs, developing ESG policies and compliance with legal and regulatory requirements.	Determines the Company's policy on the remuneration of Executive Directors, other members of the Executive Committee and the Chair of the Board. The Committee also reviews workforce policies and practices.	Assists the Board by keeping the Board composition under review and makes recommendations in relation to Board appointments. The Committee also assists the Board on issues of Executive Director succession planning, conflicts of interest and independence.	In accordance with Nevada Gaming Control Board requirements the committee is entrusted with making sure that the Group's licensed gaming activity is carried out with honesty and integrity, in accordance with high moral, legal and ethical standards, and free from criminal and corruptive elements.
Read more on pages 102 to 107	Read more on pages 100 to 101	Read more on pages 108 to 110	Read more on pages 98 to 99	Read more on page 97

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD LEADERSHIP CONTINUED

Board activities 2022 continued

At every meeting the Board receives and discusses updates from the CEO, CFO, CSO and CRO on progress against strategy, financial performance, operational matters and compliance and regulation. In 2022 the Board spent a significant amount of time considering the acquisition of William Hill and the integration of the two businesses following the acquisition.

Also, at each meeting the Board undertook the following:

- scrutinised the operational performance of the Group;
- reviewed the Company's risk management and compliance processes;
- received updates on our People and culture;
- monitored the Company's safer gambling activities;
- received updates on shareholder views; and
- monitored regulatory developments.

In addition to the above, the Board also considered the following key activities.

January	• Deep dive review and approval of the Company's updated "Made to Play" branding proposition • Reviewed, considered and approved the equity raise for the acquisition of William Hill • Received updates on UK Gambling Act Review and other regulatory developments • Reviewed and considered further strategic development opportunities
March	• Approved the Prospectus issued in relation to the funding of the acquisition of William Hill • Received the findings from the external board evaluation • Reviewed, considered and approved the 888Africa joint venture • Approved the FY21 annual report and financial statements • Received an update on the US strategic partnership with ABG/Sports Illustrated
May	• Deep-dive review of the Section8 in-house games studio • Update on the completion of the William Hill acquisition • Reviewed plans for the integration of William Hill and 888 • Deep-dive review of Spectate – the 888 Sportsbook • EGM to obtain shareholder approval of the William Hill acquisition
July	• Appointed of Andria Vidler, Andrea Gisle Joosen and Randy Freer as directors • Visit to Romania office including site tour and overview of operations • Review of the Compliance function including introduction to new Chief Risk Officer • Appointed Anne de Kerckhove as the workforce designated non-executive • Approval of sale of bingo business • Reviewed integration and transformation plans for the combined business
September	• Appointed Ori Shaked as director • Deep-dive review of consumer insight • Updated on synergies, William Hill integration and organisational design • Deep-dive review of the retail estate
November	• Review of marketing strategy and approach • Reviewed and approved strategic projects and synergy optimisation • Approved debt refinancing and hedging • Reviewed and approved the FY23 budget • Reviewed and approved plans and presentations for the Capital Markets Day

DIVISION OF RESPONSIBILITIES

Chair, Chief Executive Officer and Senior Independent Director

Notwithstanding the current position described below, there is a clear division of responsibilities between the Chair and the CEO, which the Board considers an important part of its corporate governance. This is documented and available on the Group's website and also include the responsibilities of the Senior Independent Director.

The role of the Senior Independent Director is to provide a sounding board for the Chair, to evaluate the Chair's performance and lead the Board's succession planning, and to serve as an intermediary for the other Directors where necessary.

Following Itai Pazner's departure as CEO in January 2023, Lord Mendelsohn was appointed Executive Chair on an interim basis whilst a replacement is recruited. Whilst in this position, Lord Mendelsohn will take on both roles and will be supported by the Executive Committee, Senior Independent Director and the Board.

Reserved powers and delegation

A schedule of matters reserved to the Board has been adopted and is reviewed and updated regularly to align it with operational needs and the Board's preference to monitor and, where appropriate, approve matters of substance to the Group as a whole. The most recent review and update was May 2021 and is available on the Group's website.

Independent Directors

More than half of the Board, excluding the Chair, are Non-Executive Directors determined by the Board to be independent for the purposes of the UK Corporate Governance Code. The Board is confident that Mark Summerfield, Limor Ganot, Anne de Kerckhove, Andrea Gisle Joosen and Andria Vidler are and remain independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

COMPOSITION, SUCCESSION AND EVALUATION

Board composition

During 2022, the composition of the Board was enhanced with the appointment of four additional non-executive directors. It comprised the following Non-Executive Directors: Lord Mendelsohn (Chair), Anne de Kerckhove (Senior Independent Director), Mark Summerfield, Limor Ganot, Andrea Gisle Joosen (from 5 July 2022), Andria Vidler (from 5 July 2022), Randy Freer (from 5 July 2022 to 31 August 2022) and Ori Shaked (from 13 September 2022), as well as Executive Directors Itai Pazner (to 29 January 2023) as Chief Executive Officer, and Yariv Dafna as Chief Financial Officer.

The biographical details of all of the Directors, setting out their relevant skills and experience and their professional commitments, are given on pages 90 and 91.

Board succession

Succession planning is delegated to the Nominations Committee and more information can be found on page 98. Matters within the remit of the Nominations Committee are also on occasion considered by the Board. Non-Executive Directors are currently appointed to the Board for an initial three-year term, extendable by a further two additional three-year terms. The terms and conditions of appointment of Non-Executive Directors and the service contracts of Executive Directors are available to shareholders for inspection at the Company's registered office during normal business hours and at the AGM.

Board evaluation

The Board has established a formal process for the annual evaluation of its performance, and the performance of its committees and individual Directors. The evaluation process covers a range of issues such as Board processes, composition, roles and responsibilities, agendas and committee processes, as well as Board dynamic and communication.

In accordance with the Code and the FRC Guidance on Board Effectiveness, we annually evaluate the performance of the Board and its Committees to assess their effectiveness. Led by the Chair, the performance evaluation considers the balance of skills, experience and independence of the Board. The annual performance evaluation is externally facilitated every three years. The January 2022 performance evaluation was externally facilitated by Fidelio Partners and an update on progress of the actions arising from this review is set out below.

2022 evaluation recommendations	Progress
Establish a clear understanding of the work of the Board with the business	Guidance provided to executive team on role of the board and reporting requirements. Updated roles and responsibilities document produced. Terms of reference reviewed annually.
Ensure Board Reporting requirements are well understood	Deep dive topics for year and key themes build into board calendar. Template for board reporting and guidelines prepared and rolled out. Board and committee calendars agreed for 2023 and 2024.
Build out employee engagement plan	Workforce designated NED appointed and is scoping the engagement programme. Employee engagement questionnaires provided to the Board.
Increase the size of the Board paying close attention to dynamic and effectiveness	Additional non-executive directors appointed with appropriate skills and experience in gaming, remuneration and ESG. Induction programme developed and rolled out.
Develop Committee effectiveness	Review of Committee make-up underway. Additional executive capability in place to support the Remuneration Committee.
Keep under review stakeholder engagement and D&I	Stakeholder map updated following acquisition. Regulatory and safer gambling framework updated.

CORPORATE GOVERNANCE REPORT CONTINUED

COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

Board evaluation continued

In 2023 the Board undertook an internal evaluation facilitated by the Company Secretary. Following the evaluation, the Board was satisfied that each of the Non-Executive Directors continues to be effective and to demonstrate commitment to their respective roles, and proposes them for re-election or election at the 2023 Annual General Meeting.

Shareholder Engagement

The Company maintains an active and regular dialogue with principal and institutional shareholders and sell-side analysts through a planned programme of investor relations and financial PR activity. The Board keeps up to date with the views of major shareholders through meetings and discussions with shareholder representatives and receives regular feedback directly from investor relations reports and broker updates at each board meeting. The programme of engagement includes formal presentations of full year and interim results, analysts' conference calls and periodic roadshows and discussion of the Company's strategy and governance. The Company Secretary engages with proxy advisers in advance of any shareholder meetings. In addition, throughout the year, the Chair of the Remuneration Committee has consulted with major shareholders on proposed Executive Director remuneration. Details of engagement with shareholders during 2022 are set out on page 96.

The Non-Executive Directors are available to talk to shareholders if they have any issues or concerns or if there are any matters where contact with the Chair, Chief Executive Officer and Chief Financial Officer is inappropriate or where such contact has failed to resolve the issue.

Key Stakeholders

The Company's key stakeholders are its shareholders and debtholders, customers, regulators, colleagues and partners as well as the communities in which it does business. The Board takes care to engage with its stakeholders, as detailed on pages 32 and 33 and within the ESG Report on page 34 and the Remuneration Report on page 108. All papers presented at board meetings include details of how the interests of the Company's key stakeholders are considered in Board discussions and decision-making as required by the UK Corporate Governance Code and, whilst as a Gibraltar company, the UK Companies Act 2006 does not apply to the Company, the matters set out in section 172 are taken into account by the Board in its decision-making to the extent permitted under Gibraltar law.

EGM May 2022

In May 2022 an Extraordinary General Meeting of the Company took place at which the sole resolution proposed was to approve the acquisition of William Hill. In advance of this meeting there was extensive engagement with shareholders, particularly regarding the means of funding this transformational acquisition.

The acquisition was overwhelmingly supported by the Company's shareholders with over 99% of total votes cast in favour.

1. References in this Annual Report to Company Secretary refer to Elizabeth Bisby and for Gibraltar corporate purposes Straits Secretaries (Gibraltar) Limited.

AGM 2022

All resolutions proposed at the AGM in June 2022 were overwhelmingly supported with at least 91% of total votes cast in favour. The next AGM will be held in May 2023 and the majority of Board members will attend the meeting and be available to answer questions.

Directors' insurance cover

The Company has arranged and maintains, at its expense, a directors' and officers' liability insurance policy in respect of legal actions against its Directors, as recommended by the UK Corporate Governance Code. To the extent permitted by Gibraltar law, the Company may also indemnify the Directors. Neither the insurance nor the indemnity provides cover where a Director has acted fraudulently or dishonestly.

Development and advice

The Chair regularly agrees and reviews each Director's training and development needs. Members of the Board committees receive specific updates on matters that are relevant to their role. Members of the Executive Committee with responsibility for the Group's business make periodic presentations at Board meetings about their functions, performance, markets and strategy.

Information and support

All Directors have access to the advice and services of the Company Secretary[1] and the Company's nominated advisers, who are responsible for ensuring that Board procedures are followed. Directors are able to seek independent professional advice, if required, at the Company's expense provided that they have first notified the Company of their intention to do so.

Under the direction of the Chair, the Company Secretary's responsibilities include ensuring information flows within and between the Board, its Committees and the executive team, as well as facilitating induction, evaluation and professional development activities, and advising the Board on corporate governance, legal and procedural matters.

Conflicts of interest

Conflicts of interest of the Directors are dealt with in accordance with the procedures set out in the Articles and are monitored by the Chair. Specifically, a Director does not vote on Board or Committee resolutions in which they or persons connected with them have an interest (other than by virtue of a shareholding in the Company) which is to their knowledge material, except in specific limited circumstances. The Board is confident that the appropriate checks and balances are in place to identify and minimise potential conflicts of interest.

Gaming Compliance Committee

In accordance with Nevada Gaming Control Board requirements, the Board has appointed a Gaming Compliance Committee. Its current members are Mark Summerfield and Yariv Dafna, in addition to an external leading Nevada lawyer, Michael Alonso, who chairs the Committee.

The Gaming Compliance Committee is entrusted with making sure that the Group's licensed gaming activity is carried out with honesty and integrity, in accordance with high moral, legal and ethical standards, and free from criminal and corruptive elements. As such, the Committee is responsible and has the power to identify and evaluate situations arising in the course of the Company's and its affiliates' business that may adversely affect the objectives of gaming control.

The Committee is not intended to displace the Board or the Company's executive officers with decision-making authority, but is intended to serve as an advisory body to better ensure achievement of the Company's goals of avoiding unsuitable situations and in entering into relationships exclusively with suitable persons.

The Committee's work is being done independently and impartially. To this end, its members are appointed by and report directly to the Board of Directors.

Other Disclosures

The following matters can be found in this report on the following pages:

Applicable sub-paragraph within LR 9.8.4	Disclosure provided
(1) Interest capitalised by the Group	N/A
(2) Publication of unaudited financial information	N/A
(3) Details of long-term incentive schemes only involving a Director	N/A
(4) Waiver of emoluments by a Director	N/A
(5) Waiver of future emoluments by a Director	N/A
(6) Non pro-rata allotments for cash (issuer)	N/A
(7) Non pro-rata allotments for cash by major subsidiaries	N/A
(8) Parent participation in a placing by a listed subsidiary	N/A
(9) Contracts of significance	N/A
(10) Provision of services by a controlling shareholder	N/A
(11) Shareholder waivers of dividends	N/A
(12) Shareholder waivers of future dividends	N/A
(13) Agreements with controlling shareholders	N/A

On behalf of the Board:

Lord Mendelsohn
Executive Chair
14 April 2023

Nominations Committee

Anne de Kerckhove
Chair of the Nominations Committee

KEY ACTIVITIES 2022

- Reviewing the composition of the Board including assessing any gaps in the balance of skills and experience.
- Selection of additional non-executive directors taking account of the above composition review.
- Development of tailored induction plan for new non-executive directors.
- Monitoring the board evaluation process which is described on page 95.
- Implementing the Board's diversity policy which is described on page 99 (including considering the gender balance of senior executives and their direct reports).
- Supporting the development of a diverse pipeline of candidates for senior management.

Membership in 2022	Meeting attendance
Anne de Kerckhove (Chair)	2/2
Mark Summerfield	2/2

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the Nominations Committee Report for the year to 31 December 2022. The Committee has been busy this year with the selection and onboarding of 3 new Non-Executive Directors who bring additional skills and experience to enhance the Board's strategic approach and decision-making. The Committee has also reviewed the changes to the Executive Committee following the acquisition of William Hill and their direct reports.

The Nominations Committee, as a sub-committee of the Board of Directors, is responsible for monitoring the composition and diversity of the Board, overseeing the process of selecting and nominating directors, ensuring they receive an appropriate induction and determining succession plans for the Chair, CEO and other key roles. The Nominations Committee's terms of reference are available on the Company's website.

In 2022 the Nominations Committee was comprised of Independent Non-Executive Directors Anne de Kerckhove (Chair) and Mark Summerfield.

Succession Planning

The Committee regularly reviews succession plans for the Board, including the structure, composition and skills required to support the Group's strategy. The Committee also considers succession planning for the Executive Committee and other key roles within the senior leadership team, as well as initiatives underway to develop talent internally.

At both Board and Executive level, 2022 was a year of significant change with the strengthening of the Board through the appointment of 3 additional non-executives and the establishment of a group Executive Committee made up of senior leaders from both 888 and William Hill, together with new recruits. The establishment of the Executive Committee was a key part of the integration process as outlined in the People Section of our Sustainability Report on page 40 and provides strong leadership across the business.

Following the announcement in January 2023 that Itai Pazner was leaving the business, he was immediately succeeded by Lord Mendelsohn as Executive Chair to ensure continuity of leadership. The Nominations Committee has taken the lead in the search for a new CEO with a focus on the skills and experience required to lead the combined group.

The Committee is also managing the recruitment of a new CFO to replace Yariv Dafna when he steps down at the end of 2023.

Appointment of new non-executive directors

Following a review by the Committee in 2021, it was agreed to search for two additional directors based on an agreed skills matrix. The Board appointed the search firms Russell Reynolds Associates and Odgers Berndtson to assist the Nominations Committee's work. Both firms are independent and have no connection with the Company.

Due to the exceptional candidates, Randy Freer, Andrea Gisle Joosen and Andria Vidler were appointed on 5 July 2022. Due to other commitments, Randy Freer stepped down on 31 August 2022. In addition, Ori Shaked was appointed on 13 September 2022 Group's largest shareholder exercising its right to appoint a non-executive director. All the new non-executive directors completed a tailored induction process facilitated by the Company Secretary with oversight from the Chair.

New director induction programme:

- each new non-exec was assigned with a mentor from the current Board as a point of contact and sounding board;
- introduction to the Executive Team with deep dive sessions on their key areas including operations, retail estate, strategic overview, corporate culture;
- briefing session on the financial structure of the organisation, key financial metrics, principal risks and the Company's internal control framework;
- training provided on corporate governance including PLC requirements, directors' duties, share dealing, inside information, Listing Rules and Market Abuse Regulations;
- product test accounts were provided;
- briefing provided on regulatory compliance and licencing in various jurisdictions including licencing obligations of directors;
- introductions to the Company's external advisers;
- briefing notes on investor relations, market perceptions and key stakeholder engagement was provided;
- provided with key corporate documents including the Articles of Association, previous board papers and minutes, the Schedule of Matters Reserved for the Board and details of where other resources could be attained as necessary; and
- provided with details of the Directors and Officers Insurance.

Board diversity policy

The Nominations Committee is also responsible for pursuing diversity within the scope of its mandate, including setting measurable objectives and monitoring progress on achieving such objectives. The Group has adopted a Board Diversity Policy which takes account of the requirements of the Code, the Parker Review on ethnicity and the Hampton Alexander Review on gender diversity and is available on our website. We aim to have a Board that is well balanced and has the appropriate skills, knowledge, experience and diversity for the needs of the business without compromising on the quality or merit of candidates including their aptitude and ability. In considering new Board appointments, the Committee considers diversity in the broadest sense including diversity of thought, age, gender, nationality, independence, educational and professional background, social and ethnic background, business and geographic experience in order to create an appropriate balance.

The Board is pleased to confirm that it has exceeded the Hampton-Alexander Review target of 33% female representation on the Board. Details of the Company's diversity position and involvement of women in management of the Group are set out in the Sustainability section of the Strategic Report on pages 34 to 45.

The geographic diversity of the Board is representative of the operational centres of the Group and includes directors with British, Israeli and European backgrounds. However, the Board is also cognisant of the Parker Review recommendations regarding ethnic diversity and has at least one director from an ethnic minority background on the Board. It will also take these considerations into account in our future appointment as it wants to continue to improve diversity on both the Board and in the senior leadership of the Group. Further information on the Group's diversity objectives are contained in the Sustainability section on page 42.

Commitment

The terms of appointment for each Non-Executive Director, including expected time commitment are available for inspection at the Company's registered office during normal business hours and at the AGM. Non-Executive Directors are required to allocate sufficient time to perform all applicable roles and to both disclose any external appointments and consult with the Company prior to accepting any new major external appointments. It is the Committee's view that all Directors have allocated sufficient time to fulfil their commitment and to meet their Board obligations and responsibilities.

Re-election and appointment of Directors

The effectiveness and commitment of each of the Non-Executive Directors is reviewed by the Committee annually. The Committee has satisfied itself as to the individual skills, relevant experience, contributions and time commitment of all the Non-Executive Directors, taking into account their other offices and interests held. The Board is recommending the election or re-election to office of all Directors at the 2023 AGM.

Anne de Kerckhove
Chair of the Nominations Committee
14 April 2023

ESG Committee

Andria Vidler
Chair of the ESG Committee

KEY ACTIVITIES IN 2022

- Review and approval of "Made for the Future" ESG framework.
- Reviewed plans for implementation of the carbon reduction plan.
- Received updates on the progress on KPIs including on safer gambling, people and the environment.
- Reviewed scores by rating agencies and plans for improvements.
- Reviewed and approved evolved ESG framework for the combined group – "Players, People, Planet" see page 35 for more details.
- Approved new ESG governance structure and terms of reference for the ESG & Sustainability Committee.
- Reviewed and considered the climate related scenario analysis report see page 68 for the TCFD Report.

Membership in 2022	Meeting attendance
Lord Mendelsohn (Chair)	3/3
Anne de Kerckhove	3/3
Mark Summerfield	3/3

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to present the ESG Committee Report for the year to 31 December 2022. During this period the Committee was chaired by Lord Mendelsohn, who stepped down upon his appointment as Executive Chair in January 2023. I would like to thank him for his service and for guiding the huge amount of work done by the 888 and William Hill teams to align our ESG strategies and processes and to ensure that the combined group has the right frameworks in place to support sustainable growth.

Membership

The ESG Committee is composed of three independent non-executives, with other board members including the Executive Chair and CFO are invited to attend the Committee meetings. The Chief Strategy Officer and Chief Risk Officer also attend the meetings and provide operational updates to the Committee. The Group has also recently appointed an ESG and Sustainability Director who has executive responsibility for the Group's ESG strategy.

The Committee's terms of reference are available on the Group's website.

The Committee is responsible for reviewing the Group's ESG strategy and setting relevant KPIs, developing and reviewing relevant policies and practices and providing oversight of the implementation of these plans. In 2022, the CEO was the executive responsible for monitoring ESG activity and progress within the Group, with the Executive Chair now taking over this responsibility.

Following the acquisition of William Hill an updated ESG framework was developed for the Group. Further details of which are contained in the Sustainability on pages 34 to 45.

Safer Gambling

Safer gambling continues to be a key focus for the Committee and Player Safety is a core pillar of our ESG framework. The Committee received regular updates on safer gambling and related matters and the significant changes and improvements implemented throughout 2022 to encourage safer gambling with new tools and technology.

Workforce Engagement

In 2022 the Committee reviewed methods of engagement and Anne de Kerckhove was appointed as the Non-Executive Director designated as the workforce engagement representative. The acquisition of William Hill has significantly altered the location, demographic and number of colleagues in the Group from last year. With the combination of two corporate cultures, it has never been more important to ensure that the Board listen to and understand the views, interests and concerns of the workforce and take these into consideration prior to making decisions. There has been increased communication with colleagues to keep them updated on business changes and regular anonymous NPS surveys to allow ongoing feedback and temperature checks on employee sentiment. The results of which are shared with the Committee and Board. Further details are set out on pages 40 and 41.

ESG: At the heart of decision making

Climate change and the environment

The Committee recognises the importance of minimising the business' environmental footprint. In comparison to other sectors the 888 group's impact on the environment is relatively low as our product is largely digital. 888 achieved a B- CDP rating, and retaining membership of the FTSE4GOOD index. William Hill also made significant progress in this area prior to the completion of the acquisition including becoming certified as carbon neutral this year across its Scope 1 and Scope 2 emissions – a fantastic achievement considering the size of our large retail estate. Our carbon reduction plan has been updated for the combined group and scenario analysis conducted by a cross functional team together with Board representation was completed in 2022. While we still have work to do, good progress has been made to develop additional risk planning and incorporate these into group strategy and long-term plans. Further details are included in the Sustainability report on pages 34 to 45.

Andria Vidler
Chair of the ESG Committee
14 April 2023

Q/ Having recently taken over as Chair of the ESG Committee, what will your focus be over the next 12 months?

A/ Following the acquisition of William Hill in 2022 we have evolved our ESG framework taking account of the new combined business. That framework is called Player, People & Planet and through it we have bigger, bolder ambitions and my focus will be on ensuring that we have the strategy and structure in place to achieve those objectives whilst challenging the executive team to deliver on their plans. The focus for the next 12 months will be developing ESG KPIs for the combined group and implementing the strategies required to deliver on them. Player protection needs to be at the forefront of our thinking and we need to ensure we are doing out utmost to protect the small but important number of vulnerable customers who are at risk of harm from gambling.

Q/How does ESG factor into the Board's decision making?

A/We have developed an ESG governance process to ensure that key decisions are brought to the ESG Committee who have oversight our three framework pillars. The Board has ultimate accountability and understands that to build a sustainable business and achieve our goals we must build long term, mutually beneficial relationships with players, ensure our colleagues thrive and ensure we protect the planet. The impact of the Board's decisions on these and our other key stakeholders are considered in every item brought to the Board. Safer gambling is a key pillar of our ESG framework. We believe gambling to be entertainment, a fun, leisure activity. All decisions made by the Board are underpinned by our safer gambling approach. It is integrated into our day to day operations through formal controls such as risk assessments and also through embedding a safer gambling focused culture in our colleagues. We are establishing a range of goals related to different areas against which the Board will receive regular updates about progress. The executive team will also have ESG targets included as part of their annual bonus.

Q/ What have you been most impressed with in relation to ESG since you have joined the Board?

A/ In this challenging year with the combination of two businesses, I have been impressed with how colleagues across the group have worked together to understand each other's operations and develop our new ESG framework. From a people perspective, the engagement of colleagues in our integration and plans for the future has been positive to see. In relation to player safety, I've been struck by the passion with which colleagues care about customer protection. From a product perspective we have some good features to build on; we launched an intuitive Profit & Loss product feature to the William Hill app and enhanced the control centre product on 888. Finally, I joined colleagues from across the business for two climate related scenario analysis workshops and I was impressed by the outputs which will build into our future risk management strategy.

Audit Committee

Mark Summerfield
Chair of the Audit Committee

KEY ACTIVITIES 2022

- The Audit Committee has continued to carry out a key role within the Group's governance framework, supporting the Board in monitoring and reviewing the systems for risk management, internal control and financial reporting.
- Reviewed the updated risk register and framework following the acquisition of William Hill.
- Approved the internal audit plan for the year and received the internal audit reports.
- Reviewed and recommended to the Board for approval the FY2021 annual report and accounts and FY2022 half year results.
- Received reports from the external auditors on key audit findings.
- Reviewed and approved updates to policies including the Whistleblowing Policy, Anti-Bribery & Corruption Policy and Business Continuity Plan.
- Oversaw the response to the UK Gambling Commission compliance assessments and remedial actions.

Member of Committee	Meetings attended
Mark Summerfield	5
Limor Ganot	5
Anne de Kerckhove	4

DEAR SHAREHOLDERS

On behalf of the Board, I am pleased to present the Audit Committee report for the financial year-ended 31 December 2022. This has been a transformational year for the Group, with the acquisition of the William Hill business and the changing shape of the Group's financial statements. The Committee's primary functions were unchanged this year and included assessing the integrity of the Company's financial statements, maintaining an appropriate relationship with and reviewing the independence and effectiveness of the Company's external auditor, and reviewing the Company's system of internal controls and risk management. I would once again like to thank my colleagues, Anne de Kerckhove and Limor Ganot for their support during another busy year!

In this letter I explain to shareholders the responsibilities of the Committee, highlighting those of particular importance this year. The pages following contain more detail on the matters considered.

During the year, the Audit Committee has continued to carry out a key role within the Group's governance framework, supporting the Board in monitoring and reviewing the systems for risk management, internal control and financial reporting.

At the request of the Board, the Committee reviewed this Annual Report and advised it considers sufficient information has been provided to give shareholders a fair, balanced and understandable account of the business and allow them to assess its position and performance, business model and strategy. It also assessed the Group's viability, in line with the Code requirements, prior to reporting to the Board for approval. Further, the Committee ensured that the financial performance aspects of all communications with shareholders were carefully considered.

While risk management remains a Board responsibility, the Committee has worked with the Board and Group management to ensure that significant risks are considered on an ongoing basis and that appropriate responsibilities and accountabilities for the related controls have been set. An associated Committee responsibility is to review the scope, nature and effectiveness of the work of the internal audit team, as well as ensuring that the business responds to the recommendations made.

Internal audit work was conducted by Deloitte across the 888 business and by the William Hill internal audit team, supported by Grant Thornton, for the William Hill business. The scope of their plans were agreed with both management and the Committee to ensure they help the Board consider the effectiveness of controls over certain of the significant risks disclosed in these accounts. Going forward the internal audit work and plan will be managed by the Group's Internal Audit team, which will agree the plan with the committee. The plan will be delivered with the support of the Deloitte internal audit team.

The Committee monitors and reviews the effectiveness and key aspects of the external audit process, including the annual audit plan and audit findings, as well as the auditors' independence and objectivity. It also recommends the audit fee to the Board and sets the Company's policy on the provision of non-audit services by the external auditor. EY UK is the auditor for the purposes of the Company preparing financial statements as required pursuant to the UK Listing Rules and the Disclosure and Transparency Rules. EY Gibraltar is the Company's statutory auditor including for the purposes of issuing an audit report pursuant to the Gibraltar Companies Act 2014.

Further information on the Committee's responsibilities and the way they were discharged are available on 888's corporate website: corporate.888.com. In light of the migration of tax residence of 888 Holdings plc to the UK in January 2022, the Committee's terms of reference were amended to allow for meetings of the Committee also to be held in the UK.

We seek to respond to shareholders' expectations in our reporting and would welcome feedback. I am available to speak with shareholders at any time and shall also be available at the Annual General Meeting in May 2023 to answer any questions.

Sincerely,

Mark Summerfield
Chair of the Audit Committee
14 April 2023

HIGHLIGHTS OF THE COMMITTEE'S WORK DURING YEAR WERE CONSIDERATIONS OF:

Topic	Challenges Raised
The impact of changes to the complex legal and regulatory environment in which the Group operates on its business, sector and market, together with the Group's ongoing engagement with regulatory bodies.	The Committee examined management's assessment of legal and regulatory risks in key markets, focusing on any changes in the environment and communication with regulators, together with the appropriateness of the Group's response. During the year there has been considerable engagement with the regulators in the UK and Gibraltar. While the committee has worked closely with the Group's new Chief Risk Officer on the approach to the matters raised, the Group's response to the regulators has been primarily handled at Board level.
The assessment of the risks facing the business.	The Committee reviewed the risk register and risk appetite statement, updated to reflect the enlarged Group after the acquisition of William Hill to ensure that it is an accurate and relevant reflection of the Board's approach to risk management. Moving forward, the committee is working with the Chief Risk Officer to embed enhanced risk management within the group. It is anticipated that once the new framework is complete, the Committee will become the Audit and Risk Committee.
Integration and exceptional items	The Committee reviewed the integration plans; ensuring the structure and governance of the programme was appropriate and that controls continue to be maintained throughout the integration programme. The Committee reviewed the treatment of exceptional items, in particular those associated with the integration programme and agreed with management's presentation of costs as exceptional.
The viability statement and going concern statement prepared by management.	The Committee reviewed management's analysis of the Company's going concern and viability statement, including updated forecasts, downside scenarios including an assessment of mitigations available to the Group and a reverse stress test and advised the Board accordingly. The Board has concluded that the Company has adequate resources to continue in operational existence for the foreseeable future.
The Group's exposure to corporation tax, gaming duties, VAT and similar taxes	The acquisition of William Hill and the planned integration of the two businesses allowed the opportunity for the Committee to review the tax arrangements in place within both business and approve an appropriate tax structure for the Group presented by management. A new UK Tax Strategy has been agreed and published on our website and the integration has been planned with tax considerations a key element.
Valuation of assets and liabilities acquired within William Hill business	The Committee reviewed the analysis of the valuation of the assets and liabilities acquired within the William Hill business and the corresponding goodwill generated from the acquisition. This included the split of goodwill between segments and the valuation of specifically identified intangible assets on acquisition such as brand and customer relationships. It concurred with management's view on the valuations and the corresponding goodwill value of £786m generated from the acquisition representing a number of factors such as the future growth of the William Hill business, potential to achieve buyer specific synergies and the value of the workforce. The Committee also reviewed the impairment testing of the goodwill acquired on the William Hill acquisition and concurred with management's view that there were no impairments of this goodwill.
The carrying value (including goodwill) of the US business	The Committee carefully considered the prospects of the US business given market developments and the changing economic environment. The latter has led to a significant increase in discount rates compared to the prior period. As such, and despite the opportunities provided by the regulation of certain US states, the Committee concurred with management's view that an impairment of the US B2C business was required.
The Group's anti-bribery, anti-money laundering and whistleblowing obligations.	The Committee reviewed the Company's policies to ensure they remain relevant to the Company's business and the regulatory environment in which it operates. A new whistleblowing policy, incorporating best practice across both businesses, has been agreed and announced.

AUDIT COMMITTEE CONTINUED

HIGHLIGHTS OF THE COMMITTEE'S WORK DURING YEAR WERE CONSIDERATIONS OF: CONTINUED

The Group's corporate governance arrangements, including the risk register, going concern and viability statements and corporate policies have been reviewed and updated in 2022 as a result of the acquisition of William Hill and the accompanying financing.

COMMITTEE COMPOSITION

During 2022, the Committee comprised three independent non-executive directors, being Mark Summerfield, Limor Ganot and Anne de Kerckhove.

Two members constitute a quorum. The Committee requires the inclusion of at least one financially qualified member with recent and relevant financial experience. The Committee Chair fulfilled that requirement. The Committee has competence relevant to the online gaming sector and all members of the Committee have an understanding of financial reporting, the Group's internal control environment, relevant corporate legislation, the functions of internal and external audit and the regulatory and compliance framework of the business. Specifically, Mr. Summerfield was both an auditor and worked within the sector, Ms. de Kerckhove has extensive strategy, entrepreneurial and sector experience, and Ms. Ganot is both a qualified CPA and has extensive experience as a venture capital fund manager.

In addition to scheduled meetings, the Committee Chair met with the Chief Financial Officer and the internal and external auditors on several occasions. Although not members of the Committee, the Chair of the Board, Chief Executive Officer and Chief Financial Officer attend meetings, together with representatives from the internal and external auditors.

OUR WORK IN 2022

In planning its work, the Committee has reference to the significant risks that may have an impact on the financial statements. During the year there were no matters where there was significant disagreement between management, the external auditor and the Committee, or unresolved issues that required referring to the Board. The key matters discussed by the Committee during the year were as follows:

Legal and regulatory environment

The Group operates within an increasingly regulated marketplace and is challenged by regulatory requirements across all areas of its business. This creates risk for the Group as non-compliance can lead to financial penalties, reputational damage and the loss of licences to operate. As part of this process, the Board and Audit Committee received updates from management and discussed follow-up actions in response to regulatory matters relating to customer activity in prior periods. The Group manages its regulatory risk with input from its legal advisers in order to operate its business in compliance with relevant regulatory requirements. The Group works with its lawyers and Chief Risk Officer to produce regular updates so that the Board and Audit Committee understand what is happening in the regulatory landscape.

During 2022, the Board and Audit Committee received regulatory briefings from the Company's lawyers and reviewed updates on the management of regulatory risk from the Chief Risk Officer, as well as reviewing the status of litigation and regulatory reviews involving the Group and the related accounting for the Group's obligations in the financial statements. The Committee considered the evolving risk environment and approved the proposed alignment of approaches between 888 and William Hill as regards Austrian player litigation. It has also approved changes to compliance and quality assurance controls in other markets where the regulatory regime has evolved. Please refer to note 22 of the financial statements for further detail on Austria player litigation specifically.

The Audit Committee also had a key role during 2022 working with the Board in overseeing the Company's response to the UK Gambling Commission compliance assessments and ensuring all remediation actions were executed by management in response to the Gambling Commission's findings. The Committee was also involved in the engagement with the UKGC regarding the license review of William Hill, despite the fact that it was related to activity before the acquisition date.

Acquisition accounting

As set out on note 16, the acquired assets and liabilities of William Hill have been valued on acquisition with the remaining value recognised as goodwill. The Committee reviewed the analysis of the valuation of the assets and liabilities acquired within the William Hill business and the corresponding goodwill generated from the acquisition. This included the split of goodwill between segments and the valuation of specifically identified intangible assets on acquisition such as brand and customer relationships. It concurred with management's view on the valuations and the corresponding goodwill value of £786m generated from the acquisition representing a number of factors such as the future growth of the William Hill business, potential to achieve buyer specific synergies and the value of the workforce.

Taxation

The Board oversees and sets the Group's tax strategy and evaluates tax risk. In undertaking this task, the Group's internal tax team is supported by external legal and tax advisers. During the year, the Group's Head of Tax has kept the Board and Audit Committee apprised of both existing and emerging tax risks as well as an assessment of the tax risks across the enlarged Group, in particular as the organisational design of the Group has evolved.

In 2022, the Board and Audit Committee discussed the Group's tax related matters including the Group's tax and intellectual property holding structure. and the tax impact of organisational and operational change across the new combined business. The Committee also received detailed updates on the tax implications of migrating the tax residency of 888 Holdings plc to the UK which was effected in January 2022 and a report from advisers on the indirect tax issues relating to the Group's Spanish operations. The Committee noted that the Group registered for taxes in relevant jurisdictions in order to ensure timely reporting and payment on the correct basis, while reserving its position concerning contesting possible existence of a liability in appropriate cases. For further information, see notes 9 and 26 to the financial statements.

Goodwill and impairment reviews

As set out in note 12 to the consolidated financial statements, the Group has significant goodwill and other intangible assets identified on acquisition relating to the acquisitions of William Hill and the US B2C businesses.

The Committee reviewed the cash flow forecasts supporting the carrying value of goodwill and other intangible assets including the key assumptions and estimates as well as the impact of the recent and potential regulatory developments and the impact of the external economic environment on discount rates. This led to an impairment required in relation to the carrying value of the US B2C business driven by the market developments and developing strategy of the US business as well as increasing discount rates. There were no impairments noted relating to the goodwill recognised on acquisition of William Hill.

The Committee reviewed whether there were other triggers for impairment across the remainder of the Group with an impairment noted surrounding specific items of software acquired with William Hill that is not required by the Group going forward.

Revenue Recognition and Development Costs Capitalisation

Revenue recognition and the capitalisation of development costs are areas of material risk in relation to the preparation of the financial statements. The Committee has considered the Group's accounting policies in these areas, including the respective policies of 888 and William Hill and the alignment of these policies and has concluded that the Group's recognition of income and capitalisation of development costs is appropriate.

IT systems

888's IT systems are complex and predominantly developed in-house and the current framework is more complex as the integration of IT systems between 888 and William Hill is still in progress. The success of the business relies on the development of IT platforms that are innovative and appealing to customers. In addition, the integrity and security of the IT systems are vital from a commercial standpoint as well as to ensuring a robust control environment. The 888 and William Hill businesses currently operate on different ERP finance systems. The Committee has considered this within the context of the preparation of the financial statements and notes the transition onto one ERP finance system as part of the integration programme.

The Audit Committee oversaw internal audit's continuing review of the Group's cyber incident response capability and as an outcome of this process the Company obtained the ISO14001 in 2022.

Internal controls and risk management

The Board has overall responsibility for ensuring that the Group maintains a sound system of internal control. There are inherent limitations in any system of internal control and no system can provide absolute assurance against material misstatements, loss or failure. Equally, no system can guarantee elimination of the risk of failure to meet the objectives of the business. Against this background, the Committee has together with the Board developed and maintained an approach to risk management that incorporates risk appetite and tolerance, the framework within which risk is managed and the responsibility and procedures pertaining to application of the policy.

The Group is proactive in ensuring that corporate and operational risks are identified, assessed and managed by identifying suitable controls. A corporate risk register is maintained which details

1. The risks and impact they may have;
2. Actions to mitigate risks;
3. Risk scores to highlight the likelihood and implications of occurrence;
4. The owners of risks; and
5. Target dates for actions to mitigate.

A description of the principal risks is set out on pages 61 to 66.

The Board, supported by the Audit Committee, has confirmed that it has carried out a robust assessment of the principal risks facing the Group, including those which threaten its business model, future performance, solvency or liquidity.

In addition to the matters described above, the work of the Committee during the year included:

- Reviewing the draft interim and annual reports and considering:
  1. The accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports;
  2. Application of IAS 36 and 38;
  3. The significant accounting issues, estimates and judgements of management in relation to financial reporting;
  4. Whether any significant adjustments were required arising from the audit;
  5. Compliance with statutory tax obligations and the Company's tax policy;
  6. Whether the information set out in the Strategic Report was balanced, comprehensive, clear and concise and covered both positive and negative aspects of performance; and
  7. Whether the use of "alternative performance measures" obscured IFRS measures.
- Meeting with internal and external auditors, both with and in the absence of the executive directors.
- Reporting to the Board on how it has discharged its responsibilities.
- Making recommendations to the Board in respect of its findings in respect of all of the above matters.
- Review and approval of the external audit fee.

The Board considers that the processes undertaken by the Audit Committee continue to be appropriately robust and effective and in compliance with the guidance issued by the FRC.

The Committee believes that appropriate internal controls are in place through the Group. As 888 and William Hill are integrated, the organisational structure is being brought together to ensure that there are clear lines of responsibility and bringing together the most effective control processes across both businesses. The Committee also believes that the Company complies with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

GOING CONCERN AND FINANCIAL VIABILITY

During 2022, the Committee reviewed the appropriateness of adopting the going concern basis of accounting in preparing the full year financial statements, and assessed whether the business was viable in accordance with the Code. As part of the assessment, the Committee closely scrutinised the Group's major risks, both individually and how they might occur in combination, their financial impact, how they are managed, the availability of finance and the appropriate period for assessment. This included detailed modelling of the Company's assumptions underlying its forecast.

AUDIT COMMITTEE CONTINUED

GOING CONCERN AND FINANCIAL VIABILITY CONTINUED

In its going concern assessment, the Directors have considered a range of plausible downside scenarios as well as considering separate reverse stress tests. It has also considered the further actions available to the Group to conserve cash to mitigate the impact of any severe but plausible downside scenarios occurring.

The Committee challenged the identification of these scenarios linked to significant risks and the assumptions comprising the viability analysis carried out by management, and deemed appropriate the going concern basis of accounting and disclosure around both going concern and the viability statement. The Group's viability statement is on page 67.

FAIR, BALANCED AND UNDERSTANDABLE

The Committee considered whether the 2022 Annual Report is fair, balanced and understandable, and whether it provides the necessary information to shareholders to assess the Group's performance, business model and strategy. The Committee considered management's assessment of items included in the financial statements and the prominence given to them and ensured it followed a framework which supports the inclusion of key messaging, market and segment reviews, performance overviews, principal risks and other governance disclosures. The Committee also ensured that sufficient forward-looking information is also provided and a balance is sought between describing potential challenges and opportunities.

The Committee and subsequently the Board were satisfied that, taken as a whole, the 2022 Annual Report and Accounts are fair, balanced and understandable. The Committee ensured the steps undertaken by management were performed such that the Annual Report and Accounts remains fair, balanced and understandable including the following processes:

- The Group's Finance Department, Director of Investor Relations, Company Secretary and legal advisers initiate the process in coordination with the Group's public relations advisers, focusing on main themes and financial trends which primarily inform the Executive Chair's Statement, Strategic Report and Business & Financial Review. The draft statements are then reviewed and comments provided by Group senior management. Input was also provided by the Company's Risk team, Reward team and Remuneration and ESG consultants.
- The Group's Company Secretary leads the process of compiling the relevant legal and corporate governance sections, and obtains input from Group legal advisers, senior management and Board members as required.
- The Group's Risk team draft the regulatory review and risk report supported by legal advice received by the Group and developments in relevant risks and risk discussions held by the Board.
- The Group's remuneration consultant drafts the Directors Remuneration Report (including the Remuneration Policy) which is then reviewed by the Group's Reward team and the Remuneration Committee.
- The Group's Finance Department prepares the accounts. These are audited by the Company's auditors, who check amongst other matters that the Group has given appropriate attention to any relevant changes in accounting policies.
- The Group's CFO, Group Financial Controller and Director of Investor Relations review the entire Annual Report & Accounts and lead an iterative process pursuant to which the relevant internal and external stakeholders review and provide comments.
- The draft Annual Report & Accounts is presented to the Committee, which is also in possession of a detailed report from the external auditor, where a detailed discussion is held regarding key disclosures and the Committee's recommendations are provided to the Board.
- The Annual Report & Accounts is finally reviewed by the full Board for approval.
- Adequate time is given to each of the above steps to allow for full and meaningful review.

PERFORMANCE OF AUDIT COMMITTEE

The Audit Committee's performance was evaluated as part of the external Board evaluation in 2022 as detailed on page 106. The overall conclusion of the review was that the Committee remains effective in discharging its functions and reporting to the Board.

INTERNAL AUDITORS

The Internal Audit team provides independent assurance over the Group's risk management and internal control processes. The 888 internal audit function has historically been outsourced to Deloitte Israel, including in the period prior to the acquisition of William Hill and therefore Deloitte Israel were responsible for providing the Internal Audit plan. The Audit Committee reviewed and monitored the internal audit plan in accordance with the principal risks to 888's business as set out in the Risk Register.

Since the acquisition of William Hill, the incumbent William Hill Head of Internal Audit took responsibility as Head of Internal Audit across the 888 Group and has worked with Deloitte Israel across the remainder of the year.

The Committee has reviewed reports from both the in-house Internal Audit team and Deloitte Israel in relation to all internal audit work carried out during the year and monitored responses and follow ups by management to internal audit findings. In 2022, the Committee have received reports on Customer Due Diligence procedures, GAMSTOP – General IT Controls, Whistleblowing Policy, Accounts Payable processes; Payroll processes; Anti-bribery and corruption; procurement; integration; third party management and software management as well as presenting the 2023 internal audit plan. The Committee also received reports from FTI consulting, a UK compliance specialist, who were engaged to review 888 UK compliance controls and the Committee monitored responses and follow ups by management to their findings.

Certain matters were identified which required modifications to procedures and improved controls, which either have been or are being implemented by management.

EXTERNAL AUDITORS

EY has been the Company's external auditor since their appointment in 2014. The partners responsible for the external audit are Angelique Linares, a partner in EY's Gibraltar office, and Marcus Butler, a partner in EY's London office. Angelique and Marcus have been responsible for 888's audit since 2018 and 2021 respectively.

The Committee has reviewed the performance of EY in relation to the 888 audit, a process which involved all Board members and senior members of 888's finance function. Specific consideration was given to:

- Ensuring that safeguards put in place by the auditor against independence threats are sufficient and comprehensive;
- Ensuring that the quality and transparency of communications from the external auditors are timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive;
- Determining whether they had exercised professional scepticism, with regards to the reliability of evidence provided, the appropriateness and accuracy of management responses to questions, considering potential fraud and the need for additional procedures and the willingness of the auditor to challenge management assumptions;
- Considering if the quality of the audit engagement team is sufficient and appropriate – including the continuity of appropriate industry, sector and technical expertise.

Feedback is provided to the external auditor by the Audit Committee through one-to-one discussions between the Chair of the Audit Committee and the audit firm partner. Each year, the results of the review of the EY audit practice by the regulator is discussed with the audit team to determine the relevance to the 888 audit and how the team needs to respond.

The conclusions reached by the Committee were that EY had performed the external audit in a professional manner, and it was therefore the Committee's recommendation that the reappointment of EY be proposed to shareholders at the Annual General Meeting to be held in May 2023.

The Committee reviewed the reports prepared by the external auditors on key audit findings and any significant deficiencies in the financial control environment, as well as the recommendations made by EY to improve processes and controls together with management's responses to those recommendations. EY highlighted a small number of specific internal control weaknesses and management has committed to making appropriate changes to controls in areas highlighted by EY.

AUDIT TENDER

The Company is proposing to undertake an audit tender exercise, the result of which will not be known until after the 2023 AGM has been held. In the interim period, EY has indicated its willingness to continue to act as the Company's auditor until the outcome of the tender has been concluded. An update on the outcome of the tender exercise will be communicated once it has been completed.

The audit contract was last tendered for the year ended 31 December 2014 and no contractual obligations existed that acted to restrict the Audit Committee's choice of external auditors. Under the EU Audit Regulation and the Competition and Markets Authority "The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities)" Order 2014, the Company is required to run a competitive tender process in respect of auditor appointment no later than 31 December 2023 year end. The Board is planning to perform an audit tender process starting in Q2 2023 and concluding in Q3 2023. The Committee notes and confirms compliance with the other provisions of the Competition & Markets Authority Order 2014 in respect of statutory audit services for large companies.

AUDIT AND NON-AUDIT WORK

The Audit Committee remains mindful of the attitude investors have to the auditors performing non-audit services. The Committee has clear policies relating to the auditors undertaking non-audit work and monitors the appointment of the auditors for any non-audit work involving fees above £25k, with a view to ensuring that non-audit work does not compromise the auditors' objectiveness and independence. The Committee is committed to ensuring that fees for non-audit services performed by the auditors will not exceed 70% of aggregate audit fees measured over a three year period.

Fees payable to the auditor for audit and non-audit services are set out in note 5 to the Financial Statements on page 165..

This year, in undertaking the circular and prospectus for the proposed acquisition of William Hill and associated capital raise and debt issuances in 2022, the Company required the work of a reporting accountant, including an independent report on the working capital statement.

While the Audit Committee believed that EY, as our auditor, was best placed to perform this service, it was conscious of not wanting to compromise EY's auditor independence and therefore engaged with both EY and the FRC on this matter. Having obtained the FRC's clearance for EY to perform this work, the Audit Committee approved EY being appointed. Given the timing of the work, clearance was obtained to exceed the 70% non-audit fee cap for both the year ending 31 December 2021 and the year ending 31 December 2022.

As a result of EY's work on the circular and prospectus for the acquisition of William Hill and associated capital raise and debt issuances, total fees for non-audit services represented 34% (2021: 296%) of the total audit fees.

Factors considered by the Audit Committee in being satisfied as to EY's continued auditor independence in relation to undertaking this work included:

- The nature of the work and the relevant independence threats and safeguards put in place by EY. For example, the working capital exercise was carried out by a separate team and led by a separate engagement partner. In addition, there was no self-review threat as EY did not prepare any information used for financial reporting;
- The reporting accountants work provided is permissible under the FRC Ethical Standard; and
- EY have not performed perform any other significant non-audit services for the year ending 31 December 2021 or the year ending 31 December 2022.

In conclusion, the Committee remains:

- Satisfied with the effectiveness of the external audit and the interaction between the auditors and the Committee;
- Satisfied as to the auditor's qualifications, expertise and resources; and
- Confident that EY's objectivity and independence are not in any way impaired by the provision of non-audit services.

Remuneration Committee

Anne de Kerckhove
Chair of the Remuneration Committee

KEY ACTIVITIES 2022

- Review of the Executive Directors' Remuneration Policy in light of the acquisition of William Hill
- Review of performance targets for in-flight LTIP awards in light of the William Hill acquisition
- Review of long-term incentive plan rules
- Determination of 2022 remuneration outcomes
- Review of application of policy for 2023
- Investor consultation on Executive remuneration matters for 2022 and 2023
- Determination of leaving arrangements for the former CEO
- Determination of remuneration arrangements for the CFO

Member of Committee	Meetings attended
Anne de Kerckhove	4/4
Mark Summerfield	4/4
Limor Ganot	4/4

DEAR SHAREHOLDER,

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2022. This report sets out:

- my statement on the activities and decisions of the Remuneration Committee during the year;
- the annual report on remuneration, which explains how the current directors' remuneration policy was implemented in 2022 and how the policy will be implemented in 2023; and
- the directors' remuneration policy which was approved in May 2021.

As a company incorporated in Gibraltar, 888 Holdings plc is not bound by UK law or regulation in the area of Directors' remuneration to the same extent that it applies to UK incorporated companies. However, by virtue of 888's Premium Listing on the London Stock Exchange and reflecting the Committee's approach to good governance and investor expectation, we have prepared this report in line with the requirements of the Directors' Remuneration Reporting regulations.

OVERVIEW OF 2022 AND REVIEW OF POLICY

2022 has been a transformational year for 888 with the acquisition of the non-US business of William Hill in July. The acquisition has resulted in a significant increase in the business' scale and complexity, diversifying our offering and providing a powerful platform for sustained growth over the medium and long-term. 2022 has also been a difficult year with our operating environment becoming more challenging and moderation in market growth rates. Furthermore, in early 2023 we also announced the departure of our CEO and CFO with our CFO remaining with the business until the end of the 2023. Looking forward, 2023 will be another year of change for the business as we continue to progress with the integration of the two businesses to create an improved operating model delivering efficiencies, higher profit margins and shareholder return.

In my Annual Statement last year I said that the Committee would review the Executive Director's Remuneration Policy and operation of policy to ensure it continued to be appropriate in light of our business combination. The Committee carried out the review during the year, noting that the Policy is subject to its triennial vote at our 2024 AGM, and concluded that no changes are required for 2023.

The only Policy matter that the Committee committed to consider as part of the Policy review is annual bonus deferral. The Executive Directors are currently required to defer bonus over 100% of salary into shares that will vest in three equal tranches over 1, 2 and 3 years and the Committee has noted investor preference for a portion of any bonus paid to be deferred. As such, the Committee has determined that when the Policy is renewed at the 2024 AGM it will provide that at least one-third of any bonus paid is deferred into shares and will ensure that any bonus paid to new Executive Directors for 2023 prior to our Policy renewal will be voluntarily deferred on the same basis.

The Committee will consider again during the course of 2023 whether any other changes to Policy are required in advance of the 2024 triennial AGM policy vote.

BOARD CHANGES

We announced on 30 January 2023 that our Chief Executive Officer, Mr Pazner, stepped down from his role with immediate effect and he left the business on 3 March 2023. All unvested deferred share bonus awards and long-term incentive awards lapsed on cessation. Salary and normal benefits will be paid for the duration of the notice period. Certain relocation payments will also continue. There will be a duty to mitigate all payments.

Following the CEO's departure, our non-executive Chair Lord Mendelsohn assumed the role of Executive Chair on a full-time interim basis until a new CEO is appointed. As Executive Chair, Lord Mendelsohn will receive a fee of £670,000 p.a. He will not receive pension, annual bonus or long-term incentives. His fee will revert to £320,000 p.a. when his role transitions back to non-executive Chair.

As announced on 13 January 2023, the Board and Mr Dafna, Chief Financial Officer, mutually agreed that he will step down from the Board and as Chief Financial Officer. Mr Dafna will continue as Chief Financial Officer during his notice period until a new CFO is appointed. His remuneration for FY23 is set out below in the section explaining the operation of policy for FY23. He will be treated as a good leaver in respect of his unvested deferred bonus share awards and LTIP awards. Unvested deferred bonus shares will be retained in full and vest on the usual vesting date and LTIP awards will be subject to time-prorating and performance, also vesting at the usual time with the post-vesting holding period still applicable.

The Board was pleased to announce in 2022 the appointment of Andrea Gisle Joosen and Andria Vidler in July 2022 as Non-Executive Directors. Randy Freer was also appointed as a Non-Executive director but stood down on 31 August 2022 as a result of increased time commitments. In addition, following the Group's largest shareholder, Sinitus Nominees Limited in trust on behalf of Dalia Shaked, exercising its right to appoint a Non-Executive director, Ori Shaked was appointed as a Non-Executive Director in September 2022. The Non-Executive Directors receive fees which are in line with the fees for other Non-Executive Directors.

REVIEW OF INCENTIVE TARGETS IN LIGHT OF WILLIAM HILL ACQUISITION

The Committee has reviewed the performance targets for 2021 and 2022 in-flight LTIP awards following the business combination and considered if any adjustments are appropriate to take into account the expected performance of the larger business. No adjustments are required for the TSR elements of in-flight awards, and therefore the performance target range will remain as median to median +10% p.a.

For the 2021 award, the 2020 EPS is rebased to 21.27 pence to reflect the performance of the combined business with the Committee agreeing that no changes should be made to the 3% to 9% CAGR target range. For the EPS element of these awards to vest an adjusted EPS of 23.24 pence for threshold and 27.54 pence for maximum vesting is required in FY23. For the 2022 award, the 2021 EPS is rebased to 19.85 pence to reflect the performance of the combined business with both threshold and maximum targets increased to 26.25 pence to 29.13 pence being a range of 9.8% CAGR at threshold to 13.6% CAGR at maximum reflecting strong EPS growth expectations for FY24 and taking into account our commitment to deliver EPS of at least 35 pence by 2025.

REMUNERATION OUTCOMES FOR 2022

The annual bonus for 2022 was based on 888 (excluding William Hill) performance with 50% based on adjusted EBITDA, 20% on revenue excluding the US business and 30% on the achievement of strategic objectives. Adjusted EBITDA and revenue were below threshold. Performance against the strategic objectives accounting for 30% of the bonus was determined at 47.5% of maximum and 14.25% of the total bonus. However, given there is no payment under either of the financial elements, the underlying performance of the business and the shareholder experience, the Committee determined that no bonus should be payable.

Full details of the targets and actual performance are set out on page 119.

The LTIP awards granted in 2020 were based 50% on relative TSR performance and 50% on adjusted EPS performance measured over three financial years to 31 December 2022. 888's TSR was -37.4% over the performance period resulting in no vesting of that element. Given the timing of the business combination with only 6 months before the end of the 3 year performance period (ending 31 December 2022), the Committee determined that there should be no changes to the targets for the 2020 LTIP with performance against targets assessed on the 888 business alone.

Adjusted EPS growth over the performance period, based on 888 only, was 15.3% CAGR which is above the maximum target of 9% CAGR, and therefore this element will vest in full. The Committee has considered carefully whether the level of vesting is appropriate. The CEO's 2020 LTIP award has lapsed on his cessation of employment. The CFO's 2020 award was pro-rated on grant to reflect his appointment in October 2020 with a delayed grant date in March 2021 at a grant share price of £3.49. The Committee is comfortable that the level of vesting is appropriate for the CFO, taking into account performance against the targets and adjusted EPS achieved for the 888 business. The Committee also noted the lapsing of the TSR element of the award reflecting the shareholder experience and the overall vesting value of the award of £16,318 as well as wider remuneration decisions and outcomes, including no bonus payment for 2022 and a scaled back LTIP award for 2023. The Committee is satisfied there is no windfall gain to be considered noting both the current share price, the number of shares subject to the award as a result of the pro-rating and the share price of £3.49 on grant. The CFO's award will not vest until March 2024 because of the delayed grant providing ongoing alignment to shareholder interests.

REMUNERATION COMMITTEE CONTINUED

APPLICATION OF POLICY FOR 2023

The salaries of our former CEO and CFO were not increased for 2023. With the departure of our CEO and our CFO working his notice period, he will be eligible for a bonus in 2023, based on his normal annual bonus opportunity of 150% of salary. The annual bonus will be determined as to 60% on Group operational targets equally weighted between revenue, EBITDA, EBITDA margin, regulatory compliance and ESG scorecard (weighted 50% safer gambling, 25% environmental impact, 25% employee engagement) and 40% by specific integration objectives with 40% weighted to operational cashflow and the remainder to critical business integration priorities.

The measures for 2023 ensure a continued focus on top and bottom line noting the importance of cashflow, servicing and reducing debt as well as other continuing integration priorities. The bonus measures also acknowledge the importance and significant focus required on compliance, regulation and safer gambling as well as broader ESG sustainability and employee engagement.

Investors will understand how critical 2023 is for the business to establish the basis for future earnings growth and to achieve our commitment to deliver EPS of at least 35 pence by 2025. For this reason the Committee has agreed exceptionally to award a 2023 LTIP to the CFO, which comprises 180,812 shares. The number of shares has been calculated based on a pro-rated award of 50% of salary, discounted by 30% to reflect the significant fall in share price since the awards granted in 2022, and based on the share price on 14 February of 67p. This results in an LTIP award of 35% of salary. The LTIP award will be subject 50% to adjusted earnings per share growth targets of 33.4 pence to 36.6 pence which are aligned to our 2025 EPS commitment and 50% on relative TSR. The award will vest at the normal time and be subject to a two-year post-vesting holding period. The Committee understands that it is unusual to grant an LTIP award to an executive director during their notice period. However, noting the period of time it is expected the CFO will be working with the business, the criticality of performance for 2023 as the basis for growth to 2025 as well as the departure of our CEO, the Committee has determined that this is appropriate in all the circumstances. The Committee retains the discretion to scale back the formulaic outcome of all incentive awards taking into account matters such as underlying business performance and the shareholder experience.

WIDER WORKFORCE REMUNERATION

Our approach to the workforce salary review for 2023 took into account the considerable uncertainty in the global economy with high inflation and cost of living pressures affecting colleagues in all of our locations as well as overall cost pressures within the business. The salary budget for 2023 is focused on our less senior colleagues, with increases taking into account both seniority and location. In addition, for our UK retail colleagues, we were pleased to increase the hourly rate to a minimum of £10.90 which reflects the Real Living Wage in the UK in 2023.

Our all employee Save As You Earn share option scheme was approved by shareholders at our 2022 AGM and it is expected participation will be offered to colleagues later in 2023.

RENEWAL OF LTIP

Our current long-term incentive plan expires in 2025 and the Committee is taking the opportunity to renew the plan at the 2023 AGM to ensure we have the necessary flexibility for the grant of LTIP awards to our below board colleagues. The long-term incentives for our Executive Directors will continue to be covered by our shareholder approved remuneration policy. The new plan is substantially in the same format as the current LTIP but provides flexibility to make deferred bonus share awards and enables us to adapt both vesting and performance periods for below board LTIP participants to support our remuneration strategy and ensure we are providing incentives that are both market competitive in all the markets in which we operate and effective in incentivising the performance of the business and shareholder return. We use our LTIP as a mechanism for incentivisation and retention and make awards to colleagues within the business and not just at our most senior management tiers. For this reason our new plan removes the 5% dilution limit but retains the 10% limit for all share awards. This will enable us to manage our share dilution while providing LTIP awards beyond our most senior colleagues as well as our all employee share plan. The maximum performance share plan award limit in the LTIP is 300% of salary providing flexibility to grant market competitive incentives in all our markets including those where packages may have a significantly greater weighting to long-term incentives. Our AGM notice provides further details about this plan which aligns to standard market practice.

CONCLUSION

The Committee is comfortable that the remuneration policy has operated as intended for 2022.

Looking to 2023, the Board has commenced searches to identify successors for both Executive Directors and the remuneration for the individuals to be appointed will be in line with the current shareholder approved policy. As the integration of 888 and William Hill progresses ahead of our next policy vote at the 2024 AGM, the Committee will review the Policy to ensure it provides the structure and necessary flexibility to enable us to incentivise and reward management for the successful integration and growth of our business. The policy review will be led by Andrea Joosen, who will become Committee Chair in my stead at the 2023 AGM.

I look forward to shareholders' support for the shareholder resolution for my Annual Statement and our Annual Report on Remuneration, and for the renewal of our long-term incentive plan at our Annual General Meeting to be held on 23 May 2023.

Anne de Kerckhove
Chair of the Remuneration Committee
14 April 2023

REMUNERATION POLICY TABLE

The table below sets out the remuneration policy which was approved by shareholders at the Annual General Meeting held on 20 May 2021. The policy is intended to apply for the three-year period from the 2021 AGM.

APPROACH AND CONSIDERATIONS IN REVIEWING THE DIRECTORS' REMUNERATION POLICY

The review of the Policy is carried out by the Remuneration Committee, in the absence of the Executive Directors where necessary to manage potential conflicts of interest, and with the advice of our remuneration consultant Korn Ferry. The Committee's review process includes consideration of how the current policy aligns to and supports the business strategy. The Committee considers market, regulation and governance developments as well as wider pay context, such as pay ratios and group reward arrangements. The Committee also considers the guidelines of shareholder representative bodies and proxy agencies and investor expectations. As part of this process the Committee will also consult with its largest shareholder and consider feedback received.

FACTORS CONSIDERED IN REVIEWING THE POLICY AND CONSIDERING ITS OPERATION

The Committee considered as part of its most recent review, and is comfortable that, the Remuneration Policy and its implementation are fully consistent with the factors set out in Provision 40 of the UK Corporate Governance Code (set out below):

- Clarity: The Policy and the way it is implemented is clearly disclosed in this policy section of the Remuneration Report and the Annual Statement and supporting reports.
- Simplicity: The Policy is simple and straightforward, based on a mix of fixed and variable pay. The annual bonus and LTIP include performance conditions which are aligned with key strategic objectives of the business.
- Risk: Performance targets for the incentive schemes provide appropriate rewards for stretching levels of performance without driving behaviour which is inconsistent with the Company's risk profile. Reputational risk from a perception of "excessive" pay-outs is limited by the maximum award levels set out in the Policy and the Committee's discretion to adjust formulaic remuneration outcomes. To avoid conflicts of interest, no Executive Director or other member of management is present when their own remuneration is under discussion.
- Predictability: The Policy includes full details of the individual limits in place for the incentive schemes as well as "scenario charts" which set out potential pay-outs in the event of different levels of performance, based on a number of reasonable assumptions.
- Proportionality: There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay and the presence of malus and clawback provisions ensures that poor performance is not rewarded.
- Alignment to culture: The approach to Directors' remuneration is consistent with the Group's culture and values.

Base Salary

Purpose and Link to Strategy	To recruit, motivate and retain high-calibre Executive Directors by offering salaries at market competitive levels. Reflects individual experience and role.
Operation	Reviewed annually with any changes normally effective from 1 January. Positioning and annual increases are influenced by: • our sector, where the market for executive talent is intense; • the experience and performance of the individual; • changes in responsibility or position; • changes in broader workforce salary; and • the performance of 888 as a whole. Benchmarking is carried out on a total remuneration basis and takes into account pay levels for comparable roles at a range of organisations of similar size and sector – including pay practices in other UK listed companies and in the international gaming industry.
Opportunity	Any increase to directors' salaries will generally be no higher than the average increase for other employees. However, a higher increase may be proposed in the event of a role change or promotion, or in other exceptional circumstances.

DIRECTORS' REMUNERATION REPORT CONTINUED

FACTORS CONSIDERED IN REVIEWING THE POLICY AND CONSIDERING ITS OPERATION CONTINUED

Benefits

Purpose and Link to Strategy	Market competitive structure to support recruitment and retention. Medical cover aims to ensure minimal business interruption as a result of illness.
Operation	Executive Directors may receive various benefits in kind as part of their employment terms. These may include an accommodation allowance (where 888 has required the executive to relocate), use of a company car (or car allowance), health insurance (or a contribution towards a health insurance scheme), "study fund" (a common savings benefit in Israel), disability and life assurance, relocation expenses, directors' indemnities and directors' and officers' insurances to the extent permitted by law and other ad hoc benefits at the discretion of the Committee.
Opportunity	The value of benefits is based on the cost to 888 and there is no pre-determined maximum limit. The range and value of the benefits offered is reviewed periodically.

Pension

Purpose and Link to Strategy	Contribution towards the funding of post-retirement life.
Operation	888 offers a defined contribution pension scheme (via outsourced pension providers) or cash in lieu of pension.
Opportunity	Up to 15% of base salary. The Committee will align pension to the workforce average taking into account market practice and legal requirements in the country of the executive and the wider workforce pension.

Annual Bonus

Purpose and Link to Strategy	Rewards the achievement of annual financial and non-financial strategic targets.
Operation	Bonus targets (percentage of salary) are based on objective and disclosable calculations where possible. The precise weightings between metrics may differ each year, although there will always be a greater focus on financial as opposed to non-financial performance. Any bonus payment in excess of 100% of salary is deferred into shares which vest in equal tranches after one, two and three years. The deferral period continues on cessation of employment. The Committee may adjust the formula-driven outturn of the annual bonus calculation in the event that the Committee considers that it does not reflect underlying performance, overall shareholder experience or employee reward outcome. Any such use of discretion would be detailed in the Chair's annual statement and Annual Report on Remuneration. A dividend equivalent provision operates enabling dividends to be accrued (in shares) on unvested deferred bonus shares or options and only in truly exceptional circumstances cash. The bonus is subject to recovery and withholding provisions which may be applied if the financial statements of 888 were materially misstated, an error occurred in assessing the performance conditions of a bonus, if the Executive ceased to be a Director or employee due to gross misconduct, or in an event of corporate failure, failure of risk management or reputational damage.
Opportunity	The maximum opportunity is 200% of base salary. The level of pay-out for the achievement of target performance, as set by the Committee is 50% of the maximum amount. The threshold level of payment may be up to 25% of the maximum.
Performance Metrics	Financial Performance The financial component is based on 888's key financial measures of performance. A sliding scale of targets applies for financial performance targets which are measured annually. The degree of stretch in targets may vary each year depending on the business aims and the broader economic or industry environment at the start of the relevant year. Non-financial Performance Non-financial performance conditions will be based on KPIs in line with the business plan which the Committee considers will enhance future financial performance, the long-term sustainability of the business and shareholder value.

Long Term Incentives (LTIP)

Purpose and Link to Strategy	Rewards Executive Directors for achieving superior returns and sustainable growth for shareholders over a longer-term timeframe. Enables Executive Directors to build a meaningful shareholding over time and align goals with shareholders.
Operation	LTIP awards are made annually in the form of nil cost options or conditional awards with vesting dependent on the achievement of performance conditions over at least three financial years, commencing with the year of grant. A post-vesting holding period applies to awards granted in or after 2019, which requires vested shares (or shares acquired on the exercise of vested options) to be retained for two years post-vesting (except for any earlier sale of shares to meet any tax liabilities triggered on vesting). This holding period continues on cessation of employment. The Committee may adjust the formula-driven outturn of an LTIP award in the event that the Committee considers that it does not reflect underlying performance, overall shareholder experience or employee reward outcome. Any such use of discretion would be detailed in the Chair's Annual Statement and Annual Report on Remuneration. Awards are subject to recovery and withholding provisions which may be applied if there is a material misstatement in 888's financial statements, an error in the calculation of any performance conditions, if the Executive Director ceases to be a Director or employee due to gross misconduct or in an event of a failure of risk management, corporate failure or reputational damage. A dividend equivalent provision operates enabling dividends to be accrued (in shares) on LTIP awards to the extent they vest and only in truly exceptional circumstances cash.
Opportunity	Award levels are determined primarily by seniority. A maximum individual grant limit of 200% of salary applies, based on the face value of shares at the date of grant.
Performance Metrics	Awards vest at the end of a three-year performance period based on performance measures reflecting the outputs of the long-term strategy of the business at the time of grant. Awards will vest based on a range of challenging financial, total shareholder return (TSR), or strategic measures. Strategic measures, if used, will represent a minority of the award. The Committee will review the weightings between measures and the target ranges prior to each LTIP grant to ensure that the overall balance and level of stretch remains appropriate. A sliding scale of targets applies for financial or TSR metrics with no more than 25% of the award vesting at threshold performance.
Share Ownership Guidelines	

Executive Directors are expected to build and maintain an interest equivalent in value to no less than two times salary. Beneficially owned shares, fully vested unexercised nil-cost options (valued on a net of tax basis) and unvested awards subject to a service requirement for vesting only (valued on a net of tax basis) will be included when determining the extent to which the guideline holding is achieved. Until such time as the guideline threshold is achieved. Executive Directors are required to retain 50% of the net of tax value of awards that vest under the LTIP or deferred annual bonus.

Post cessation of employment, Executive Directors will be required to retain shares from FY21 and future incentive awards equal to 100% of salary for one year post cessation and 50% of salary for the second year post cessation, subject to the Committee amending this requirement in exceptional circumstances.

Chair and Non-Executive Directors' (NEDs) fees

Purpose and Link to Strategy	To recruit, motivate and retain a Chair and Non-Executive Directors of a high calibre by offering a market competitive fee level and which takes account of the specific circumstances of 888.
Operation	The Chair and the Executive Directors determine the fees paid to the Non-Executive Directors. The Chair's fees are determined by the Remuneration Committee with reference to prevailing fee rates amongst other gaming companies. Fees paid to the Non-Executive Directors are set by reference to an assessment of the time commitment and responsibility associated with each role, and prevailing fee rates amongst other gaming companies. Levels take account of additional demands placed upon individual Non-Executive Directors by virtue of their holding particular offices, such as Committee Chair and/or Senior Independent Director, and travel time to Board meetings (which are held outside the UK). Additional fees may be paid as appropriate to reflect increased time commitments of the role. The Chair and the Non-Executive Directors are not eligible to participate in any bonus plan, pension plan, share plan, or long-term incentive plan of 888. The Chair and Non-Executive Directors are entitled to be reimbursed for any reasonable travel and accommodation and other expenses incurred in the performance of their duties (including any tax incurred thereon) including any expense deemed a taxable benefit in kind and the tax payable thereon.
Opportunity	No maximum.

DISCRETIONS RETAINED BY THE COMMITTEE IN OPERATING ITS INCENTIVE PLANS

The Committee will operate the annual bonus plan, deferred share bonus plan and LTIP according to their respective rules. The Committee retains discretion in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following:

- the determination of vesting and the extent to which performance targets have been met;
- the determination of the treatment of leavers;
- determination of the extent of vesting in the event of a change of control; and
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends).

APPROACH TO SETTING REMUNERATION FOR A NEW RECRUIT

The remuneration package for a new Executive Director would take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual. Salary would be provided at such a level as is required to attract the most appropriate candidate while paying no more than is necessary. The annual bonus and LTIP award would be in line with the Policy with a maximum of 200% of salary annual bonus opportunity and a maximum 200% of salary LTIP award level. In addition, the Committee may offer additional cash and/or share based elements to replace benefits, deferred or incentive pay forfeited by an executive leaving a previous employer. It would ensure that these awards would be consistent with awards forfeited in terms of delivery mechanism (cash or shares), vesting periods, expected value and performance conditions. For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms or adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. The Committee may agree that 888 will meet relocation expenses or match other benefits received by the Executive Director in his previous employment, as appropriate.

REMUNERATION AWARDED PRIOR TO THE EFFECTIVE DATE

For the avoidance of doubt, authority is given to the Company to honour any commitments entered into with current or former Directors under a previous shareholder approved policy that have been disclosed to shareholders in previous remuneration reports.

SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENT POLICY FOR EXECUTIVE DIRECTORS

Executive Directors have service contracts with up to 12-month notice periods. In the event of termination, the Executive Directors' contracts provide for compensation up to a maximum of base salary plus the value of any benefits (including pension). 888 seeks to apply the principle of mitigation in the payment of compensation on the termination of the service contract of any Executive Director. There are no special provisions in the service contracts for payments to Executive Directors on a change of control of 888. In the event of an exit of an Executive Director, the overriding principle will be to honour contractual remuneration entitlements and determine on an equitable basis the appropriate treatment of deferred and performance linked elements of the package, taking account of the circumstances. Failure will not be rewarded. If an Executive Director resigns or is summarily dismissed, salary, pension and benefits will cease on the last day of employment and there will be no further payments. There are no other obligations to pay remuneration, or which could impact remuneration, contained in any service contract other than the terms of the Executive Directors' service agreements described herein. Directors' service agreements are available for inspection at 888's registered office and at each annual general meeting.

REMUNERATION FOR LEAVERS

Fixed pay

Salary, pension and benefits will be paid up to the length of the agreed notice period or agreed period of gardening leave.

Variable pay

Where a Director leaves for certain specified reasons such as retirement, as a result of injury, illness or disability or otherwise with the agreement of the Committee (sometimes referred to as "good leaver" reasons) the following will apply:

Annual bonus and annual bonus deferred shares

Subject to performance, a bonus may be payable at the discretion of the Committee pro-rata for the portion of the financial year worked. Unvested deferred bonus shares will ordinarily vest in full at the end of the normal vesting period. The Committee has discretion to permit in exceptional circumstances such unvested awards to vest early rather than continue on the normal vesting timetable, taking into account the Company's policy for bonuses from 2019, and for Executive Directors to retain an interest in shares in the Company for two years post-employment.

LTIPs

Unvested awards under the 888 Long Term Incentive Plan 2015 would normally vest on the normal vesting date unless the Committee determines that such awards shall instead exceptionally vest at the time of cessation, taking into account the Company's policy for awards granted from 2019 for Executive Directors to retain an interest in shares in the Company for two years post-employment. Unvested awards will only vest to the extent that the performance conditions have been satisfied (over the full or curtailed period as relevant). A pro-rata reduction in the size of awards would normally apply, based upon the period of time after the grant date and ending on the date of cessation of employment relative to the normal vesting period.

Where a Director leaves for any other reason, all annual bonus, annual bonus deferred shares and LTIP awards will lapse immediately on cessation.

Depending upon circumstances, the Committee may consider other payments to settle statutory entitlements, legal claims or potential legal claims, in respect of an unfair dismissal award, outplacement support and assistance with legal fees, including the statutory obligation in Israel to make a severance payment on cessation for any reason equal to one month's gross salary for every year of service.

TERMS OF APPOINTMENT FOR NON-EXECUTIVE DIRECTORS

The Non-Executive Directors serve subject to letters of appointment and are appointed subject to re-election at each annual general meeting. The Non-Executive Directors are typically expected to serve for three years, although the Board may invite a Non-Executive Director to serve for an additional period. Their letters of appointment are available for inspection at 888's registered office and at each annual general meeting.

DIRECTORS' SERVICE CONTRACTS

The unexpired term of the directors' service contracts or appointment letters are as follows:

Name	Position	Unexpired Term of Service Contract
Lord Mendelsohn	Chair	Until 22 September 2023. No remuneration is payable in respect of any unexpired portion of the term of the Chair's appointment, including if the Chair is asked to step down from the Board.
Yariv Dafna	Chief Financial Officer	Service contract terminates and notice period ends on 12 January 2024.
Anne de Kerckhove	Non-executive Director	Until 27 November 2023. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.
Mark Summerfield	Non-executive Director	Until 5 September 2025. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.
Limor Ganot	Non-Executive Director	Until 1 August 2023. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.
Andria Vidler	Non-Executive Director	Until 4 July 2025. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.
Andrea Gisle Joosen	Non-Executive Director	Until 4 July 2025. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.
Ori Shaked	Non-Executive Director	Until 12 September 2025. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.

Until 11 January 2022, each of Lord Mendelsohn's and Limor Ganot's director's fees were paid to their respective personal service companies and their respective personal service companies had accordingly entered into service agreements with the Company. Such agreements were terminated with effect from 11 January 2022 and accordingly, since 11 January 2022, Lord Mendelsohn and Limor Ganot have been directly engaged by the Company.

DIRECTORS' REMUNERATION REPORT CONTINUED

HOW THE VIEWS OF SHAREHOLDERS ARE TAKEN INTO ACCOUNT WHEN DETERMINING DIRECTORS' PAY

888 engages with investors regarding remuneration issues and in respect of any proposed changes to the Directors' Remuneration Policy and significant changes to operation of that policy and intends to continue doing so. Views of shareholders and their representative bodies expressed at the annual general meeting and feedback received at other times will be considered by the Committee. The Annual Report on Remuneration sets out specific engagement for any one year.

HOW THE VIEWS OF EMPLOYEES ARE TAKEN INTO ACCOUNT WHEN DETERMINING DIRECTORS' PAY

888 has not consulted with employees regarding the current Directors' Remuneration Policy. The Annual Report on Remuneration sets out engagement activities with stakeholders during the year of report.

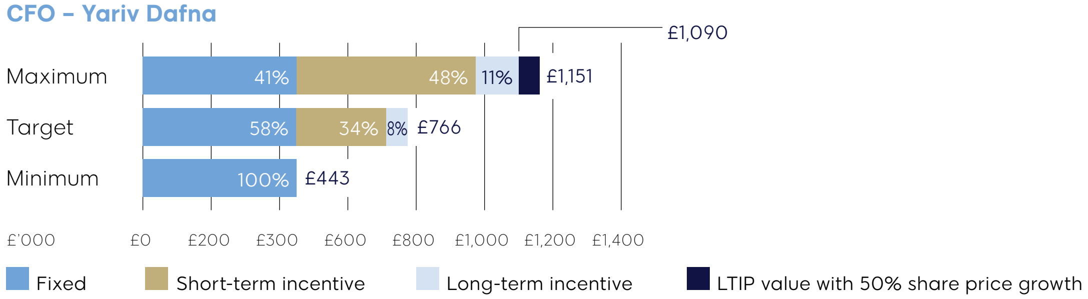
In determining the remuneration policy for Executive Directors, the Committee takes account of the policy for employees across the workforce. In particular, when setting base salaries for executives, the Committee takes into account the salary increases being offered to the workforce as a whole. The overall structure of the remuneration policy for Executive Directors is broadly consistent with that for other senior employees, but reflects the additional risks and responsibilities borne by the Executive Directors as well as market practice in competitor businesses and the locations within which it operates. Executive remuneration and remuneration of senior employees has a significant focus on performance-related pay. 888's Executive Committee all participate in the same annual bonus and LTIP arrangements as the Executive Directors and 888's Business Leadership Forum also participate in a long-term equity plan.

ILLUSTRATION OF APPLICATION OF CURRENT REMUNERATION POLICY

The following charts illustrate the operation of the Directors' Remuneration Policy for the Executive Chair and the CFO, under three different performance scenarios: 'Fixed pay', 'Target', and 'Maximum'.

Executive Chair – Lord Mendelsohn

CFO – Yariv Dafna



Assumptions:

- Fixed: Shows fixed remuneration only, base salary or fee for 2023, taxable benefits (as disclosed for the previous financial year and excluding any benefits related to relocation for the CFO) and pension for the CFO.
- Target: Shows fixed remuneration plus for the CFO 50% of the maximum annual bonus and 50% of maximum Long-term incentive opportunity.
- Maximum: Shows fixed remuneration plus for the CFO 150% of salary maximum annual bonus and 35% of salary Long-term incentive award.

ANNUAL REPORT ON REMUNERATION

This Annual Report on Remuneration together with the Chair's Annual Statement, will be subject to an advisory vote at the Annual General Meeting to be held on 23 May 2023. The information on page 118 with respect to Directors' Emoluments and onwards through page 125 has been audited.

OPERATION OF REMUNERATION POLICY FOR 2023

Base salaries

The Executive Chair's fee is £670,000 p.a. effective from 30 January 2023 (£320,000 for the period 1 January to 29 January) reflecting his full-time role until a new CEO is appointed and he returns to his Non-Executive Chair role.

No salary increases were awarded to our former CEO and CFO for 2023.

Director	2023	2022	Increase
Executive Chair	£670,000	Non-Executive Chair fee £320,000 p.a. to 29 January 2023	
CFO	£350,000	£350,000	0%

ANNUAL BONUS

The CFO's maximum bonus opportunity is 150% of salary. The Executive Chair will not participate in the annual bonus plan.

The annual bonus for our CFO will be determined as to 60% on Group operational targets equally weighted between Revenue, EBITDA, EBITDA margin, regulatory compliance and ESG scorecard (weighted 50% safer gambling, 25% environmental impact, 25% employee engagement) and 40% by specific integration objectives with 40% weighted to operational cashflow and the remainder to critical business integration priorities.

The annual bonus targets are considered by the Committee to be commercially sensitive at this time. Full retrospective disclosure of targets and performance against them will be disclosed in next year's report.

The Committee will review and set appropriate annual bonus metrics for our new CEO and CFO on their appointment taking into account progress, at the time of their joining, against the business strategy for the year and the key critical areas of focus for the remainder of the year.

LONG-TERM INCENTIVE PLAN

The Executive Chair will not participate in the LTIP.

As explained in the Committee Chair's Annual Statement, our CFO will be granted an LTIP for 2023 to provide effective incentivisation on those critical areas of 2023 performance that are needed to deliver the longer term growth on which the vesting of the 2023 LTIP will depend. The LTIP award will be based on a prorated 50% of salary award reflecting the CFO's employment with the business for one year of the three year performance period. The number of shares subject to the award will be 180,812 which is a 30% discount to the number he would have received based on the share price on 14 February of 67 pence and reflecting the significant fall in share price since awards were granted in 2022. This equates to an award of 35% of salary. The Committee understands that it is unusual to grant an LTIP award to an executive director during their notice period. However, noting the period of time the CFO will be working with the business, the criticality of performance for 2023 as the basis for growth to 2025 as well as the departure of our CEO, the Committee has determined that this is appropriate in all the circumstances. The Committee retains the discretion to scale back the formulaic outcome of incentive awards taking into account matters such as underlying business performance and the shareholder experience.

The performance conditions will continue to be based 50% on adjusted earnings per share growth targets and 50% on relative TSR. An additional TSR peer group has been added for the 2023 award such that the TSR performance condition will be tested 50% against the sector peer group and 50% against the FTSE 250 excluding investment trusts.

The performance targets for the 2023 award are set out below. Straight line vesting will occur between target points.

Measure	Weighting (% of max award)	Threshold (25% of max vesting)	Maximum (100% of max vesting)
Relative TSR versus sector peers*	25%	Median	Median + 10% p.a. compounded
Relative TSR versus FTSE 250 excluding Investment Trusts	25%	Median	Upper quartile
Adjusted EPS	50%	20.3% CAGR 33.4p	24.0% CAGR 36.6p

* The TSR sector peer group for 2023 comprises Bally's Corporation., Betsson AB, Flutter Entertainment plc, Entain plc, Kambi Group plc, Kindred Group plc, Playtech plc and Rank Group plc.

PENSION AND BENEFITS

The Executive Chair will be entitled to receive travel related benefits in relation to carrying out his role.

The CFO's pension and benefits remain as described in last year's report.

DIRECTORS' REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTORS FEES

The Non-Executive Director fees remain unchanged from 2022.

- Non-executive Chair fee (once Chair resumes non-executive role): £320,000
- Non-executive Director fee: £90,000
- Senior Independent Director fee: £20,000
- Chair of a Board committee (inclusive of membership fee): £15,000 and
- Membership of Audit, Remuneration or ESG committee: £5,000

REMUNERATION PAID TO EXECUTIVE DIRECTORS FOR SERVICES IN 2022

The following table presents the Executive Directors' emoluments in respect of the year ended 31 December 2022 (all amounts are in £'000).

Executive Directors		Salary[2] £'000	Taxable Benefits[3] £'000	Annual Bonus[4] £'000	Long-Term Incentives[5] £'000	Pension[6] £'000	Total £'000	Total Fixed Pay £'000	Total Variable Pay £'000
Itai Pazner, CEO	**2022**	**687**	**747**	**–**	**–**	**42**	**1,476**	**1,476**	**–**
	2021	643	88	1,040	1,103	96	2,970	827	2,143
Yariv Dafna, CFO	**2022**	**350**	**273**	**–**	**16**	**53**	**692**	**676**	**16**
	2021	320	308	422	–	48	1,098	676	422

1. For 2022 the Directors' remuneration where applicable is converted from New Israeli Shekels into GBP at the average rate of exchange for the relevant month it was paid. For 2021 the average GBP/USD FX rate in 2021 has been applied to the figures disclosed in the 2021 remuneration report or the actual GBP amount has been used as applicable.
2. Mr Pazner's salary for 2022 was paid in New Israeli Shekels ILS 1,938,916 for the period to 31 August and from 1 September £225,333.
3. Benefits for Mr Pazner include relocation related payments including housing and schooling, taxation and immigration support and one-off costs in association with his move from Israel to the UK (£405,282). An amount of £210,076 is also included in benefits which represents a contractual payment that was triggered under Israeli law when he moved from an Israeli contract to a UK contract on relocation to the UK. This payment would otherwise have been required to be made under Israeli law on his actual cessation from the business. Other benefits payable include convalescence and health insurance for Mr Pazner and his family and disability and life insurance, specific Israeli "study fund" contributions up to the Israeli tax-free ceiling, car allowance and meals allowance;

   Benefits for Mr Dafna include relocation related payments including housing and schooling (total £232,750), as well as car allowance and health, disability and life insurance.
4. No bonus is payable for 2022.
5. Performance-based long-term incentives are disclosed in the financial year in which the performance period ends. The CFO's LTIP for the single total figure in 2022 is the value of the 2020 LTIP award, for which the performance period ended on 31 December 2022, and will vest in 2024 due to the prorated award in respect of his year of appointment in 2020 being granted at the same time as the 2021 LTIP award. The value is based on the average share price for the last three months of FY22 of £0.95. This price compares to a share price on the date of grant of £3.485.

   The 2019 LTIP value has been restated to reflect the actual share price on vesting of £1.95.
6. 888 offers a defined contribution pension scheme (via outsourced pension providers) or cash in lieu of pension. In accordance with standard practice in Israel, Mr Pazner received personal pension scheme contributions in an amount of 6.57% of base salary, which reduced to 5% of salary on his relocation to the UK.

   Mr Dafna receives a cash payment in lieu of pension in the amount of 15% of base salary.

NON-EXECUTIVE DIRECTORS' AND CHAIR'S FEES

Non-Executive Directors		Fee £'000	Other £'000	Total Fee £'000
Anne De Kerckhove[1]	**2022**	**180**	**–**	**180**
	2021	140	–	140
Mark Summerfield[1]	**2022**	**145**	**–**	**145**
	2021	114	–	114
Limor Ganot[2]	**2022**	**100**	**1**	**101**
	2021	97	–	97
Lord Mendelsohn[3]	**2022**	**335**	**–**	**335**
	2021	276	–	276
Randy Freer[4]	**2022**	**14**	**–**	**14**
	2021	–	–	–
Andria Vidler[5]	**2022**	**44**	**–**	**44**
	2021	–	–	–
Andrea Gisle Joosen[6]	**2022**	**44**	**–**	**44**
	2021	–	–	–
Ori Shaked[7]	**2022**	**29**	**–**	**29**
	2021	–	–	–

1. Both Mark Summerfield and Anne de Kerckhove received an additional non-executive director fee of £30,000 for 2022 for the additional time they spent during the year on integration matters.
2. Limor Ganot received reimbursed grossed up expenses of £1,232.
3. Lord Mendelsohn received an additional fee of £15,000 for Chairing the ESG Committee.
4. Randy Freer was appointed as a non-executive director on 5 July 2022 but stood down on 31 August 2022 as a result of increased time commitments. Randy Freer waived his fee for 2022.
5. Andria Vidler was appointed as a non-executive director on 5 July 2022.

6. Andrea Gisle Joosen was appointed as a non-executive director on 5 July 2022.

7. Ori Shaked was appointed as a non-executive director on 13 September 2022 following the Group's largest shareholder, Sinitus Nominees Limited in trust on behalf of Dalia Shaked, exercising its right to appoint a non-executive director.

ANNUAL BONUS PAYMENTS IN RESPECT OF 2022 PERFORMANCE

- The annual bonus opportunity was 200% of salary for the CEO and 150% of salary for the CFO. The financial metrics were based on 888 performance excluding the William Hill business with 50% based on adjusted EBITDA targets, 20% revenue excluding the US business and 30% strategic objectives.
- The adjusted EBITDA and revenue targets were not met. The scoring of the strategic element of the bonus resulted in a formulaic outcome of 14.25% of the total bonus being payable. However, the Committee determined, given underlying business performance and wider stakeholder experience that no bonus will actually be paid for 2022.

FINANCIAL PERFORMANCE

- The 2022 adjusted EBITDA and revenue performance targets and performance against them is as follows:

Performance Measures	Weighting	Threshold (25% pay-out)	Target (50% pay-out)	Max (100% pay-out)	Actual performance	Bonus awarded for that element
Adjusted EBITDA	50%	£123m	£129m	£135m	£98m	0% of maximum
Revenue excluding the US business	20%	£713m	£773m	£790m	£605m	0% of maximum

Note: The targets were set in US$ and have been converted to pounds sterling using a rate of 1:0.806452.

STRATEGIC PERFORMANCE

Set out below are the strategic objectives set for the Executive Directors and performance against them.

Objective	Weight	Objectives set	Performance	Score
US expansion	25%	a) Launch 3 or more new states under the B2C business b) Achieve at least 90% of the US revenue according to the 2022 budget plan in December 2022	a) Virginia & MI launched. Indiana ready to launch however launch impacted by external factors outside of managements control. b) US revenue targets not achieved.	12.5% out of 25%
Regulatory compliance	25%	a) Management of multiple accounts' risk in the UK b) Completion of all objectives, actions and priority items of arising from 2021 Regulatory review.	a) Progress made. b) Actions completed. Regulatory Compliance continues to be a focus for 888 and whilst all actions and priority items from the 2021 regulatory review were completed, there is still more work to do to ensure an effective execution of proactive commitments made to improve compliance standards.	0% out of 25%
Safer gambling	20%	a) Complete Control Centre rollout in regulated markets for at least 90% of 888's non-US regulated revenues b) Board approval and commencement of Safer Gambling strategic and operational plan	a) Achieved. b) Not achieved.	5% out of 20%
William Hill integration	30%	a) Agreed actions to realise targeted synergies for 2022-2023 b) Approval and commencement of overhead savings plan c) Approval and commencement implementation of operational model for combined business	a) Synergy plan approved and communicated in CMD. b) Plan agreed as part of restructuring plan with ongoing implementation c) Operating model agreed with ongoing implementation.	30% out of 30%
Overall	100%			47.5%

DIRECTORS' REMUNERATION REPORT CONTINUED

TOTAL BONUS PAYABLE FOR 2022

The Committee exercised discretion to reduce the formulaic bonus outcome to zero in light of business performance and wider stakeholder experience.

Director	Adjusted EBITDA (% payout of 50%)	Revenue excluding US business (% payout of 20%)	Strategic objectives (% payout of 30%)	Formulaic payout (% of maximum)	Payout after Committee exercise of discretion	Total payout £'000
Itai Pazner	0%	0%	14.25%	14.25%	0%	£0
Yariv Dafna	0%	0%	14.25%	14.25%	0%	£0

LONG-TERM INCENTIVE AWARDS WITH PERFORMANCE PERIOD ENDING IN THE YEAR ENDED 31 DECEMBER 2022

The 2020 LTIP awards have a performance period that ended on 31 December 2022. The awards are based 50% on TSR performance and 50% on adjusted EPS targets.

The table below sets out the achievement against the TSR and adjusted EPS performance condition, resulting in total vesting of 50% of maximum.

	TSR[1]		Adjusted EPS[2,3]	
Performance level	Performance required	% vesting	Performance required	% vesting
Below threshold	Below median	0%	Less than 3% CAGR	0%
Threshold	Median = 41.6%	25%	3% CAGR	25%
Stretch or above	33% above median = 88.5%.	100%	9% CAGR	100%
Actual achieved	-37.4%	0%	15.3% CAGR	100%

1. TSR peer group comprises Entain, Sportech, Playtech, Flutter Entertainment, Betsson AB, Kindred Group and Rank Group.
2. The adjusted EPS performance condition was based on 888 adjusted EPS not including the William Hill business on the basis the William Hill business was acquired only 6 months prior to the 3 year performance period ending.
3. The adjusted EPS for the 888 (excluding William Hill) business was 16.7 pence per share, which results in maximum vesting.

Details of the level of vesting and the actual number of shares and estimated value in respect of the awards granted under the 2020 LTIP, based on the above, is shown in the table below. Mr Pazner's award lapsed following his cessation of employment on 3 March 2023.

Executive	Number of shares at grant	Number of shares to lapse	Number of shares to vest	Dividend accrual on vested share value[1] £	Value of shares excluding Dividend Accrual[2] £
Itai Pazner[3]	898,332	898,332	0	0	0
Yariv Dafna[4]	34,433	17,217	17,216	0	16,318

1. Dividends accrue on awards at the date of a dividend payment to the date of vesting and upon exercise the value of the accrued dividends is paid to the employee on the number of vested awards.
2. The value of the vested shares is based on the share price of £0.95 being the average share price for the last three months of 2022.
3. The CEO's LTIP award which had a value of £425,745 has lapsed on his cessation of employment on 3 March 2023.
4. The CFO received a pro-rated LTIP award for 2020 reflecting his date of joining in 2020, the award was however granted in 2021 and will vest in March 2024.

SCHEME INTERESTS AWARDED DURING THE YEAR

The table below sets out the grants under the 888 Holdings plc Long Term Incentive Plan in 2022, and the Deferred Share Bonus Plan awards made in relation to the 2021 bonus. The awards to Mr Pazner subsequently lapsed on his cessation of employment on 3 March 2023.

Executive	Award Type	Grant Date	Number of awards granted	Face value of awards granted[1]	Face value of awards as % salary	% vesting at threshold performance
Itai Pazner	LTIP[2]	10-Mar-22	728,529	£1,378,377	200%	25%
	Deferred share bonus[3]	10-Mar-22	196,141	£371,099	N/A	NA
Yariv Dafna	LTIP[2]	10-Mar-22	277,484	£525,000	150%	25%
	Deferred share bonus[3]	10-Mar-22	54,123	£102,401	N/A	NA

1. The share price used to determine the number of shares granted was the share price on the day prior to grant (£1.892 on 9 March 2022). The awards to Mr Pazner were conditional awards of Ordinary Shares and to Mr Dafna share options.
2. This award is due to vest subject to performance conditions being met at the end of the performance period ending 31 December 2024.

   The performance conditions for the 2022 LTIP are split equally between earnings per share ('EPS') targets and relative total shareholder return ('TSR') targets.

   Vesting begins for achievement of the threshold target for which 25% of the award vests and increases on a straight line basis to the maximum target for which 100% of the award vests for achievement of the target or above. No vesting occurs below the threshold target. Performance is measured over three years beginning 1 January 2022.

   The EPS targets set at grant were: Threshold – 3% CAGR and Maximum – 9% CAGR. These targets were amended by the Committee following the acquisition of the William Hill business to Threshold 26.25 pence and Maximum 29.13 pence or 9.77% CAGR to 13.64% CAGR from a restated 2021 base of 19.85 pence.

   The TSR targets are: Threshold – Median (888's TSR performance in line with the median TSR of the peer group) and Maximum – Median + 10% p.a. compounded (888's TSR performance in line with the median TSR of the peer group + 10% p.a. compounded)

   The TSR peer group comprises the following companies: Bally's Corporation, Betsson AB, Flutter Entertainment plc, Entain plc, Kambi Group plc, Kindred Group plc, LeoVegas AB, Playtech plc & Rank Group plc
3. Granted on 10 March 2022 by way of deferral of the excess portion of the 2021 annual bonus into shares in accordance with the Company's Remuneration Policy and pursuant to the Company's Deferred Bonus Share Plan, and vesting in equal tranches over one, two and three years. No further performance conditions apply to the vesting of the awards.

LOSS OF OFFICE PAYMENTS AND PAYMENTS TO PAST DIRECTORS

Mr Pazner, Chief Executive Officer, stepped down from his role on 30 January 2023 and left the business on 3 March 2023. All unvested deferred share bonus awards and long-term incentive awards lapsed on cessation. Mr Pazner will be paid his normal salary of £676,000, pension of £33,800, and benefits of £100,074 for his 12 month notice period in total £809,874 with insurance benefits continuing for the notice period. He will also continue to receive accommodation and schooling support totalling £735,000. There will be a duty to mitigate all payments.

Mr Dafna, Chief Financial Officer, will step down from the Board once a new Chief Financial has been appointed. His notice period ends on 12 January 2024. His remuneration for FY23 is set out in the previous pages of this report. Mr Dafna will retain his unvested incentive awards with deferred bonus awards vesting at the usual time and for LTIP awards, performance tested, time pro-rating and vesting at the usual time. Once he ceases to be a Director, full details of his remuneration will be disclosed on the Company's website and included in the 2023 Remuneration Report.

DIRECTORS' REMUNERATION REPORT CONTINUED

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

The Executive Directors are required to build and maintain a shareholding in 888 worth two times their annual salary as set out in the Remuneration Policy.

Details of the Directors' interests (and of their connected persons) in shares as at 31 December 2022 are shown in the table below. There were no changes in the Directors' interests in shares between 31 December 2022 and the date of this Report and 3 February 2023 for Mr Pazner.

Number of Ordinary Shares At 31 December 2022

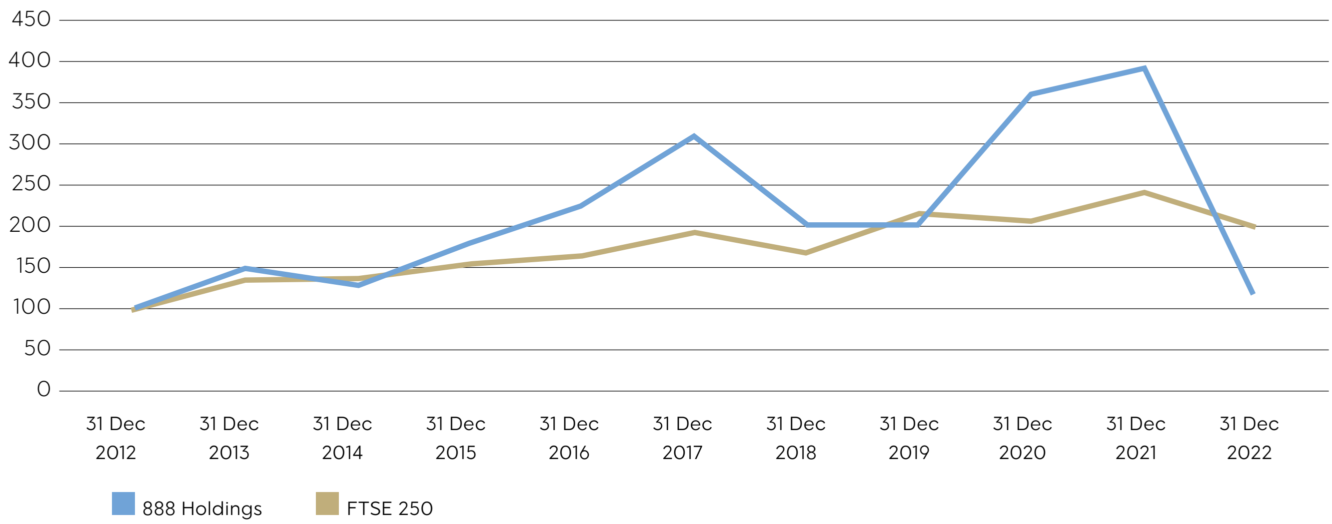
Director	Legally owned	Unvested shares with performance conditions	Unvested shares without performance conditions	Unvested options[1] with performance conditions	Unvested options[1] without performance conditions	Vested unexercised options[1]	Total	Total for shareholding guideline[2]	% achievement against shareholding guideline[2]
Itai Pazner	1,259,291	1,985,671	–	–	245,813	35,607	3,526,382	1,408,444	181%
Yariv Dafna	20,000	–	–	449,650	58,076	1,977	529,703	51,828	13%
Mark Summerfield	32,412	–	–	–	–	–	32,412	–	N/A
Anne De Kerckhove	–	–	–	–	–	–	–	–	N/A
Lord Mendelsohn	100,000	–	–	–	–	–	100,000	–	N/A
Limor Ganot	–	–	–	–	–	–	–	–	N/A
Randy Freer	–	–	–	–	–	–	–	–	N/A
Andria Vidler	–	–	–	–	–	–	–	–	N/A
Andrea Joosen	–	–	–	–	–	–	–	–	N/A
Ori Shaked	–	–	–	–	–	–	–	–	N/A

1. Nil Cost Options.
2. The Executive Directors are required to build and maintain a shareholding equivalent to 200% of base salary. Shares counting towards this guideline include legally owned shares, unvested options without performance conditions (valued on a net of tax basis), and fully vested but unexercised nil-cost options (valued on a net of tax basis). Achievement against the guideline holding is calculated using the share price at 31 December 2022. Following Mr Pazner's cessation of employment on 3 March 2023, all his unvested awards lapsed.
3. Share price at 31.12.2022 was £0.87

No Director was materially interested during the year in any contract which was significant in relation to the business of 888.

PERFORMANCE GRAPH

The following graph shows 888's performance*, measured by TSR, compared with the performance of the FTSE 250 Index. The directors consider that the FTSE 250 Index is the most appropriate comparator benchmark as it has been a member of this index for a significant period of the time covered by the chart.



* 888 Holdings plc Ordinary Shares of GBP 0.005 each, being the shares of the Company's equity share capital whose listing or admission to dealing has resulted in the Company falling within the definition of 'quoted company'.

TOTAL REMUNERATION HISTORY FOR CEO

The table below sets out the total single figure remuneration for the CEO over the last ten years with the annual bonus paid as a percentage of the maximum and the percentage of long-term share awards where the performance period determining vesting ended in the year.

	2013	2014	2015[1]	2016[2]	2017	2018	2019[2] Itai Frieberger	2019[3] Itai Pazner	2020	2021	2022[4]
Total remuneration (£000s)	815	808	3,544	1,369	8,358	1,886	364	1,354	2,000	2,970	1,476
Annual bonus (%)	100%	100%	100%	100%	100%	29.2%	74.6%	74.6%	92.5%	78.0%	0.0%
LTIP vesting (%)	0%	0%	59%	100%	100%	73.8%	30.6%	30.6%	89.9%	88.5%	0.0%

1. Brian Mattingley's total remuneration in 2015 included a phantom award granted to him on 27 March 2012 and which vested on 27 March 2015. Reflects Brian Mattingley's tenure as CEO until 13 May 2015.
2. Mr Frieberger was appointed as CEO on 2 March 2016 and stepped down as CEO on 23 January 2019. Remuneration is salary, benefits, pension and annual bonus for the period as CEO and the total LTIP value for 2019.
3. Mr Pazner was appointed as CEO on 24 January 2019. Remuneration is salary, benefits, pension and annual bonus for the period as CEO and the total LTIP value for 2019.
4. Mr Pazner's 2020 LTIP award lapsed on his cessation of employment and is not therefore included in his Total Remuneration for 2022. The LTIP vesting level was 50% of maximum.

PERCENTAGE CHANGE IN DIRECTOR REMUNERATION COMPARED TO THE AVERAGE FOR OTHER EMPLOYEES

The following table sets out the percentage change in salary, taxable benefits and annual bonus from financial year 2019 to financial year 2022, for Directors and employees of the Group, taken as a whole.

	Change 2022 vs 2021			Change 2021 vs 2020			Change 2020 vs 2019		
	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus	Base salary/fee	Benefits	Bonus
Itai Pazner	4%	749%	-100%	9%	10%	23%	4%	-2%	29%
Yariv Dafna	9%	-11%	-100%	N/A	N/A	N/A	N/A	N/A	N/A
Mark Summerfield	28%	N/A	N/A	4%	N/A	N/A	N/A	N/A	N/A
Anne De Kerckhove	28%	N/A	N/A	26%	N/A	N/A	12%	N/A	N/A
Lord Mendelsohn	22%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Limor Ganot	3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Randy Freer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Andria Vidler	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Andrea Joosen	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ori Shaked	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employees	8%	7%	-100%	-2%	-1%	-14%	0%	-7%	88%

1. The CEO's benefits have increased because of the relocation benefits he has received on his relocation to the UK.
2. Mark Summerfield's fee has increased because he received an additional fee for 2022 of £30,000 for the additional time spent during the year on integration matters.
3. Anne De Kerckhove's fee has increased because she received an additional fee for 2022 of £30,000 for the additional time spent during the year on integration matters.
4. Lord Mendelsohn's fee increase reflects his appointment as Chair of the Board on 31 March 2021.
5. Randy Freer was appointed as a non-executive director on 5 July 2022 but stood down on 31 August 2022 as a result of increased time commitments.
6. Andria Vidler was appointed as a non-executive director on 5 July 2022.
7. Andrea Gisle Joosen was appointed as a non-executive director on 5 July 2022.
8. Ori Shaked was appointed as a non-executive director on 13 September 2022 following the Group's largest shareholder, Sinitus Nominees Limited in trust on behalf of Dalia Shaked, exercising its right to appoint a non-executive director.
9. Employee numbers were calculated on a per average head count basis.

The salary figure includes base salary together with other payments made to the employees (e.g. sick pay, vacation pay), but excluding discretionary bonuses.

The benefits figure includes benefits granted to employees which are not part of salary (e.g. medical insurance, meals, further education funds).

Pension amounts are not included in benefits.

The short term incentives figure solely includes bonuses, which are based on an estimation by the company based on the bonus accrual, since bonuses are generally paid to Group employees in April in respect of the previous financial year.

DIRECTORS' REMUNERATION REPORT CONTINUED

CEO PAY RATIO

	Method	25th percentile	50th percentile	75th percentile
2022	A	1:22	1:18	1:13
2021	A	1:62	1:48	1:35
2020	A	1:33	1:26	1:19
2019	A	1:25	1:19	1:15

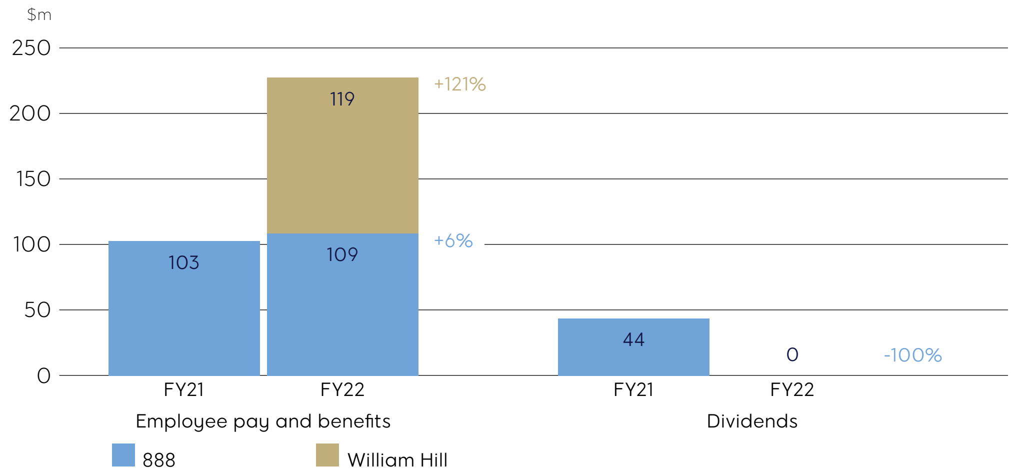
	CEO	25th percentile	50th percentile	75th percentile
Salary	£687,000	£51,000	£67,000	£91,000
Total pay and benefits	£1,476,000	£66,000	£84,000	£113,000

The table above sets out the CEO pay ratio for 2019 to 2022. The ratios have been calculated as far as practicable following the methodology in Option A, as this is the most accurate method of calculation. The CEO pay is compared to the pay of our Israeli employees at the 25th, 50th and 75th percentile. The CEO relocated from Israel to the UK in September 2022 and the pay ratio for 2022 continues to be based on the Israeli workforce. For 2023 the comparison will move to the UK workforce.

The decrease in the ratio for 2022 is as a result of no bonus for 2022 and the CEO's 2020 LTIP award lapsing on cessation of his employment. The overall structure of the remuneration policy for Executive Directors is broadly consistent with that for other senior employees, i.e. with a significant focus on performance related pay, but reflects the additional risks and responsibilities borne by the Executive Directors.

The reward policies and practices for our employees are aligned to those set for the Executive Directors, including the CEO and on this basis the Committee is satisfied that the median pay ratio is consistent with the pay, reward and progression policies across the 888 Group employees.

RELATIVE IMPORTANCE OF SPEND ON PAY 2022 VS 2021



The graph above sets out the actual expenditure by 888 in financial years 2021 and 2022 on dividend and remuneration to Group employees.

No other comparables were chosen for the disclosure in this 2022 Remuneration Report because of the difficulty of providing comparable data from 2021 to 2022 given the William Hill acquisition.

The calculation of the comparables is as set out in the 2022 Consolidated Income Statement and Notes to the Financial Statements. For FY21 we have shown the 888 business only and for FY22 we have shown two comparisons, one for 888 only and one for 888 and William Hill combined (representing the acquisition of William Hill in July 2022).

COMMITTEE MEMBERS, ATTENDEES AND ADVICE

The Remuneration Committee consists solely of Non-Executive Directors. Ms Anne de Kerckhove chairs the Committee and Committee members during the year were Mr Mark Summerfield and Ms Limor Ganot. Details of attendances at Committee meetings are contained in the statement on Corporate Governance on page 92. The Chair of the Board attends meetings by invitation. Members of the management team attend meetings by invitation, and where appropriate, but no individual is present when their own specific remuneration arrangements are determined.

The Remuneration Committee's remit is set out in its Terms of Reference which are available at https://corporate.888.com/who-we-are/governance/board-committees.

REMUNERATION COMMITTEE ADVISER

Korn Ferry was appointed Remuneration Committee adviser to 888 on 30 November 2018 following a tender process.

The primary role of the adviser to the Committee is to provide independent and objective advice and support to the Committee's Chair and members. Korn Ferry has discussions with the Committee Chair on a regular basis to discuss executive and wider group remuneration matters, reporting, regulation, investor views and process. Korn Ferry has provided other human capital services to the Group during the year through separate parts of the business. The Committee is comfortable that the controls in place at Korn Ferry do not result in the potential for any conflicts of interest to arise. The Committee undertakes due diligence periodically to ensure that its advisers remain independent and is satisfied that the advice that it receives from Korn Ferry is objective and independent. Korn Ferry also is a signatory to the Remuneration Consultants Group Code of Conduct which sets out guidelines for managing conflicts of interest and has confirmed to the Committee its compliance with the Remuneration Consultants Group Code.

The total fees paid to Korn Ferry in respect of its services to the Committee for the year ending 31 December 2022 were £120,000 (2021: £80,000). Fees are charged on a 'time spent' basis.

ENGAGEMENT WITH STAKEHOLDERS

The Committee includes as part of its annual agenda consideration and review of workforce policies and practices and invites members of the management team to attend Committee meetings to provide input into the Committee's considerations. A key part of the Chief People Officer's role, supported by the CEO and the non-executive director for engagement, is to engage with the wider workforce, with views and feedback on remuneration provided to the Committee and wider Board. The approach to workforce engagement has been reviewed for 2023 and an engagement plan will be led by the designated director for workforce engagement, Ms Anne de Kerckhove, with the Chief People Officer and supported by the Chair of the Board.

The Committee is committed to having a transparent and constructive dialogue with our investors and consults with its investors to seek feedback on any proposed policy changes and significant operation of policy changes. In early 2023, the Remuneration Committee Chair carried out engagement with investors to discuss the businesses' overall approach to remuneration and the operation of policy for 2023. This engagement was curtailed by changes to the Board but will continue again as the Committee reviews the Directors' Remuneration Policy in advance of the triennial vote at the 2024 AGM.

STATEMENT OF SHAREHOLDER VOTING AT AGM

Details of votes cast for and against the resolutions to approve the Annual Report on Remuneration at the 2022 AGM and the Remuneration Policy at the 2021 AGM are shown below.

	Advisory Vote to approve Annual Report on Remuneration (at 2022 Annual General Meeting)		Advisory Vote to approve Remuneration Policy (at 2021 Annual General Meeting)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	317,227,305	97.44%	215,388,197	75.72%
Against	8,337,888	2.56%	69,066,028	24.28%
Vote Withheld	0		2,757,202	

Approved by the Board of Directors and signed on behalf of the Board:

Anne de Kerckhove
Chair of the Remuneration Committee
14 April 2023

GOVERNANCE

DIRECTORS' REPORT

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 COMPRISES PAGES 126 TO 133 OF THIS REPORT, TOGETHER WITH THE SECTIONS OF THE ANNUAL REPORT INCORPORATED BY REFERENCE. THE CORPORATE GOVERNANCE REPORT SET OUT ON PAGES 92 TO 97 IS INCORPORATED BY REFERENCE INTO THIS REPORT AND, ACCORDINGLY, SHOULD BE READ AS PART OF THIS REPORT.

As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report on pages 2 to 88, as the Board considers them to be of strategic importance.

Specifically, these are:

- the Strategic framework on pages 2 to 33, which provides detailed information relating to the Group, its business model and strategy, operation of its businesses, future developments and the results and financial position for the year ended 31 December 2022;
- future business developments (throughout the Strategic Report);
- details of the Group's policy on addressing the Principal Risks and uncertainties facing the Group, which are set out in the Strategic Report on pages 56 to 66;
- information on the Group's GHG emissions for the year ended 31 December 2022, contained within our TCFD section on pages 68 to 88;
- how we have engaged with our stakeholders on pages 32 to 33; and
- the Section 172 Statement on page 96.

Furthermore, as a company incorporated in Gibraltar, 888 Holdings plc is not required by UK law or regulation to prepare the Directors' Remuneration or Strategic reports under regulation that applies to UK incorporated companies. However, by virtue of 888's Premium Listing on the London Stock Exchange and reflecting the Director's approach to good governance and investor expectation, we have prepared these reports in line with the requirements under the UK Companies act 2006.

The Directors' Remuneration Report, set out on pages 111 to 125, has been voluntarily prepared in accordance with sections 420 to 422 UK Companies act 2006.

The information given in the Strategic Report, set out on pages 2 to 88, has been voluntarily prepared in accordance with section 414 UK Companies act 2006.

RESULTS

The Group's loss after tax is £120.6m (2021: profit of £50.0m) is reported in the consolidated income statement on page 145. The Board of Directors is not recommending a final dividend to be paid, in light of the Group's leverage position following the acquisition of William Hill and consistent with its previous announcements.

DIRECTORS AND THEIR INTERESTS

Biographical details of the current Board of Directors, setting out their relevant skills and experience and their professional commitments, are shown on pages 90 and 91.

The Directors who served during the year are shown below. In line with the UK Corporate Governance Code and as required by the Company's Memorandum & Articles of Association ("Articles"), all Directors retire at each Annual General Meeting and those who wish to continue to serve offer themselves for re-election.

- Lord Mendelsohn (first appointed 23 September 2020 as Chair Designate, appointed as Chair on 31 March 2021 and appointed as Executive Chair on 29 January 2023).
- Itai Pazner (first appointed 8 March 2019, stepped down 29 January 2023).
- Yariv Dafna (first appointed 1 November 2020, will step down at the end of 2023).
- Mark Summerfield (first appointed on 5 September 2019).
- Anne de Kerckhove (first appointed 28 November 2017).
- Limor Ganot (first appointed 1 August 2020).
- Andria Vidler (appointed 5 July 2022)
- Andrea Gisle Joosen (appointed 5 July 2022)
- Randy Freer (appointed 5 July 2022, stepped down 31 August 2022)
- Ori Shaked (appointed 13 September 2022)

The beneficial and non-beneficial interests of the Directors and their closely associated persons (pursuant to Article 19 of the European Market Abuse Regulation) in shares of the Company are set out in the Directors' Remuneration Report on pages 111 to 125. There has been no change in the interests of Directors in shares of the Company between 31 December 2022 and 31 March 2023 which is the last practicable date prior to the release of this Report. Except as noted above, none of the Directors had any interests in the shares of the Company or in any material contract or arrangement with the Company or any of its subsidiaries.

SHARE CAPITAL

Changes in share capital of the Company during the financial year are given in the Consolidated Statement of Changes in Equity. As at 31 December 2022, the issued share capital of the Company comprised 446,331,656 ordinary shares of GBP £0.005 each ("Ordinary Shares").

On 7 April 2022, the Company undertook a non-pre-emptive placing of 70.8 million new ordinary shares of £0.005 each in the capital of the Company, representing approximately 19% of the issued ordinary share capital and raising £162.9m to partly fund the acquisition of William Hill.

At the Annual General Meeting held in June 2022, the Board was empowered to allot securities of a value up to 66.66% of the Company's ordinary share capital in issue as at 30 April 2022, provided that, in accordance with institutional guidelines issued by the Investment Association, this would permit up to a maximum nominal value of £1,487,401.50 (66.66%) to be allotted pursuant to a rights issue. Furthermore, the Board was empowered to allot equity securities of the Company for cash without application of pre-emptive rights under the Articles, provided that such power is limited:

- to the allotment of equity securities in connection with an offer or issue of equity securities to or in favour of: (i) Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them; and (ii) holders of other equity securities if this is required by the rights of those securities, or if the Directors consider it necessary, as permitted by the rights of those securities; so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;
- to the allotment (otherwise than pursuant to sub-paragraphs (a) above and (c) below) of equity securities up to an aggregate nominal value of £111,566.27; and
- to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities in connection with an acquisition or specified capital investment up to an aggregate nominal value of £111,566.27;
- and shall expire upon the earlier of: (i) the conclusion of the next Annual General Meeting of the Company after passing the resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred thereby had not expired; and (ii) 30 June 2023.

In paragraph (c) "specified capital investment" means one or more specific capital investments in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to those assets is made available to shareholders to enable them to reach an assessment of the potential return.

DIRECTORS' REPORT CONTINUED

SHARE BUY BACK AUTHORITY

At the Annual General Meeting held in June 2022, the Board was authorised to make market purchases of up to 44,626,508 of its ordinary shares at a minimum price per share (exclusive of expenses) of £0.005 and a maximum price per share (exclusive of expenses) of the highest of 105% of the average of the middle market quotations of an ordinary share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased, the price of the last independent trade of an ordinary share, and the highest current independent bid for an ordinary share in the Company as derived from the London Stock Exchange Trading System.

The authority expires upon the earlier of: (i) the conclusion of the next annual general meeting of the Company; and (ii) 30 June 2023, unless previously renewed, varied or revoked by the Company at a general meeting; and a contract to purchase shares under the authority may be made prior to the expiry of the authority, and concluded in whole or in part after the expiry of the authority, and the Company may purchase its ordinary shares in pursuance of any such contract. In 2022, the Company did not seek exercise any of the foregoing powers and authorities.

RIGHTS ATTACHING TO ORDINARY SHARES IN THE COMPANY

The rights and obligations attaching to ordinary shares are set out in the Articles.

Holders of Ordinary Shares are entitled to attend and speak at general meetings, to appoint one or more proxies and to exercise voting rights. Holders of Ordinary Shares may receive a dividend and on liquidation may share in the Company's assets. Holders of Ordinary Shares are entitled to receive the Annual Report. Subject to meeting certain thresholds, holders of Ordinary Shares may requisition a general meeting or the proposal of resolutions at general meetings.

MEMORANDUM & ARTICLES OF ASSOCIATION

The Articles can only be amended by a special resolution at a general meeting of shareholders. A special resolution to amend the Articles will be proposed at the 2023 AGM in order to change the Company's UK address stated within them.

RESTRICTIONS ON TRANSFER OF SHARES AND LIMITATIONS ON HOLDINGS

There are no restrictions on transfer or limitations on the holding of Ordinary Shares other than under restrictions imposed by law or regulation (for example, insider trading laws) or pursuant to the Company's share dealing code.

REQUIREMENTS OF GAMING REGULATIONS

Many jurisdictions where the Group currently holds, or in the future may secure a licence, require any person who acquires beneficial ownership of more than a certain percentage (typically 5%, and in some cases a smaller percentage) of the Company's securities, to report the acquisition to the gaming authorities and apply for a finding of suitability. Many gaming authorities allow an "institutional investor" to apply for a waiver that allows such institutional investor to acquire up to a certain percentage of securities without applying for a finding of suitability, subject to the fulfilment of certain conditions. In some jurisdictions, suitability investigations may require extensive personal and financial disclosure. The failure of any such individuals or entities to submit to such background checks and provide the required disclosure could jeopardise the Group's eligibility for a required licence or approval.

The criteria used by relevant regulatory authorities to make determinations as to suitability of an applicant for licensure varies from jurisdiction to jurisdiction, but generally require the submission of detailed personal and financial information followed by a thorough investigation. Gaming authorities have very broad discretion in determining whether an applicant (corporate or individual) qualifies for licensing or should be found suitable.

Any person who is found unsuitable by a relevant gaming authority may be prohibited by applicable gaming laws or regulations from holding, directly or indirectly, the beneficial ownership of any of the Company's securities.

The Articles include provisions to ensure that the Company has the required powers to continue to comply with applicable gaming regulations.

These provisions include providing the Company, in the event of a Shareholder Regulatory Event (as defined in the Articles), with the right to:

(a) suspend certain rights of its members who do not comply with the provisions of the gaming regulations (the Affected Members);

(b) require such Affected Members to dispose of their Ordinary Shares; and

(c) subject to (b) above, dispose of the Ordinary Shares of such Affected Members.

The Company considers that these rights are required in order to mitigate the risk that an interest in Ordinary Shares held by a particular person could lead to action being taken by a relevant Regulatory Authority (as defined in the Articles) which in turn could lead to the withdrawal of existing licences held by the Group or the exclusion of being awarded further licences in other jurisdictions that the Group seeks to pursue. This potential Regulatory Authority action could therefore cause substantial damage to the Group's business or prospects.

ENTITIES HOLDING COMPANY SHARES ON BEHALF OF GROUP EMPLOYEES

At 31 December 2022, Virtual Share Services Limited (a wholly owned subsidiary of the Company) held 744,410 Ordinary Shares in its administrative capacity in connection with the 888 Holdings plc Long Term Incentive Plan 2015 and Deferred Share Bonus Plan. Full details are set out on page 189.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified of the following interests in 5% or more of its share capital under Disclosure Guidance and Transparency Rules (DTR) Rule 5 of the UK Financial Conduct Authority:

Principal Shareholders	Number of shares/ applicable financial instruments	% issued share capital	Nature of Holding
As at 31 December 2022			
Salix Trust Company (BVI) Limited in trust on behalf of Dalia Shaked	86,283,534	19.33%	Indirect
Parvus Asset Management LLP	41,448,548	9.29%	Indirect
Helikon Investments	25,356,787	5.68%	Indirect
Bank Leumi Le Israel BM	22,729,179	5.09%	Indirect
Following 31 December 2022 and 31 March 2023 which is the latest practicable date prior to publication of this Annual Report			
Salix Trust Company (BVI) Limited in trust on behalf of Dalia Shaked	86,283,534	19.33%	Indirect
Parvus Asset Management LLP	44,061,986	9.85%	Indirect

Other than as stated above, between 31 December 2022 and 31 March 2023 which is the last practicable date prior to the publication of this Annual Report, no further notifications were received regarding holdings comprising 5.0% of the Company's issued share capital. Information provided to the Company pursuant to the DTRs is publicly available via the regulatory information services and the Company's corporate website corporate.888.com.

SHAREHOLDER AGREEMENTS AND CONSENT REQUIREMENTS

There are no known arrangements under which financial rights are held by a person other than the holder of the shares.

Relationship Agreement

The Company is a party to a relationship agreement with, among others, Salix Trust Company (BVI) Limited as trustee for Dalia Shaked ("DS Trust") dated 14 September 2005 which was amended on 16 July 2015 (the "Amended Relationship Agreement"). The O Shaked Shares Trust and the Ben Yitzhak Family Shares Trust (together with Dalia Shaked Bare Trust, the "Principal Shareholder Trusts") are also party to the Amended Relationship Agreement but are no longer bound by certain material provisions since they are no longer shareholders of the Company. Salix Trust Company (BVI) Limited replaced Sinitus Nominees Ltd as trustee for the DS Trust on 31 August 2022.

The Amended Relationship Agreement includes the following provisions in respect of the independence of the Company (in accordance with the UK Listing Rules) which provide that DS Trust shall, and shall procure as far as it is legally able, that its respective associates:

- conduct all transactions and relationships with 888 Holdings plc and any member of the Group on an arm's length basis and on a normal commercial basis;
- not take any action which precludes or inhibits 888 Holdings plc, or any member of the Group, from carrying on its business independently of it;
- not take any action that would have the effect of preventing the Company, or any member of the Group, from complying with its obligations under the UK Listing Rules; and
- not propose or procure the proposal of any shareholder resolution which is intended, or appears to be intended, to circumvent any proper application of the UK Listing Rules.

It further provides that the DS Trust will not solicit Group employees without consent, that only independent directors can vote on proposals to further amend the Amended Relationship Agreement, that the DS Trust will consult the Company prior to disposing of a significant number of shares in order to maintain an orderly market and shall not disclose confidential information unless required to do so by law or relevant regulation or having first received the Company's consent.

The Amended Relationship Agreement also includes restrictions on the DS Trust's power to appoint Directors and includes obligations on the DS Trust to exercise its voting rights to ensure that the majority of the Board, excluding the Chair, is independent.

The DS Trust can nominate a non-executive director for appointment to the Board. In the event that this right is exercised and it results in fewer than half the Board (excluding the Chair of the Board) being Independent Directors, such appointment shall only become effective upon the appointment to the Board of an additional Independent Director acceptable to the Nominations Committee. The DS Trust exercised this right in July 2022 and Ori Shaked was appointed as a non-executive director on 13 September 2022.

Such restrictions and obligations apply in respect of the DS Trust whilst it holds not less than 7.5% of the issued share capital of the Company.

The obligations of the parties to the Amended Relationship Agreement are at all times subject to all relevant legal and regulatory requirements and obligations of the parties thereto in the United Kingdom, Gibraltar or elsewhere.

Confirmation of independence

The Board confirms that as of the date of this Annual Report, and during the entirety of 2022, the Company had no controlling shareholder. Therefore, no confirmation of independence is required pursuant to UK Listing Rule 9.8.4 R (14).

Shareholders' Agreements

There are no known Shareholders' Agreements in force between shareholders of the Company.

DIRECTORS' REPORT CONTINUED

CHANGE OF CONTROL

A change of control in the Company may, in the event of failure to fulfil any applicable consent requirement, give rise to certain revocation or termination rights under the Group's gaming licences or certain contracts to which Group companies are a party.

POLITICAL DONATIONS

In accordance with its Political Involvement Policy which is available on the corporate website, the Group did not make any donations to any political party (including any non-EU political party) or organisation or independent election candidate or incur any political expenditure during the year.

POLITICAL INVOLVEMENT AND ANTI-CORRUPTION ACTIVITIES

The Group has a zero-tolerance approach to bribery and corruption and complies strictly with all relevant laws. The Group has adopted an Anti-Bribery Policy which applies to all employees and is overseen by the Board. The policy includes the Group's rules with regard to the giving and receiving of gifts, business hospitality and other payments, with particular focus on transactions with government-related entities and intermediaries. The policy can be read in full on the group's corporate website. The Group carries out a comprehensive due diligence process of potential high-risk business associates, which includes certain government related transactions and certain intermediaries. The Group also clearly communicates its policy to its suppliers and employees and carries out staff training on the topic.

During 2022, no instances of noncompliance with the policy arose, and no fines, penalties or settlements were received or entered into in connection with bribery and corruption matters. We have also adopted a political involvement policy, which is publicly available on the corporate website. Under this policy, we do not generally engage in political matters other than lawful lobbying in connection with our business. The Group was not involved in political matters and did not make fiscal contributions.

Respecting local tax regimes and paying our fair share is a fundamental responsibility of the Company to the communities on which we rely. Further information on our wider contributions to communities is included in our ESG and Sustainability Report. As a Group our economic contribution is significant, including a total tax contribution of £588m in 2022 (2021: US$196.4 million).

FINANCIAL INSTRUMENTS

The Board considers the Group's exposure to financial risks as part of its risk management strategy. Further details can be found in the Risk Management section of this report on page 56. In order to finance the acquisition of William Hill, the Company took on significant debt. Hedging arrangements were put in place in order to fix around 70% of interest costs for the next three years. The Group is also exposed to foreign exchange as the Group's deposits and revenues are generated in GBP, EUR and other currencies, whilst the Group's operating expenses are largely incurred in local currencies.

The Group has mitigated foreign exchange risk by adopting policies to hedge certain costs in GBP. The Group has also entered into FX or cross currency swaps in order to hedge part of its ongoing USD and EUR exposure arising due to the acquisition financing and its ongoing EUR exposure under outstanding notes. Forward deals are also in place to hedge ILS against revenue in Canadian Dollars and GBP.

The Board reviews these risks on an ongoing basis with a view to taking such action as required from time to time. Further information on the Group's use of financial instruments is set out in note 25 to the annual accounts on page 185 to 187.

DIRECTORS' INDEMNITIES

The Articles permit the Company to indemnify its Directors in certain circumstances, as well as to provide insurance for the benefit of its Directors. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all of its Directors in a form and scope which comply with the requirements of the UK Companies Act 2006 and the Gibraltar Companies Act 2014 which were in force from 1 November 2017 (or subsequently, with respect to subsequently appointed directors) and remain in force.

GOING CONCERN AND VIABILITY STATEMENTS

The going concern and viability statements required to be included in the annual report pursuant to the UK Corporate Governance Code are on pages 151 and 67 respectively, and are incorporated in this Directors' Report by reference.

PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings are listed on note 33

RESEARCH AND DEVELOPMENT ACTIVITIES

Product and content leadership is a key pillar of the Group's growth strategy, and as such, investment in research and development is a critical area of focus for the Group. Our mission is to lead the industry in creating the best betting and gaming experiences, and the Group places significant emphasis on the development of best-in-class products. Further details of the outputs of our research and development activities this year are set out on pages 24 and 25.

POST-PERIOD EVENTS

In January 2023 it was announced that the Group's CEO, Itai Pazner would step down with immediate effect. Lord Mendelsohn assumed the interim role of Executive Chair whilst a new CEO is recruited.

It was also announced that the Group's CFO, Yariv Dafna, would step down at the end of 2023.

In March 2023 it was announced that following a periodic compliance assessment of William Hill, undertaken by the UK Gambling Commission ("UKGC") in July and August 2021, prior to the company's acquisition, William Hill had agreed to pay a regulatory settlement of £19.2m in relation to historic player safety failings.

AUDIT COMMITTEE

The Board has established an Audit Committee. Details of the Audit Committee's functions, together with its specific activities in 2022, are set out in the Audit Committee Report on page 102.

During the year the Company's Audit Committee comprised Mark Summerfield (Chair), Independent Non-Executive Directors Anne de Kerckhove and Limor Ganot.

Prior to the acquisition of William Hill, Deloitte carried out the Company's internal audit function, reporting to the Audit Committee. However following the acquisition, the William Hill internal audit team led the internal auditing with the assistance of Deloitte. During 2022, the internal auditor provided twelve reports to the Audit Committee and discussed the internal audit working plan for 2023.

Details of the Company's risk management strategy and the Board's assessment of the Group's viability in light of its risks are set out on pages 58 and 67 respectively.

AUDITORS

A resolution for the reappointment of Ernst and Young LLP and EY Limited, Gibraltar, (together, EY), as auditors of the Company will be proposed at the 2023 Annual General Meeting.

During the year ended 31 December 2022, Ernst and Young LLP was reappointed as auditor for the purposes of the Company preparing financial statements as required pursuant to the UK Listing Rules and the DTRs. EY Limited, Gibraltar, which is approved as a registered auditor under the Gibraltar Financial Services Act 2019, is the statutory auditor of the Company including for the purposes of issuing an audit report pursuant to the Gibraltar Companies Act 2014.

Details of audit and non-audit fees charged by EY to the Company are set out on page 107 of the Audit Committee Report.

The Company's audit was last tendered for the year ended 31 December 2014. In accordance with the EU Audit Regulation and the Competition and Markets Authority rules, the Company is required to run a competitive tender process in respect of auditor appointment no later than 31 December 2023 year end. As such, the intention is to run an audit tender process in Q2 2023 for the FY 2024 audit.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that they are responsible for the Company's system of internal control, for setting policy on internal control and risk management, and for reviewing the effectiveness of internal control and risk management.

The Board monitors the Group's systems of internal control and risk management on an ongoing basis, including identifying, evaluating and managing the significant risks faced by the Group. The Board believes that its risk management process accords with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and carries out an annual review of its effectiveness covering all material controls, including financial, operational and compliance controls.

The annual review considers individual risk control responsibilities, reporting lines and qualitative assessments of residual risks. Such a review was carried out in respect of the processes that were in place throughout 2022 up until the date of approval of the Annual Report and Accounts. No significant failings or weaknesses were identified in the review.

It is management's role to implement Board policies on risk and control, including reporting. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Audit Committee also reviews the appropriateness and adequacy of systems of internal control and risk management in relation to the financial reporting process on an ongoing basis and makes recommendations to the Board based on its findings.

The Group's internal control and risk management systems in relation to the process of preparing consolidated accounts include the following:

- Identification of significant risk and control areas of relevance to Group-wide accounting processes;
- Controls to monitor the consolidated accounting process and its results at the level of the Board and at the level of the companies included in the consolidated financial statements;
- Preventative control measures in the finance and accounting systems of the Company and of the companies included in the consolidated financial statements and in the operative, performance-oriented processes that generate significant information for the preparation of the consolidated financial statements including the Strategic Report, including a separation of functions and pre-defined approval processes in relevant areas;
- Measures that safeguard proper IT-based processing of matters and data relevant to accounting; and
- Reporting information of companies around the Group which enable the Company to prepare consolidated financial statements including management accounts.

The reporting structure relating to all the companies included in the consolidated financial statements requires that significant risks are to be reported immediately to the Board on identification.

DIRECTORS' REPORT CONTINUED

WHISTLEBLOWING POLICY

The Group's whistle-blowing policy sets out the overall responsibility of the Board (through its Audit Committee) for implementation of the policy, but notes that the Board has delegated day-to-day responsibility for overseeing and implementing it to the Group Internal Audit function with additional oversight from Group Legal and Compliance functions. The policy was harmonised following the acquisition of William Hill and approved in January 2023.

The policy provides that where an employee is not comfortable making an identified disclosure in the standard manner (i.e. to his/her respective direct line manager, another manager in his/her subsidiary, the human resources department or the compliance manager), disclosure can be made anonymously through a third party, Navex, and reporters can either raise their case via online forms or dedicated phone numbers.

Whilst employees are permitted to make disclosures anonymously, disclosing employees are encouraged to reveal their identity to the compliance officer in order to allow a full and proper investigation to take place. Where a disclosing employee's identity is revealed, the Group will make its best effort, considering the circumstances and applicable law, to preserve confidentiality of such disclosure. The Board commits to investigating all disclosures fully, fairly, quickly and, where circumstances permit, confidentially. Undertakings are made to employees who raise genuinely held concerns in good faith under the procedure that they will not be dismissed or subject to any discrimination or victimisation as a result of his/her action. Employees of the Group are regularly sent reminders regarding the whistle-blowing policy as part of general refreshers of various Group policies.

REMUNERATION COMMITTEE

The Board has overall responsibility for determining the framework of executive remuneration and its cost. It is required to take account of any recommendation made by the Remuneration Committee in determining the remuneration, benefits and employment packages of the Executive Directors and Executive Committee and the fees of the Chair.

During the year the Company's Remuneration Committee comprised Independent Non-Executive Directors Anne de Kerckhove (Chair), Mark Summerfield, and Limor Ganot.

The Remuneration Committee determines the Chair's and Executive Directors' fees, whilst the Chair and the Executive Directors determine the fees paid to the Non-Executive Directors. Further details are provided on page 92.

The Remuneration Committee was advised during 2022 by Korn Ferry. The remuneration consultant has no other connection with 888 or any of the Directors. Further details are provided on page 118.

All new long-term incentive schemes and significant changes to existing long-term incentive schemes are put to the shareholders of the Company for approval before they are adopted (save for certain circumstances as set out in the Listing Rules).

The Directors' Remuneration Report, which outlines the Remuneration Committee's work and details of Directors' remuneration, is on pages 111 to 125. The Remuneration Committee's terms of reference are available on the Company's website, corporate.888.com.

COMPLIANCE WITH STATUTORY PROVISIONS

As the Company is registered in Gibraltar, it is subject to compliance with Gibraltar statutory requirements. The main corporate legislation relevant to the Company in Gibraltar is the Gibraltar Companies Act 2014. The Company is in full compliance with the Gibraltar Companies Act.

DIVIDEND POLICY

The Company's policy, as stated in its IPO Prospectus, is to distribute 50% of its adjusted profit after tax each year. On 7 April 2022 it was announced that the Board intends to suspend dividends until such time that net leverage is at or below 3x.

DIRECTORS' STATEMENT OF RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Gibraltar 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 group and parent company financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with UK adopted international accounting standards.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014 and UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether UK adopted international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the company and the group financial statements comply with the Gibraltar Companies Act 2014. They are also responsible for safeguarding the assets of the Group and parent company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

DIRECTORS' RESPONSIBILITY STATEMENT (DTR 4.1)

The directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014 and UK adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

All of the current Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any information needed by the Company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Board:

Lord Mendelsohn
Executive Chair
14 April 2023

INDEPENDENT AUDITOR'S REPORT

To the members of 888 Holdings PLC

OPINION

In our opinion:

- 888 Holdings plc's Group Financial Statements and Parent Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group and Parent Company Financial Statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the Financial Statements have been prepared in accordance with the requirements of the Gibraltar Companies Act 2014 as applied in accordance with the provisions of the Gibraltar Act 2014.

We have audited the Financial Statements of 888 Holdings plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise:

Group	Parent company
Consolidated income statement for the year ended 31 December 2022	Balance sheet as at 31 December 2022
Consolidated statement of comprehensive income for the year then ended	Statement of changes in equity for the year then ended
Consolidated balance sheet as at 31 December 2022	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 10 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 33 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 UK adopted international accounting standards and, as regards the Group and parent company financial statements, as applied in accordance with the provisions of the Gibraltar Companies Act 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit. We confirm that there are appropriate safeguards in place and that we remain independent.

CONCLUSIONS RELATING TO GOING CONCERN

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

- We confirmed our understanding of 888's going concern assessment process, including how principal and emerging risks are considered. We understand the review controls in place for the going concern model, forecasting and management's Board memoranda.
- We tested the mathematical integrity of management's going concern model, including ensuring arithmetic accuracy and agreeing the prospective financial information to that used in other areas of the business, such as impairment assessments. We also evaluated the potential impact of any contingencies, including the likelihood of their occurrence.
- We performed procedures to test the reasonableness of cash flow forecasts, through reconciliation to the budget approved by the Board, comparison with recent performance and external benchmarking, as well as their consistency with other areas of the audit including impairment assessments. We independently assessed other key assumptions, namely the potential impact of interest rate and macroeconomic risks, the timing of settlement of provisions and accruals and achievability of integration synergies.

CONCLUSIONS RELATING TO GOING CONCERN CONTINUED

- We read the Group's facility and syndication agreements executed during the period and re-calculated the financial covenant relating to the Group's revolving credit facility to ensure it remained available to the Group throughout the going concern period.
- We searched for sources of contradictory evidence in our assessment of management's forecasting, including assessing recent budgeting accuracy, current trading, industry trends and the broader macroeconomic outlook.
- We considered the mitigating factors included in the cash flow forecasts. This included understanding the Group's variable and discretionary costs and evaluating the Group's ability to control these outflows as mitigating actions if required. We considered the achievability of planned synergies and any incremental costs of executing the integration.
- We performed our own assessment of plausible downside scenario focused on the timing of cash outflows not solely at the Groups discretion. We also performed a reverse stress test in order to assess the flexibility of the business model and identify what factors would lead to the Group utilising all liquidity during the going concern period and the probability of such events of occurring.
- We assessed the appropriateness of the duration of the going concern assessment period and consider the existence of any significant events or conditions beyond this period.
- We assessed the appropriateness of disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the UK Corporate Governance Code.

Our key observations:

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

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

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

OVERVIEW OF OUR AUDIT APPROACH

Audit scope	• We performed an audit of the complete financial information of eight components, and audit procedures on specific balances for a further one component. • The components where we performed full audit procedures accounted for 96% of Adjusted EBITDA, 99% of Revenue and 94% of Total assets.
Key audit matters	• Regulatory and legal risks • Revenue recognition • Acquisition accounting • Impairment of goodwill and other assets
Materiality	• Overall Group materiality of £4.3m, which represents 2% of Adjusted EBITDA

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 888 Holdings PLC

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDITS

Tailoring the scope

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

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

Of the nine components selected, we performed an audit of the complete financial information of eight components ("full scope components") which were selected based on their size or risk characteristics. For the remaining component ("specific scope component"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements because of the size.

The reporting components where we performed audit procedures accounted for 96% (2021: 100%) of the Group's Adjusted EBITDA, 99% (2021: 100%) of the Group's Revenue and 96% (2021: 100%) of the Group's Total assets. For the current year, the full scope components contributed 125% (2021: 52%) of the Group's Adjusted EBITDA, 99% (2021: 100%) of the Group's Revenue and 94% (2021: 100%) of the Group's Total assets. The specific scope component contributed EBITDA of -29% (2021: -52%) on the basis it is a cost centre. The audit scope of this component may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining components that together represent 4% of the Group's Adjusted EBITDA, none are individually greater than 2% of the Group's Adjusted EBITDA. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

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

- 96% Full & Specific scope component
- 4% Other procedures

- 99% Full & Specific scope component
- 1% Other procedures

- 94% Full & Specific scope component
- 6% Other procedures

Changes from the prior year

There was significant change in Group structure during the period resulting from the Group's acquisition of William Hill International on 1 July 2022. As a result of this acquisition, we selected additional full scope components from the William Hill International Group, including in its Retail, UK Online and International Online businesses.

Involvement with component teams

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

The non-statutory audit partner has experience serving clients in a variety of public UK-listed companies, including those with the majority of their operations overseas. He reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of a specialist where appropriate. The statutory audit partner also has experience in the gaming industry and has worked on the 888 engagement for a number of years. The team had discussions during planning and throughout the audit in respect of the evolving gaming regulatory environment.

The Group audit team followed a programme of planned visits to the UK, Gibraltar, Malta and Israel that has been designed to ensure that the Non-Statutory Auditor, the Statutory Auditor, and other Group partners, visited all full scope and specific scope locations. During the current year's audit cycle, visits were undertaken by the primary audit team to the component teams in Gibraltar, Malta and Israel. These visits involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management and reviewing relevant audit working papers on risk areas. The primary team interacted regularly with the component teams where appropriate during each stage of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process.

At critical periods of the audit, we increased the use of online collaboration tools to facilitate team meetings, information sharing and the evaluation, review, oversight and participation in the component audit team's planning, including its discussion of fraud and error and was responsible for the scope and direction of the audit process. We requested more detailed deliverables from component teams, and we utilised fully the interactive capability of EY Canvas, our global audit workflow tool, to review remotely the relevant underlying work performed. Given the nature of our engagement, some of these measures have been implemented in previous years, providing an appropriate base from which to expand these forms of interactions and facilitate our oversight of the component audit team. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact 888 Holdings PLC. The Group has determined that the most significant future impacts from climate change on their operations will be from energy prices as the Group and global economy transition to greener sources. These are explained on pages 68 to 88 in the Task Force for Climate related Financial Disclosures and on pages 61 to 66 in the principal risks and uncertainties. They have also explained their climate commitments on pages 44 to 45. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

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

The Group has explained in the basis of preparation on page 150 their articulation of how climate change has been reflected in the financial statements and how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to achieve net zero emissions by 2035. Consideration of significant judgements and estimates relating to climate change are included in note 1.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on page 79 and 152 and the significant judgements and estimates disclosed in note 1 and whether these have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being the impairment tests of the Retail, UK online, International online and US B2C cash generating units.

We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures. Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 888 Holdings PLC

RISK: REGULATORY AND LEGAL RISKS

At 31 December 2022, the Group has provided £127.5 million (2021: US$£19.0 million) in respect of ongoing legal and regulatory matters principally in Austria, the UK and Gibraltar and a further £78.7 related to indirect taxes.

Refer to the significant accounting policies (Note 1 on page 154); and Notes 22 and 31 to the consolidated financial statements (pages 177 and 194).

Given the industry and jurisdictions in which the Group operates there is a risk that the Group operates without the appropriate licences, has existing licences adversely affected through the imposition of licence conditions or threat of licence revocation, or is subject to regulatory sanctions resulting from breaches of licence conditions. There is also a risk that the Group does not pay or accrue for gaming taxes on an appropriate basis.

Judgement is also applied in estimating amounts payable to regulatory authorities, or customers, in certain jurisdictions. This gives rise to a risk over the accuracy of accruals, provisions and disclosure of contingent liabilities and the related income statement effect. There is also a risk that management may influence these significant estimates and judgements in order to meet market expectations or bonus targets.

The legal and regulatory risk increased during 2022 following the acquisition of William Hill. Refer to the Risk management strategy (on page 58).

Our response to the risk

- We assessed the processes and controls over legal and regulatory risk from the management of legal and regulatory risks to the evaluation of matters and the quantification and recording of a provision or disclosure of a contingent liability.
- Enquired of management and the Group's external legal advisers, where appropriate, about any known instances of material breaches in regulatory or licence compliance and the potential consequences of any such breach to inform our assessment of the Group's disclosures and our evaluation of provisions to be recorded.
- Inspected the Group's correspondence with regulators and tax authorities to identify any legal or regulatory concerns, to assess the completeness of matters evaluated by the Group and to inform the likelihood of any actual or potential licence restrictions.
- For certain matters, we engaged EY forensic accounting specialists to evaluate whether breaches identified were indicative of pervasive process deficiencies and control failings or specific to certain markets or other factors.
- In respect of the regulatory provisions, we obtained an understanding of any updates to fact patterns through discussions with management and the Group's external legal advisers, read their legal confirmations and performed our own searches for contradictory evidence. We agreed provisions to third party support, for example post year end settlement agreements and/or confirmation from the Group's external legal advisers that they consider the quantum of the provisions for regulatory matters to be reasonable.
- Evaluated management's interpretation and application of relevant laws and regulations and assessed the risks in respect of the Group's operations outside of regulated markets.
- Circularised confirmations to management's relevant external legal experts to test the completeness of outstanding legal or regulatory issues as at 31 December 2022.
- Tested the completeness of the Group's legal expenses, in coordination with the discussions with Group's legal advisers, to ensure the completeness of circularised confirmations.
- Engaged EY gaming tax specialists to assist us in understanding the risks in respect of gaming duties and fines in jurisdictions where the appropriate tax treatment is uncertain.
- Assessed appropriateness of disclosures in note 22 and 31 of the consolidated financial statements by comparing the disclosures against the requirements under UK adopted international accounting standards.

Key observations communicated to the Audit Committee

Based on our audit procedures on the Group's accounting conclusions in each of its major jurisdictions, we concluded that the provision and accruals in respect of probable amounts payable to regulatory authorities, and related income statement accounts, are appropriate and that the disclosures of probable and possible outflows in the financial statements meet the requirements of IAS 37.

RISK: REVENUE RECOGNITION

The Group recognised revenue of 1,238.8 million in 2022 (2021: £712.3 million).

The Group's revenue recognition process for all revenue streams is highly dependent on the Group's complex gaming systems and gaming servers, which process a high volume of transactions. Systematic errors in calculations in aggregate could result in incorrect reporting of revenue.

There is a risk that management may override operational controls in respect of revenue recognition leading to revenue being materially different to cash receipts or overstated in order to meet market expectations.

RISK: REVENUE RECOGNITION CONTINUED

The acquisition of William Hill increases revenue recognition risk as the Group operates new and unintegrated gaming systems and for the first time Licenced Betting Offices.

Refer to the significant accounting policies (Note 1 on pages 154 and 155); and Note 2 to the Consolidated Financial Statements (page 162).

Our response to the risk

- Enquired about the Group's processes and related controls in respect of revenue recognition and obtained support to confirm our understanding. We understood the IT general control environment and based on that understanding tested the design and operating effectiveness of certain applications that we considered to be supportive of a control reliance approach. We also tested certain manual controls over data from the Group's principal gaming systems.
- We performed a correlation analysis between revenue and cash receipts and revenue to confirm that in aggregate, the revenues recognised were equivalent to the cash receipts adjusted for known timing differences.
- We applied IT-based auditing techniques to re-perform manual reconciliations between the Group's gaming revenue and cash and for online revenues the customer accounts.
- We performed transaction testing for each revenue stream to test the interface between gaming servers, production systems and cash processing system with the Datawarehouse.
- We performed detailed substantive testing on a sample of revenue transactions, including validation of bets/wins, deposits/withdrawals and aggregated cash receipts from PSPs and shops.
- We performed computer assisted audit techniques to search for other material manual adjustments to revenue and audited the fair value of bet positions.
- We assessed the appropriateness of the disclosures in note 1 and 2 of the consolidated financial statements by comparing the disclosures against the requirements under UK adopted international accounting standards.

Key observations communicated to the Audit Committee

Based on our audit work we conclude that the revenue recognised is appropriate and in accordance with IFRS 9 and IFRS 15.

RISK: ACQUISITION ACCOUNTING

The Group recorded net liabilities on the William Hill acquisition of £225.9 million, resulting in goodwill of £780.2 million.

The valuation of intangible assets involves significant judgement as it requires management's use of assumptions including revenue growth, theoretical royalty rates used to value trade names, customer churn rates and the application of a discount rate that is reflective of the risks of the business.

Other fair value adjustments, including those for provisions and contingent consideration, involve a high degree of judgement.

Refer to the significant accounting policies (Note 1 on page 153); and Note 16 to the Consolidated Financial Statements (page 174).

Our response to the risk

- We enquired about the Group's processes and related controls to confirm our understanding of how the Group ensures the completeness and accuracy of data and assumptions used to develop the fair value estimates.
- For specialists engaged by management , we evaluated their competence, capabilities and objectivity. With assistance from our valuation specialists, we read their valuation report and identified corroborating or contradictory evidence to challenge the fair value estimates.
- We obtained management's specialist's valuation report and underlying models. We challenged the assumptions used by management, with input from our valuation specialists, by comparing to board approved budgets, historically observed inputs and third party sources, particularly in respect of forecast growth rates and searched for internal and external information that may be contrary to management's assessment.
- With assistance from our valuation specialists, for each individual asset identified, we evaluated the appropriateness of the valuation methodology applied.
- We performed sensitivity analysis, including on key inputs such as short-term and long-term growth rates and the discount rate. In doing so, we developed our own independent valuation range using our valuation specialist-determined discount rates.
- We continued to search for contradictory information identified in the post-acquisition period, remaining alert to events, transactions and the results of our enquiries of management which may contradict the key assumptions / judgements and the value of assets recorded.
- We assessed the appropriateness of the disclosures in note 1 and 16 of the consolidated financial statements by comparing the disclosures against the requirements under UK adopted international accounting standards.

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 888 Holdings PLC

RISK: ACQUISITION ACCOUNTING CONTINUED

Key observations communicated to the Audit Committee

Based on our audit procedures in relation to the purchase price allocation, including our own independently developed range, we concluded that assets, including tangible and intangible assets and the resulting goodwill, have been appropriately identified, valued and recorded. The disclosures in the financial statements are in accordance with IFRS 3.

RISK: IMPAIRMENT OF GOODWILL AND OTHER LIFE-LONG ASSETS

The Group had goodwill of £780.2 million relating to US B2C and the acquisition of William Hill £25.7 million; long-life assets acquired as part of the William Hill acquisition include customer relationships, brand names and gaming licences.

The recoverable amount and headroom/impairment on the Group's CGUs and groups of CGUs tested for impairment are disclosed in note 12.

There is a risk that these assets are not supported by either the future cash flows they are expected to generate or their fair value less costs of disposal, resulting in an impairment charge that has not been recognised by management. In respect of US B2C there is a risk that the forecast growth rates are not achievable.

Judgement is also required in determining the cash generating units to which the goodwill is allocated.

Refer to the significant accounting policies (Note 1 on page 153); and Note 12 to the Consolidated Financial Statements (pages 170 to 172).

Our response to the risk

- We enquired about the Group's processes and related controls to confirm our understanding of how the Group ensures the completeness and accuracy of data and assumptions used in the impairment assessments.
- We reviewed management's assessments of indicators of impairment. Where identified, this informed our audit of management's impairment tests, by comparing indicators identified with other information obtained during our audit and enquired further in cases where the performance of certain products was below management's and external expectations.
- We evaluated whether CGU identification and allocation of goodwill is appropriate based on our understanding of the business and the requirements of applicable accounting standards.
- We compared model inputs to current trading conditions, board approved forecasts, consistency with the key assumptions applied in the valuation of acquired intangible asset as part of the purchase price allocation exercise for the William Hill acquisition and searched for external information that may be contrary to management's assessment.
- We involved valuation specialists to assess the discount rates used in each value-in-use calculation by performing an independent calculation of a range of acceptable discount rates and comparing this with the rate utilised by the Group.
- We evaluated the assumptions used by management by comparing to board approved budgets, external data sources and/or historically observed inputs, particularly in respect of forecast growth rates.
- We performed sensitivity analysis including on key inputs such as short-term and long-term growth rates and the discount rate and in doing so developed our own independent valuation range using EY specialist determined discount rates.
- We assessed the appropriateness of the disclosures in note 1 and 12 of the consolidated financial statements by comparing the disclosures against the requirements under UK adopted international accounting standards.

Key observations communicated to the Audit Committee

Based on our audit work, including our own independently developed range and the sensitivities applied, we are satisfied that that no impairment is required in respect of the Retail, UK online or international online Groups of CGUs as at 31 December 2022.

An impairment charge of £25.7 million was appropriately recorded on the US B2C CGU following an increase in market rates and a change in Group strategy.

An impairment charge of £2.6 million was appropriately recorded over the assets of specific retail shops and a further £28.0m in relation to tech assets made obsolete by the integration of 888 and William Hill.

An impairment charge of £25.7 million was appropriately recorded on the US B2C CGU following an increase in market rates and a change in Group strategy.

An impairment charge of £11.2 million also resulted from the sale of Bingo assets be-low their carrying value, in line with the dis-closure in the prior year annual report and accounts.

The disclosures in the financial statements are in accordance with IAS 36.

In the current year, we have identified one new key audit matter. Acquisition accounting was identified as a key audit matter due to the scale of the acquisition of the William Hill business during 2022 and the associated judgements and estimates.

OUR APPLICATION OF MATERIALITY

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

Materiality

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

We determined materiality for the Group to be £4.3 million (2021: £4.2 million), which is 2% of Adjusted EBITDA (2021: 5% of adjusted profit before tax). We believe that Adjusted EBITDA provides us with the most relevant performance measure to the stakeholders of the Group. This reflects a change from the previous year audit where we used adjusted profit before tax. The reason for the change in the materiality basis used is that the Group was lossmaking in the reporting period post the acquisition of William Hill greatly and therefore the use of adjusted profit before tax as the materiality basis was no longer appropriate. We determined that another earnings-based measure would be appropriate and following a review of the Group's KPIs, we identified that Adjusted EBITDA was the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Parent Company to be £5.2 million (2021: £1.78 million), which is 2% (2021: 2%) of Equity.

During the course of our audit, we reassessed our initial materiality of £4.4m. We revised materiality downwards ahead of our year end fieldwork to reflect the actual reported performance during the year.

Starting basis	• Adjusted EBITDA of £217.9 million
Adjustments	• Share benefit charges of £5.2 million • Foreign exchange losses of £4.0 million
Materiality	• Totals £208.7 million (Adjusted EBITDA) • Materiality of £4.3 million (2021: £4.2 million), representing 2% of Adjusted EBITDA

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 75%) of our planning materiality, namely £2.1 million (2021: £3.1 million). We have set performance materiality at this lower percentage due to the acquisition of William Hill resulting in a significant change to the scale of the business, associated changes in management and our lack of previous experience with the William Hill components, which we audited for the first time in 2022, meaning that we could not form an expectation that there would be a low level of misstatements at the Group level.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.4m to £1.4m (2021: £1.4m).

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £213,000 (2021: £208,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 888 Holdings PLC

OTHER INFORMATION

The other information comprises the information included in the annual report set out on pages 1 to 133, including Strategic Report, the Directors' Report and the Corporate Governance Report set out on pages 92 to 97, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE GIBRALTAR COMPANIES ACT 2014

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been properly prepared in accordance with the Act.

OPINIONS ON OTHER MATTERS IN ACCORDANCE WITH THE TERMS OF OUR ENGAGEMENT LETTER WITH THE COMPANY

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

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the basis of preparation.
- the information given in the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with the basis of preparation;

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION AS PRESCRIBED BY THE GIBRALTAR COMPANIES ACT 2014

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, to report by exception whether we have identified material misstatements in the Directors' Report

We have nothing to report in respect of the following matters where the Gibraltar Companies Act 2014 requires us to report to you if, in our opinion we have not received all the information and explanations we require for our audit.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION IN ACCORDANCE WITH THE TERMS OF OUR ENGAGEMENT LETTER WITH THE COMPANY

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

We have nothing to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 130;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 67;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 67 and 130;
- Directors' statement on fair, balanced and understandable set out on page 133;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 131;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 105; and;
- The section describing the work of the audit committee set out on page 102

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 132, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those related to gambling regulations and related gaming and indirect taxes in different countries where the Group is operating, including the UK, Spain, Gibraltar, Malta, Austria and other countries, those related to relevant tax compliance regulations in the UK, Gibraltar, Malta, Spain and Israel and related to the financial reporting framework (UK adopted international accounting standards, UK Corporate Governance Code, Gibraltar Companies Act 2014 the Listing Rules of the London Stock Exchange and the Bribery Act 2010).
- We understood how 888 Holdings plc is complying with those frameworks by making enquiries of management and the company's external legal and tax advisers. We corroborated our enquiries through our review of board minutes, discussion with the Audit Committee and any correspondence with regulatory bodies and tax authorities, and our audit procedures in respect of "Regulatory and legal risk" (as described above).

INDEPENDENT AUDITOR'S REPORT CONTINUED

To the members of 888 Holdings PLC

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED

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

- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud, including in respect of revenue recognition. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing journal entries.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations, including anti-money laundering. The Group operates in the gaming industry which is a highly regulated environment and our procedures involved audit procedures in respect of "Regulatory and legal risk" (as described above), as well as review of board minutes to identify non-compliance with such laws and regulations, review of reporting to the Audit Committee on compliance with regulations and enquiries of management and the Group's local legal counsel and tax advisers.
- In respect to the UK, Gibraltar, Malta and Israel component teams, any instances of non-compliance with laws and regulations were communicated to the Primary team as they arose and were followed up with management by the Primary team.

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

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- We were appointed by the company on 30 June 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 9 years, covering the years ending 31 December 2014 to 31 December 2022. Our audit engagement letter was refreshed on 12 April 2023. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

USE OF OUR REPORT

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 257 of the Gibraltar Companies Act 2014 and our engagement letter dated 12 April 2023 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Marcus Butler (Non-Statutory Auditor)
For and on behalf of Ernst & Young LLP, London
14 April 2023

Angelique Linares (Statutory Auditor)
For and on behalf of EY Limited, Registered Auditors, Gibraltar
14 April 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	2022 £ million	2021 £ million
Revenue	2	**1,238.8**	712.3
Gaming duties		**(256.3)**	(133.7)
Other cost of sales		**(188.1)**	(115.3)
Exceptional items – cost of sales	3	**3.9**	(4.2)
Cost of sales		**(440.5)**	(253.2)
Gross profit		**798.3**	459.1
Marketing expenses		**(257.8)**	(222.6)
Operating expenses		**(448.5)**	(160.2)
Share of post-tax profit of equity accounted associate	4,14	**0.3**	—
Exceptional items – operating expenses	3	**(97.1)**	(13.1)
Operating (loss)/profit	5	**(4.8)**	63.2
Adjusted EBITDA[1]		**217.9**	119.7
Exceptional items – cost of sales and operating expenses	3	**(93.2)**	(17.3)
Foreign exchange		**(4.0)**	(6.7)
Share benefit charge	28	**(5.2)**	(6.1)
Depreciation and amortisation	12,13	**(120.3)**	(26.4)
Operating (loss)/profit	5	**(4.8)**	63.2
Finance income	7	**0.8**	—
Finance expenses	8	**(111.7)**	(4.2)
(Loss)/profit before tax		**(115.7)**	59.0
Taxation	9	**(4.9)**	(9.0)
(Loss)/profit after tax		**(120.6)**	50.0
Adjusted profit after tax[1]		**64.2**	82.6
Exceptional items – cost of sales and operating expenses	3	**(93.2)**	(17.3)
Exceptional items – finance expenses	3,8	**(7.0)**	—
Amortisation of finance fees		**(7.4)**	—
Amortisation of acquired intangibles		**(56.7)**	—
Tax on exceptional items		**11.4**	(2.5)
Foreign exchange		**(26.7)**	(6.7)
Share benefit charge	28	**(5.2)**	(6.1)
(Loss)/profit after tax		**(120.6)**	50.0
Attributable to equity holders of the parent		**(120.5)**	49.9
Attributable to non-controlling interests		**(0.1)**	0.1
(Loss)/earnings per share			
Basic (pence)	10	**(28.3)**	13.4
Diluted (pence)	10	**(28.3)**	13.2

1. Adjusted EBITDA and adjusted profit after tax are Alternative Performance Measures ("APMs") which do not have an IFRS standardised meaning. The Group presents these two measures since they are the main measures the analyst community uses to evaluate the Group and compare it to its peers. The Group presents adjusted measures because it allows for a further understanding of the underlying financial performance of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 £ million	2021 £ million
(Loss)/profit for the year		**(120.6)**	50.0
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**2.5**	1.3
Items that will not be reclassified to profit or loss			
Remeasurement of severance pay liability	6	**1.7**	2.2
Actuarial remeasurement in defined benefit pension scheme	29	**(0.8)**	—
Tax on severance pay liability		**0.6**	—
Movement in cash flow hedging position	25	**(14.4)**	—
Movement in cost of hedging reserve	25	**1.0**	—
Movement in equity investment designated at fair value through OCI	15	**(1.0)**	—
Total other comprehensive (loss)/income for the year		**(10.4)**	3.5
Total comprehensive (loss)/income for the year attributable to equity holders of the parent		**(130.9)**	53.4
Total comprehensive (loss)/income for the year attributable to non-controlling interests		**(0.1)**	0.1

The notes on pages 150 to 199 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Note	2022 £ million	2021 £ million
Assets			
Non-current assets			
Goodwill and other intangible assets	12	**2,197.0**	123.9
Right-of-use assets	13	**81.9**	18.7
Property, plant and equipment	13	**110.4**	9.3
Investment in sublease		**1.4**	—
Investment in associates	14, 15	**38.4**	—
Non-current prepayments	19	**6.2**	5.8
Derivative financial instruments	25	**16.6**	—
Deferred tax assets	26	**5.2**	2.2
		2,457.1	159.9
Current assets			
Cash and cash equivalents[1]	20	**317.6**	189.4
Trade and other receivables	19	**132.7**	50.8
Income tax receivable		**35.2**	—
Derivative financial instruments	25	**2.0**	—
Assets held for sale	17	**6.9**	—
		494.4	240.2
Total assets		**2,951.5**	400.1
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	27	**2.2**	1.9
Share premium	27	**160.7**	2.5
Treasury shares		**(0.9)**	(0.9)
Foreign currency translation reserve		**24.6**	22.1
Hedging reserves	25	**(13.4)**	—
Retained earnings		**(14.0)**	98.8
Total equity attributable to equity holders of the parent		**159.2**	124.4
Non-controlling interests		**—**	0.1
Total equity		**159.2**	124.5
Liabilities			
Non-current liabilities			
Borrowings	23	**1,697.5**	—
Severance pay liability	6	**1.2**	3.7
Retirement benefit liability	29	**1.2**	—
Provisions	22	**86.2**	—
Deferred tax liability	26	**220.4**	1.9
Derivative financial instruments	25	**17.4**	—
Lease liabilities	18	**65.0**	18.1
		2,088.9	23.7
Current liabilities			
Borrowings	23	**4.8**	—
Trade and other payables	21	**368.0**	145.3
Provisions	22	**111.5**	19.0
Derivative financial instruments	25	**20.8**	—
Income tax payable	9	**33.0**	22.7
Lease liabilities	18	**24.0**	4.8
Customer deposits	21	**141.3**	60.1
		703.4	251.9
Total equity and liabilities		**2,951.5**	400.1

1. Cash and cash equivalents includes customer funds which represent bank deposits matched by customer liabilities of an equal value. Cash and cash equivalents excludes restricted short-term deposits of £21.6 million which are presented in Trade and other receivables (31 December 2021: £7.0 million).

The consolidated financial statements on pages 145 to 149 were approved and authorised for issue by the Board of Directors on 14 April 2023 and were signed on its behalf by:

Yariv Dafna
Chief Financial Officer

Lord Mendelsohn
Executive Chair

The notes on pages 150 to 199 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £ million	Share premium £ million	Treasury shares £ million	Foreign currency translation reserve £ million	Hedging reserve £ million	Cost of hedging reserve £ million	Retained earnings £ million	Non-controlling interests £ million	Total £ million
Balance at 1 January 2021	**1.9**	**2.5**	**(0.4)**	**20.8**	–	–	**85.5**	**–**	**110.3**
Profit after tax for the year	–	–	–	–	–	–	49.9	0.1	50.0
Other comprehensive expense for the year	–	–	–	1.3	–	–	2.2	–	3.5
Total comprehensive income	**–**	**–**	**–**	**1.3**	**–**	**–**	**52.1**	**0.1**	**53.5**
Dividend paid (note 11)	–	–	–	–	–	–	(43.8)	–	(43.8)
Equity settled share benefit charges (note 28)	–	–	–	–	–	–	5.2	–	5.2
Acquisition of treasury shares	–	–	(0.7)	–	–	–	–	–	(0.7)
Exercise of deferred share bonus plan	–	–	0.2	–	–	–	(0.2)	–	–
Balance at 31 December 2021	**1.9**	**2.5**	**(0.9)**	**22.1**	**–**	**–**	**98.8**	**0.1**	**124.5**
Loss after tax for the year	–	–	–	–	–	–	(120.5)	(0.1)	(120.6)
Other comprehensive income/(expense) for the year	–	–	–	2.5	(14.4)	1.0	0.5	–	(10.4)
Total comprehensive income/(expense)	**–**	**–**	**–**	**2.5**	**(14.4)**	**1.0**	**(120.0)**	**(0.1)**	**(131.0)**
Issue of shares (equity placing)	0.3	158.2	–	–	–	–	–	–	158.5
Equity settled share benefit charges (note 28)	–	–	–	–	–	–	7.9	–	7.9
Acquisition of treasury shares	–	–	(0.7)	–	–	–	–	–	(0.7)
Exercise of deferred share bonus plan	–	–	0.7	–	–	–	(0.7)	–	–
Balance at 31 December 2022	**2.2**	**160.7**	**(0.9)**	**24.6**	**(14.4)**	**1.0**	**(14.0)**	**–**	**159.2**

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

Share capital – represents the nominal value of shares allotted, called-up and fully paid.

Share premium – represents the amount subscribed for share capital in excess of nominal value.

Treasury shares – represent reacquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.

Foreign currency translation reserve – represents exchange differences arising from the translation of all Group entities that have functional currency different from £.

Hedging reserves – represents changes in the fair value of derivative financial instruments designed in a hedging relationship.

Retained earnings – represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.

The notes on pages 150 to 199 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 £ million	2021 £ million
Cash flows from operating activities			
(Loss)/profit before income tax		**(115.7)**	59.0
Adjustments for:			
Depreciation of property plant and equipment and right-of-use assets	13	**30.8**	10.3
Amortisation	12	**89.5**	16.1
Interest income	7	**(0.8)**	—
Interest expenses	8	**111.7**	4.2
Income tax paid		**(35.1)**	(5.1)
Share of post-tax loss of equity accounted associate		**(0.3)**	—
Non-cash exceptional items		**52.3**	7.4
Movement on Ante-post and other financial derivatives		**2.3**	—
Loss on disposal of property, plant and equipment		**(0.3)**	—
Share benefit charges	28	**5.2**	6.1
Cash generated from operating activities before working capital movement		**139.6**	98.0
Increase in receivables		**(50.3)**	(16.9)
(Decrease)/increase in customer deposits		**(9.2)**	4.7
(Decrease)/increase in trade and other payables		**(100.3)**	6.1
(Decrease)/increase in provisions		**(10.0)**	4.7
Net cash (used in)/generated from operating activities		**(30.2)**	96.6
Cash flows from investing activities			
Acquisition of property, plant and equipment	13	**(8.9)**	(4.2)
Acquisition of William Hill (net of cash acquired)	16	**(386.8)**	—
Proceeds from sale of investment in Bingo	16	**32.5**	—
Proceeds from sale of property, plant and equipment		**0.5**	—
Interest received	7	**0.8**	—
Acquisition of intangible assets		**(2.4)**	(1.7)
Internally generated intangible assets		**(65.5)**	(17.1)
Dividend received from associate	14	**0.9**	—
Net cash used in investing activities		**(428.9)**	(23.0)
Cash flows from financing activities			
Issue of shares – equity placing	27	**158.5**	—
Payment of lease liabilities	18	**(21.5)**	(5.2)
Interest paid		**(75.6)**	(0.5)
Proceeds from loans	23	**2,163.1**	—
Loan transaction fees	23	**(132.3)**	—
Repayment of loans	23	**(1,503.2)**	—
Acquisition of treasury shares		**(0.7)**	(0.8)
Dividends paid	11	**—**	(43.8)
Net cash generated from/(used in) financing activities		**588.3**	(50.3)
Net Increase in cash and cash equivalents		**129.2**	23.3
Net foreign exchange difference		**(1.0)**	3.1
Cash and cash equivalents at the beginning of the year	20	**189.4**	163.0
Cash and cash equivalents at the end of the year	20	**317.6**	189.4

The notes on pages 150 to 199 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Company description

888 Holdings PLC (the "Company") and its subsidiaries (together the "Group") was founded in 1997 in the British Virgin Islands and since 17 December 2003 has been domiciled in Gibraltar (Company number 90099). On 4 October 2005, the Company listed on the London Stock Exchange.

DEFINITIONS

In these financial statements:

The Company	888 Holdings PLC
The Group	888 Holdings PLC and its subsidiaries.
Subsidiaries	Companies over which the Company has control (as defined in IFRS 10 – Consolidated Financial Statements) and whose accounts are consolidated with those of the Company.
Related parties	As defined in IAS 24 'Related Party Disclosures'
Associates	As defined in IAS 28 'Investments in Associates and Joint Ventures'

1 ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the consolidated financial statements are as follows:

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK adopted international accounting standards in accordance with the requirements of the Gibraltar Companies Act 2014. The consolidated financial statements have been prepared on a historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in the Group's accounting policies.

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

The significant accounting policies applied in the consolidated financial statements in the prior year have been applied consistently in these consolidated financial statements, except for the amendments to accounting standards effective for the annual periods beginning on 1 January 2022 and representation of expenses analysis in the income statement. These are described in more detail below.

As a company incorporated in Gibraltar, 888 Holdings plc is not required by UK law or regulation to prepare the Directors' Remuneration or Strategic reports under regulation that applies to UK incorporated companies. However, by virtue of 888's Premium Listing on the London Stock Exchange and reflecting the Director's approach to good governance and investor expectation, we have prepared these reports in line with the requirements under the UK Companies act 2006.

The Directors' Remuneration Report, set out on pages 111 to 125, has been voluntarily prepared in accordance with sections 420 to 422 UK Companies act 2006.

The information given in the Strategic Report, set out on pages 2 to 88, has been voluntarily prepared in accordance with section 414 UK Companies act 2006.

Change in presentation currency of the Group

The Group has changed the currency in which it presents its financial results from US Dollar to Pound sterling (GBP) with effect from 1 January 2022, in consideration of the William Hill acquisition and current business mix which now has significantly higher GBP exposure. 888 US dollar denominated earnings, are a relatively lower proportion of overall earnings.

Given the current composition of the Group's activities, this change is expected to reduce the impact of currency movements on reported results. Accordingly, to satisfy the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates', the reported results for the year ended 31 December 2022 have been translated from US Dollar to GBP using the following procedures:

- Assets and liabilities denominated in non-GBP currencies were translated into GBP at the relevant closing rates of exchange;
- The trading results of subsidiaries whose functional currency was other than GBP were translated into GBP at the relevant average rates of exchange;
- Movements in other reserves were translated into GBP at the relevant average rates of exchange;
- Share capital, share premium, treasury shares/own shares and dividends were translated at the historic rates prevailing on the date of each transaction; and
- The cumulative translation reserve was set to nil at 1 January 2004, being the earliest practicable date and the date of transition to IFRS, and has been restated on the basis that the Group had reported in GBP since that date.

The opening balance sheet and all comparatives have been re-presented in GBP following the change in presentation currency.

1 ACCOUNTING POLICIES CONTINUED

Going concern

Background

The financial statements have been prepared using the going concern basis of accounting. As at the year end the Group had net assets of £159.2m (31 December 2021: £124.5m) and incurred a statutory loss before tax of £115.7m during the year (31 December 2021: £59.0m profit). The Group also had net current liabilities of £209.0m (31 December 2021: £11.7m).

A full description of the Group's business activities, financial position, cash flows, liquidity position, committed facilities and borrowing position, together with the factors likely to affect its future development and performance, is set out in the Strategic Report on pages 2 to 88, and in notes 23 to 25 to these financial statements.

Business planning and performance management

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

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

The Group's future prospects

As highlighted in note 24 to the financial statements, the Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. The Group holds cash and cash equivalents excluding customer balances and restricted cash of £176.3m as at 31 December 2022 (31 December 2021: £129.3m). In addition to this the Group has access, until 31 December 2027, to a £150m Revolving Credit Facility which is currently undrawn.

The Group entered into significant debt arrangements within the year to fund the acquisition of the William Hill business (also described in note 24). Other than an annual £4.8m repayment on the TLB facility, no borrowings are due within the period of the going concern evaluation or in the period soon after it. The next due date on the Group's debt is in 2026 and the majority is repayable in 2027-28. The Group's Revolving Credit Facility contains a Net Leverage covenant which is not restrictive in the base case, downside or reverse stress test scenarios. The remainder of the Group's debt does not contain any financial covenants.

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

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

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

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

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

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

Conclusion

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 ACCOUNTING POLICIES CONTINUED

1.1 Basis of preparation continued

New standards, interpretations and amendments adopted by the Group

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

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

Standards in issue but not effective

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

New Standards	
IFRS 17	Insurance Contracts (effective 1 January 2023)

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

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

Impact of climate change

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

1 ACCOUNTING POLICIES CONTINUED

Critical accounting judgements

Internally generated intangible assets

Costs relating to internally generated intangible assets are capitalised if the criteria for recognition as assets are met. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility criteria are met. In making this judgement, management considers the progress made in each development project and its latest forecasts for each project. Other expenditure is charged to the consolidated income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. For further information see note 12.

IFRS 16

Management addresses the key judgements, including the assessment of the lease term at the point where the lessee can be reasonably certain of its right to use the underlying asset.

Given the continued uncertainty surrounding the Retail estate, management determined the lease term under IFRS 16 across the Retail estate as the next available break date, as this means the Group is not 'reasonably certain' that any lease break will not be exercised. The Group has recognised a lease liability of £89.0m at 31 December 2022.

Exceptional and adjusted items

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

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

Key accounting estimates

Identification and valuation of William Hill intangible assets

The Group acquired the International (non-US) business of William Hill on 1 July 2022 for an enterprise value of £1.73bn. As part of the purchase price allocation the Group recognised separately identifiable acquired intangibles comprising brands (£574.4m); customer relationships (£595.1m) and gambling licences (£8.5m). Goodwill of £785.6m was recognised on acquisition. The estimate of the value of each class of asset described above is based on recognised valuation methodologies such as the "relief from royalty" method for brands, recognised industry comparative data and the Group's industry experience and specialist knowledge, and is therefore a key accounting estimate. A 5% increase/decrease in estimated customer churn rates would (decrease)/increase the fair value of customer relationships by £(123.0)m/£176.0m respectively. Note that consideration of provisions and contingent liabilities identification and valuation on acquisition are considered in the provision, contingent liabilities and regulatory matters section below.

This has been an area where the Group has made significant accounting estimates during the year. However, the Group recognises that it is not an accounting estimate where there are major sources of estimation uncertainty at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Further, the Group exercised judgement in determining the intangible assets acquired and their fair value on the William Hill business combination, with the support of external experts to support the valuation process, where appropriate. See Note 16 for additional information.

Impairment of goodwill and other long-life intangible assets

For the purposes of impairment testing under IAS 36 Impairment of Assets, CGUs are grouped to reflect the level at which goodwill is monitored by management. The key judgement is the level at which the impairment tests are performed. Management have allocated Goodwill to Retail on a group of CGUs basis, International on a group of CGUs basis and UK Online as its own CGU as this is the lowest level at which it is practical to monitor goodwill. These are the levels at which goodwill is assessed for impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Cash flows are typically forecast for periods up to five years. For some cash-generating units it is appropriate to use forecasts extending beyond five years where future investment in the business is expected to result in a long-term growth being achieved outside of five years. For further information see note 12.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Taxation

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

Provisions, contingent liabilities and regulatory matters

The Group makes a number of estimates in respect of the accounting for, and disclosure of, expenses and contingent liabilities for customer claims. Provisions are described in further detail in note 22 and contingent liabilities in note 31.

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

Specifically, the Group has recognised a provision and contingent liability for customer claims in Austria where the Business has been subject to a particular acceleration of claims since 2020 following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 and 2022 at a broadly consistent rate with a slight acceleration across 2021 and 2022. Customers who have obtained judgement against the Business' entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. These are being defended on the basis of a public policy argument. The provisions held for the Group relating to these claims is £86.2m, mostly related to the Mr Green brand.

The value of the provision and contingent liability are both estimates based on the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims and include an estimate of claims the Group assess it probable, for the provision, and possible, for the contingent liability, that it will receive in the future. If these rate of receipt of claims were to increase by 25% compared to our expectation the value across the provision recognised and contingent liability disclosed would increase by £7.0m before consideration of potential gaming tax reclaim.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The subsidiaries are companies controlled by 888 Holdings PLC. Control exists where the Company has power over an entity; exposure, or rights, to variable returns from its involvement with an entity; and the ability to use its power over an entity to affect the amount of its returns. Subsidiaries are consolidated from the date the Parent gained control until such time as control ceases.

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

Intercompany transactions and balances are eliminated on consolidation.

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

Revenue

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

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

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

Revenue from B2B is mainly comprised of services provided to business partners. B2B also includes fees from the provision of certain gaming related services to partners. Customer advances received are treated as deferred income within current liabilities and released as they are earned.

1 ACCOUNTING POLICIES CONTINUED

Revenue continued

For services provided to business partners through its B2B unit, the Group examines whether the nature of its promise is a performance obligation to provide the defined goods or services itself, which means the Group is a principal and therefore recognises revenue as the gross amount of the revenue generated from use of the Group's platform in online gaming activities with the partners' share of the revenue charged to marketing expenses; or to arrange that another party provide the goods or services which means the Group is an agent and therefore recognises revenue as the amount of the net commission from use of the Group's platform.

The Group is a principal when it controls the promised goods or services before their transfer to the customer. Indicators that the Group controls the goods or services before their transfer to the customer include, inter alia, as follows: The Group is the primary obligor for fulfilling the promises in the contract; the Group has inventory risk before the goods or services are transferred to the customer; and the Group has discretion in setting the prices of the goods or services.

Cost of Sales

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

Operating expenses

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

Retirement benefit costs

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

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

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

Foreign currency

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

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

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

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

Finance income

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

Finance costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Taxation

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

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

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

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

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

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

Goodwill

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

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

Intangible assets

Acquired intangible assets

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

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

Acquired brands	Assessed separately for each asset, with lives ranging up to 20 years.
Customer relationships	Between 18 months and 13 years.
Bookmaking and mobile technology	Between three and five years.
Licences	10 to 20 years.

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

Internally generated intangible assets

An internally generated intangible asset arising from the Group's development of computer systems is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

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

1 ACCOUNTING POLICIES CONTINUED

Property, plant and equipment

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

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

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

Impairment of non-financial assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. This process is described in more detail in note 12 to the financial statements.

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

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

Fair value measurement

The Group measures certain financial instruments at fair value at each balance sheet date. The fair value related disclosures are included in notes 24 and 25. Fair value is the price that would be received or paid in an orderly transaction between market participants at a particular date, either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for that asset or liability accessible to the Group.

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

IFRS 13 'Fair Value Measurement' emphasises that fair value is a market-based measurement, not an entity-specific measurement. Therefore, fair value measurements under IFRS 13 should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, IFRS 13 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

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

1 ACCOUNTING POLICIES CONTINUED

Assets held for sale

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

Cash and cash equivalents

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

Trade receivables

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

Equity

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

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium account.

Dividends

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

Equity-settled Share benefit charges

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

Cash-settled transactions

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

Severance pay schemes

The Group operates two severance pay schemes:

Defined benefit severance pay scheme

The Group operates a defined benefit severance pay scheme pursuant to the Severance Pay Law in Israel. Under this scheme Group employees are entitled to severance pay upon redundancy or retirement. The liability for termination of employment is measured using the projected unit credit method.

Severance pay scheme surpluses and deficits are measured as:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method, discounted to its present value using yields available for the appropriate government bonds that have maturity dates appropriate to the terms of the liabilities.

Remeasurements of the net severance pay scheme assets and liabilities, including actuarial gains and losses on the scheme liabilities due to changes in assumptions or experience within the scheme and any differences between the interest income and the actual return on assets, are recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

1 ACCOUNTING POLICIES CONTINUED

Defined contribution severance pay scheme

In 2017 the Group introduced a defined contribution plan pursuant to section 14 to the Severance Pay Law. Under this scheme the Group pays fixed monthly contributions. Payments to defined contribution plans are charged as an expense as they fall due.

Borrowings

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

Derivatives and hedging activities

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and inflation risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether or not the derivative is designated for hedge accounting.

Hedge accounting

The Company designates certain derivatives as hedging instruments as either:

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge, and on an ongoing basis, the Company documents whether a hedging relationship meets the hedge effectiveness requirements under IFRS 9 and whether there continues to be an economic relationship between the hedged item and the hedging instrument.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately within profit and loss.

Amounts previously recognised in other comprehensive income are reclassified to earnings in the periods when the hedged item is recognised in profit and loss. These earnings are included within the same line of the Consolidated Income Statement as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. Any gain or loss recognised in the cash flow hedge reserve remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge are recognised immediately in profit or loss and are included in "finance income/expense".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

1 ACCOUNTING POLICIES CONTINUED

Leasing

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

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

The Group has also applied the below practical expedients:

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

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

Trade and other payables

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

Provisions

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

Liabilities to customers

Liabilities to customers comprise the amounts that are credited to customers' bankroll (the Group's electronic "wallet"), including provision for bonuses granted by the Group, less fees and charges applied to customer accounts, along with full progressive provision for jackpots. These amounts are repayable in accordance with the applicable terms and conditions.

2 SEGMENT INFORMATION

The Board has reviewed and confirmed the Group's reportable segments in line with the guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports that the Group's Chief Executive Officer and Chief Financial Officer as Chief Operating Decision Makers review to make strategic decisions.

During the year ended 31 December 2022, subsequent to the acquisition of William Hill, the Group changed its segments to be Retail, UK Online and International. As such, the comparative information below has been re-presented from the prior year to display results under the new reported segments.

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

Segment performance is shown on an adjusted EBITDA basis, with a reconciliation from adjusted EBITDA to statutory results for clarity. Information for the year ended 31 December 2022 is as follows:

2022	Retail £ million	UK Online £ million	International £ million	Other[2] £ million	Corporate £ million	Total £ million
Revenue[1]	255.5	455.5	508.3	19.5	—	**1,238.8**
Gaming duties and other cost of sales	(55.0)	(163.7)	(184.7)	(10.5)	—	**(413.9)**
Adjusted Gross Profit	200.5	291.8	323.6	9.0	—	**824.9**
Marketing	(3.3)	(148.1)	(105.2)	(2.5)	—	**(259.1)**
Contribution	197.2	143.7	218.4	6.5	—	**565.8**
Operating expenses	(156.0)	(82.1)	(100.1)	(4.8)	(5.2)	**(348.2)**
Associate income	—	—	—	—	0.3	**0.3**
Adjusted EBITDA	41.2	61.6	118.3	1.7	(4.9)	**217.9**
Depreciation						**(30.8)**
Amortisation (excluding acquired intangibles)						**(32.8)**
Amortisation of acquired intangibles						**(56.7)**
Exceptional items – cost of sales and operating expenses						**(93.2)**
Share benefit charges						**(5.2)**
Foreign exchange						**(4.0)**
Finance expenses						**(111.7)**
Finance income						**0.8**
Loss before tax						**(115.7)**

1. Revenue recognised under IFRS 9 is £255.5m in Retail, £455.5m in UK Online, £502.7m in International and £10,9m in Other. Revenue recognised under IFRS 15 is £nil in Retail, £nil in UK Online, £5.6m in International and £8.6m in Other.
2. 'Other' represents the Bingo business that was disposed of during the year. See note 16 for further information.

	Retail £ million	UK Online £ million	International £ million	Other £ million	Corporate £ million	Total £ million
Total segment assets	542.6	1,395.5	961.3	—	11.7	**2,911.1**
Total segment liabilities	176.3	341.6	562.3	—	1,458.7	**2,538.9**
Included within total assets:						
Goodwill	99.4	360.4	326.2	—	—	**786.0**
Interests in associates	—	—	—	—	38.4	**38.4**
Capital additions	13.4	24.6	68.3	—	1.1	**107.4**

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2 SEGMENT INFORMATION CONTINUED

2021	Retail £ million	UK Online £ million	International £ million	Other[2] £ million	Corporate £ million	Total £ million
Revenue[1]	—	255.2	410.4	46.7	—	**712.3**
Gaming duties and other cost of sales	—	(88.7)	(129.2)	(24.4)	—	**(242.3)**
Adjusted Gross Profit	—	166.5	281.2	22.3	—	**470.0**
Marketing	—	(118.9)	(97.4)	(6.2)	—	**(222.5)**
Contribution	—	47.6	183.8	16.1	—	**247.5**
Operating expenses	—	(39.9)	(69.7)	(8.8)	(9.4)	**(127.8)**
Associate income	—	—	—	—	—	**—**
Adjusted EBITDA	—	7.7	114.1	7.3	(9.4)	**119.7**
Depreciation						**(10.3)**
Amortisation (excluding acquired intangibles)						**(16.1)**
Exceptional items – cost of sales and operating expenses						**(17.3)**
Share benefit charges						**(6.1)**
Foreign exchange						**(6.7)**
Finance income						**—**
Finance expenses						**(4.2)**
Profit before tax						**59.0**

1. Revenue recognised under IFRS 9 is £nil in Retail, £255.2m in UK Online, £410.4m in International and £28.6m in Other. Revenue recognised under IFRS 15 is £nil in Retail, £nil in UK Online, £nil in International and £18.1m in Other.
2. 'Other' represents the Bingo business that was disposed of during 2022. See note 16 for further information.

	Retail £ million	UK Online £ million	International £ million	Other £ million	Corporate £ million	Total £ million
Total segment assets	—	79.4	304.6	—	13.9	**397.9**
Total segment liabilities	—	132.2	100.7	—	18.1	**251.0**
Included within total assets:						
Goodwill	—	36.9	23.2	—	—	**60.1**
Interests in associates	—	—	—	—	—	**—**
Capital additions	—	0.6	22.1	—	—	**22.7**

Geographical information

The Group's performance can also be reviewed by considering the geographical markets and geographical locations within which the Group operates. This information is outlined below:

Revenue by geographical market (based on location of customer)

	2022 £ million	2021 £ million
United Kingdom	**711.9**	300.6
Rest of World	**343.1**	276.6
Italy	**116.4**	86.0
Spain	**67.4**	49.1
	1,238.8	712.3

Non-current assets by geographical location

	2022 £ million	2021 £ million
United Kingdom	**536.0**	45.8
Gibraltar	**1,194.9**	58.8
Rest of World	**721.0**	53.1
	2,451.9	157.7

3 EXCEPTIONAL ITEMS AND ADJUSTMENTS

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

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

3 EXCEPTIONAL ITEMS AND ADJUSTMENTS CONTINUED

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

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

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

Adjusted results

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

- a transaction is of such a material or infrequent nature that it would obscure an understanding of underlying outcomes and trends in revenues, costs or other components of performance (for example, a significant impairment charge); or
- a transaction that results from a corporate activity that has neither a close relationship to the Group's operations nor any associated operational cash flows (for example, the amortisation of intangibles recognised on acquisitions).

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

- management and Board reviews of performance against expectations and over time, including assessments of segmental performance (see note 2 and the Strategic Report);
- in support of business decisions by the Board and by management, encompassing both strategic and operational levels of decision-making.

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

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

Exceptional items

Exceptional items are those items the Directors consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Group's financial performance.

Exceptional items are as follows:

	2022 £ million	2021 £ million
Cost of sales		
Retroactive duties and associated (credit)/charges	**(3.9)**	4.2
Exceptional items – cost of sales	**(3.9)**	4.2
Operating expenses		
Acquisition related costs	**24.5**	10.9
Integration and transformation costs	**14.4**	2.2
Disposal of 888 Bingo	**11.7**	—
Impairment of US Goodwill and other assets	**55.7**	—
Revaluation of contingent consideration	**(9.2)**	—
Exceptional items – operating expenses	**97.1**	13.1
Finance expenses		
Senior Unsecured Notes early redemption fees	**14.1**	—
Gain on settlement of Senior Unsecured Notes	**(7.1)**	—
Exceptional items – finance expenses	**7.0**	—
Total exceptional items before tax	**100.2**	17.3
Tax on exceptional items	**2.8**	2.5
Total exceptional items	**103.0**	19.8

Total tax on exceptional items and adjustments is a credit of £11.4m, £14.2m of which relates to adjustments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3 EXCEPTIONAL ITEMS AND ADJUSTMENTS CONTINUED

Retroactive gaming duties and associated charges

The industry in which the Group operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. In 2021, a provision was recognised in 888 relating to a liability in Spain of £4.2m. In the year £0.3m was settled, leading to a release of £3.9m.

Acquisition related costs

The Group has incurred legal and M&A costs associated with the acquisition of William Hill of £24.5m (2021: £10.9m).

Integration and transformation costs

Following the acquisition of the William Hill International (non-US) business, the integration and transformation program began and is expected to take three years until 2025. The cash costs to achieve the targeted integration synergies are expected to cost approximately £100.0m over the lifetime of the programme. In 2022, there were a total of £8.8m of costs relating to the integration programme, namely redundancy costs of £5.8m and legal and consultancy fees of £3.0m and a further £3.7m of platform separation and other integration costs.

Alongside this, the transformation of the Retail operating model has led to a £1.9m charge, albeit the savings from this are not classified as synergies. In the prior year, the Group incurred £2.0m of redundancy costs related to the decision to close the Antigua office, as well as £0.2m relating to the disposal of property, plant and equipment.

Disposal of 888 Bingo

On 7 July 2022, the Group announced that it had completed the sale of its entire Bingo business to Saphalata Holdings Ltd., a member of the Broadway Gaming group, for a total cash consideration of £37.4 million (US$45.25 million), out of which £35.7 million was paid on completion and a further £1.7 million will unconditionally be paid in one year. As a result, the Group reclassified Bingo assets and liabilities as 'Held for sale' and recognised an impairment loss of £11.2 million. An additional £0.5m loss was recorded on the disposal of the business. Refer to note 16.

Impairment of US Goodwill and other assets

During the year, as a part of the annual impairment review, management performed a value in use calculation to assess the recoverable amount of the Group's US business, using that business's underlying cash flow forecasts. The recoverable amount was lower than the book value of its assets and, as such, the Group impaired the goodwill on the US business in full, totalling £25.7m.

Additionally as part of the integration, the business intends to use the existing 888 technology platform as the basis for the future platform of the Group, leading to a write off of the Unity platform, a proprietary technology system William Hill was building that is no longer needed, at a cost of £28.1m. A further £1.4m of smaller technology assets were written off. £0.5m of freehold assets were written off when reclassified to held for sale at the year end, due to the assets being tested for impairment as a result of the transfer.

Revaluation of contingent consideration

As a part of the transaction agreement with Caesars for the purchase of William Hill, an amount of up to £100.0m consideration was contingent subject to the enlarged group hitting specific EBITDA metrics. This was fair valued on acquisition at £9.6m and revalued at the year-end date to £0.4m, leading to a release in this contingent consideration of £9.2m.

Senior Unsecured Notes early redemption fees

As part of the William Hill acquisition, the Group acquired certain Senior Unsecured Notes, £350.0m 4.875% due May 2023 and £350.0m 4.75% due May 2026. Subsequent to the acquisition, the £350.0m Note due May 2023 was fully redeemed as well as a partial redemption amounting to £339.5m of the Note due May 2026.

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

Gain on settlement of Senior Unsecured Notes

The Senior Unsecured Notes acquired in the acquisition of William Hill were accounted for at fair value. Subsequently these Notes have been settled and as such the gain on settlement of these Notes of £7.1m has been recognised.

Adjusted items

Adjusted items are recurring items that are excluded from internal measures of underlying performance and which are not considered by the Directors to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions, foreign exchange and share benefit charges. These items are defined as adjusted items as it is believed it would impair the visibility of the underlying activities across each segment as it is not closely related to the businesses' or any associated operational cash flows. Each of these items are recurring and occur in each reporting period and will be consistently adjusted in future periods. Note that the adjusted items are all shown on the face of the consolidated income statement in the reconciliations of both adjusted EBITDA and adjusted profit after tax.

4 SHARE OF RESULTS OF ASSOCIATES

	2022 £ million	2021 £ million
Share of post-tax profit of equity accounted associate	**0.3**	–

The above represents the Group's share of the results of Sports Information Services (Holdings) Limited (see note 14) for the period in which the Group owned the associate.

5 OPERATING PROFIT

	Notes	2022 £ million	2021 £ million
Operating profit is stated after charging:			
Gaming duties		**256.3**	133.7
Marketing expenses		**257.8**	222.6
Staff costs (including Executive Directors)	6	**227.4**	112.9
Exceptional items – cost of sales	3	**(3.9)**	4.2
Exceptional items – operating expenses	3	**97.1**	13.1
Depreciation (within operating expenses)	13	**30.8**	10.3
Amortisation (within operating expenses)	12	**89.5**	16.1

Auditor remuneration

	2022 £ million	2021[1] £ million
Audit of Company	**1.0**	0.6
Audit of Group	**2.0**	0.1
Total fees for audit services	**3.0**	0.7
Audit related assurance services – half year review	**0.1**	–
Other assurance services	**0.1**	0.2
Total assurance services	**0.2**	0.2
Other non-audit services	**0.8**	2.0
Total fees for non-audit services	**1.0**	2.2
Total fees	**4.0**	2.9

1. Non-Audit fees for the year ended 31 December 2021 have increased by £0.3 million compared to the amount previously reported due to fees agreed during the year ended 31 December 2022 but which related to the year ended 31 December 2021.

The auditor acted as reporting accountants in connection with the Company's circular and prospectus for the acquisition of William Hill International and Capital Raise that will be published during Q2 2022. Total non-audit fees payable to Ernst & Young for permissible non-audit services relating to the transaction are £0.9m. Total fees for non-audit services represented 34% (2021: 296%) of the total fees for audit services. Further considerations in respect of the audit and non-audit fees for the year are set out in the Audit Committee Report.

6 STAFF COSTS

Staff costs, including Executive Directors' remuneration, comprises the following elements:

	2022 £ million	2021 £ million
Wages and salaries	**196.8**	101.0
Social security	**17.4**	5.5
Employee benefits and severance pay scheme costs	**13.2**	6.4
	227.4	112.9

In the consolidated income statement, total staff costs, including share benefit charges of £5.2m (2021: £6.1m), are included within the Operating expenses.

The average number of employees during the year was 12,019[1] (2021: 1,759).

1. The current year includes an average of 10,213 William Hill staff from 1 July 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

6 STAFF COSTS CONTINUED

Severance pay scheme – Israel

The Group has a defined contribution plan pursuant to section 14 to the Severance Pay Law under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service at the date of their departure. The Group recognised an expense in respect of contribution to the defined contribution plan during the year of £1.9m (2021: £1.6m).

The Group's employees in Israel, who are not subject to section 14 to the Severance Pay Law, are eligible to receive certain benefits from the Group in specific circumstances on leaving the Group. As such the Group operates a defined benefit severance pay plan which requires contributions to be made to separately administered funds. The funds are held by an independent third-party company.

The current service cost and the present value of the defined benefit obligation are measured using the projected unit credit method. Under this schedule, the Company contributes on a monthly basis at the rate of 8.3% of the aggregate of members' salaries.

The disclosures set out below are based on calculations carried out as at 31 December 2022 by a qualified independent actuary.

The following table summarises the employee benefits figures as included in the consolidated financial statements:

	2022 £ million	2021 £ million
Included in the balance sheet:		
Severance pay liability	**1.2**	**3.7**
Included in the income statement:		
Current service costs (within Operating expenses)	**1.9**	**2.6**
Included in the statement of comprehensive income:		
Gain on remeasurement of severance pay scheme liability	**(2.3)**	**(2.5)**

Movement in severance pay scheme asset and liability:

Severance pay scheme assets	2022 £ million	2021 £ million
At beginning of year	**19.2**	18.0
Interest income	**0.6**	0.5
Contributions by the Group	**1.9**	2.0
Benefits paid	**(4.2)**	(4.4)
Return on assets less interest income already recorded	**(1.0)**	2.3
Exchange differences	**(0.3)**	0.8
At end of year	**16.2**	19.2

Severance pay plan liabilities	2022 £ million	2021 £ million
At beginning of year	**23.0**	24.5
Interest expense	**0.7**	0.7
Current service costs	**1.8**	2.5
Benefits paid	**(4.4)**	(4.5)
Actuarial (gain)/loss on past experience	**(0.2)**	0.9
Actuarial gain on changes in financial assumptions	**(3.1)**	(1.2)
Exchange differences	**(0.4)**	0.1
At end of year	**17.4**	23.0

As at 31 December 2022 the net accounting deficit of the defined benefit severance pay plan was £1.2m (2021: £3.7m). The Scheme is backed by substantial assets amounting to £16.2m at 31 December 2022 (2021: £19.3m). The net accounting deficit of defined benefit severance plan is a result of:

- Potential liability to pay further contributions to employees who will be made redundant, if the fund does not hold sufficient assets to pay all benefits relating to employee service at the date of their departure.
- Volatility of Israeli government bond rates may have substantial impact in absolute terms on the net liability. An increase in the discount rate from 3.45% in 2021 to 5.54% in 2022 resulted in a £3.1m decrease of the plan liabilities.

A further increase in the discount rate by 0.25% per annum (i.e. 5.54% to 5.79%) would decrease the plan liabilities by £0.1m (2021: £0.4m).

6 STAFF COSTS CONTINUED

Severance pay scheme – Israel continued

The impact of the severance deficit on the level of distributable reserves is monitored on an on-going basis. Monitoring enables planning for any potential adverse volatility and helps the Group to assess the likely impact on distributable reserves.

Employees can determine individually into which type of investment their share of the plan assets are invested, therefore the Group is unable to accurately disclose the proportions of the plan assets invested in each class of asset.

The expected contribution for 2023 is £1.9m.

The main actuarial assumptions used in determining the fair value of the Group's severance pay plan are shown below:

	2022 %	2021 %
Discount rate (nominal)	**5.54**	3.45
Estimated increase in employee benefits costs	**5.05**	5.14
Voluntary termination rate	**75**	75
Inflation rates based on Israeli bonds	**2.68**	2.54

Sensitivity of balance sheet at 31 December 2022

IAS 19 calculations could result in volatility in the Consolidated Statement of Financial Position principally because the market value of assets (with significant exposure to equities) is being compared with a liability assessment derived from corporate bond yields.

The table below shows the sensitivity of the IAS 19 balance sheet position to changes in some of the assumptions. Where one assumption has been changed all the other assumptions are kept as disclosed above.

	Resulted (surplus)/ deficit £ million	Change from disclosed £ million
Discount rate less 0.25%	**(1.5)**	(0.3)
Estimated increase in employee benefits costs plus 1%	**(2.3)**	(1.1)
Voluntary termination rate decrease 5%	**(1.3)**	(0.1)
Inflation rates up 0.25%	**(1.1)**	(0.1)

7 FINANCE INCOME

	2022 £ million	2021 £ million
Total finance income	**0.8**	–

8 FINANCE EXPENSES

	Note	2022 £ million	2021 £ million
Interest expenses related to lease liabilities		**3.0**	0.9
Bank loans and bonds		**74.9**	–
Amortisation of finance fees		**0.1**	–
Hedging activities		**3.3**	–
Interest expenses related to settlement of tax liability		**–**	2.8
Interest expenses related to severance pay liability, net		**–**	0.1
Foreign exchange on financing activities		**22.7**	–
Other finance charges and fees		**0.7**	0.4
Finance expenses – underlying		**104.7**	4.2
Senior Unsecured Notes early redemption fees	3	**14.1**	–
Gain on settlement of Senior Unsecured Notes	3	**(7.1)**	–
Finance expenses – exceptional	3	**7.0**	–
Total finance expenses		**111.7**	4.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9 TAXATION

Corporate taxes

	2022 £ million
Current taxation	
UK corporation tax at 19%	**6.5**
Other jurisdictions taxation	**17.8**
Adjustments in respect of prior years	**1.3**
	25.6
Deferred taxation	
Origination and reversal of temporary differences	**(3.0)**
Adjustments in respect of prior years	**(17.7)**
	(20.7)
Taxation expense	**4.9**
Deferred taxation related to items recognised in OCI	
Remeasurement of severance pay liability	**0.6**

	2021 £ million
Current taxation	
Gibraltar corporation tax at 12.5%	0.7
Other jurisdictions taxation	8.6
Adjustments in respect of prior years	(0.1)
	9.2
Deferred taxation	
Origination and reversal of temporary differences	(0.2)
Adjustments in respect of prior years	—
	(0.2)
Taxation expense	9.0
Deferred taxation related to items recognised in OCI	
Remeasurement of severance pay liability	0.2

The Group previously reported its current tax with Gibraltar taxation as the headline tax and the Gibraltar tax rate as the rate to which the actual tax charge was reconciled. In 2022, 888 Holdings PLC became tax resident in the UK by virtue of its central management and control being situated in the UK and as a result the Group has changed its disclosures to refer to the UK tax as the headline tax and the UK tax rate for the reconciliations.

The effective tax rate in respect of ordinary activities before adjusting and exceptional items for the year ended 31 December 2022 is 20.0%. The effective tax rate in respect of ordinary activities after exceptional items is -4.2% (31 December 2021: 15%).

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

The Group's effective tax rate for 2023 is expected to be 7.7%.

9 TAXATION CONTINUED

Corporate taxes continued

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

	2022 £ million
(Loss)/profit before taxation	**(115.7)**
Standard tax rate in UK (19.0%)	**(22.0)**
Difference in effective tax rate in other jurisdictions	**2.5**
Expenses not allowed for taxation	**32.9**
Accrual of liabilities for uncertain tax positions	**5.2**
Tax on share of result of associate	**0.1**
Deferred tax not recognised	**0.4**
Difference in current and deferred tax rate	**5.1**
Non-taxable income	**(2.9)**
Adjustments to prior years' tax charges	**(16.4)**
Total tax charge for the year	**4.9**

	2021 £ million
(Loss)/profit before taxation	59.0
Standard tax rate in Gibraltar (12.5%)	8.1
Difference in effective tax rate in other jurisdictions	4.1
Expenses not allowed for taxation	0.7
Deferred tax not recognised	(1.5)
Losses utilised previously not recognised for deferred tax	(0.2)
Non-taxable income	(2.1)
Adjustments to prior years' tax charges	(0.1)
Total tax charge for the year	9.0

The expenses not allowed for tax purposes mainly relate to the acquisition of William Hill for which no tax relief is available. The difference in effective tax rates in other jurisdictions primarily reflect the lower effective tax rate in Gibraltar. The adjustments in respect of prior periods mainly relate to a higher than expected restriction on interest deductions in the UK in earlier periods.

10 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share (EPS) has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue and outstanding during the year.

Diluted earnings per share

The weighted average number of shares for diluted earnings per share takes into account all potentially dilutive equity instruments granted, which are not included in the number of shares for basic earnings per share. Potential ordinary shares are excluded from the weighted average diluted number of shares when calculating IFRS diluted loss per share because they are not dilutive. The number of equity instruments included in the diluted EPS calculation consist of 6,235,340 Ordinary Shares (2021: 6,315,271) and no market-value options (2021: nil).

The number of equity instruments excluded from the diluted EPS calculation is 1,986,155 (2021: 577,979).

	2022	2021
Profit for the period attributable to equity holders of the parent (£ million)	**(120.5)**	49.9
Weighted average number of Ordinary Shares in issue and outstanding	**426,536,392**	371,383,109
Effect of dilutive Ordinary Shares and Share options	**6,235,340**	6,315,271
Weighted average number of dilutive Ordinary Shares	**432,771,732**	377,698,380
Basic earnings per share (pence)	**(28.3)**	13.4
Diluted earnings per share (pence)	**(28.3)**	13.2

The diluted loss per share in the current year is the same as the basic loss per share as the potentially dilutive share options are considered antidilutive as they would reduce the loss per share and therefore, they are disregarded in the calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10 EARNINGS PER SHARE CONTINUED

Adjusted earnings per share

The Directors believe that EPS excluding exceptional and adjusted items and tax on exceptional and adjusted items ("Adjusted EPS") allows for a further understanding of the underlying performance of the business and assists in providing a clearer view of the performance of the Group.

	2022	2021
Adjusted profit after tax (£ million)	**64.2**	82.6
Weighted average number of Ordinary Shares in issue	**426,536,392**	371,383,109
Weighted average number of dilutive Ordinary Shares	**432,771,732**	377,698,380
Adjusted basic earnings per share (pence)	**15.1**	22.2
Adjusted diluted earnings per share (pence)	**14.8**	21.9

11 DIVIDENDS

	2022 £ million	2021 £ million
Dividends paid	**–**	43.8

The Board of Directors does not recommend a final dividend to be paid in respect of the year ended 31 December 2022. No final dividend was recommended as at 31 December 2021.

The 2020 final dividend of 10.4¢ (7.4p) per share plus an additional one-off 1.6¢ (1.1p) per share was paid on 24 May 2021 totalling US$44.5 million (£31.8m) and the 2021 interim regular dividend of 4.5¢ (3.2p) per share in accordance with 888's dividend policy was paid on 13 October 2021 of US$16.8 million (£12.0m).

12 GOODWILL AND OTHER INTANGIBLES

	Goodwill £ million	Brands, customer relationships and licences £ million	Software £ million	Total £ million
Cost or valuation				
At 31 December 2021	134.3	61.0	107.4	302.7
Additions via business combinations	785.6	1,178.0	226.2	2,189.8
Additions	–	2.3	65.1	67.4
Disposals	(124.2)	(17.4)	(6.4)	(148.0)
Effect of foreign exchange rates	16.0	6.9	11.0	33.9
At 31 December 2022	**811.7**	**1,230.8**	**403.3**	**2,445.8**
Amortisation and impairments:				
At 31 December 2021	74.2	34.0	70.6	178.8
Amortisation charge for the year	–	45.9	43.6	89.5
Impairment charge for the year	36.9	–	29.5	66.4
Disposals	(94.5)	(10.4)	(5.5)	(110.4)
Effect of foreign exchange rates	9.1	4.0	11.4	24.5
At 31 December 2022	**25.7**	**73.5**	**149.6**	**248.8**
Carrying amounts				
At 31 December 2022	**786.0**	**1,157.3**	**253.7**	**2,197.0**
At 31 December 2021	60.1	27.0	36.8	123.9

12 GOODWILL AND OTHER INTANGIBLES CONTINUED

Goodwill

Goodwill recognised on the acquisition of William Hill was £785.6m as outlined in note 16. Based on the estimated synergies from the combination management has allocated this goodwill between Retail (£99.4m), UK Online (£360.4m) and International (£325.8m). This represents the lowest level at which goodwill is monitored for internal management purposes.

The Group previously had £25.7m goodwill related to its US B2C CGU which has been impaired at year end. See impairment reviews below for more detail. As part of the disposal of the Group's Bingo business, an £11.2m impairment charge was recognised at the half year against the goodwill in the Bingo business, representing the difference between the agreed sales price and the carrying value of the Bingo businesses net assets. Upon completion of the sale in the second half of the year, the remaining £29.7m of goodwill was disposed.

Brands, customer relationships and licences

This category of assets includes brands, customer relationships and licences primarily recognised in business combinations. As outlined in note 16, in 2022 the Group acquired William Hill and recognised brands of £574.4m, customer relationships of £595.1m and licences of £8.5m. These assets are being amortised over 20-30 years for brands, 7-13 years for customer relationships and 20 years for licences.

Software

This category relates to the cost of both acquired software, through purchase or acquisition, as well as the capitalisation of internally developed software. On the acquisition of William Hill, the Group acquired software with a fair value of £226.2m. The software acquired primarily consisted of proprietary software platforms owned by William Hill. Subsequent to the acquisition, the decision was made to migrate a number of William Hill platforms onto the existing 888 platforms, resulting in an asset impairment of £29.5m.

Impairment reviews

The Group performs an annual impairment review for goodwill, by comparing the carrying amount of these assets with their recoverable amount. This is an area where the directors exercise judgement and estimation, as noted on pages 152 to 154. Testing is carried out by allocating the carrying value of these assets to CGUs or group of CGUs and determining the recoverable amount of those CGUs through value in use calculations. Where the recoverable amount exceeds the carrying value of the assets, the assets are considered as not impaired.

For the purposes of impairment testing under IAS 36, CGUs are grouped in order to reflect the level at which goodwill is monitored by management. In the previous period, the Group defined its groups of CGUs as Bingo B2C and US B2C. In the year, the Group completed the acquisition of William Hill and disposed of the Group's Bingo business which changed the groups of CGUs to which goodwill is allocated and monitored. The goodwill generated from the acquisition of William Hill is monitored in line with the Group's segments, being Retail, UK Online and International. Prior to the impairment of the CGU, the pre-existing goodwill relating to the US B2C CGU continued to be monitored at the US B2C CGU level consistent with the previous period.

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

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

- management assume that the underlying business model will continue to operate on a comparable basis, as adjusted for known regulatory or tax changes and planned business initiatives;
- management's forecasts anticipate the continuation of recent growth or decline trends in staking, gaming net revenues and expenses, as adjusted for changes in the Group's business model or expected changes in the wider industry or economy;
- management's forecasts include assumptions on synergy cost savings as a result of the William Hill acquisition, which have been removed to the extent they were not committed at 31 December 2022;
- management assume that the Group will achieve its target sports betting gross win margins as set for each territory, which management base upon its experience of the outturn of sports results over the long term, given the tendency for sports results to vary in the short term but revert to a norm over a longer term; and
- in management's annual forecasting process, expenses incorporate a bottom-up estimation of the Group's cost base. For employee remuneration, this takes into account staffing numbers and models by segment, while other costs are assessed separately by category, with principal assumptions including an extrapolation of recent cost inflation trends and the expectation that the Group will incur costs in line with agreed contractual rates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12 GOODWILL AND OTHER INTANGIBLES CONTINUED

Impairment reviews continued

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

CGUs	2022 Discount rate %	2022 Long-term growth rate %
Retail	**13.3**	**0.0**
UK Online	**12.1**	**2.5**
International	**13.8**	**5.0**
US B2C	**18.0**	**2.0**

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

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

Results of impairment reviews

The recoverable amount and headroom above carrying amount or impairment below carrying amount based on the impairment review performed at 31 December 2022 for each CGU or group of CGUs are as follows:

	2022	
CGUs	Recoverable amount £ million	Headroom/ (impairment) £ million
Retail	**668.6**	**165.5**
UK Online	**1,534.5**	**359.3**
International	**1,725.2**	**996.2**
US B2C	**19.4**	**(25.7)**

As a result of a revision in the growth projections for the US B2C CGU, the entire goodwill balance of £25.7m has been impaired, as the projected cash flows no longer support the carrying value of the CGU.

Sensitivity of impairment reviews

For the Retail and UK Online group of CGUs, the following reasonably possible changes in assumptions upon which the recoverable amount was estimated, would lead to the following changes in the recoverable amount of the CGU or group of CGUs:

	20% fall in cash flows		1% increase in discount rate	
	Reduction in recoverable amount £ million	Remaining headroom £ million	Reduction in recoverable amount £ million	Remaining headroom £ million
Retail	(133.7)	31.8	(45.2)	120.3
UK Online	(306.9)	52.4	(142.9)	210.1

For the International group of CGUs, no impairment would occur under any reasonable possible changes in assumptions upon which the recoverable amount was estimated.

A 1% increase in the long-term growth rate in the US B2C CGU would have resulted in a reduction to the impairment of £4.0m. A 1% reduction in the discount rate used would have resulted in a reduction to the impairment of £7.0m.

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £ million	Fixtures, fittings and equipment £ million	Right-of-use asset £ million	Total £ million
Cost				
At 31 December 2021	13.5	35.9	31.1	80.5
Additions via business combinations	28.3	81.2	72.3	181.8
Additions	1.2	10.0	9.3	20.5
Disposals	(0.6)	(0.9)	(3.2)	(4.7)
Transferred to assets held for sale	(7.5)	—	—	(7.5)
Effect of foreign exchange rates	1.7	4.2	3.9	9.8
At 31 December 2022	**36.6**	**130.4**	**113.4**	**280.4**
Accumulated depreciation				
At 31 December 2021	11.2	28.9	12.4	52.5
Charge for the period	3.2	9.2	18.4	30.8
Disposals	(0.5)	(0.7)	(1.1)	(2.3)
Transferred to assets held for sale	(0.1)	—	—	(0.1)
Effect of foreign exchange rates	1.4	4.0	1.8	7.2
At 31 December 2022	**15.2**	**41.4**	**31.5**	**88.1**
Carrying amounts				
At 31 December 2022	**21.4**	**89.0**	**81.9**	**192.3**
At 31 December 2021	2.3	7.0	18.7	28.0

In addition to the amounts above, the Group holds £6.9m of land and buildings that were classified as assets held for sale (see note 17).

The net book value of land and buildings comprises:

	2022 £ million	2021 £ million
Freehold	**3.7**	—
Long leasehold improvements	**5.9**	2.3
Short leasehold improvements	**11.8**	—
	21.4	2.3

14 INTERESTS IN ASSOCIATES

The Group holds an associate interest in Sports Information Services (Holdings) Limited (SIS), at a value of £38.4m.

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

	£ million
Acquired on acquisition at 1 July 2022	39.0
Share of results before interest and taxation	0.3
Share of interest	0.1
Share of taxation	(0.1)
Dividend received	(0.9)
At 31 December 2022	**38.4**

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

14 INTERESTS IN ASSOCIATES CONTINUED

SIS

At 31 December 2022, William Hill Organization Limited, a principal subsidiary of the Company, held an investment of 19.5% of the ordinary share capital of SIS, a company incorporated in Great Britain. The Group is able to exert significant influence over SIS by way of its 19.5% holding and its seat on the Board of Directors.

The SIS group of companies provides real time, pre-event information and results, as well as live coverage of horseracing, greyhound racing and other sporting activities and events via satellite. The statutory financial statements of SIS are prepared to the year ending 31 March. The results recognised are based on statutory accounts to March 2022 and management accounts thereafter.

The following financial information relates to SIS as at 31 December 2022 and for the period owned by the Group:

	£ million
Total assets	124.1
Total liabilities	(65.6)
Total revenue	116.6
Total profit after tax	1.1

15 INVESTMENTS

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

On 1 July 2022, as a part of the acquisition of William Hill, the Group obtained an investment in Good Luck Have Fun Group AB. The Group has a 4.3% holding in the equity in GLHF Group and it is held as a financial asset and designated as fair value through other comprehensive income, in line with the previous William Hill designation. Subsequent to the acquisition, and as a result of updates in the strategy by the GLHF Group management team, the Group has considered the recoverability of the investment. As a part of this assessment of recoverability, the Group has written off the investment of £1.0m in its entirety through other comprehensive income. The Group therefore holds £nil value in this investment at the balance sheet date.

16 ACQUISITIONS & DISPOSALS

Acquisitions

On 1 July 2022, the Group acquired all of the equity interests in William Hill. Total consideration for the transaction was £554.3m, consisting of £544.7m cash consideration and up to £100.0m of contingent consideration, fair valued on acquisition date at £9.6m. The contingent consideration is based on the enlarged Group hitting specific EBITDA metrics and is fair valued using a probability weighting analysis. Based on the performance of the combined Group since the acquisition, the fair value of this contingent consideration at 31 December 2022 is £0.4m, with £9.2m being released to the Income Statement, see note 3 for further detail.

Identifiable assets acquired and liabilities assumed

	Provisional Fair Value[1]
Intangible assets	1,404.2
Property, plant and equipment	109.5
Right-of-use assets	72.3
Investment in sublease	1.4
Investments and investments in associates	40.0
Cash and cash equivalents	157.9
Trade and other receivables	32.9
Income tax asset	10.8
Assets held for sale	0.2
Trade and other payables	(399.3)
Provisions and contingent liabilities	(178.8)
Derivative financial instruments	(3.5)
Lease liabilities	(76.6)
Retirement benefit liability	(0.4)
Deferred tax liabilities	(236.2)
Long term debt	(1,165.7)
Total net identifiable liabilities	**(231.3)**
Goodwill	785.6
Consideration transferred	**554.3**

1. The Group has invested significant resources during the year in performing the purchase price allocation for the William Hill acquisition, including involving experts where appropriate. However, the Group acknowledges that, given the size and scale of the acquisition, the fair values of assets acquired and liabilities assumed remain provisional and may change within the measurement period.

In the period from 1 July 2022 to 31 December 2022, the acquired business contributed revenue of £614.3m and a loss after tax of £45.7m. If the acquisition had occurred on 1 January 2022, the contributed revenue and loss before tax would have been £1,225.1m and £56.7m respectively.

16 ACQUISITION & DISPOSALS CONTINUED

Intangible assets

Acquired identifiable intangible assets include £574.4m in respect of brands, £595.1m in respect of customer relationships and £8.5m in respect of licences. Software and technology of £226.2m, inclusive of a fair value uplift of £70.6m has also been recognised on acquisition. Management considers the residual goodwill of £785.6m to represent a number of factors including the future growth of the William Hill business and the potential to achieve buyer specific synergies and workforce.

The fair value of the brand assets was assessed by considering the benefit to the Group's future revenue of the acquired brand and assessing the royalty costs that would be incurred in deriving the same benefit. The key assumptions in the assessments are the forecast revenue growth and royalty cost applied. A royalty cost of 5.0% of revenue was applied. The fair value of the customer relationships was assessed using the multi-period excess earnings methodology. The key assumption in the assessments is customer retention rates. The fair value of the licences has been derived by calculation a replacement cost for each individual licence. A 5% increase/decrease in estimated customer churn rates would (decrease)/increase the fair value of customer relationships by £(123.0)m/£176.0m respectively.

Provisions and contingent liabilities

A contingent liability with a fair value of £80.6m has been recognised on acquisition to reflect the possible future economic outflow resulting from customer claims in Austria. The contingent liability has been fair valued in line with IFRS 3 based on the expected cash outflow of settled claims and recognised on the basis that it is a possible future liability. Additional provisions of £115.2m have been recognised based on pre-existing provisions within William Hill. The carrying amount at acquisition was assessed to be the fair value. Refer to note 22 for further details on these acquired provisions.

Other fair value adjustments

A fair value uplift of £1.1m has been recognised on property, plant and equipment, representing the depreciated replacement cost of the assets in comparison to their pre-acquisition net book value.

A fair value uplift of £0.8m has been recognised on the acquired right-of-use assets, representing favourable market positions on William Hill's portfolio of leases. This has been offset by a £6.8m reduction to the right-of-use asset and £6.4m reduction to the lease liability that reflects matching the right-of-use asset to the new fair value of the lease liability, based on a new discount rate for the liability at the acquisition date.

The fair value of the Group's investment in SIS (refer to note 14) was increased by £27.4m to a fair value of £39.0m, reflecting the Group's holding and the estimated market value of the entity at the acquisition date.

The fair value of the Group's outstanding listed debt was increased by £7.1m, reflecting the current market price of the debt at acquisition date.

Deferred tax liabilities of £216.9m have been recognised on the resultant fair value uplifts to assets.

The fair value of all other assets and liabilities acquired are considered to be equal to their net book value as at the acquisition date.

Disposals

On 7 July 2022, the Group disposed of its entire Bingo business to Saphalata Holdings Ltd., a member of the Broadway Gaming group, for a total cash consideration of £37.4m (US$45.25m), out of which £35.7m was paid on completion and a further £1.7m will unconditionally be paid in one year. As at 30 June 2022, the Group reclassified the Bingo business assets and liabilities as 'Held for sale', at which time an impairment loss of £11.2m was recognised on the Bingo goodwill, representing the difference between the carrying value of the businesses net assets and the fair value at the date of reclassification to held for sale.

	2022 £ million
Consideration received	35.7
Deferred consideration	1.7
Less:	
Cash disposed of	(3.2)
Net proceeds on disposal	**34.2**
Less:	
Net assets disposed of (excluding cash):	
Intangible assets	(37.6)
Trade and other receivables	(0.5)
Trade and other payables	3.3
Net assets disposed of (excluding cash)	**(34.7)**
Loss on disposal	**(0.5)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

17 ASSETS HELD FOR SALE

In the year, the Group began the process of auctioning 75 freehold properties in a sale and leaseback transaction. At the year end, all properties were underwritten with a reserve price and were awaiting auction dates in the first quarter of 2023. As a result of the proposed sales, the properties have been reclassified as assets held for sale. The carrying value of the properties prior to reclassification was £7.4m. Upon classification as assets held for sale, the fair value of the properties was assessed against the carrying value, resulting in a £0.5m impairment of the overall property value, which has been classified within exceptional items in the consolidated income statement. The properties classified as held for sale are part of the Retail segment.

18 LEASES

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

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

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

The Group has assessed the lease term of properties within its Retail estate to be up to the first available contractual break within the lease. The Group has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Retail business.

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

The Group has a small number of sublet properties which have been assessed in accordance with IFRS 16 and have been deemed immaterial. The accounting policy applied to these small number of sublet properties can be seen on page 160.

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

	2022 £ million	2021 £ million
Right-of-use asset depreciation	**18.4**	5.3
Finance costs	**3.0**	0.9

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

	2022 £ million	2021 £ million
Due within one year	**29.4**	5.0
Due between one and two years	**23.0**	4.3
Due between two and three years	**17.3**	4.1
Due between three and four years	**13.4**	4.1
Due between four and five years	**7.5**	4.1
Due beyond five years	**8.7**	3.9

19 TRADE AND OTHER RECEIVABLES

	2022 £ million	2021 £ million
Trade receivables	**56.7**	19.2
Other receivables	**18.4**	11.3
Loans receivable	**3.9**	—
Prepayments	**32.1**	13.3
Restricted short-term deposits	**21.6**	7.0
Current trade and other receivables	**132.7**	50.8
Non-current prepayments	**6.2**	5.8
	138.9	56.6

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

Non-current prepayments refer to prepayment to partners in relation to costs and certain fees to be recognised over a period longer than 12 months.

The carrying value of trade receivables and other receivables approximates to their fair value as the credit risk has been addressed as part of impairment provisioning and, due to the short-term nature of the receivables they are not subject to ongoing fluctuations in market rates. Note 24 provides credit risk disclosures on trade and other receivables.

20 CASH AND CASH EQUIVALENTS

	2022 £ million	2021 £ million
Cash and cash equivalents	**317.6**	189.4
Less:		
Customer deposits	**141.3**	60.1
Cash (excluding customer balances)	**176.3**	129.3

Customer deposits represent bank deposits matched by liabilities to customers of an equal value (see note 21).

21 TRADE AND OTHER PAYABLES

	2022 £ million	2021 £ million
Trade payables	**61.1**	26.8
Accrued expenses	**208.0**	87.6
Other payables	**98.9**	30.9
Total trade and other payables	**368.0**	145.3

The carrying value of trade and other payables approximates to their fair value given the short maturity date of these balances.

Customer deposits of £141.3m (31 December 2021: £60.1m) represents deposits received from customers, customer winnings and progressive prize pools. This is offset by an equivalent or greater amount of cash held, which is included in cash and cash equivalents (see note 20).

22 PROVISIONS

	Indirect tax provision £ million	Legal and regulatory £ million	Shop closure provision £ million	Other restructuring costs £ million	Total £ million
At 31 December 2021	**—**	**19.0**	**—**	**—**	**19.0**
Acquired on acquisition 1 July 2022	57.0	111.5	5.8	4.5	178.8
Charged/(credited) to profit or loss					
Additional provisions recognised	12.7	12.3	0.8	—	25.8
Provisions released to profit and loss	(3.2)	(5.1)	—	—	(8.3)
Utilised during the year	(6.0)	(9.9)	(1.8)	(0.8)	(18.5)
Foreign exchange differences	1.2	(0.3)	—	—	0.9
At 31 December 2022	**61.7**	**127.5**	**4.8**	**3.7**	**197.7**

Customer claims provisions of £86.2m within legal and regulatory are classified as non-current. The remaining provisions are all classified as current.

Indirect tax provision
As part of the acquisition of William Hill, the Group acquired a provision relating to a gaming tax liability in Austria, where the Austrian tax authority believes that foreign gaming companies should be liable to pay gaming taxes in Austria. Post-acquisition, the Group has continued to provide for the gaming taxes including interest, as management considers that an outflow is probable. The Group is in constructive discussions with the Austrian tax authority over the timing of settlement.

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

The industry in which the Group operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. Within this provision, there is a provision acquired relating to a periodic compliance assessment undertaken by the UK Gambling Commission ("UKGC") in July and August 2021 of the William Hill business. William Hill has been subject to an ongoing licence review and has addressed certain action points raised by the UKGC in relation to William Hill's social responsibility and anti-money laundering obligations. The Group has agreed a regulatory settlement of £19.2m, including divestments of £0.7m. This provision was acquired at 1 July 2022 and is expected to be settled in 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22 PROVISIONS CONTINUED

Legal and regulatory provisions continued

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

Within this provision, there is a provision for customer claims in Austria where the Business has been subject to a particular acceleration of claims since 2020 following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 and 2022 at a broadly consistent rate with a slight acceleration across 2021 and 2022. Consumers who have obtained judgement against the Business's entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. These are being defended on the basis of a public policy argument. The provisions held for the Group relating to these claims is £86.2m, which includes a provision of £80.6m relating to the William Hill and Mr Green brands and £5.6m relating to 888.

The £80.6m relating to the William Hill and Mr Green brands was recognised on acquisition representing the fair value of the contingent liability at that point in time, recognised on the basis that it was a possible future liability and in line with IFRS 3. Please refer to note 16 for further detail.

Since acquisition, there has been an alignment in strategy and accounting treatment with William Hill and Mr Green aligning to the 888 strategy. William Hill and Mr Green have therefore recognised a provision for probable legal claims they expect to receive and a contingent liability for possible legal claims they may receive. As at 31 December 2022, the provision is estimated at £67.0m and the contingent liability is estimated at £13.5m (note 31). Note that the provision is less than the liability recognised on acquisition but the liability recognised on acquisition is not released to the income statement until the final outcome of the customer claims is resolved and as such the liability of £80.6m remains the balance provided.

The calculation of the customer claims liability includes provision for both legal fees and interest but is gross of gaming tax. Management have assessed that it is probable as opposed to virtually certain that the tax will be reclaimed and therefore a contingent asset of up to £24.3m has been disclosed for the tax reclaims, please refer to note 31 for further detail.

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

There has also been a similar uptick in claims in Germany, but to a much lesser extent.

Shop closure provisions

As a result of the acquisition of William Hill, the Group holds provisions relating to the associated costs of closure of 713 shops in 2019, 119 shops in 2020, and certain shops that ceased to trade as part of normal trading activities.

Other restructuring costs

The Group has recognised certain provisions for staff severance as a result of restructuring due to the acquisition of William Hill.

23 BORROWINGS

	Interest rate %	Maturity	31 December 2022 £ million
Borrowings at amortised cost			
Bank facilities			
€473.5m term loan facility	EURIBOR + 5.5%	2028	**392.6**
$575.0m term loan facility	CME term SOFR + 5.35%	2028	**420.7**
£150.0m Equivalent Multi-Currency Revolving Credit Facility	–	2028	**–**
Loan Notes			
€582.0m Senior Secured Fixed Rate Notes	7.56	2027	**498.6**
€450.0m Senior Secured Floating Rate Notes	EURIBOR + 5.5%	2028	**379.9**
£350.0m Senior Unsecured Notes	4.75	2026	**10.5**
Total Borrowings			**1,702.3**
Less: Borrowings as due for settlement in 12 months			**4.8**
Total Borrowings as due for settlement after 12 months			**1,697.5**

The Group had no borrowings in 2021 and as such no comparative is presented in the above table.

23 BORROWINGS CONTINUED

Bank facilities

Term loan facilities

In July 2022, the Group entered into a Senior Facilities Agreement in connection with the William Hill Group acquisition, under which the following term loan facilities were made available:

- a 6-year euro-denominated bullet term facility of €473.5 million, of which €6.4m was repaid in September 2022.
- a 6-year sterling-denominated delayed-draw bullet term facility of £351.8 million which was partially drawn in September 2022 ("GBP Term Loan") and used to partially prepay the William Hill Group's £350m 4.75% Senior Unsecured Notes due 2026 and partially prepay the Group's euro-denominated bullet term facility.
- a 6-year US Dollar-denominated term facility of $500.0 million.

In December 2022, the GBP Term Loan was prepaid and partially replaced with a $75.0m increase under the Group's 6-year US Dollar-denominated term facility, with the remaining amount replaced with senior secured note issuances.

At 31 December 2022, the following amounts were outstanding under the term facilities made available to the Group under the Senior Facilities Agreement:

- €467.1 million under the Group's 6-year euro-denominated term facility.
- $573.7 million under the Group's 6-year US Dollar-denominated term facility

Loan notes

Senior Secured Notes

(i) €582m 7.558% Senior Secured Fixed Rate Notes due July 2027

In July 2022, as part of the William Hill Group acquisition funding, the Group issued €400m of guaranteed senior secured fixed rate notes and used the net proceeds to finance the William Hill Group acquisition. The notes, which are guaranteed by certain members of the Group and certain of the Group's operating subsidiaries, mature in July 2027.

In December 2022, a further €182m in principal amount was issued under the same terms as the initial €400m issuance and used to partially refinance the GBP Term Loan.

(ii) €450m Senior Secured Floating Rate Notes due July 2028

In July 2022, the Group issued €300m of guaranteed senior secured floating rate notes and used the net proceeds to partially finance the William Hill Group acquisition. The notes, which are guaranteed by certain members of the Group and certain of the Group's operating subsidiaries, mature in July 2028.

In December 2022, a further €150m in principal amount was issued under the same terms as the initial €300m issuance to partially refinance the GBP Term Loan.

Senior Unsecured Notes

£350m 4.875% Senior Unsecured Fixed Rate Notes due 2023 & £350m 4.75% Senior Unsecured Fixed Rate Notes due 2026

The Group acquired two separate listed Senior Unsecured notes, due 2023 and 2026 respectively as at 1 July 2022. The acquisition triggered a change in control and the exercise of a put option by a number of Noteholders (refer below). The £350m 4.875% Senior Unsecured Notes due 2023 were settled in full and, on 22 September 2022, Noteholders of £339.5m out of £350.0m 4.75% Senior Unsecured Notes due 2026 took the option to exercise. As a result, this reduced the £350.0m 4.75% Senior Unsecured Notes due 2023 to £10.5m at 31 December 2022. The cash purchase price of both notes was equal to 101 per cent of the principal amount together with the interest accrued.

Finance fees and associated costs incurred on the issue of both notes were held in the William Hill Statement of Financial Position at acquisition, which were subsequently fair valued which led to an increase of £7.1m, reflecting the current market price of the debt at acquisition date. This is being amortised over the life of the respective notes using the effective interest rate method. On redemption of the Notes, any unamortised fees were written off to profit and loss as exceptional costs (see note 3).

Change of control

Following the occurrence of a change of control, either (i) each lender under the Senior Facilities Agreement shall be entitled to require prepayment of outstanding amounts and cancellation of its commitments within a prescribed time period or (ii) the Group may elect that all outstanding undrawn commitments of each lender shall be cancelled and outstanding drawn commitments shall become due and payable.

In addition, the Group will be required to make an offer to purchase all of the Fixed Rate Notes, the Floating Rate Notes and the 4.75% senior unsecured notes due 2026 as a result of such change of control at a price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

23 BORROWINGS CONTINUED

Undrawn credit facilities

At 31 December 2022, the Group had the following undrawn credit facilities:

£150m Equivalent Multi-Currency Revolving Credit Facility

In July 2022, as part of the William Hill Group acquisition, the Group entered into a new Senior Facilities Agreement under which its £50m revolving credit facility was replaced with a multi-currency revolving credit facility. The replacement facility has an aggregate principal amount of £150m with a five and a half year maturity (maturing 31 December 2027). The drawn balance on this facility at 31 December 2022 was £nil.

Financial Covenant

The Revolving Credit Facilities are subject to a Senior Facilities Agreement whereby any applicable revolving Incremental Senior Facilities (together the "Financial Covenant Facilities") are tested at the Financial year end to ensure that they do not exceed a pre-agreed threshold to be agreed with the Mandated Lead Arrangers prior to the entry into the Senior Facilities Agreement.

The directors are satisfied that, at the year-end, the net leverage ratio has not exceeded the pre-agreed threshold and, as a consequence, the Financial Covenants have not been breached.

Overdraft facility

In July 2022, as part of the William Hill Group acquisition, the Group acquired an overdraft facility with National Westminster Bank plc of £5.0m. The balance on this facility at 31 December 2022 was £nil.

Weighted average interest rates

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

	31 December 2022 %
€473.5m term loan facility	**7.25%**
$575.0m term loan facility	**11.47%**
€582.0m Senior Secured Fixed Rate Notes	**8.47%**
€450.0m Senior Secured Floating Rate Notes	**7.58%**
£350.0m Senior Unsecured Fixed rate Notes	**4.75%**

The Group had no borrowings in 2021 and as such no comparative is presented in the above table.

Net debt reconciliation

Debt	Opening £m	Inflows £m	Acquired £m	Outflows £m	Fees on debt £m	Non-cash £m	FV adjustment £m	FX £m	Total £m
2023 Senior Unsecured Notes	—	—	352.3	(349.0)	—	—	(3.3)	—	—
2026 Senior Unsecured Notes	—	—	351.9	(339.0)	—	—	(2.4)	—	10.5
£351.8m term loan facility	—	347.0	—	(347.0)	—	—	—	—	—
£461.5m asset bridge loan	—	—	461.5	(461.5)	—	—	—	—	—
€473.5m term loan facility	—	420.4	—	(5.7)	(23.5)	1.7	—	(0.3)	392.6
$575.0m term loan facility	—	479.1	—	(1.0)	(57.4)	3.5	—	(3.6)	420.6
€582.0m Senior Secured Fixed Rate Notes	—	517.0	—	—	(18.9)	0.9	—	(0.3)	498.7
€450.0m Senior Secured Floating Rate Notes	—	399.6	—	—	(20.3)	0.9	—	(0.3)	379.9
	—	2,163.1	1,165.7	(1,503.2)	(120.1)	7.0	(5.7)	(4.5)	1,702.3

24 FINANCIAL RISK MANAGEMENT

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

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

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

Detailed analysis of these financial instruments is as follows:

	2022 £ million	2021 £ million
Assets at amortised cost		
Investment in associates (note 14)	**38.4**	—
Cash and cash equivalents (note 20)	**317.6**	189.4
Trade and other receivables (note 19)	**100.6**	50.8
Designated cash flow hedging relationships		
Derivative assets designated and effective as cash flow hedging instruments: (note 25)		
– Cross-currency swaps	**17.7**	—
– Interest rate swaps	**0.9**	—
Total financial assets	**475.2**	240.2
Non-financial assets	**2,476.3**	159.9
Total assets	**2,951.5**	400.1
Fair value through the Income Statement		
Ante post bets (note 25)	**7.8**	—
Liabilities at amortised cost		
Borrowings (note 23)	**1,702.3**	—
Trade and other payables (note 21)	**160.0**	145.3
Customer deposits (note 21)	**141.3**	60.1
Lease liabilities (note 18)	**89.0**	22.9
Designated cash flow hedging relationships		
Derivative assets designated and effective as cash flow hedging instruments: (note 25)		
– Cross-currency swaps	**30.4**	—
– Interest rate swaps	**—**	—
Total financial liabilities	**2,130.8**	228.3
Non-financial liabilities	**661.5**	47.3
Total liabilities	**2,792.3**	275.6
Net assets	**159.2**	124.5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 FINANCIAL RISK MANAGEMENT CONTINUED

Capital management and financing risk

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

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

Credit risk

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

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

Trade receivables

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

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

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

The Group considers that based on the factors above and on extensive past experience, the PSP receivables are of good credit quality and there is a low level of potential bad debt as at the year-end amounting to £0.4m arising from a PSP failing to discharge its obligation (2021: £0.4m). This has been charged to the consolidated income statement.

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

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

Cash and cash equivalents

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

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

Client funds

Client funds are matched by customer liabilities and progressive prize pools of an equal value.

24 FINANCIAL RISK MANAGEMENT CONTINUED

Credit risk continued

Restricted short-term deposits

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

The Group's maximum exposure to credit risk is the amount of financial assets presented above, totalling £479.7m (2021: £240.2m).

Liquidity risk

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

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

	2022				
	On demand £ million	**Less than 1 year £ million**	**1 to 5 years £ million**	**More than 5 years £ million**	**Total £ million**
Trade and other payables	**—**	**160.0**	**—**	**—**	**160.0**
Customer deposits	**141.3**	**—**	**—**	**—**	**141.3**
Borrowings	**—**	**129.9**	**1,062.7**	**1,319.5**	**2,512.1**
Derivatives and embedded derivatives	**7.8**	**14.2**	**273.3**	**—**	**295.3**
Lease liabilities – IFRS 16	**—**	**29.4**	**61.0**	**8.7**	**99.1**
	149.1	**333.5**	**1,397.0**	**1,328.2**	**3,207.8**

	2021				
	On demand £ million	Less than 1 year £ million	1 to 5 years £ million	More than 5 years £ million	Total £ million
Trade and other payables	—	145.3	—	—	145.3
Customer deposits	60.1	—	—	—	60.1
Lease liabilities – IFRS 16	—	5.0	16.6	3.9	25.5
	60.1	150.3	16.6	3.9	230.9

Market risk

Currency risk

A substantial part of the Group's deposits and revenues are generated in Pounds Sterling ('GBP'), Euro ('EUR') and other currencies, and its operating expenses are largely incurred in local currencies, primarily EUR, Israeli New Shekel ('ILS'), US Dollar ('USD'), Canadian Dollar ('CAD') and Romanian leu ('RON'), with incremental exposure to operating expenses in Swedish krona and Polish Złoty ('PLN'). The Group has debt servicing costs, which are denominated in USD and EUR. As a result of this, the Group is exposed to the impact of foreign currency fluctuations. The Group mitigates its exposure to the impact of foreign exchange fluctuations on its cost base by adopting policies to hedge certain costs. During 2022, the Group entered into FX or cross currency swaps in order to hedge its ongoing USD and EUR exposure under the Senior Facilities Agreement and its ongoing EUR exposure under the Existing Notes and Additional Notes. However, there can be no assurance that such hedging will eliminate the potentially material adverse effect of such fluctuations.

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

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

The Group continually monitors the foreign currency risk and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level. This includes the potential use of foreign exchange forward contracts designed to fix the economic impact of known liabilities when considered appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

24 FINANCIAL RISK MANAGEMENT CONTINUED

Market risk continued

Currency risk continued

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

	2022			
	EUR £ million	USD £ million	Other £ million	Total £ million
Cash and cash equivalents	**119.2**	**55.1**	**143.3**	**317.6**
Trade and other receivables	**47.7**	**12.3**	**40.6**	**100.6**
Derivatives and embedded derivatives	**15.4**	**3.2**	**–**	**18.6**
Monetary assets	**182.3**	**70.6**	**183.9**	**436.8**
Trade and other payables	**(70.2)**	**(43.1)**	**(46.7)**	**(160.0)**
Customer deposits	**(43.0)**	**(50.5)**	**(47.8)**	**(141.3)**
Borrowings	**(1,271.1)**	**(420.7)**	**(10.5)**	**(1,702.3)**
Derivatives and embedded derivatives	**(10.5)**	**(21.0)**	**(6.7)**	**(38.2)**
Lease liabilities – IFRS 16	**(7.5)**	**(0.5)**	**(81.0)**	**(89.0)**
Monetary liabilities	**(1,402.3)**	**(535.8)**	**(192.7)**	**(2,130.8)**
Net financial position	**(1,220.0)**	**(465.2)**	**(8.8)**	**(1,694.0)**

	2021			
	EUR £ million	USD £ million	Other £ million	Total £ million
Cash and cash equivalents	48.4	70.9	70.1	189.4
Trade and other receivables	17.2	3.7	29.9	50.8
Monetary assets	65.6	74.6	100.0	240.2
Trade and other payables	(23.2)	(39.3)	(82.8)	(145.3)
Customer deposits	(15.0)	(28.5)	(16.6)	(60.1)
Lease liabilities – IFRS 16	(8.3)	(0.1)	(14.5)	(22.9)
Monetary liabilities	(46.5)	(67.9)	(113.9)	(228.3)
Net financial position	19.1	6.7	(13.9)	11.9

Sensitivity analysis

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

	EUR £ million
10% strengthening	**28.9**
10% weakening	**(28.9)**

There is no comparative shown as the Group's balance sheet was translated from USD in that year.

Interest rate risk

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

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	2022	
	Increase of 100 basis points £ million	Decrease of 100 basis points £ million
Increase/(decrease) in profit	**3.4**	**3.4**
Increase/(decrease) in equity reserves	**3.4**	**3.4**

The Group had no borrowings in 2021 and therefore had no exposure to interest rate risk.

24 FINANCIAL RISK MANAGEMENT CONTINUED

Cross Currency Swaps and Interest Rate Swaps

The Group has executed a series of USD to GBP cross-currency swaps and EUR to GBP cross-currency swaps in order to hedge certain of its USD and floating rate exposure under Euro and USD debt.

As at 31 December 2022, the Group had entered into cross currency swaps in total of US$ 407m and €482m to hedge both the currency risk and interest rate risk. In addition, the Group entered into an Interest swap of €150m to hedge the interest rate risk.

25 FINANCIAL INSTRUMENTS

On acquisition, under IFRS 3 'Business Combinations', the assets and liabilities of William Hill were recorded at fair value. Refer to note 16 for details of values and valuation methods used.

The hierarchy (as defined in IFRS 13 'Fair Value Measurement') of the Group's financial instruments carried at fair value as at 31 December 2022 was as follows:

	2022			
	Contractual /notional amount £ million	Level 1 £ million	Level 2 £ million	Level 3 £ million
Financial assets				
Cross-currency swaps	397.1	–	17.7	–
Interest rate swaps	132.2	–	0.9	–
	529.3	–	18.6	–
Financial liabilities				
Cross-currency swaps	365.3	–	30.4	–
Interest rate swaps	–	–	–	–
Ante post bet liabilities	–	–	–	7.8
Contingent consideration (note 16)	100.0	–	–	0.4
	465.3	–	30.4	8.2

The Group did not have any financial instruments carried at fair value during the year ended 31 December 2021.

Ante post bets

Ante post bets are a liability arising from an open position at the period end date in accordance with the Group's accounting policy for derivative financial instruments. Ante post bets at the period end totalled £7.8m and are classified as current liabilities.

Ante post bet liabilities are valued using methods and inputs that are not based upon observable market data and all fair value movements are recognised in revenue in the Income Statement. Although the final value will be determined by future betting outcomes, there are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined. The principal assumptions relate to the Group's historical gross win margins by betting markets and segments. Although these margins vary across markets and segments, they are expected to stay broadly consistent over time, only varying in the short term. The gross win margins are reviewed annually at period end. As at 31 December 2022, the gross win margins ranged from 2%-25%.

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

	Ante post bet liabilities £ million	Total £ million
At 31 December 2021	–	–
Acquired via business combination	3.5	3.5
To profit or loss	4.3	4.3
At 31 December 2022	**7.8**	**7.8**

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25 FINANCIAL INSTRUMENTS CONTINUED

Hedging activities

The table below illustrates the effects of hedge accounting on the consolidated statement of financial position and consolidated income statement by disclosing separately by risk category each type of hedge and the details of the associated hedging instrument and hedge item. These are for items designated as in a cash flow hedging relationship.

	Carrying amount £ million	Change in fair value in period for calculating ineffectiveness (hedging instrument) £ million	Cash settlements and accruals in the period (hedging instrument) £ million	Change in fair value in period for calculating ineffectiveness (hedged item) £ million	Cash settlements and accruals in the period (hedged item) £ million	Hedge ineffectiveness in the period £ million
Interest rate swaps						
EUR trades	1.0	1.0	–	0.9	–	(0.1)
Total	1.0	1.0	–	0.9	–	(0.1)
Cross-currency swaps						
EUR trades	5.1	5.1	(1.4)	4.7	(1.4)	(0.4)
USD trades	(17.8)	(17.8)	(2.3)	(18.7)	(2.3)	(0.9)
Total	(12.7)	(12.7)	(3.7)	(14.0)	(3.7)	(1.3)

The Group did not have any hedge accounting during the year ended 31 December 2021.

Cash flow hedging reserve

The following table identifies the movements in the cash flow hedging reserve during the year for items designated as in a cash flow hedging relationship:

			Reclassification in the period				
	Opening balance £ million	Change in fair value recorded in OCI £ million	Fixed assets £ million	Interest expense £ million	FX remeasurement £ million	Missed forecast £ million	Closing balance £ million
Interest rate swaps							
EUR trades	–	(0.8)	–	–	–	–	(0.8)
Total	–	(0.8)	–	–	–	–	(0.8)
Cross-currency swaps							
EUR trades	–	(3.3)	–	(1.4)	12.7	–	8.0
USD trades	–	22.2	–	(3.4)	(11.7)	–	7.2
Total	–	18.9	–	(4.8)	1.0	–	15.2

Cost of hedging reserve

The following table identifies the movements in the cash flow hedging reserve during the year for items designated as in a cash flow hedging relationship:

	Opening balance		Change in fair value recorded in OCI		Reclassifications during the period		Closing balance	
	Time value £m	Currency basis £m	Time value £m	Currency basis £m	Time value £m	Currency basis £m	Time value £m	Currency basis £m
Designated cash flow hedging relationships								
Cross-currency swaps								
EUR trades	–	–	–	(0.1)	–	–	–	(0.1)
USD trades	–	–	–	(1.2)	–	0.3	–	(0.9)
Total	–	–	–	(1.3)	–	0.3	–	(1.0)

25 FINANCIAL INSTRUMENTS CONTINUED

Contractual maturity analysis

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for net and gross settled derivative financial instruments.

The amounts disclosed in the table are the contractual undiscounted cash flows:

	2022				
	On demand £ million	Less than 1 year £ million	1 to 5 years £ million	More than 5 years £ million	Total £ million
Interest rate swaps	–	–	–	–	–
Cross currency swaps					
EUR trades	–	(6.2)	316.9	–	310.7
USD trades	–	(8.0)	(43.6)	–	(51.6)
Total	–	(14.2)	273.3	–	259.1

26 DEFERRED TAX

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

	As at 1 January 2022 £ million	Acquisition of William Hill £ million	Prior year adjustments £ million	Exchange differences £ million	Credit/ (charge) to income £ million	Exceptional credit to income £ million	Exceptional charge to OCI £ million	As at 31 December 2022 £ million
Fixed asset temporary differences	1.6	0.6	3.0	0.3	(6.6)	–	–	(1.1)
Intangible assets	(2.7)	(252.0)	1.9	0.7	12.7	8.4	–	(231.0)
Other temporary differences	1.4	3.5	(0.8)	(0.1)	(4.9)	–	(0.6)	(1.5)
Restricted interest	–	11.6	13.1	–	(10.3)	–	–	14.4
Tax credits	–	–	0.4	(0.2)	(0.2)	–	–	–
Tax losses	–	0.1	–	–	3.9	–	–	4.0
Total	0.3	(236.2)	17.6	0.7	(5.4)	8.4	(0.6)	(215.2)

	As at 1 January 2021 £ million	Prior year adjustments £ million	Exchange differences £ million	Credit/ (charge) to income £ million	Exceptional credit to income £ million	Exceptional charge to OCI £ million	As at 31 December 2021 £ million
Fixed asset temporary differences	1.1	–	–	0.5	–	–	1.6
Intangible assets	(2.6)	–	–	(0.1)	–	–	(2.7)
Other temporary differences	1.8	–	–	(0.2)	–	(0.2)	1.4
Restricted interest	–	–	–	–	–	–	–
Tax credits	–	–	–	–	–	–	–
Tax losses	–	–	–	–	–	–	–
Total	0.3	–	–	0.2	–	(0.2)	0.3

	2022 £ million	2021 £ million
Reflected in the statement of financial position as follows:		
Deferred tax assets	5.2	2.2
Deferred tax liabilities	(220.4)	(1.9)

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

26 DEFERRED TAX CONTINUED

Tax rates

The enacted future rate of UK corporation tax of 25.0% (31 December 2021: 19%), the Gibraltar statutory income tax rate of 12.5% (31 December 2021: 12.5%), the Maltese effective tax rate of 35.0% (31 December 2021: 5%) and the Irish effective tax rate of 12.5% (31 December 2021: 12.5%) have been used to calculate the amount of deferred tax.

Tax losses

The Group has recognised £5.2m (31 December 2021: £2.8m) of deferred tax assets, including £4.0m (31 December 2021: £nil) in respect of unutilised tax losses which are available in companies which are anticipated to make future profits.

The losses in Gibraltar arising in 2022 of £4.0m are due to a temporary tax incentive for capital expenditure in Gibraltar and the Group's operations in Gibraltar remain profitable in the absence of this adjustment and show forecast accounting and taxable profits for 2023 and future periods. 2022 is the last year in which the temporary tax incentive is expected to apply.

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

Management have based their assessment of the recognition of deferred tax assets on unused tax losses of £63.8m (31 December 2021: £32.0m) at the period end on the forecast also used for the impairment review.

Restricted interest

Restricted interest represents a deferred tax asset of £14.4m (31 December 2021: £nil) in relation to interest restrictions for which an asset has been recognised to the extent that sufficient taxable temporary differences exist at the balance sheet date.

Other temporary differences

Certain deferred tax assets and liabilities have been offset in the above analysis. The deferred tax liability for other temporary differences of £1.5m includes deferred tax assets of £0.8m offset by deferred tax liabilities in other jurisdictions of £2.3m.

Included within other temporary differences is a liability of £1.8m (31 December 2021: nil) which has been recognised in respect of taxes that will be due on a repatriation of funds from the Groups overseas operations.

Unrecognised deferred tax attributes

Deferred tax is not recognised in respect of the value of the Group's investments in subsidiaries and interests in joint ventures where we are able to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the future. The amount of the temporary differences for which deferred tax has not been recognised was £17.2m (and tax thereon £1.5m) (31 December 2021: nil).

The Group has unutilised tax losses of £63.8m (31 December 2021: £32.0m) in entities which are not anticipated to make profits in the foreseeable future and for which no deferred tax has been recognised.

27 SHARE CAPITAL

Share capital comprises the following:

	Authorised			
	31 December 2022 Number	31 December 2021 Number	**31 December 2022 £ million**	31 December 2021 £ million
Ordinary Shares of £0.005 each	**1,026,387,500**[1]	1,026,387,500	**5.1**	5.1

1. Including 447,020 treasury shares held by the Group as at 31 December 2022 (2021: 307,422).

	Allotted, called up and fully paid			
	31 December 2022 Number	31 December 2021 Number	**31 December 2022 £ million**	31 December 2021 £ million
Ordinary Shares of £0.005 each at beginning of year	**372,759,202**	369,017,422	**1.9**	1.9
Issue of Ordinary Shares of £0.005 each	**73,572,454**	3,741,780	**0.3**	—
Ordinary Shares of £0.005 each at end of year	**446,331,656**	372,759,202	**2.2**	1.9

The narrative below includes details on issue of Ordinary Shares of £0.005 each as part of the Group's employee share option plan during 2022 and 2021:

On 7 April 2022 the Company issued 70.8 million new ordinary shares to partly fund the acquisition of the international (non-US) business of William Hill, representing approximately 19% of its issued capital, at £2.30 per share. After issue costs of £4.3 million, the net proceeds were £158.5 million. Issue costs directly attributable to the transaction have been accounted for as a deduction from share premium.

28 SHARE BASED PAYMENTS

Equity-settled share benefit charges

As at 31 December 2022 the Group has equity-settled employee shares and share options granted under two equity-settled employee share incentive plans – the 888 All-Employee Share Plan ("AEP"), which expired according to its terms in August 2015, and the 888 Long-Term Incentive Plan 2015 ("LTIP") which was adopted at the Extraordinary General Meeting on 29 September 2015. The 888 Long-Term Incentive Plan 2015 is open to employees (including Executive Directors) and full-time consultants of the Group, at the discretion of the Remuneration Committee. Awards under this scheme will vest in instalments over a fixed period of at least three years subject to the relevant individuals remaining in service. Certain of these awards are subject to additional performance conditions imposed by the Remuneration Committee at the dates of grant, further details of which are given in the Directors' Remuneration Report.

In addition, on 8 May 2017, the Board adopted a Deferred Share Bonus Plan ("DSBP") in order to allow the Company to comply with the requirement contained in its Remuneration Policy pursuant to which any annual bonus payment made to an Executive Director in excess of 100% of such Executive Director's annual salary is deferred into equity awards of the Company in the form of nil cost options or share awards.

After the acquisition of William Hill, certain equity-settled employee share incentives were granted to members of William Hill's senior management. Awards under this scheme will vest in instalments over a three-year period, subject to the relevant individuals remaining in service. These incentives are included as a part of the LTIP scheme referenced above.

The Company grants equity awards under which shares of the Company are issued to employees at nil consideration. The nominal value of such shares is covered internally.

Details of equity settled shares as part of the AEP, the LTIP and the DSBP are set out below:

Ordinary Shares granted (without performance conditions)

	2022 Number	2021 Number
Outstanding future vesting equity awards at the beginning of the year	**5,446,420**	5,541,569
Future vesting equity awards granted during the year	**3,269,343**	2,801,667
Future vesting equity awards lapsed during the year	**(821,961)**	(286,830)
Shares issued upon vesting during the year	**(1,340,207)**	(2,609,986)
Outstanding future vesting equity awards at the end of the year	**6,553,595**	5,446,420
Averaged remaining life until vesting	**1.27 years**	1.68 years

Deferred Share Bonus Plan

	2022 Number	2021 Number
Outstanding future vesting equity awards at the beginning of the year	**307,422**	196,488
Future vesting equity awards granted during the year	**220,225**	220,225
Shares exercised during the year	**(217,379)**	(109,291)
Outstanding future vesting equity awards at the end of the year	**310,268**	307,422
Averaged remaining life until vesting	**0.81 years**	0.62 years

The aforementioned grants under the DSBP were approved by the Board as part of the annual bonus award to the Executive Directors and Operational Management for 2016–2021, pursuant to which an amount equal to 100% of salary was granted in cash, with any addition exceeding 100% of salary deferred into shares of the Company. The outstanding future vesting equity awards at the end of the year are set out below:

(i) 10 March 2022 to the CEO (196,141 Shares), the CFO (54,123 Shares) and Operational Management (106,713 Shares),

(ii) 18 March 2021 to the CEO (42,490 Shares) and the CFO (3,953 Shares),

(iii) 16 April 2020 to the CEO (7,182 Shares), the then former CEO and CFO (36,418 Shares).

Ordinary Shares granted for future vesting are valued at the share price at grant date, which the Group considers approximates to the fair value. The Group recognised the following as treasury shares as of 31 December 2023:

(i) 11 March 2022, the Group purchased 356,977 shares on the open market at an average price of 193.0¢ per share,

(ii) 22 March 2021, the Group purchased 220,225 shares on the open market at an average price of 362.0¢ per share,

(iii) 29 April 2020, the Group purchased 130,796 shares on the open market at an average price of 143.7¢ per share, of which 43,599 shares were exercised during the year.

28 SHARE BASED PAYMENTS CONTINUED

Ordinary shares granted (subject to performance conditions)

	2022 Number	2021 Number
Outstanding at the beginning of the year	**3,208,384**	3,936,354
Shares granted during the year	**1,006,013**	530,976
Lapsed future vesting shares	**(353,333)**	(127,152)
Shares issued during the year	**(1,425,743)**	(1,131,794)
Outstanding at the end of the year	**2,435,321**	3,208,384
Averaged remaining life until vesting	**1.28 years**	0.84 years

Shares granted during the year were 1,006,013 (2021: 530,976). The share price at the grant date was 187.2¢. Shares outstanding at the end of the year consist of 2,435,321 shares subject to 50% EPS growth target, and 50% total shareholder return (TSR) compared to a peer group of companies.

Further details of performance conditions that have to be satisfied on these awards are set out in the directors' remuneration report. The EPS growth target is taken into account when determining the number of shares expected to vest at each reporting date, and the TSR target is taken into account when calculating the fair value of the share grant.

Valuation information – shares granted under TSR condition:

Shares granted during the year:	2022	2021
Share pricing model used	**Monte Carlo**	Monte Carlo
Determined fair value	**£1.15**	£2.45
Number of shares granted	**503,007**	265,488
Average risk-free interest rate	**0.1%**	0.1%
Average standard deviation	**46%**	46%
Average standard deviation of peer group	**53%**	48%

Valuation information – shares granted

	2022		2021	
	Without performance conditions	With performance conditions	Without performance conditions	With performance conditions
Weighted average share price at grant date	**£1.55**	**£1.87**	£3.67	£3.49
Weighted average share price at issue of shares	**£2.08**	**£1.95**	£3.69	£3.53

Ordinary shares granted for future vesting with EPS growth performance conditions are valued at the share price at grant date, which the Group considers approximates to the fair value. The restrictions on the shares during the vesting period, primarily relating to non-receipt of dividends, are considered to have an immaterial effect on the share option charge.

In accordance with IFRS 2 a charge to the consolidated income statement in respect of any shares or options granted under the above schemes is recognised and spread over the vesting period of the shares or options based on the fair value of the shares or options at the grant date, adjusted for changes in vesting conditions at each balance sheet date. These charges have no cash impact.

Share benefit charges

	2022 £ million	2021 £ million
Equity-settled charge for the year	**7.9**	5.2
Cash-settled charge for the year	**(2.7)**	0.9
Total share benefit charges	**5.2**	6.1

29 RETIREMENT BENEFIT SCHEMES

William Hill pension schemes

On acquisition, the Group acquired a number of defined contribution and defined benefit pension schemes, operated by William Hill. The UK schemes are operated under a single trust and the assets of all the schemes are held separately from those of the Group in funds under the control of trustees.

The respective costs of these schemes are as follows:

	2022 £ million
Defined contribution schemes (charged to operating(loss)/profit)	**4.3**
Defined benefit scheme (charged to operating(loss)/profit)	**1.3**

Defined contribution schemes

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

The total cost charged to income in respect of these schemes represents contributions payable to the schemes by the Group at rates specified in the rules of the respective schemes. At 31 December 2022, contributions of £nil due in respect of the current reporting period were outstanding to be paid over to the schemes.

Defined benefit scheme

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

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2019 and updated to 31 December 2022 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method and by rolling forward the results of the 30 September 2019 technical provisions using actuarial techniques, allowing for cash flows and interest over the period, differences between the assumptions used to set the technical provisions and those selected for accounting under IAS 19, experience from making an allowance for actual deferred revaluation and pension increases in payment over the period and the PIE exercise carried out in 2019.

Pension buy-in

During 2021, prior to the acquisition by the Group of William Hill, William Hill agreed a buy-in of the scheme's liabilities. On 28 June 2021, a transaction was completed which insured the liabilities of the scheme with Rothesay Life. As a result of the transaction, the scheme holds annuities with Rothesay Life which are qualifying insurance policies as defined in IAS 19.8 'Employee benefits'. The income from these policies exactly matches the amount and timing of all benefits to those members covered under the policies. As with other bulk annuity purchases the Scheme has carried out, the change was treated as a change in investment strategy.

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

Funding valuation

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

The William Hill group has the right to a refund of any surplus on wind up of the scheme.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29 RETIREMENT BENEFIT SCHEMES CONTINUED

William Hill pension schemes continued

Disclosure of principal assumptions

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

	2022 %
Rate of increase of salaries	n/a
Rate of increase of pensions (non-pensioner)	3.0
Rate of increase of pensions (pensioner)	3.3
Discount rate	4.7
Rate of RPI inflation (non-pensioner)	3.1
Rate of RPI inflation (pensioner)	3.4
Rate of CPI inflation	2.5

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

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

Life expectancy at age 65	2022 years
Male retiring now	21.9
Male retiring in 25 years' time	23.6
Female retiring now	23.9
Female retiring in 25 years' time	25.8

The assets in the scheme are set out in the table below.

	2022 £ million
Total market value of assets	254.2
Present value of scheme liabilities	255.4
Deficit in scheme at end of year	**1.2**

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

	2022 £ million
Current service cost	0.4
Administration expenses	0.9
Total operating charge	**1.3**

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

	2022 £ million
Actual return less expected return on pension scheme assets	36.2
Actuarial gain on demographic assumptions	(0.8)
Actuarial loss on experience adjustment	3.0
Actuarial loss arising from changes in financial assumptions	(38.1)
Actuarial loss remeasurements	**0.3**

29 RETIREMENT BENEFIT SCHEMES CONTINUED

William Hill pension schemes continued

Disclosure of principal assumptions continued

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

	2022 £ million
At acquisition 1 July 2022	**293.1**
Movement in period:	
Service cost	**0.4**
Interest cost	**5.3**
Remeasurements – changes in financial assumptions	**(38.1)**
Remeasurements – changes in demographic assumptions	**(0.8)**
Remeasurements – experience adjustments	**3.0**
Benefits paid	**(7.1)**
Insurance premium for risk benefits	**(0.4)**
At end of year	**255.4**

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

	2022 £ million
At acquisition 1 July 2022	**292.7**
Movement in period:	
Interest income on plan assets	**5.3**
Remeasurements – return on plan assets (excluding interest income)	**(36.2)**
Contributions from sponsoring companies	**0.8**
Administration expenses charged to operating (loss)/profit	**(0.9)**
Benefits paid	**(7.1)**
Insurance premium for risk benefits	**(0.4)**
At end of year	**254.2**

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). The change to the inflation sensitivity allows for changes to pension increases in deferment and in payment. Although the analysis does not take account of the full distribution of cash flows expected, it does provide an approximation of the sensitivity of the assumptions shown.

In addition, as the scheme is now fully bought-in, any changes in the value of the scheme's liabilities due to changes in the underlying assumptions will be matched by changes in the value of the scheme's assets (which are measured in line with the obligations). There would therefore be a nil net balance sheet impact from these sensitivities.

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

29 RETIREMENT BENEFIT SCHEMES CONTINUED

William Hill pension schemes continued

Funding

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

The weighted average duration of the scheme's defined benefit obligation as at 31 December 2022 is 15 years.

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

	2022 £ million
Less than one year	**12.7**
Between one and two years	**13.4**
Between two and five years	**45.7**
Between five and ten years	**71.7**

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

30 RELATED PARTY TRANSACTIONS

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

Trading transactions

Associates

As part of the William Hill acquisition, the Group acquired Sports Information Services (Holdings) Limited, an associate of the William Hill Group. From 1 July to the balance sheet date, the Group made purchases of £15.8m from Sports Information Services Limited, a subsidiary of Sports Information Services (Holdings) Limited. At 31 December 2022, the amount payable to Sports Information Services Limited by the Group was £nil.

Remuneration of Key Management Personnel

The aggregate amounts payable to key management personnel, considered to be the Directors of the Company, as well as their share benefit charges, are set out below:

	2022 £ million	2021 £ million
Short-term benefits	**2.9**	3.6
Post-employment benefits	**0.1**	0.1
Share benefit charges – equity-settled	**2.4**	1.0
	7.4	4.7

Further details on Directors' remuneration are given in the Directors' Remuneration Report.

31 CONTINGENT LIABILITIES

Legal claims

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

The Business has been subject to a particular acceleration of claims in Austria since 2020 following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 and 2022 at a broadly consistent rate with a slight acceleration across 2021 and 2022. Consumers who have obtained judgement against the Business' entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. These are being defended on the basis of a public policy argument. The provisions held for the Group relating to these claims is £86.2m, which includes a liability measured at fair value on acquisition of £80.6m relating to the William Hill and Mr Green brands and provision of £5.6m relating to 888. Please refer to note 22 for further detail.

The £80.6m relating to the William Hill and Mr Green brands was recognised on acquisition representing the fair value of the contingent liability at that point in time, recognised on the basis that it was a possible future liability and in line with IFRS 3. Please refer to note 16 for further detail.

Since acquisition, there has been an alignment in strategy and accounting treatment with William Hill and Mr Green aligning to the 888 methodology. William Hill and Mr Green have therefore recognised a provision for probable legal claims and a contingent liability for possible legal claims it expects to receive. As at 31 December 2022, the provision is estimated at £67.0m and the contingent liability is estimated at £13.5m. The contingent liability for the 888 business is estimated at £5.2m.

31 CONTINGENT LIABILITIES CONTINUED

Legal claims continued

The calculation of the customer claims liability includes provision for interest but is gross of gaming tax. Management have assessed that it is probable as opposed to virtually certain that the tax will be reclaimed and therefore a contingent asset has been disclosed for the tax reclaims. The contingent asset relating to the tax reclaim on the total liability (both provided for and disclosed as a contingent liability) is a range in value of up to £24.5m.

Regulatory compliance

Given the nature of the legal and regulatory landscape of the industry, from time to time the Group has self-reported or received notices, communications and legal actions from regulatory authorities and other parties in respect of its activities. The Group is furthermore subject to regular compliance assessments of its licensed activities, from time to time. The Group's policy is to engage in dialogue with regulators and address any concerns raised in such assessments, to work cooperatively with the regulator and to take action to address any concerns raised as part of the assessment as soon as possible. The Group takes legal advice as to the manner in which it should respond and the likelihood of success of such actions. Based on this advice and the nature of the actions, for the majority of these matters the Board is unable to quantify reliably the outflow of funds that may result, if any.

For matters where an outflow of funds is probable and can be measured reliably, amounts have been recognised in the financial statements within Provisions. Except for the regulatory matters described in note 22, these amounts are not material at 31 December 2022.

32 EVENTS AFTER THE REPORTING DATE

In January 2023, an internal compliance team self-identified failures where the Group's safer gambling policies were not being effectively applied. Further investigations identified similar accounts which were later confirmed to be a broader issue within a specific cohort of players, namely 888 VIPs in the Middle East. The Board, once fully briefed, took the prudent decision to suspend all of these accounts while the compliance team investigated the situation further. The investigation has concluded and the Group has remedied the failings and is confident that its policies and procedures are robust, and this failure was isolated to a very specific cohort of players. It has successfully started reopening accounts and currently expects to recover 40-50% of this revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

33 INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

The consolidated financial statements include the following principal subsidiaries of 888 Holdings plc:

Name	Country	Percentage of equity interest	Nature of business
888 (Ireland) Limited	Malta	100%	Holds Irish online betting licence
888 Acquisitions Limited	Gibraltar	100%	Acquisition vehicle for the William Hill purchase
888 Acquisitions LLC	Delaware	100%	Dormant Company
888 Atlantic Limited	Gibraltar	100%	Holds New Jersey CSIE licence
888 Cayman Finance Limited	Cayman Islands	100%	Holding Company
888 CZ Limited	Gibraltar	100%	Dormant Company
888 Denmark Limited	Malta	100%	Holds Danish online gaming licence
888 France Limited	Malta	100%	Dormant Company
888 Germany Limited	Malta	100%	Holds German online gaming licences
888 Italia Ltd	Malta	100%	Holds Italian online gaming licence
888 Liberty Ltd	Gibraltar	100%	Holds Delaware CSIE licence
888 Netherlands Limited	Malta	100%	Holds Netherlands online gaming licence
888 Online Games España, S.A.	Ceuta	100%	Holds Spanish online gaming licence
888 Portugal Ltd	Malta	100%	Holds Portuguese online gaming licence
888 Romania Limited	Malta	100%	Holds Romanian online gaming licence
888 Sweden Limited	Malta	100%	Holds Swedish online gaming licence
888 UK Limited	Gibraltar	100%	Holds UK online gaming licence
888 US Holdings Inc.	Delaware	100%	Holding company
888 US Inc.	Delaware	100%	Holding company
888 US Ltd	Gibraltar	100%	Holds Nevada IGSP licence
888 US Services Inc.	Delaware	100%	Employs NJ-based personnel and hold servers/IT equipment in the US.
888 VHL UK Holdings Limited	United Kingdom	100%	Holding Company
A.J.Schofield Limited (in liquidation)	United Kingdom		In liquidation
AAPN Holdings LLC	Delaware	100%	Holding company
AAPN New Jersey LLC	New Jersey	100%	Holds New Jersey CSIE licence
Ad-Gency Limited (in liquidation)	Israel		In liquidation
Admar Services (Gibraltar) Limited	Gibraltar	100%	Obtaining affiliate marketing payments
Admar Services (Malta) Limited	Malta	100%	Provides the provision of marketing services to other companies within William Hill Group
Alfabet S.A.S	Colombia	90%	Columbian operations
Arena Racing Limited	United Kingdom	100%	Dormant Company
B.B.O'Connor (Lottery) Limited	Jersey	100%	Dormant Company
B.J.O'Connor Holdings Limited	Jersey	100%	Property investment and management
B.J.O'Connor Limited	Jersey	100%	The operation of Licensed Betting Offices (LBOs) & is also licensed
Baseflame Limited (in liquidation)	United Kingdom		In liquidation
Bradlow Limited	United Kingdom	100%	Dormant Company
Brigend Limited	Gibraltar	100%	Bingo business operator pursuant to Gibraltar licence
Brooke Bookmakers Limited	United Kingdom	100%	Dormant Company
Camec (Scotland) Limited	United Kingdom	100%	Dormant Company
Camec (Southern) Limited (in liquidation)	United Kingdom		In liquidation
Camec Limited	United Kingdom	100%	Dormant Company
Cassava Enterprises (Gibraltar) Ltd	Gibraltar	100%	Dormant Company
Cassava Holdings Limited	Antigua & Barbuda	100%	Held lease of Antigua offices
Cellpoint Investments Limited	Cyprus	100%	Group service company
City Tote Limited (in liquidation)	United Kingdom		In liquidation
Concession Bookmakers Limited (in liquidation)	United Kingdom		In liquidation
Dansk Underholdning Limited	Malta	100%	Dormant Company
Deluxe Online Limited (in liquidation)	United Kingdom		In liquidation
Deviceguide Limited	United Kingdom	100%	Dormant Company
Dixie Operations Limited	Antigua & Barbuda	100%	Operated a call centre in Antigua
Entertainment Ventures Europe 2019 Limited	Malta	100%	Maltese licence holder
Evenmedia Limited (In liquidation)	United Kingdom		In liquidation

33 INVESTMENTS IN SIGNIFICANT SUBSIDIARIES CONTINUED

Name	Country	Percentage of equity interest	Nature of business
Evoke Gaming Ltd	Malta	100%	Operates a remote gaming licence- Licences: ROI, Malta, Sweden & ROW Customers.
Fordart Limited	Gibraltar	100%	Enters into B2B contracts pursuant to Gibraltar licence and general commercial business activities
Fred Parkinson Management Limited	United Kingdom	100%	Dormant Company
Gaming Ventures Europe 2019 Limited	Malta	100%	Maltese licence holder
Gisland Limited	Gibraltar	100%	Payment transmission services
Goodfigure Limited (in liquidation)	United Kingdom		In liquidation
Grand Parade Limited	United Kingdom	100%	Contract Software Development
Grand Parade Sp. z o.o.	Poland	100%	Software Writing and Maintenance + Project Management
Green Gaming Group PLC	Malta	100%	Holding company for most legal entities located in Malta
GUS Carter (Cash) Limited	United Kingdom	100%	Dormant Company
GUS Carter Limited	United Kingdom	100%	Dormant Company
Ivy Lodge Limited	Guernsey	100%	Property Holding company
James Lane (Bookmaker) Limited	United Kingdom	100%	Dormant Company
James Lane (Turf Accountants) Limited	United Kingdom	100%	Dormant Company
James Lane Group Limited	United Kingdom	100%	Dormant Company
Laystall Limited	United Kingdom	100%	Dormant Company
Live 5 Holdings Limited	United Kingdom	100%	Holding company
Live 5 Limited	United Kingdom	100%	Games studio. Licensed and regulated entity by the UK Gambling Commission.
Matsbest Limited	United Kingdom	100%	Dormant Company
Matsgood Limited	United Kingdom	100%	Dormant Company
Mr Green & CO AB	Sweden	100%	Dormant Company
Mr Green & Co Optionsbarare AB	Sweden	100%	Dormant Company
Mr Green Consultancy Services Ltd.	United Kingdom	100%	Dormant Company
Mr Green Consulting AB	Sweden	100%	Dormant Company
Mr Green Limited	Malta	100%	Operates a remote gaming licence & holds the MGA licence for the Mr Green Brand
MRG IP Limited	Malta	100%	Holds intellectual property developed for the Mr Green Brands.
MRG Spain PLC	Malta	100%	Holds a licence in Spain.
New Wave Virtual Ventures	Gibraltar	100%	Holds mobile gaming applications
Nimverge Tech India Private Limited	India	100%	Providing Tech Services to the group.
Online Entertainment Limited	Gibraltar	100%	Held domains, presently dormant
Phonethread Limited	United Kingdom	100%	Dormant Company
Random Logic Limited	Israel	100%	Research, development and marketing service company
Random Logic Ventures Limited	Israel	100%	Holding company
Regency Bookmakers (Midlands) Limited	United Kingdom	100%	Dormant Company
Selwyn Demmy (Racing) Limited	United Kingdom	100%	Dormant Company
SIA Mr Green Latvia	Latvia	100%	Gaming entity regulated by the Latvian regulator and servicing the Latvian (Mr Green) market
Sparkware Technologies SRL	Romania	100%	Software development
Spectate Limited	Ireland	100%	Research & development centre in Ireland
St James Place Limited	Guernsey	100%	Property Holding Company.
T H Jennings (Harlow Pools) Limited	United Kingdom	100%	Dormant Company
Trackcycle Limited	United Kingdom	100%	Dormant Company
VDSL (International) Limited	Gibraltar	100%	Operator of the gaming sites pursuant to Virtual Global Digital Services Limited's Gibraltar licence for Canadian customers
VHL America, LLC	Delaware	95.01%	Holding company for US B2C
VHL Colorado, LLC	Colorado	100%	Holds Colorado online gaming licence
VHL Financing (Malta) Limited	Malta	100%	Dormant company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

33 INVESTMENTS IN SIGNIFICANT SUBSIDIARIES CONTINUED

Name	Country	Percentage of equity interest	Nature of business
VHL Financing Limited	Gibraltar	100%	Holding company
VHL Indiana, LLC	Indianapolis	100%	Dormant Company
VHL Iowa, LLC	Iowa	100%	Dormant Company
VHL Louisiana, LLC	Louisiana	100%	Dormant Company
VHL Maryland, LLC	Maryland	90.02%	Dormant Company
VHL Massachusetts LLC	Massachusetts	100%	Dormant Company
VHL Michigan, LLC	Michigan	100%	Holds Michigan online gaming licence
VHL Missouri, LLC	Missouri	100%	Dormant Company
VHL New Jersey	New Jersey	100%	Dormant Company
VHL Ohio, LLC	Ohio	100%	Dormant Company
VHL Ontario Limited	Gibraltar	100%	Holds Ontario online gaming licence
VHL Virginia, LLC	Virginia	90.02%	Holds Virginia online gaming licence
Vickers Bookmakers Limited (in liquidation)	United Kingdom		In liquidation
Virtual Digital Services Limited	Malta	100%	Operator of the gaming sites pursuant to Malta licence – certain European markets
Virtual Emerging Entertainment Limited	Gibraltar	100%	Licensing of brands for Asian market
Virtual Global Digital Services Limited	Gibraltar	100%	Operator of the gaming sites pursuant to Gibraltar licence
Virtual Internet Services Latam S.L.U.	Ceuta	100%	Dormant Company
Virtual Internet Services Limited	Gibraltar	100%	Procurement of internet and bandwidth services for the group, holds Gibraltar office lease and employs Gibraltar personnel
Virtual IP Assets Limited	Antigua & Barbuda	100%	IP company
Virtual Marketing Services (Gibraltar) Limited	Gibraltar	100%	Group marketing acquisition company
Virtual Marketing Services (Ireland) Limited	Ireland	100%	Marketing and other services company
Virtual Marketing Services (UK) Limited	England & Wales	100%	Marketing and other services company
Virtual Share Services Limited	Gibraltar	100%	Holding of shares to satisfy vesting of equity awards
Vynplex Limited (In liquidation)	United Kingdom		In liquidation
WHG (International) Limited	Gibraltar	100%	Trading and licensed entity for all brands and territories except Spain
WHG (Malta) Limited	Malta	100%	Dormant and Non trading company. Denmark Licence applicant
WHG Customer Services Philippines, INC	Philippines	100%	Operating entity of Philippines shared service centre
WHG IP Licensing Limited	Gibraltar	100%	In partnership with WHG (International) Limited, holds WH Online IP
WHG ITALIA SrL	Italy	100%	Payroll related expenses of employees in Italy. Trading entity that receives income via Intercompany recharge
WHG Online Marketing Spain S.A.	Spain	100%	Payroll related expenses of employees in Spain. Trading entity and income is intercompany recharge
WHG Services (Bulgaria) Limited EOOD	Bulgaria	100%	The provision of consulting and technical support
WHG Services (Philippines) Limited	Gibraltar	100%	Holding company and invoicing conduit for WHG Customer Services Philippines, Inc
WHG Services Limited	United Kingdom	100%	Providing services related mainly to the technical development of William Hill Limited's online business.
WHG Spain PLC	Malta	100%	Operates a Spanish remote gaming license.
WHG Trading Limited	Gibraltar	100%	Dormant Company
Will Hill Limited	United Kingdom	100%	Holding Company
William Hill (Alba) Limited	United Kingdom	100%	Dormant Company
William Hill (Caledonian) Limited	United Kingdom	100%	Dormant Company
William Hill (Course) Limited (in liquidation)	United Kingdom		In liquidation
William Hill (Edgeware Road) Limited	United Kingdom	100%	Dormant Company

33 INVESTMENTS IN SIGNIFICANT SUBSIDIARIES CONTINUED

Name	Country	Percentage of equity interest	Nature of business
William Hill (Effects) Limited	United Kingdom	100%	Dormant Company
William Hill (Essex) Limited	United Kingdom	100%	Dormant Company
William Hill (Football) Limited	United Kingdom	100%	Dormant Company
William Hill (Goods) Limited	United Kingdom	100%	Dormant Company
William Hill (IOM) No. 3 Limited	Isle of Man	100%	Dormant Company
William Hill (London) Limited	United Kingdom	100%	Dormant Company
William Hill (Malta) Limited	Malta	100%	Dormant Company
William Hill (Midlands) Limited	United Kingdom	100%	Dormant Company
William Hill (North Eastern) Limited	United Kingdom	100%	Dormant Company
William Hill (North Western) Limited	United Kingdom	100%	Dormant Company
William Hill (Northern) Limited (in liquidation)	United Kingdom		In liquidation
William Hill (Products) Limited (in liquidation)	United Kingdom		In liquidation
William Hill (Resources) Limited	United Kingdom	100%	Dormant Company
William Hill (Scotland) Limited	United Kingdom	100%	Dormant Company
William Hill (Southern) Limited	United Kingdom	100%	Dormant Company
William Hill (Strathclyde) Limited (in liquidation)	United Kingdom		In liquidation
William Hill (Supplies) Limited (in liquidation)	United Kingdom		In liquidation
William Hill (Wares) Limited	United Kingdom	100%	Dormant Company
William Hill (Western) Limited	United Kingdom	100%	Dormant Company
William Hill Bookmakers (Ireland) Limited	Ireland	100%	Dormant Company
William Hill Call Centre Limited	Ireland	100%	Dormant Company
William Hill Cayman Holdings Limited	Cayman Islands	100%	Holding Company
William Hill Credit Limited	United Kingdom	100%	Dormant Company
William Hill Employee Shares Trustee Limited	United Kingdom	100%	Dormant Company
William Hill Finance Limited	United Kingdom	100%	Holding Company
William Hill Gametek AB	Sweden	100%	Limited operations, provides technical and support services in relation to the platforms/games
William Hill Global PLC	Malta	100%	Holds the MGA license for the WH Brand & is the main operating company in Malta
William Hill Holdings Limited	United Kingdom	100%	Holding Company
William Hill Investments Limited	United Kingdom	100%	Holding Company
William Hill Latvia SIA	Latvia	90%	Main license holder in Latvia.
William Hill Limited	United Kingdom	100%	Previously listed WH Group operating company
William Hill Malta PLC	Malta	100%	Malta Gaming entity regulated by the MGA
William Hill Offshore Limited	Ireland	100%	Dormant Company
William Hill Organization Limited	United Kingdom	100%	Operation of Licensed Betting Offices (LBOs) and, through its subsidiary companies, the provision of online and telephone betting services in the United Kingdom. UK operating entity
William Hill Steeplechase Limited	Gibraltar	100%	Special purpose vehicle for financing purposes
William Hill Trustee Limited	United Kingdom	100%	Acting as Trustee to the William Hill Pension Scheme
Willstan Properties Limited	United Kingdom	100%	Property Investment and Management in Northern Ireland
Willstan Racing (Ireland) Limited	Ireland	100%	Dormant Company
Willstan Racing Holdings Limited	United Kingdom	100%	Dormant Company
Willstan Racing Limited	United Kingdom	100%	Dormant Company
Windsors (Sporting Investments) Limited	United Kingdom	100%	Dormant Company
Wise Entertainment DK ApS	Denmark	100%	Consulting assistance and entry into sales/marketing agreements for content providers
Wizard's Hat Limited	Malta	100%	Dormant Company

COMPANY BALANCE SHEET

At 31 December 2022

	Note	2022 £ million	2021 £ million
Assets			
Non-current assets			
Investments in subsidiaries	2	**48.8**	40.8
Loan to subsidiaries		**163.9**	—
Amounts due from related parties		**112.9**	—
Deferred tax assets	10	**—**	—
		325.6	40.8
Current assets			
Trade and other receivables	3	**18.0**	78.7
Cash and cash equivalents		**—**	—
		18.0	78.7
Total assets		**343.6**	119.5
Equity and liabilities			
Equity			
Share capital	4	**2.2**	1.9
Share premium	4	**160.7**	2.5
Treasury shares	4	**(0.9)**	(0.9)
Retained earnings[1]		**90.6**	85.3
Total equity		**252.6**	88.8
Liabilities			
Current liabilities			
Trade and other payables	5	**2.3**	5.0
Income tax payable		**0.5**	1.3
Amounts due to related parties		**67.8**	—
Loan payable to subsidiaries		**—**	6.6
		70.6	12.9
Non-current liabilities			
Loan payable to subsidiaries	9	**20.4**	17.5
Deferred tax liabilities		**—**	0.3
		20.4	17.8
Total liabilities		**91.0**	30.7
Total equity and liabilities		**343.6**	119.5

1. Includes net profit of the Company for the year ended 31 December 2022 of £2.7m (31 December 2021: £49.1m).

The financial statements on pages 200 to 202 were approved and authorised for issue by the Board of Directors on 14 April 2023 and were signed on its behalf by:

Lord Mendelsohn
Executive Chair

Yariv Dafna
Chief Financial Officer

The notes on pages 203 and 204 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital £ million	Share premium £ million	Treasury shares £ million	Retained earnings £ million	Total £ million
Balance at 1 January 2021	1.9	2.5	(0.4)	76.9	80.9
Profit and total comprehensive income for the year	—	—	—	47.4	47.4
Dividend paid (note 9)	—	—	—	(43.8)	(43.8)
Acquisition of treasury shares	—	—	(0.7)	—	(0.7)
Exercise of deferred share bonus plan	—	—	0.2	(0.2)	—
Equity settled share benefit charges (note 8)	—	—	—	5.1	5.1
Balance at 31 December 2021	1.9	2.5	(0.9)	85.4	88.9
Loss for the year	—	—	—	(0.9)	(0.9)
Issue of shares	0.3	158.2	—	—	158.5
Acquisition of treasury shares	—	—	(0.7)	—	(0.7)
Exercise of deferred share bonus plan	—	—	0.7	(0.7)	—
Equity settled share benefit charges (note 8)	—	—	—	6.8	6.8
Balance at 31 December 2022	**2.2**	**160.7**	**(0.9)**	**90.6**	**252.6**

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

Share capital – represents the nominal value of shares allotted, called-up and fully paid for.

Share premium – represents the amount subscribed for share capital in excess of nominal value.

Treasury shares – represent reacquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.

Retained earnings – represents the cumulative net gains and losses recognised in the parent company statement of comprehensive income and other transactions with equity holders

The notes on pages 203 and 204 form part of these financial statements

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 £ million	2021 £ million
Cash flows from operating activities:			
(Loss)/profit before tax		**(2.0)**	36.9
Adjustments for:			
Interest on loans to subsidiaries		**(5.4)**	–
Share benefit charges	8	**–**	0.1
Dividend receivable		**–**	(37.8)
Income tax paid		**–**	(0.8)
Cash used in operating activities before working capital movement		**(7.4)**	(1.6)
Movements in working capital			
(Increase)/decrease in amounts owed by subsidiaries		**(34.5)**	17.0
Increase/(decrease) in amounts owed to subsidiaries		**67.8**	(9.9)
Increase in other receivables	3	**(10.5)**	(6.6)
Decrease in trade and other payables	5	**(2.7)**	(2.4)
Net cash generated from/(used in) operating activities		**20.1**	(3.5)
Cash flows from investing activities			
Loan to subsidiaries		**(163.9)**	–
Dividends received	9	**–**	55.2
Net cash (used in)/generated from investing activities		**(163.9)**	55.2
Cash flows from financing activities:			
Issue of shares	4	**158.5**	–
Acquisition of treasury shares	4	**(0.7)**	(0.8)
Repayment of loans payable to subsidiaries		**(6.6)**	(7.1)
Dividends paid	9	**–**	(43.8)
Net cash generated from/(used in) financing activities		**151.2**	(51.7)
Net increase/(decrease) in cash and cash equivalents		**–**	–
Cash and cash equivalents at the beginning of the year		**–**	–
Cash and cash equivalents at the end of the year		**–**	–

The notes on pages 203 and 204 form part of these financial statements.

1 GENERAL INFORMATION AND ACCOUNTING POLICIES

A description of the Company, its activities and definitions are included in note 1 to the consolidated financial statements.

The Company's financial statements have been prepared in accordance with UK adopted international accounting standards in accordance with the requirements of the Gibraltar Companies Act 2014. The financial statements have been prepared on a historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in the Company's accounting policies.

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

The significant accounting policies applied in the financial statements in the prior year have been applied consistently in these financial statements, except for the amendments to accounting standards effective for the annual periods beginning on 1 January 2022 and representation of expenses analysis in the income statement. These are described in more detail in note 1 to the consolidated financial statements.

As a company incorporated in Gibraltar, 888 Holdings plc is not required by UK law or regulation to prepare the Directors' Remuneration or Strategic reports under regulation that applies to UK incorporated companies. However, by virtue of 888's Premium Listing on the London Stock Exchange and reflecting the Director's approach to good governance and investor expectation, we have prepared these reports in line with the requirements under the UK Companies act 2006.

Change in presentation currency of the Company

The Company has changed the currency in which it presents its financial results from US Dollar to Pound sterling (GBP) with effect from 1 January 2022, in consideration of the William Hill acquisition and current business mix which now has significantly higher GBP exposure.

Given the current composition of the Company's activities, this change is expected to reduce the impact of currency movements on reported results. Accordingly, to satisfy the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates', the reported results for the year ended 31 December 2022 have been translated from US Dollar to GBP using the following procedures:

- Assets and liabilities denominated in non-GBP currencies were translated into GBP at the relevant closing rates of exchange;
- Movements in other reserves were translated into GBP at the relevant average rates of exchange;
- Share capital, share premium, treasury shares/own shares and dividends were translated at the historic rates prevailing on the date of each transaction; and
- The cumulative translation reserve was set to nil at 1 January 2004, being the earliest practicable date and the date of transition to IFRS, and has been restated on the basis that the Group had reported in GBP since that date.

The opening balance sheet and all comparatives have been re-presented in GBP following the change in presentation currency.

Investment in subsidiaries

The Company's investments in subsidiaries are carried at cost less provisions resulting from impairment.

Share-based payments

The financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings is recognised by the Company in its individual financial statements as an adjustment to its investment in subsidiaries with an opposite adjustment to equity. The subsidiary, in turn, will recognise the IFRS 2 adjustment in its income statement with a credit (debit) to equity to reflect the deemed capital contribution from (dividend to) the Company.

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

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

2 INVESTMENTS IN SUBSIDIARIES

The Company's principal subsidiaries are listed in note 33 to the consolidated financial statements. In the Company's financial statements, investments in subsidiaries are held at cost less provision for any impairment. The Group applies IFRS 2 – Share-based Payment. Consequently, the Company recognises as a cost of investment the value of its own shares that it makes available for the purpose of granting share options to employees or contractors of its subsidiaries. The net movement in investment in subsidiaries during the year was £8.1m (2021: £5.6m) included within this were share-based payment charges of £3.3m in 2021 (2021: £5.0m), which is net of £nil intragroup recharges related to share based payment schemes (2021: £6.8m). The Company made no capital contributions during the year (2021: £7.3m) in respect of incorporation of new subsidiaries.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

3 TRADE AND OTHER RECEIVABLES

	2022 £ million	2021 £ million
Other receivables and prepayments	**1.9**	1.1
Restricted short-term deposits	**16.1**	6.4
	18.0	7.5

The carrying value of trade and other receivables approximates to their fair value. An expected credit loss assessment for material balances had been performed. None of the balances included within trade and other receivables are past due and no material expected credit loss provision is required. Amounts due from subsidiaries are payable on demand.

4 SHARE CAPITAL

The disclosures in note 27 to the consolidated financial statements are consistent with those for the Company, including capital management in note 24 to the consolidated financial statements.

5 TRADE AND OTHER PAYABLES

	2022 £ million	2021 £ million
Trade payables	**0.1**	0.1
Amounts due to subsidiaries	**—**	—
Other payables and accrued expenses	**2.2**	4.9
	2.3	5.0

The carrying value of trade and other payables approximates to their fair value. All balances included within trade and other payables are repayable on demand.

6 FINANCIAL RISK MANAGEMENT

To the extent relevant to Company's financial assets and liabilities (see notes 3 and 5), the Company's financial risk management objectives and policies are consistent with those of the Group as disclosed in note 24 to the consolidated financial statements.

Interest-bearing loans and borrowings are disclosed in note 23 to the consolidated financial statements.

Loan payable to subsidiaries are made on terms equivalent to those that prevail in arm's length transactions.

7 CONTINGENT LIABILITIES

The disclosures in note 31 to the consolidated financial statements are consistent with those for the Company.

8 SHARE BENEFIT CHARGES

The disclosures in note 28 to the consolidated financial statements are consistent with those for the Company except that the charge for the year is partly taken to investment in subsidiaries, as set out in note 2.

9 RELATED PARTY TRANSACTIONS

The aggregate amounts payable to key management personnel, considered to be the Directors of the Company, as well as their share benefit charges is detailed in note 23 to the consolidated financial statements.

During the year, the Company did not pay dividends to its shareholders (2021: £43.8m) (see note 11 to the consolidated financial statements). During the year, the Company did not receive any dividends from its subsidiaries (2021: £37.8 million).

During the year, share benefit charges in respect of options and shares of the Company awarded to employees of subsidiaries totalled £6.8m (2021: £5.1m). During the year, the Company did not charge its subsidiary for cost of awards (2021: £6.8m).

During the year, the Company repaid £6.2m to its subsidiaries (2021: £7.1m) and recorded £0.8m (2021: £1.0m) interest expenses in respect of the loan which were recharged to other Group entities.

At 31 December 2022, the net amounts owed by subsidiaries to the Company were £276.8m (2021: £72.9m).

The Company has a loan receivable with a subsidiary, Gisland Limited. The balance of this loan at 31 December 2022 is £163.9m (31 December 2021: £nil). This loan accrues interest at a rate of 4.4% for which the Company recognises as interest income. This loan is not repayable on demand and has no fixed date of settlement, it is therefore classified as a non-current asset.

The Company has a loan payable to a subsidiary, Random Logic Limited. The balance of this loan at 31 December 2022 is £20.4m (31 December 2021: £17.5m). This loan accrues interest at a rate of 4.4% for which the Company recognises as interest expense. This loan is not repayable on demand and has no fixed date of settlement, it is therefore classified as a non-current liability.

10 DEFERRED TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Following a change in the company's tax residence to the United Kingdom, deferred tax is recognised at the UK tax rate. As at 31 December 2022, the Company has a deferred tax liabilities of £nil (2021: £1.3 million) partially offset by deferred tax asset of £nil (2021: £1.0 million).

SHAREHOLDER INFORMATION

Shareholder services
All enquiries relating to Ordinary Shares, Depository Interests, dividends and changes of address should be directed to the Group's Transfer Agent:

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To contact the Investor Relations team email ir@888holdings.com

To contact the company secretary email corporate.secretary@888holdings.com

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