

MADE FOR THE FUTURE





INTRODUCTION

OUR BUSINESS IS MADE FOR THE FUTURE.

OUR PRODUCTS ARE MADE TO PLAY.

Our vision is to become a global leader in online betting and gaming.

Our mission is to lead the online gambling world in creating the best betting and gaming experiences. We aim to create unrivalled moments of excitement in people's day-to-day lives by developing state-of-the-art technology and products that provide fun, fair and safe online betting and gaming entertainment to customers around the world.



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AT A GLANCE**888 – A global leader**

888 is one of the world's leading online betting and gaming companies. Our mission is to lead the gambling world in creating the best betting and gaming experiences. We aim to create unrivalled moments of excitement in people's day-to-day lives by developing state-of-the-art technology and products that provide fun, fair and safe online betting and gaming entertainment to customers around the world.

888 has been at the forefront of the online gaming industry since its foundation in 1997, leveraging its proprietary technology to provide players and B2B partners an innovative and world-class online gaming experience.

The Group is structured into two lines of business: B2C, under the 888 brands, and B2B, primarily conducted through Dragonfish, which provides partners a leading platform through which to establish an online gaming presence and monetise their own brands in a safe and responsible manner.

To read more about our brands, how we generate revenue, and how we are driving growth, see [page 12](#).

888
casino

888
poker

888
sport

SI
SPORTSBOOK

Our global footprint

We operate on a locally regulated basis in 18 markets across Europe and the US.

**Industry leading brands**

888 is a globally recognised brand built around our key values.

Read more [on pages 18 and 19](#)

A world-class experience

Understanding customer needs, and building our product, marketing and offers to create the best experiences possible.

Read more [on pages 14 and 15](#)

Made to play safely

We acknowledge the potential risks that gambling can present, and are committed to ongoing improvements to make gambling safer.

Read more [on pages 30 to 33](#)

Employees

1,900+

Offices

7

Licences

18

Countries

100+

% locally regulated or taxed revenue

74%

Currencies offered

18+

Languages offered

17+

Total actives for the year

2.2m



Our revenue split

Well diversified geographic mix with a focus on regulated markets.

REVENUE BY PRODUCT

- Gaming – 83%
- Betting – 13%
- B2B – 4%

REVENUE BY REGION

- 40% – UK
- 12% – Italy
- 34% – EMEA
- 13% – Americas
- 1% – RoW

FY2021
Revenue
\$980m

Percentage of revenue from online

100%

CHAIR'S STATEMENT



“Our new ESG framework reflects the scale of 888’s ambitions to be one of the top performing and most trusted operators in the global betting and gaming industry.”

LORD MENDELSON
Non-Executive Chair

I am pleased to provide my first Chair's Statement on behalf of 888.

2021 was a significant year for the Group which built on the very strong platform for growth that has been established over recent years. During the year 888 refined its long-term corporate strategy and developed a more ambitious ESG framework that together better positions the business to drive continued sustainable, long-term growth and value for all stakeholders.

The Group's notable strategic highlights during the year included a long-term partnership with ABG to launch the SI Sportsbook brand in the US; continued execution of our regulated markets growth strategy including launching 888sport with a local licence in Germany; further delivery of our product and content leadership plan including migrating the significant majority of our sportsbook volume to our in-house platform; and, the pending transformational acquisition of the international (non-US) business of William Hill ("William Hill", "WHI" or "William Hill International"). It is a testament to the quality and focus of our management teams and dedication of our colleagues that we are reporting another year of record financial results alongside this strong strategic progress.

Acquisition of William Hill

In September 2021 888 announced the proposed acquisition of the non-US business and operations of William Hill from Caesars Entertainment, Inc. at an enterprise value of £2.2 billion (the "Acquisition"). The proposed Acquisition was made possible by the great progress made over recent years across 888. The Acquisition would create a leading operator in the global online betting and gaming industry by bringing together two highly complementary businesses and combining two of the industry's leading brands.

William Hill is a leading omni-channel betting and gaming company, licensed in 14 jurisdictions across Europe, and operating approximately 1,400 retail locations in the UK as well as serving over three million customers online globally. It is the number one betting brand in the UK in terms of awareness and is a top-three brand by revenue across both retail and online sports betting in the UK.

The Acquisition represents a transformational opportunity for 888 to significantly increase its scale, further diversify its product mix, and accelerate the upward shift of its revenue growth profile through increased revenue diversification and enhanced positions in locally regulated markets. In addition, the enlarged Group will leverage the complementary strengths of the two businesses, including benefitting from an expanded, world-class talent pool.

The combination of the two businesses is expected to deliver significant operating efficiencies, including substantial estimated pre-tax cost synergies leading to improved profit margins and stronger cash generation. With its focus on regulated markets, the Board believes the enlarged group will be able to offer customers world-class products that are delivered across a unified, scalable technology platform, in turn driving sustained growth and shareholder value creation over the medium and long term.

Environment, Social & Governance (ESG)

At the beginning of 2022 we were pleased to launch our first comprehensive ESG framework, Made for the Future, to create a clearer blueprint to support the Group's ambitions to be one of the top performing and most trusted operators in the global betting and gaming industry.

This framework builds on the Group's investments in recent years to improve in safer gambling, increase employee diversity, support local communities, and reduce the Group's environmental impact. However, the Board recognises that there is more that we can and must do to drive further improvements in each of these key areas over the coming years.

On 1 March 2022, the Gambling Commission of Great Britain (UKGC) announced that 888 had been issued with a penalty of £9.4 million, and a warning about historic failings of certain of the Group's former safer gambling and anti-money laundering policies, procedures and controls.

The Board is disappointed we didn't meet the requirements of the UKGC. It is committed to ensuring that there can be no repeat of this situation.

The UKGC recognised that 888 took corrective steps to address the identified failings, and the Board will closely monitor compliance with these steps. 888 will undertake an independent audit of the implementation of its updated policies, procedures and controls within the next 12 months. Alongside promptly implementing appropriate actions to ensure it is fully compliant with its licensing obligations, 888 has in parallel implemented further important safer gambling initiatives which are set out in more detail in our ESG & Sustainability Report.

The Board's role throughout this process has been to review the circumstances leading to the failings, and to monitor the implementation of the remediation actions, taking a proactive role on behalf of all stakeholders in ensuring 888 is properly protecting its customers.

The Board is committed to ensuring that issues such as safer gambling, the climate change agenda, diversity and inclusion, and community engagement are consistently incorporated into the Group's strategy and decision making. To reflect this, in April 2021 a new ESG Committee of the Board was established, comprising Senior Independent Director Anne de Kerckhove, Non-Executive Director Mark Summerfield, and myself. The Committee is providing Board-level oversight of 888's ESG strategy, targets and progress against key performance indicators, and has overseen the development of the Group's long-term priorities.

888's new ESG framework reflects the Board's long-term approach to investment, and provides the foundation for our future plans. The framework is built around three pillars, underpinned by a foundation of robust, structured corporate governance:

• Pillar One: Made to play safely.

Compliance with regulations is a given for our business, but 888 aims to go beyond this, with a philosophy built around normalising the use of safer gambling tools by customers. 888 aims to help players understand and manage their gambling behaviour, enabling them to see their play clearly, and use quick and simple tools to limit their activity.

However, we recognise that supporting players is not enough. We know that some can experience harm from gambling, and we will use our technology, real-time data, and growing understanding of the markers of harm to identify potential harm and stop it before it happens. We also recognise that safer gambling is an area for continuous improvement, and we will continue to work closely and collaboratively with industry stakeholders to drive ongoing improvements in safer gambling and customer protection.

• Pillar Two: Made together.

It is the talent, energy and skills of 888's employees that drive the Group's success. Therefore 888 will continue to invest heavily in recruiting, developing, and motivating our people. Yet we recognise that our obligation as a responsible employer goes further than this. Providing a great workplace is a core social responsibility for 888, including our programmes to promote inclusivity, increase diversity, provide opportunity and engage with our local communities.

• Pillar Three: Made greener.

The urgency and importance of the climate crisis requires everyone to play their part. 888 is committed to a future in which our customers can enjoy our products without harming the environment. Having calculated the Group's current emissions, 888 has set a path to net zero direct carbon emissions by 2030, as outlined in the Group's 2021 Carbon Report.

Read more about our new Made for the Future framework and associated targets in our ESG Report on [pages 28 to 41](#).

Board updates

I formally took over as Chair in March 2021 following a smooth transition from Brian Mattingley. Brian was our longest serving Director, having been on our Board for more than 15 years. He served as the Group's CEO before becoming Chair. The Board is indebted to Brian for his substantial contributions to the success of 888 during his tenure.

Anne de Kerckhove was formally appointed as Senior Independent Director in March 2021 as we looked to strengthen our corporate governance. In addition, at the Annual General Meeting in May 2021 Zvika Zivlin retired from the Board and we thank Zvika for his invaluable contributions.

Anticipating the future ambition of the business, particularly in light of the proposed Acquisition, the Board is in the process of creating a programme that will further strengthen the Group's corporate governance through the appointments of additional Non-Executive Directors with relevant expertise. Any announcements regarding this process will be made at the relevant time.

Outlook

The Board is very encouraged by the Group's performance in 2021, which has successfully built on the excellent strategic progress delivered during recent years. The business has excellent momentum underpinned by its world-class technology, the global 888 brand, a fantastic team, and market-leading products. The combination with William Hill International would create a global industry leader, with outstanding technology, talent and brands as well as more diversified revenue streams, a stronger position in key regulated markets, and a step-change in scale.

I am very excited about the Group's prospects and your Board and executive leadership team will continue to ensure that 888 remains resolutely focused on enhancing long-term value creation for all stakeholders.



LORD MENDELSON
Non-Executive Chair

8 March 2022

CEO'S STRATEGIC REPORT



“888 has a clear framework to deliver long-term, sustainable growth, and over the course of 2021, we further refined and clarified our strategy that will enable us to achieve our potential across a diverse range of geographic markets.”

ITAI PAZNER
Chief Executive Officer

Introduction

2021 was a very successful year for 888, during which we delivered outstanding progress against our key strategic objectives and continued to position the Group to become a global leader in online betting and gaming. Strategic progress for the year included further expansion across regulated markets, the continued delivery of our product leadership plan, a step-change in our US growth strategy, and the announcement of our proposed landmark acquisition of William Hill.

Underpinning this progress are the Group's key strengths, namely our world-class technology that supports our product leadership plan, our global 888 brand and data-driven marketing, and our customer focus. All of this is enabled by our fantastic team of talented and committed professionals across the world. These strong foundations provide the basis for us to reshape the business for a bigger and better future, enlarged through the combination with William Hill, with a refined focus on our core growth drivers with the sale of our bingo business, and supporting rapid expansion in the US through our strategic partnership with Sports Illustrated. The core competitive advantages of 888, that have been developed over nearly 25 years, combined with our strategic expansion in the most attractive markets, further bolsters our excitement for the future.

A record year of financial results

2021 was another record year for 888, as we delivered mid-teens revenue growth and continued to execute against our core growth strategy. We delivered record revenues of US\$980 million, with 74% derived from locally regulated and taxed markets as we continued to see market share gains in our key markets. Adjusted EBITDA was US\$165 million, at a margin of 16.8%, with growth in adjusted EBITDA despite a significant increase in investment in the US through our SI Sportsbook business.

Read more about our financial results on [pages 42 to 47](#).

A clear framework to deliver shareholder value creation

888's mission is to lead the online gambling world in creating the best betting and gaming experiences. We aim to create unrivalled moments of excitement in people's day-to-day lives by developing state-of-the-art technology and products that provide fun, fair and safe online betting and gaming entertainment to customers around the world.

888 has a clear framework to deliver long-term, sustainable growth, and over the course of 2021, we further refined and clarified our strategy that will enable us to achieve our potential across a diverse range of geographic markets.

Our new strategy is built around three areas, focusing on key markets, investing in our pillars of sustainable competitive advantage, and engaging in value-enhancing mergers and acquisitions (M&A).

1) Market focus. 888's sophisticated market framework is based on a combination of market sizing, regulation, marketing, PEST analysis (Political, Economic, Social, and Technological), and other factors to create a clear understanding of the addressable market opportunities. This framework guides the Company's focus on clear market archetypes:

a. Core markets. Our core markets of the UK, Italy and Spain are large, well-regulated markets where 888 has strong market positions. In 2021, these markets generated 59% of revenue. We aim to further grow market share in these markets, becoming the casino brand of choice.

b. Growth markets. Our growth markets represent a small cohort of high-growth markets that made up 21% of revenue in 2021. These are typically regulating or newly-regulated markets that have attractive long-term growth potential, where we are investing heavily to build 888 into a top tier brand.

c. The US. The nascent US online betting and gaming market presents a significant long-term strategic opportunity for 888, leveraging our leading technology and operating capabilities in partnership with the iconic American Sports Illustrated brand through SI Sportsbook.

d. Long-term investment markets. There are many markets with significant long-term growth potential, where 888 will selectively invest to build leading market positions, through either M&A or partnerships and collaborations.

e. Optimisation markets. Outside of these markets, 888's global capabilities and multi-jurisdictional licences enable it to service customers from over 100 additional countries, in a low-risk and compliant way. This global framework generates strong incremental returns on our asset base, leveraging the global scalability of the 888 platform.

2) Sustainable competitive advantages. 888's long-term success is built around its core capabilities, developed and refined over nearly 25 years of operations, that have created strong sources of sustainable competitive advantage:

a. Product and content leadership. Creating the best possible online gambling products benefits the Group by differentiating 888 from competitors in the eyes of consumers, helping to improve cost per new customer acquisition, and improving player retention by offering customers the best possible entertainment and content, above all in a safe and secure environment.

b. World class brands. The 888 brand is one of the global industry leaders, and amongst the top-three recognised gaming brands in our core markets. This strong brand awareness is built around our key values, which are continually reinforced throughout our activities, promotions and advertising campaigns. We supplement our brand investment with data-driven online marketing that harnesses 888's proprietary technology, access to real-time data, and AI capabilities to drive the most efficient investment decisions across marketing and product, enhancing the return on investment.

c. Customer excellence. Delivering a quality customer experience in a safe and affordable manner increases the proportion of those who become long-term customers, and improves the reputation of our brands, leading to enhanced return on investment. This includes the use of customer insights to drive decision making, and all takes place while ensuring a steadfast focus on safer gambling.

3) Value enhancing M&A. 888 has a structured and systematic approach to M&A activity, focusing its efforts to delivering long-term value creation in the most attractive end markets. We continue to assess a range of potential expansion opportunities as we look to build leading positions in the most attractive end markets.

A clear strategy to drive long-term value: These clear priorities guide our plans for the business and are driving increased focus as we prioritise resources to invest where there are the strongest long-term opportunities, and where our assets and brands give us sources of sustainable competitive advantage.

A year of outstanding strategic progress

We were delighted to make strong progress across each of the key elements of this strategic framework during 2021, as outlined below:

Market focus: Our focus on growth in regulated markets continued, with locally regulated or taxed revenues reaching 74% of our total (up from 73%). As additional countries regulate online gambling such as Netherlands, Germany and Canada, we believe that the mix of revenue from regulated markets will continue to increase in the coming years.

Our **core markets** (UK; Italy; and Spain) saw revenues grow by 18% in the year despite the very strong comparative period, and we believe that we continue to hold or take market share. Our goals for 2022 are to solidify our position in these markets by focusing on product, brand, and customer excellence. This is more important than ever in Italy and Spain, where marketing restrictions mean we must compete on product and leverage our established brand presence. As the UK Gambling Act also considers marketing restrictions we must continue to focus on establishing our brand, and ensuring we continue to offer best in class products and customer experiences.

Our **growth markets** saw revenue increase by 26% in the year, despite the temporary withdrawal from the Netherlands in Q4 and regulatory change in Germany. This excellent result reflects our efforts to become a leading brand in these markets, and we believe we made significant market share gains across several key territories including Romania and Ireland during the year. In Germany we received our local sports betting licence and went live with the new 888sport.de in August. We continue to invest in this market to grow the 888 brand, including signing a sponsorship deal with Bundesliga football team, RB Leipzig. We have applied for a gaming licence in Germany and are hopeful this will be issued in the near term, with appropriate enforcement action ramped up against non-compliant operators. This should see our German business return to growth for 2022. We are also excited for the launch of the regulated online betting and gaming market in Ontario, Canada, scheduled for Q2 2022, where 888 has a strong brand presence.

In the **US**, our revenue was up 6%, with the more muted growth rate reflecting our reduced investment in the 888 brand ahead of the launch of SI Sportsbook in Q3, and the significant investment in promotional generosity to support this. SI Sportsbook went live in Colorado in September, and we have seen positive initial customer trends. We continue to test and learn with our product and promotions ahead of future state launches set for 2022. We were pleased to receive a temporary sports betting licence in Virginia in the year and continue to work on additional market access and licensing agreements, with a clear roadmap of state prioritisation.

Across our **optimisation markets** revenue was flat, in line with our expectations as we reduced marketing investment in certain markets such as the Nordics, where we were seeing lower levels of returns. 888's highly scalable global platform enables it to generate high incremental return on investment from this large and diverse group of markets, powered by the internationally-recognised 888 brand.

CEO'S STRATEGIC REPORT cont.

Sustainable competitive advantages:

Product and content leadership:

During the year we launched several notable new products, including the successful roll out of our in-house developed sports betting product to our largest market (the UK), and concluded the seamless migration of over 70% of the sport business to the new platform. We were delighted to have our sportsbook development and innovations recognised at the prestigious 2021 EGR Operator Awards, winning the In-House Product of the Year category.

The Group continues to invest in its flagship 888casino product. We launched over 870 new casino games during the Period, and customers are now also enjoying more than 160 exclusive games developed by Section8, 888's in-house games studio that produces high-quality games which consistently rank among some of the most popular with our customers. Over the next few years we plan to double our investment in Section8 to support our content leadership focus. We continue to improve the personalisation of our product, driven by AI algorithms that ensure players are offered the content most relevant to them. We were also delighted that our world-class online casino product was again recognised at the 2021 EGR Operator Awards, as we were named winner in the Casino Operator of the Year category for the third time.

The Group continued to benefit from the launch of its latest poker platform, internally called Poker8, at the end of the prior year. We also launched in Pennsylvania in the US during the year as part of our long term partnership with the World Series of Poker. This represents the debut of the new Poker8 platform in the US and we are excited to roll this out to further states subject to regulation. We continue to launch new features with a focus on social engagement, including Broadcasting, allowing 'cards up' streaming on social media, and the Show/muck card, giving the ability to reveal just a single card at the end of the hand thereby enhancing the gameplay to mirror real life experience.

World class brands: During the year, we developed and defined clear brand values for 888, designed to support our long-term strategic goals, increase advocacy, and ultimately contribute to lower customer acquisition costs. During 2022, we will relaunch the 888 brand under a master brand strategy called Made to Play, built on the solid foundations of our award winning poker campaign by the same name. Our brand values truly represent who we are as 888 and I am excited to see this brought to life throughout 2022 and beyond.

Alongside our investment in brand, one of 888's key competitive advantages is in data-driven performance marketing, utilising sophisticated data capabilities and AI to optimise marketing spend in real time across a broad range of marketing channels to drive superior returns on new customer acquisition. Our investments in efficient and responsible marketing are critical to the development of our brands, and marketing investment increased by 29% in the period, helping to deliver an increase of 4% in average monthly actives.

Customer excellence: During the year we expanded our customer insight team, as we seek to better understand what good looks like, and build our product, marketing and offers to create the best experiences possible.

Building our products and brands around solving customer needs is only the first part of the customer excellence pillar; we also need to provide excellent customer service if we want to retain customers and build loyalty. 888 had over 3 million customer interactions in 2021, through multiple channels including email, live chat, telephone calls and social channels. For many, these interactions are the only point of direct contact with 888, and our customer service team members are the faces and voices of our brand and Company.

During the year, we continued to invest in the team, our systems and policies to help us deliver our brand values to our millions of customers, in 17 different languages. I am pleased to report a 12% improvement in customer satisfaction, reflecting improvements to our response rates.

Our progress here is not slowing, and in the coming years our continued investments in training, automation, chatbots and technology will continue to deliver ongoing improvements in our service levels, ensuring that 888 becomes the brand of choice for online gambling.

Rapidly evolving technology and consumer habits mean that continuous progress to make gambling safer is essential. As a result, we leverage the same unique technology, analytical capabilities, and product development expertise that underpins the success of our gaming brands to make gambling safer. An example of this is our in-house developed player behaviour monitoring technology called the Observer, which uses sophisticated algorithms to flag unusual or potentially concerning customer activity to our highly trained safer gambling team. During the year we continued to optimise and develop the Observer including lowering certain thresholds for intervention, and there were almost 1.3 million customer interactions as a result of Observer flagged activity.

One of our most significant technology investments during the year was the continued roll-out of the Control Centre, our customer-focused interface that provides a "one stop shop" for safer gambling support. The product is designed to enable customers to monitor their gambling activity through intuitively presented data, providing greater levels of transparency in real-time. In addition to providing easy-to-access information, the Control Centre offers a suite of tools to help customers control their activity.



Value enhancing M&A: During the year, we announced the proposed transformational acquisition of the non-US assets of William Hill, which we expect to complete in Q2 2022. The deal would deliver significant scale benefits, as well as building leading positions in some of our highest priority markets, underpinned by a powerful portfolio of brands with the introduction of William Hill and Mr Green.

Read more about the strategic rationale for the William Hill deal on [page 04](#).

In addition to this, we announced the sale of our bingo business for up to US\$50 million to a division of Broadway Gaming, in order to increase focus on our core growth strategy including US expansion. The bingo business has been an important part of 888's history, and over many years we have developed an advanced B2B offering alongside a suite of popular consumer-facing brands. I wish the team well for the future and thank them for all their hard work over the years.

As we entered 2022 we continued to develop our plans to capitalise on the significant long-term potential of several emerging markets, and we have a healthy pipeline of opportunities for M&A or local partnerships.

Preparing for integration

We took bold strategic M&A decisions in 2021, with the announcement of our proposed plans to divest bingo and significantly expand and diversify our business through the potential acquisition of William Hill. During the second half of the year, we invested significant time preparing for the integration of William Hill, including implementing management and operational changes that will enable us to support our business momentum, while laying the groundwork for our future as an enlarged business.

As we continued to face a challenging backdrop considering the COVID-19 pandemic, we developed clear plans to ensure that our core strengths are reinforced. This includes continued investments in product and content, increased focus on our core and growth markets, and empowering our teams to deliver at pace.

We have made strong progress in our plans to integrate William Hill and, as we move into 2022, we are excited about the opportunities ahead of us, particularly as we significantly expand the management capabilities of the enlarged group.

We have significant confidence in our integration plans and the delivery of substantial synergies, creating a powerful, scalable global business.

We are excited about the growth potential of the enlarged business, which would benefit from a global, scalable technology stack, that delivers world-class betting and gaming products into high structural growth markets across a range of iconic and market-leading brands.

Culture and team

Our historical success and future growth plans are only made possible due to the quality of our global talent and our strong, dynamic culture. Our unique culture places significant emphasis on empowering employees, together with an overarching focus on wellbeing. This creates an authentic, caring, yet exciting environment that enables innovation and motivates and drives our employees to deliver against our objectives.

Our people strategy is aimed at increasing employee engagement through talent development and creating an inclusive working environment with personalised support that promotes growth for our people and the business.

During the year, as part of our focus on diversity and talent development we launched our inaugural SheLeads development programme for women at 888, with overwhelmingly positive feedback from the initial participants. This programme will support our goal to increase the proportion of women in leadership roles across our business, and particularly within technology. We also continued our PRO internal development programme, which is designed to promote professional growth and career development for some of our key talent, with a new cohort of future leaders taking part in 2021.

We have also had to continue to adapt our working practices in light of the challenges presented by the ongoing pandemic. I have been incredibly proud of the resilience, creativity, and can-do attitude of our teams throughout this time. Their skill and dedication have been critical to our record performance, and I would like to thank everyone in the business for their hard work.

As we look ahead, we are incredibly excited at the prospect of welcoming our new colleagues from William Hill. One of the major attractions of combining these two fantastic businesses is the amazing team we will create, with world-class expertise across safer gambling, sports betting, online gaming, digital marketing, and retail. We are looking forward to learning from each other and bringing together the best of both businesses in the years to come.



ITAI PAZNER
Chief Executive Officer

8 March 2022

STRATEGY OVERVIEW AND WILLIAM HILL ACQUISITION

Our strategy

Our new strategy is built around three parts; focus on key markets, invest in our pillars of sustainable competitive advantage, and engage in value-enhancing M&A.

MARKET FOCUS

- a. Core markets
- b. Growth markets
- c. USA
- d. Long-term investment markets
- e. Optimisation markets

Clear understanding of the addressable market opportunities to guide focus on clear market archetypes and generate sustainable growth.

SUSTAINABLE COMPETITIVE ADVANTAGES

- a. Product and content leadership
- b. World class brands
- c. Customer excellence

888's long-term success is built around its core capabilities, that have created strong sources of sustainable competitive advantage.

VALUE ENHANCING M&A

888 has a structured and systematic approach to M&A activity, focusing its efforts to deliver long-term value creation in the most attractive end markets.

William Hill Acquisition

In September 2021 888 announced that it agreed to acquire the non-US business of William Hill from Caesars Entertainment, Inc at an enterprise value of £2.2 billion. Read more about the William Hill transaction on [page 04](#).

The combination of 888 and William Hill will create a powerful enlarged business, that will be strongly growth-oriented, benefiting from a clear scale advantage and strong product and geographic diversification.

With a focus on attractive high-growth regulated markets, it will be able to offer customers world-class products, supported by leading betting and gaming brands, driving sustainable growth and shareholder value creation over the medium and long term.

A clear strategy to drive long-term value:

These clear priorities guide our plans for the business, and are driving increased focus as we prioritise resources to invest where there are the strongest long-term opportunities, and where our assets and brands give us sources of sustainable competitive advantage.



Accelerating progress

The Acquisition will create a global online betting and gaming leader by bringing together two highly complementary businesses and combining two of the industry's leading brands, and significantly accelerates progress against 888's strategy.



MARKET FOCUS

- Positions the business as a leader in our core and growth markets. Top-3 positions in the UK and Spain, and top-5 positions across a wide range of markets
- Creates a platform for strong growth in the most attractive regulated or regulating markets
- Increases regulated and taxed revenue mix (pro forma FY20: 86%), improving sustainability



SUSTAINABLE COMPETITIVE ADVANTAGES

- Enhanced exposure to sports betting, through iconic world-class William Hill brand
- Leveraging combined skills of employees and best of both sharing across proprietary technology, product, brand, and marketing
- Omni-channel opportunity to leverage UK retail footprint to improve experience and drive new customers



VALUE ENHANCING M&A

- Financially attractive with substantial synergies expected, along with potential revenue upside
- Step change in scale positions the Enlarged Group to take advantage of growth opportunities, whilst simultaneously driving operating leverage

Pro forma FY20 revenue
of enlarged group

\$2.5bn

Pro forma FY20 Adjusted EBITDA
of enlarged group

\$464m

**BECOMING A
GLOBAL ONLINE
BETTING AND
GAMING LEADER**

Combined employees

>12,000

Combined annual active customers

>5m



OUR BUSINESS MODEL

HOW WE GENERATE REVENUE

Gaming

Games of chance involving customers playing against 'the house' across online versions of casino table games and slots.

In these games, the house has a statistical advantage or 'edge', so we generate a margin, with casino revenue representing the difference between the amounts of bets placed by customers less amounts won.

In poker, players play against each other and we charge a commission from each hand or entry fees for tournaments.

Betting

Customers place bets on a variety of events against 'the house', at different odds which are determined by 888sport.

The Group attempts to set odds such that there is built-in theoretical margin in each set of odds and each market, which over the long term delivers a fairly stable betting win margin, but given the variance and unpredictability in sporting results, this can be volatile in the short term.

Gross gaming revenue

Less: free bets and promotions

Revenue

Less: cost of sales

Gross profit

Less: marketing costs

Contribution

Less: other operating costs

EBITDA

HOW WE ENABLE GROWTH

Reinforcing our sustainable competitive advantages is a core pillar of our strategy. These three key competitive advantages act as the enablers for our plans and drive market share gains. All of this is made possible and underpinned by our talented people.



We are well positioned in our markets to deliver an outstanding experience to our customers.

Read about our market potential on [pages 24 to 27](#).

PRODUCT LEADERSHIP

Our mission is to lead the online gambling world in creating the best betting and gaming experiences, and the development of best-in-class products.

Technology businesses, from media and entertainment to travel and banking, are consistently innovating and raising the standards expected by consumers of what good products and technology look like. 888 benchmarks itself against both its direct industry competitors as well as the broader digital entertainment landscape, to ensure a consistently outstanding quality of product.

888's fully owned proprietary technology across all verticals enables full flexibility over player personalisation and user experience. Creating the best possible online gambling products benefits the Group by differentiating 888 from competitors in the eyes of consumers, helping to improve cost per new customer acquisition, and improving player retention and increasing lifetime value by offering customers the best possible entertainment and content, above all in a safe and secure environment.

Product Focus

888 continues to focus all product development using the following six key product principles:

1. Safety – All of 888's products must, above all else, keep gambling safe and fun.

2. Usability – One of the most important principles we apply to all product development is that the products must be quick, simple, and intuitive to use.

3. Content-rich – Our products must also be content-rich, thereby enabling customers to access the different types of games and entertainment they want.



Casino

888casino offers a vast array of content to suit all tastes, with AI driven personalisation to present customers with the content that is most relevant to them.

The cutting-edge platform now hosts almost 3,000 games including more than 160 from Section8, our in-house games development studio.

New features in 2021:

- Improved cashier experience within the app to improve user experience around the core activity of depositing and withdrawing.
- Embedded live casino, which enables players to watch a video stream of certain casino games whilst navigating through the homepage, without having to enter the game first.
- Live casino daily jackpots, improving engagement, and more personalised home pages ensuring customers can get straight into the entertaining games they love.



Sport

Early in the year we successfully migrated the majority of our sports betting volumes to our new in-house developed platform.

The new platform marks a step-change in the development of 888sport. It provides customers with a quicker and simpler user experience with greater levels of personalisation. The cutting-edge sportsbook platform offers customers a wide variety of betting markets and unique products such as BetFinder, BetFeed and BetBuilder, as well as personalised recommendations. Our in-house platform and data capabilities enable us to offer truly differentiated products, such as BetFeed, which uses real-time data to present the most popular bets to customers in a live stream, allowing customers to feel part of the action and drive a sense of community.

New features in 2021:

- Favourite sports, allowing players to customise the display ordering around their favourite sports.
- SI Sportsbook's launch coupled with significant global improvements to our in-play markets around US focused sports.
- Localised 888sport.de product for regulated launch in Germany.
- Search function enabling quick and simple searching of all markets to find the bet you want faster.

Poker

888poker on the new Poker8 platform provides a mobile-first, portrait poker experience, with a focus on sociable features at the poker table, and quick and intuitive access to games.

We continue to launch new features to enhance the gameplay and mirror the real-life poker experience with a focus on social engagement.

New features in 2021:

- Broadcasting, allowing 'cards up' streaming on social media.
- Show/muck card, giving the ability to reveal just a single card at the end of the hand.
- Launching the Omaha variant of poker on mobile.
- Launching our popular fast-format Blast games directly within the 888sport app, meaning players can play a quick game of poker without leaving the sport app.

4. Entertainment – The range of content and events we offer our customers is just half the story. We must utilise our analytics capabilities and AI to ensure that we serve and make accessible the most relevant gaming content to each customer.

5. Innovation – Product developments should be driven by incremental improvements, as well as creative new ideas and products.

6. Scalability – New products must be built once and able to be deployed across our brands and multiple countries and languages, all in line with local regulations. This provides 888 with economies of scale and thereby drives superior return on investment.

Find out how we stay on top in a Q&A with our Head of Section8 games studio on the [next page](#).

PRODUCT LEADERSHIP cont.**Q&A with Ofir
Gal-Mor, Head of
Section8**

**section8
studio**
by 888

Founded

2018

Team members

30+

Number of games produced

c.150

New games released each year

c.15



Q CAN YOU TELL US ABOUT THE SECTION8 IN-HOUSE STUDIO? HOW LONG HAS IT EXISTED, HOW MANY STAFF WORK THERE AND WHAT ROLES DO THEY COVER?

A 888 has been making its own games almost since inception in 1997. Once divided into disparate teams, four years ago all game makers were consolidated into one unit and branded "Section8 Studio".

The studio is constantly growing, with more than 30 team members currently spanning all traditional game making skills; including developers, testers, project managers, product managers, game designers, mathematicians, visual artists, and sound specialists. Beyond these we leverage a range of resources from marketing to compliance across the wider 888 ecosystem.

This allows us to own the entire "game life cycle", from the initial design phase through to production, certification, release, and ongoing maintenance.

Q HOW MANY GAMES DO YOU PRODUCE A YEAR?

A We focus on high production quality games, rather than quantity, with somewhere between five and ten of the top 20 slots in each market usually being produced by Section8.

Over the years Section8 has produced roughly 150 different games. In a typical year we produce approximately 15 new games, of which 10-12 will be video slots and the rest will be non-slot content such as roulette games, scratch cards, video poker formats, and blackjack games.



“We focus on the production of high quality games, rather than quantity, with somewhere between five and ten of the top 20 slots in each market usually being produced by Section8.”

OFIR GAL-MOR
Head of Section8

Q WHAT'S THE DEVELOPMENT PROCESS WITH A NEW GAME, AND HOW LONG ON AVERAGE DOES IT TAKE TO CREATE A GAME FROM START TO FINISH?

A There is no straightforward answer as games differ greatly from one another according to many factors, such as the category, for example whether it's a video slot or Blackjack table game, and production value, which dictates the design and resource investment that goes into any given game.

We typically focus on high production value video slots that integrate intricate game design, progressive jackpots, stunning visuals and, from time to time, big brands, such as in the case of the hugely successful Mad Max Fury Road. We constantly challenge ourselves to achieve more and differentiate our offering from competitors.

The end-to-end process of such a game can span nearly one year, from concept to production deployment across all regulated markets where 888casino is available.

On the other hand, a revamp of a legacy game can be fully deployed in half the time and our product roadmap each year includes a balance of both types of game development.

Q WHAT ARE THE MAIN ADVANTAGES TO 888 HAVING AN IN-HOUSE STUDIO AND HOW DOES IT HELP 888CASINO FROM A COMPETITIVE PERSPECTIVE? WHAT ROLE DO THIRD-PARTY GAMES PLAY?

A Having an in-house studio allows us to produce unique games that can only be played by 888 players, including branded games such as Mad Max, and smash hit games such as Safari Riches.

Third party games are also really important to our content strategy. There are some really strong games produced by third-parties that customers love, and we want to be able to offer these to 888's players.

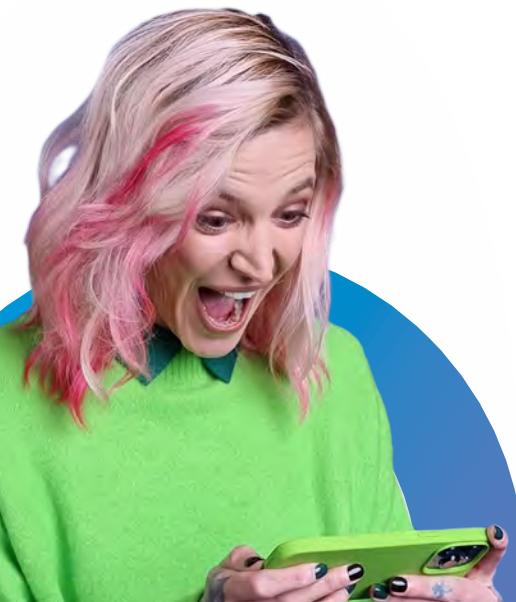
We see it as being a bit like a high-end food retailer who wants to offer customers the big brands that their customers know, but they also want to offer their own label items, which are unique and can be tailored more for the customer base.

WORLD CLASS BRANDS

One of 888's key competitive advantages is our approach to data-driven performance marketing. Our approach utilises sophisticated data capabilities and AI to optimise marketing spend in real time across a broad range of marketing channels, thereby driving superior returns on new customer acquisition.

Alongside our investment in new customer acquisition, we continue to develop and grow the globally renowned 888 brand. As the competitive environment, particularly in our core markets, continues to evolve, the role of brand is becoming increasingly important, and our approach to marketing continues to adapt to reflect this.

During the year, the Group developed and defined clear brand values for 888, designed to support our long-term strategic goals, increase advocacy, and, ultimately, contribute to lower customer acquisition costs. During 2022, we will relaunch the 888 brand under a new master brand strategy, called Made to Play. This new brand language reflects what 888 stands for, and is built around our four brand beliefs:



1. Gambling is OK

We believe that gambling is OK, but is not for everyone. At 888, we love gambling. For so many, it represents a brilliant hobby and past time, providing great enjoyment. We think there is nothing else in the world of entertainment like placing a bet, and we aren't embarrassed to say it too. As long as it is done with utmost authenticity and integrity it should always be seen as OK. However, we know gambling is not OK for everyone. We acknowledge the risks that can result from our products. We are committed to acting with care, identifying and preventing people from playing whether they are underage, vulnerable or cannot afford to play without causing harm.

2. Innovation is a philosophy

We believe that innovation is a philosophy, not a department. It is easy to get caught up in the idea that innovation is the sole reserve of the research and development department. Especially in a company originally seen as a tech start-up. But we don't buy that. We see innovation as a philosophy that runs through the whole business. An ambition to push for great new ideas can come from anyone in the Company. This isn't always about complicated, clever inventions but more often about thinking laterally to create better customer experiences. Sometimes that will be clever, cutting-edge technology but more often than not it will be a brilliantly effortless simplification of our offering. Both are valuable innovations and both are welcome at 888.



3. Human centricity

We believe that human centricity beats customer centricity. When you see people as customers and customers as numbers on a profit and loss account, you stop seeing them as a person. And they are not just any person either, but someone who has chosen to come and spend their hard-earned money with us. So we invest in them. Give them a personalised experience. Make them feel valued and wanted and take the time to think about what they want and don't want from us as a brand. People (both internally and externally) are our best assets at 888 and that's why we treat them how they deserve to be treated.

4. Experienced in fun

We believe that old isn't boring, it is 'experienced in fun'. Our heritage is one of our core selling points at 888 – but it is easy to talk about it the wrong way. Established for us doesn't mean old fashioned. It doesn't mean unexciting, or over the hill. It means that we are more experienced than anyone else in providing unrivalled moments of excitement. In fact, our experience is something that helps us deliver the best gambling-based entertainment.

“During 2022, we will relaunch the 888 brand under a new master brand strategy, called Made to Play.”

CUSTOMER EXCELLENCE

A photograph of a man with a beard and mustache, wearing a green and white striped sweater, laughing heartily with his mouth wide open. He is holding a smartphone in his right hand, which displays a roulette game interface with a green and red wheel and various betting options. The background is a warm, orange-toned wall.

Developing a clear understanding of our customers, and the drivers of consideration and loyalty, is central to 888's approach to business. We seek to understand as fully as possible what good looks like, and provide products, marketing and customer promotions that deliver on our mission to create the best online betting and gaming experience.

Building our products and brands around solving customer needs is only the first part of the customer excellence pillar; we also need to provide excellent customer service if we want to retain customers and build loyalty. We offer support in 10 different languages, deal with over 40 different payment methods, and handle millions of customer interactions each year across email, live chat, telephone calls and social channels. For many, these interactions are the only point of direct contact with 888, and our customer service teams are the faces and voices of our brand and company.

We continue to invest in training, automation, chatbots, and technology to deliver ongoing improvements in our customer service levels, ensuring that 888 becomes the brand of choice for online gambling.



Central to our efforts to deliver the best customer experience is creating the safest possible gambling experience. We want our customers to enjoy their time with 888, to play within their means, to be treated fairly, and to return to us time and again. We also want them to recommend 888 to their friends and family. Ensuring our products are safe and fair is a critical part of this mission. 888 firmly believes that providing a safe environment for customers is not only the right thing to do but also puts the Group in a stronger position to continue to generate long-term value for all stakeholders. We acknowledge the potential risks that gambling can present, and we are committed to ongoing improvements to make gambling safer.

Rapidly evolving technology and consumer habits mean that continuous progress to make gambling safer is essential. As a result, 888 leverages the same unique technology, analytical capabilities, and product development expertise that underpin the success of its gaming brands to make gambling safer. An example of this is our in-house developed player behaviour monitoring technology called the Observer. We continually optimise and develop the Observer by using sophisticated algorithms to flag unusual or potentially concerning customer activity to our highly trained safer gambling team.

One of our most significant technology investments during the year was the continued roll-out of the Control Centre, our customer-focused interface that provides a "one stop shop" for safer gambling support, which is now available to around 40% of our global customer base, including all of our UK customers. The product is designed to enable customers to monitor their gambling activity through intuitively presented data, providing greater levels of transparency in real-time. In addition to providing easy-to-access information, the Control Centre offers a suite of tools to help customers control their activity. This reflects 888's ambition to go beyond what is merely required by regulation when it comes to safer gambling and to invest further in user-friendly safer gambling tools.

Read more about the Group's safer gambling progress and future priorities on [pages 30 to 33](#).

KEY PERFORMANCE INDICATORS

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.

For more information on our financial performance, see [pages 42 to 47](#).

As part of our new 'Made for the future' ESG framework the Board is also developing additional ESG targets that it proposes to disclose during the current financial year and report on annually thereafter to ensure we are delivering effective and positive outcomes for our players, our people, and the planet. For additional details about our ESG framework, see [pages 28 to 41](#).

Financial KPIs

Revenue
US\$ million

+15%

2021	980.1
2020	849.7

Definition:

B2C revenue represents the total amount staked or wagered by customers, less amounts paid out to customers, free bets and promotional credits, and VAT. It also includes any fees or charges applied to customer accounts (e.g. foreign exchange commission). 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:

Revenue increased by 15% in 2021, driven by the continued success of the Group's product-leadership focus and continued expansion across its core and growth markets.

Adjusted EBITDA
US\$ million

+6%

2021	165.0
2020	155.6

Definition:

Adjusted EBITDA represents total earnings before interest, tax, depreciation, and amortisation generated from our operations, and excluding 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:

Adjusted EBITDA increased by 6% in 2021, with improved profitability in some of our core markets helping to fund strategic investment in the US and certain other growth market opportunities.

Adjusted basic earnings per share (EPS)
¢

+0%

2021	27.3
2020	27.3

Definition:

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

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:

Adjusted EPS of 27.3¢ was flat year over year, with the increase in Adjusted EBITDA offset at a net profit level by additional interest charges and non-cash currency exchange differences.

Cash and short-term deposits
US\$ million

+18%

2021	174.5
2020	148.2

Definition:

Cash and short term deposits represent cash and cash equivalents excluding customer funds.

Why we measure it:

This measures the ability of the Group to convert its Adjusted EBITDA into cash flow, and aids decision making in terms of appropriate deployment of capital resources across investing in growth and returns to shareholders via dividends.

Performance:

Cash and short term deposits at 31 December 2021 was US\$174.5 million, with the 18% increase over 31 December 2020 reflecting the strong cash generation from operating activities, partially offset by higher levels of dividend payments in the year.

Non-financial KPIs

Average monthly players
No. thousands

+4%

2021	540
2020	518

Definition:

Average monthly players (AMPs) represent players who wagered real money during a month and have deposited real money on at least one occasion. The figure reflects the average of the monthly figures for the relevant reporting period.

Why we measure it:

This measures changes in the size of the customer base, which is a key driver of long-term growth, and is useful in assessing performance against strategic objectives such as growing market share across key markets and providing excellent customer experiences.

Performance:

AMPs increased by 4% in 2021 to 540k, driven by our focus on product leadership, marketing and customer excellence. This reflects a great result given the very strong comparative period together with the temporary withdrawal from the Netherlands.

Technology availability
Percentage

99.84%

2021	99.84
2020	99.60

Definition:

Technology availability is the proportion of time during the year when our technology platform and products were fully available to our customers.

Why we measure it:

This measures the reliability, scalability and flexibility of our proprietary technology platform, which is a key driver of our ability to continuously innovate and provide best-in-class products to our customers.

Performance:

Technology availability continued to be high with our platform providing a secure and stable service to our customers across all products for 99.84% of 2021.

MARKET REVIEW

A global growth opportunity

888 operates in the global online betting and gaming industry, a large and growing market, where 888 has been at the forefront of the industry since 1997, having been one of the first online betting and gaming operators.

H2 Gambling Capital estimates that the total addressable market for online betting and gaming was US\$100 billion in gross gaming revenue in 2021, having grown at a CAGR of 17% from 2016-2021. 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 11% from 2021-2026.

In 2021 H2 estimates that circa 25% 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. Lockdowns led to a step-change in the size of the online betting and gaming industry globally for three main reasons:

- 1) The need to transact digitally for the first time, for example to order groceries or speak to loved ones over video conference;
- 2) An expansion of digital entertainment, with more time and disposable income available to spend on digital activities, expanding the addressable audience; and
- 3) An increase in activity from existing online betting and gaming players, particularly when land based gambling was closed or heavily restricted.

Despite the acceleration in digital adoption, there remains a long runway of growth ahead, with each percentage point of offline to online migration contributing circa US\$3 billion to online growth.

888 is well positioned within the most attractive end markets and has a clear strategy to increase market share across our focus markets.

2021 industry highlights

Online market size

\$100bn

2016-2021 online total CAGR

17%

2021-2026 online forecast total CAGR

11%

Key
■ Total interactive gambling
—●— As % of total global market





Structural growth drivers

- Internet and mobile internet infrastructure** – The roll-out and increased penetration of high-speed internet and network infrastructure, together with the proliferation of smart phones and mobile internet have significantly increased the potential audience size.
- Growth in e-commerce** – Increasing confidence with e-payments and transacting digitally have continually increased the addressable audience.
- Growth in mobile technology** – The strong growth in penetration of increasingly sophisticated mobile devices with increased capacity to process data and ever-improving screen quality has had a significant impact on the volume of mobile commerce generally.
- Product development** – Operators have invested in product development in order to offer consumers a more varied and superior betting and gaming experience. Improved product offerings, specifically through smartphones, has been a key growth driver in the market.
- Social trends** – Gaming and betting have become culturally more acceptable leisure activities as a result of the expansion into mobile betting and gaming. There is also a broader acceptance of digital channels as a safe and secure means to consume gaming services.
- Government adoption of regulation** – In response to the growth in the global online gaming market, several governments have over recent years adopted online gaming regulatory frameworks with the aim of protecting customers, promoting choice and raising taxes. Such changes provide incumbent operators with access to customers and opportunities for expansion.

MARKET REVIEW cont.

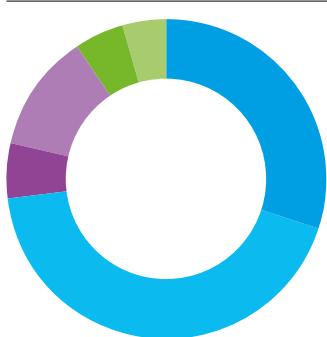
Core markets

888's three core markets represented 59% of its 2021 revenue, made up of the UK (40%), Italy (12%) and Spain (7%).

These three fully regulated markets represent a combined total addressable market (TAM) of approximately US\$18 billion in 2021, having grown at an estimated CAGR of 13% between 2016-2021 and expected to grow at an estimated CAGR of 7% between 2021-2026.

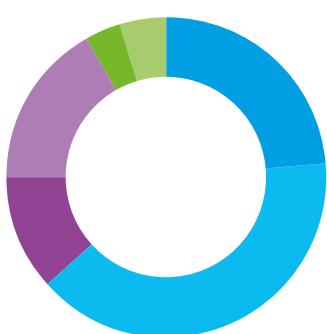
These markets share certain characteristics, such as comprehensive regulation, large established land-based gambling markets, and competitive intensity, but each is driven by differing local player preferences. Despite the markets being highly competitive, there are rising barriers to entry given the significant and complex regulatory and compliance requirements and well-established brands.

Total online market size for 2016
US\$ million



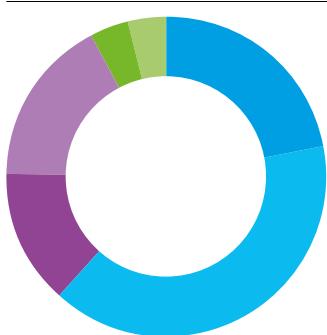
Total UK:	7,689
■ Betting:	2,675
■ Gaming:	3,820
Total Italy:	1,604
■ Betting:	493
■ Gaming:	1,074
Total Spain:	895
■ Betting:	443
■ Gaming:	373

Total online market size for 2021e
US\$ million



Total UK:	12,333
■ Betting:	3,597
■ Gaming:	6,031
Total Italy:	4,459
■ Betting:	1,758
■ Gaming:	2,509
Total Spain:	1,584
■ Betting:	577
■ Gaming:	677

Total online market size for 2026e
US\$ million



Growth markets

888's growth markets represent a small cohort of high-growth markets that made up 21% of revenue in 2021. These are typically regulating or newly-regulated markets that have attractive long-term growth potential, where we are investing heavily to build 888 into a top tier brand.

There are five markets where the Group is currently investing for growth or expects to start investing for growth following launching on a locally regulated basis, and these represent a combined total addressable market (TAM) of approximately US\$9 billion in 2021, having grown at a CAGR of 15% between 2016-2021 and expected to grow at a CAGR of 14% between 2021-2026.

The US

The ongoing regulation of online sports betting and gaming in the US represents a significant long-term strategic opportunity for 888. Since the repeal of the PASPA in May 2018, the market has grown rapidly and is forecast to be worth US\$15 billion in 2022, which would make it the largest regulated online market in the world on a gross gaming revenue basis, albeit somewhat inflated by a significant level of promotional generosity in the market given the nascent nature.

In June 2021 the Group announced a long-term strategic brand partnership with Authentic Brands Group ("ABG") to leverage the Sports Illustrated brand and launch SI Sportsbook, in order to benefit from significant brand awareness and reduce the cost of customer acquisition and upfront brand investment required to build market share.

The first state to launch under the new brand was Colorado in September 2021. The Group plans to launch in three to four new states per annum over the next two to three years. The Group has market access and/or licences for B2C operations in five states (Colorado, Indiana, Iowa, New Jersey, and Virginia), with further market access deals in advanced discussions.

The Group also operates on a B2B basis in the US through its partnership with Caesars to operate the World Series of Poker brand, where it is live in four states (Delaware, New Jersey, Nevada, and Pennsylvania) and is ready to launch in Michigan during 2022 subject to regulatory approval.

US market value for 2022

\$15bn

Optimisation markets

888's highly scalable global platform and globally recognised brand enables it to generate high incremental return on investment from a large and diverse group of over 100 other markets, where there are no local licensing regimes in place, and the Group operates through its multi-jurisdictional licences from Malta and Gibraltar.



Regulatory update

888's strategic focus is on regulated markets, as these represent the best opportunity for sustainable growth. 888 supports the development of local regulatory regimes across its markets, as regulation drives better outcomes for customers, for the business, and for wider stakeholders.

Locally regulated or taxed markets represented 74% of revenue in 2021, up from 73% in 2020. Looking forward a few years, with the strategic focus on core and growth markets, all of which are regulated or in the process of regulating, this percentage should increase significantly. The potential William Hill transaction would further accelerate this trend towards locally regulated revenues.

There were several notable developments affecting key markets of the Group during 2021, with multiple markets either launching under new local regulatory regimes, or making positive moves towards regulation. Some key changes during the year included:

UK: The Group awaits 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. The Group has taken several steps during 2021 to increase the level of safer gambling interventions, including lowering thresholds for intervention and stepping up affordability checks. The Group also introduced new game design features across its full range of slots content in line with a new industry code of conduct aimed at reducing the risks associated with gambling.

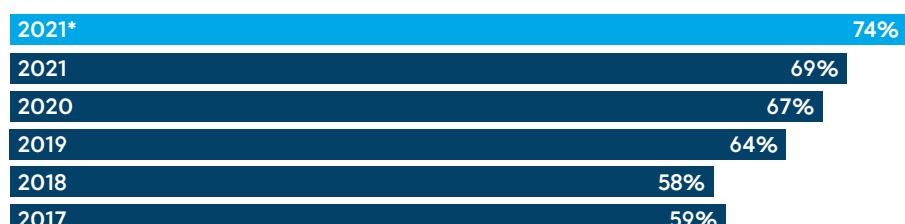
Spain: Substantial restrictions on marketing came into force in July 2021.

Canada: The province of Ontario further developed its regulatory framework and is set to launch its regulated market during Q2 2022. The Group has received a licence here ahead of the launch and looks forward to working with the regulator to ensure we can offer and market our products under a local licence soon.

Germany: The German market underwent significant transformation during 2020 and 2021 as the new interstate treaty on gambling came into force, requiring operators to adjust their operations to adhere to the new framework prior to it being fully launched in July 2021. During 2021 the Group went live under its newly issued local sports betting licence, and has applied for a gaming (slots + poker) licence, albeit the Group understands no gaming licences have yet been issued to any operator. The significant restrictions on the gaming operations have led to a significant shift in market dynamics, with many international operators pulling out of the market. The Group sees exciting growth potential in the newly regulated German market and continues to invest behind the new 888sport.de brand, including recently signing a brand partnership with the Bundesliga football club RB Leipzig.

Netherlands: The Group had been operating in the Netherlands in compliance with the Netherlands Gaming Authority (KSA) 'cooling off' criteria. However, following policy changes published by the KSA, 888 ceased provision of services in the country from October as the newly regulated market went live. Despite the unexpected change in the KSA position, the Netherlands still represents an attractive medium-term opportunity for the Group, and it intends to apply for a local licence and hopes to be operational again in the country in the second half of 2022.

Regulated revenue mix Percentage



* Regulated and taxed.

ESG & SUSTAINABILITY

888 is focused on creating value for and addressing the concerns and aspirations of a range of stakeholders including its customers, employees, shareholders, regulators, and the local communities in which we operate, as well as supporting a greener 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.

ESG framework – Made for the Future

Recent Annual Reports have outlined the progress 888 has made to support safer gambling, increase employee diversity, invest in communities, and reduce the Group's environmental impact. However, there is more to be done across all these areas to better manage the Group's governance and its impact on the environment and society (generally referred to as ESG) in order to support the Group's long-term, sustainable growth plans.

Therefore, the Group has developed a new ESG framework, Made for the Future. This will help to provide a clear blueprint of commitments against which stakeholders can assess the Group's progress in meeting their expectations.

To support the delivery and continuous development of Made for the Future, the Group has strengthened its governance arrangements by establishing an ESG Committee. The Committee has overall responsibility for developing 888's ongoing ESG commitments and targets, as well as ensuring that these remain relevant and effective. As a sign of the Group's commitment, this Committee is led by the Chair of the Board, Lord Mendelsohn.

Made for the Future is built around three key pillars: **Made to Play Safely** (focused on safer gambling), **Made Together** (focused on 888's people and communities), and **Made Greener** (focused on managing 888's impact on the environment), all of which are underpinned by a robust Governance structure. These pillars were determined through a careful consideration of the legal and stakeholder expectations of 888, the risks and opportunities facing the company, the materiality of key issues, and the Group's position compared to peers.

Going forward, the Group will continue to develop this framework, following global best practices, and disclose yearly and multi-year targets and objectives. These will allow stakeholders to measure and assess our progress. The Group is currently going through an extensive consultation process and will develop and disclose additional ESG targets during the current financial year, reporting annually against these commitments and goals thereafter.

Made to play safely

Preventing harm through safer gambling



A world where player tools and restrictions for gambling are a normal part of play

Initial measurement 1: Observer interactions

1.3m

Customer interactions prompted by our Observer player tracking software over the course of 2021, a 77% increase compared to 2020 (0.7m), reflecting our more proactive policies to identify potential harm and intervene as early as possible.

Initial measurement 2: Access to Control Centre

39%

The percentage of active customers with access to Control Centre in Q4 2021 (2020: N/A).

Initial measurement 3: Active customers with deposit limits

41%

The percentage of active customers with deposit limits in place in Q4 2021, up from 31% in Q4 2020.

Made together

An inclusive workplace where people can grow and develop



An authentic, diverse and interpersonal workplace culture, that offers great development opportunities

Initial measurement 1:
Female promotions target

50%

Female promotions as a percentage of total annual promotions, with a target of 50% compared to the 2021 baseline of 39%.

Initial measurement 2:
Learning and development participation target

10ppts

Proportion of all colleagues who have participated in a voluntary learning and development programme, with a target to increase by at least 10ppts from the 2021 baseline of 50%.

Initial measurement 3:
Volunteering programme participation target

50%

Proportion of all colleagues who have participated in volunteering programmes, with a target to increase to at least 50% from the 2021 baseline of 14%.

Made greener

Protecting our environment, including Net zero carbon emissions



Net zero carbon emissions for our own operations by 2030 and our entire value chain by 2035

Initial measurement 1:
Net zero carbon emissions target

2030

Reducing direct emissions from 3,089 tonnes in 2021

Initial measurement 2:
2021 Indirect carbon emissions

26,000 tonnes

Reducing indirect carbon emissions from 26,000 tonnes in 2021, achieving net zero by 2035.

Initial measurement 3:

Accreditation of targets by the independent Science Based Target Initiative.

MADE TO PLAY SAFELY

While enjoyable for many people, 888 acknowledges the social risks that gambling presents and is committed to ongoing improvement in making gambling safer. The Made to Play Safely pillar of the Group's ESG Framework is focused on ensuring 888's customers are empowered to make safe and responsible decisions about their betting and gaming, while supporting any customers who may be in danger of harm. Our philosophy is built around normalising the use of safer gambling tools by customers as part of their gambling experience.

As outlined in the Chair's Statement of this Annual Report, in March 2022 (post the year-end), 888 received a sanction from the GB regulator (UKGC), reflecting historic failings of former safer gambling and anti-money laundering policies, procedures and controls in the UK. The Group promptly took appropriate action to address the failings and is continually looking at ways to improve in this critical area.

The Group knows that its work in this area must be ongoing and remains committed to continue developing a safer gambling environment, and investing in meeting its safer gambling objectives, which are focused on the following four areas:

1. Safer by design.

We recognise that 888 must use technology as a force for good, giving customers transparency about their gambling activity, using artificial intelligence (AI) to detect and block harmful play, and ensuring safer gambling remains a core component of all product design.

888 has developed two critical technologies that are central to its approach to safer gambling:

- **Observer** is 888's player monitoring system that uses sophisticated algorithms to flag unusual or potentially concerning customer activity. This enables our highly trained safer gambling team to make the most appropriate interactions with customers to help them make informed decisions about their gambling.
- The **Control Centre** is a customer-focused interface designed to enable customers to monitor their own gambling activity through intuitively presented, real-time data.

Further information on both of these technologies is available on 888's corporate website.

Key progress in 2021:

888 continually refines the Observer, and during 2021 introduced several new algorithms to better identify behaviours that signal potential risks, as well as lowering certain thresholds for triggering alerts.

In addition, the Control Centre was rolled out across additional products and markets during 2021, and by Q4 2021 was available to 39% of the Group's global customers.

2. Safer by choice.

We know that we must continue to empower customers to make safe and responsible decisions about their gambling. We have learned that engaging customers directly on their playing patterns is a very powerful way to support, inform and encourage the use of safer gambling tools.

888 provides all customers with a range of Safer Gambling Tools which include: deposit limits; "take-a-break" restrictions; self-exclusion limits; game time reminders; and automatic stops on maximum losses. In addition, throughout their gaming, customers receive personalised interactions and messages checking in with them on their play. We might, for example, ask a snap "How do you feel about your gambling right now?" question, or provide visuals of current status for example, showing them any increasing trend in deposits.

Key progress in 2021:

During 2021 888 saw a 23% increase in customers' use of safer gambling tools, largely reflecting the success and positive customer reaction to the Control Centre.

In addition, we saw that those customers who use the Control Centre were 20% more likely to amend their Personal Deposit Limit; 102% more likely to use the "take-a-break" tool; and 17% more likely to set a self-exclusion limit. These are all statistically significant increases compared to a control group and illustrate why we are so determined to extend the use of this powerful technology over the coming years.

The impact of controls

Increase in use of safer gambling tools

+23%

Likelihood to amend Personal Deposit Limits

+20%

Likelihood of utilising "Take a Break"

+102%

Likelihood of using self-exclusion

+17%



MADE TO PLAY SAFELY cont.

3. Safer through controls.

We recognise the power of using data to provide oversight and support for those struggling to stay in control of their play, including limiting players' activity or stopping them playing.

Know Your Customer (KYC) is a process to understand and verify a player's identity when they first register with 888. At registration, 888 collects personal identification data on customers (this data is also used in Anti Money Laundering (AML) controls). This data includes age, occupation, address, and screening against certain sanctions lists' data. KYC helps 888 to achieve its goals of preventing underage gambling as well as protecting customers by identifying those potentially at risk of harm and interacting with them at the earliest point.

AML is enforced through a combination of robust operational procedures, ongoing employee assessment and training, development in proprietary technology, and partnerships with leading third-party providers.

Observer plays an important role in understanding our customers and, where necessary, where 888 must impose controls, limits and blocks their activity. Observer measures changes in individual customers' gaming behaviour, such as unexpected increases in time or money spent on the site. If Observer indicates any cause for concern, 888's highly trained teams manually review the patterns of play and discuss with the player where appropriate. Through an extended process of research and interaction, 888 can apply an escalating series of controls to that player's account, ranging from restricting the number of promotional messages they see, through to enhanced affordability checks and restricting their stakes to a 'hard stop' indicating no further play with 888.

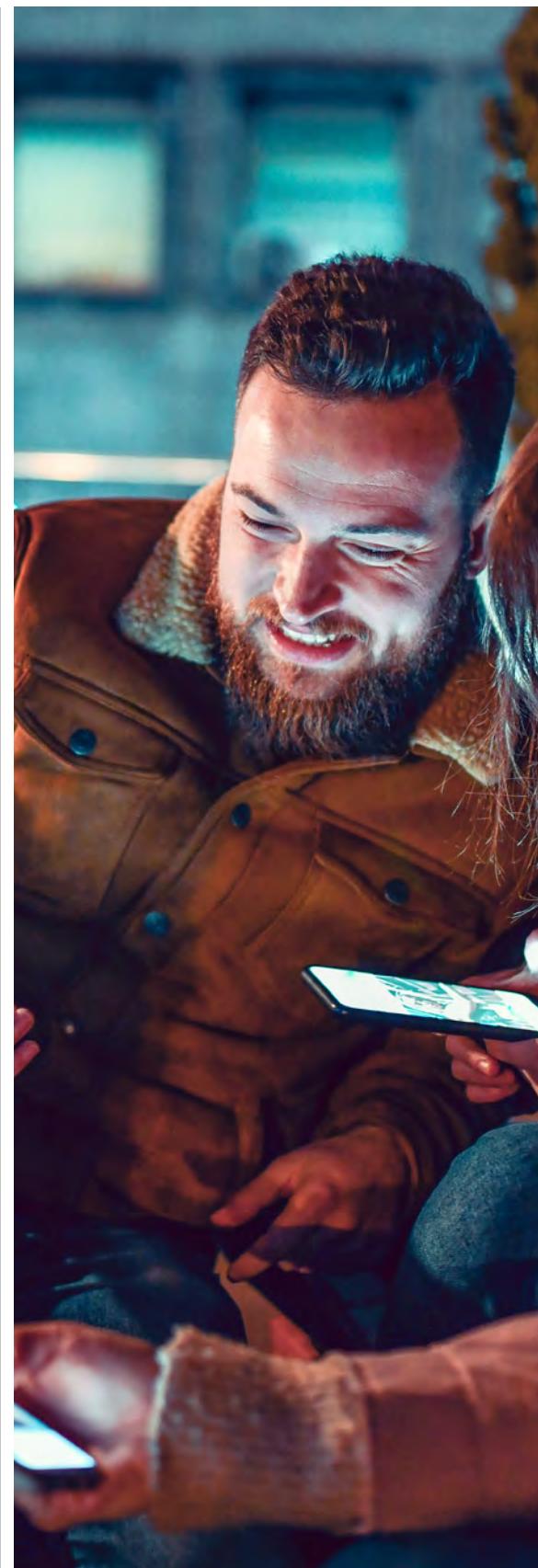
888 has made particular efforts targeted at 18-24 year old customers with extra protections embedded. Observer is configured to be more sensitive for this population, ensuring closer monitoring and increased number of interactions by the safer gambling team. The Customer Safety and Due Diligence department are trained to consider a customer's age across all of its customer risk profiling, ensuring enhanced protection and care for younger customers.

Underage activity on 888's sites and apps is strictly prohibited and 888 takes the matter of underage gaming extremely seriously. 888's offering is not designed to attract minors, and we take seriously the risk that gambling advertising might appeal to minors. 888 makes every effort to prevent minors from accessing its products and uses sophisticated verification systems as well as a third-party verification supplier to identify and track minors if they log into the Group's software. We train our team to be highly sensitive to the possibility of underage activity and make sure we suspend any account suspected to be an underage account.

Key highlights in 2021:

During 2021 the Group gradually increased controls for all players on 888's platforms, for example by steadily reducing the maximum stakes for slots across different categories of players.

In addition, and partly reflecting the more stringent thresholds introduced to Observer as described above, 888 delivered a 77% increase in the number of customer interventions prompted by Observer during 2021, to 1.3 million customer interactions (2020: 0.7 million).





4. Safer together.

We recognise 888's responsibility to play an active role in driving the broader gambling industry towards safer play. 888 continues to recognise the importance of working closely and collaboratively with industry stakeholders including regulators, local advisors and trade associations to drive ongoing improvements in safer gambling and customer protection.

One very important aspect of regulation for 888 is to ensure we are fully compliant with AML regulations in all our markets. We have a full AML governance model, including a Money Laundering Reporting Officer (MLRO), checks as part of our KYC approach, policies and staff training.

Key highlights in 2021:

During 2021 we continued to work closely with several charities and organisations aimed at protecting customers and supporting safer gambling, including:

- GamCare, the leading independent charity supporting people affected by problem gambling. Through our relationship with GamCare, 888 delivered powerful effective Problem Gambler Awareness training to our employees to help them understand the signs and impact of problem gambling. 888 is committed to working towards achieving GamCare's Certificate of Excellence in 2022.
- Leon House Health and Wellbeing, a residential rehab clinic treating a wide range of psychological disorders and addictions. The organisation delivers support online using their AnonyMind platform, which 888 supports via donations.
- The Young Gamers and Gamblers Education Trust (YGAM), an award-winning charity with a social purpose to inform, educate and safeguard young people from gaming and gambling related harms, which 888 supports via donations.

888 continued to work with the Betting and Gaming Council (BGC), looking at the issue of affordability and helping to find a workable regulatory response. In addition, 888 formed part of the BGC's Safer Gambling Committee, Ethical Game Design working group, Advertising and Marketing Committee and Single Customer View working group. We also participated in BGC's Safer Gambling Week, and took part in workshops on affordability and collaborative research on patterns of play. 888 is represented on the BGC's AdTech forum, which includes a particular focus on protecting younger gamblers through responsible and controlled advertising and promotion, and is committed to the BGC Industry Code for Socially Responsible Advertising.

"We have a particular focus on protecting younger gamblers, embedded in our enhanced controls for this group, but also in our active relationship with charity YGAM, a charity dedicated to educating and safeguarding young people against gaming and gambling harms."

MADE TOGETHER



The Group knows that the talent, commitment, and skill of its global teams make its business what it is. The Made Together pillar of the Group's ESG framework is focused on nurturing an inclusive workplace that offers great opportunities for people to grow and develop. This pillar also incorporates the Group's programmes to enhance diversity, provide opportunity, and invest in our communities.

To underpin 888's continuous development in creating the best possible workplace culture, the Group has initially identified the following focus areas:

1. Promoting a fair, supportive, and positive working environment that enables 888's people – and its business – to flourish.

888 has a strong and distinctive employment culture, driven by the core principles of caring, respect, commitment and working together. The Group's global workplaces tend to be informal, open, and collaborative, underpinned by high professional standards.

As a global business, it is important for all 888's people to be aligned with the Group's shared goals. 888 aims to share consistent internal messaging across all its office locations and provides regular updates and communications to employees. The Group undertakes regular roundtable events, employee forums and staff surveys for senior management to engage and receive feedback from employees.

888 sets clear standards of behaviour for its personnel and is guided by the United Nations Global Compact's principles on human rights and labour standards, as well as the International Labour Organisation's core conventions and UNICEF's Children's Rights and Business Principles. 888 has adopted an Anti-Modern Slavery Policy in the context of which the Group monitors its operations and supply chain with a view to preventing modern slavery practices. The Group's Anti-Modern Slavery and Human Trafficking Statement can be found in full on 888's corporate website along with a Human Rights & Labour Standards Statement. During 2021, no red flag events were reported under the Anti-Modern Slavery Policy. In addition, in 2021 there were no material labour disputes, litigation, or health and safety related fines or sanctions imposed on 888.

Discrimination, bullying or harassment of any kind are not tolerated in any aspect of the business, including in recruitment, pay, promotions, training and dismissals. To enforce these rules, 888 clearly communicates a confidential grievance procedure and whistleblowing policy to all employees, guaranteeing that the complainant will not face recrimination and committing to thoroughly investigate any concerns.

Less than 1% of the Group's global workforce are in temporary positions, and 3.5% are hired through outsourcing, meaning most of our personnel are permanent employees with full employment benefits. For temporary and outsourced staff, we remain fully committed to the principles of welfare, employment rights and non-discrimination. Temporary employees receive most of the benefits and protections offered to permanent employees, and we assist all good performers in finding other positions within the Company before the end of their employment term.

Key progress in 2021:

Over 5% of the Group's employees were promoted or made an internal transfer to a different role during 2021. A key tool for supporting employee performance and development is our approach to remuneration and recognition. We undertake regular benchmarking across the business to ensure we are both fair and competitive. There are annual performance evaluations to ensure employee development is aligned with business goals and we empower managers to recognise individual successes throughout the year.

Commentary:

In 2021, employee turnover increased to 37% (2020: 18%). This reflects changes in the broader employment market, in light of the global 'Great Resignation' trend – a global response to the COVID-19 pandemic, which saw employees across the world re-evaluate their priorities.

There were several elements that impacted the turnover trend:

1. Workforce management strategy – In May 2021, 888 closed its Antigua office, establishing its customer relations operations in Ceuta and Romania (including expansion of the Safer Gambling team), supported by extensive hiring, training and knowledge buildup efforts.
2. Global 'war for talent' – There is a worldwide talent shortage across most domains and regions, with accelerated competition over talent and aggressive attraction and retention plans.
3. Accelerated growth plans – To support the establishment of customer relations operations and reflecting the increased investment in the US, 2021 saw a record 729 new hires (2020: 576), with an average of 75 days' time-to-hire. This was stable compared to 2020.

The Board recognises that a low voluntary staff turnover (attrition rate) provides considerable value by keeping expertise within the business and maximising the returns on our investment in training and nurturing talent. Historically, our attrition rate has been comparable to wider industry levels at all sites.

888 takes a local approach to driving talent acquisition, and during 2021 we invested significantly in ensuring local leadership teams in our offices had the tools they needed to attract skilled employees in areas vital for business value.

Relevant key employee indicators:

Indicator	Metric	Unit	Data 2020	Data 2021
Training & Development inputs	Amount spent per FTE on training and development	USD	650	574
Employee Turnover Rate	Total employee turnover rate	%	18	37
	Voluntary employee turnover rate	%	12	23

MADE TOGETHER cont.

2. Developing an inclusive culture rooted in respect, care and commitment as well as seeking diversity, supporting social mobility, and welcoming and developing talent wherever we find it.

888 employs around 1,900 colleagues. The Group's Human Resources dashboard allows 888 to closely monitor employee data at all locations, including key metrics such as employee age, gender, ethnicity, and length of service. Our people are 38% female and 62% male, with wide age diversity and an average age of 35. As would be expected from an international business, ethnic diversity varies between the Group's office locations.

As an international business we know that diversity of background, experience and perspective is an integral part of what makes our business successful and allows us to serve 888's customers around the world. In line with the Group's Equal Opportunity & Diversity Statement, which can be found on the 888 corporate website, 888 is committed to providing an accessible and inclusive environment for individuals across its workforce. 888 does not tolerate discrimination, harassment or victimisation of any kind. As an equal opportunity employer, we base all decisions about employment, training, and promotion on individual merit and operational needs.

The current distribution of female employees across functions and the percentage of women in Group management positions drives our current gender pay gap, which we are considering and looking to address going forward. Along with consistent monitoring of these asymmetries within the business, we are proactively addressing this situation through our recruitment processes and support for diverse talent within the business. We are confident that all male and female colleagues are paid equally for comparable roles, and that all our colleagues have the same opportunities for progression and development.

Key highlights in 2021:

During 2021 888 launched the Group's inaugural She Leads programme, encouraging 888's women to influence, inspire and lead. The programme involves 31 women across 888's locations around the world, offering a network, coaching, training and workshops in storytelling, personal presence and effective communication to other female colleagues. The programme is aimed at creating a powerful community of female ambassadors across the business, enabling individuals not only to progress themselves, but also to inspire other women to the same.

Through programmes such as SheLeads, 888 is aiming to strengthen its position as a company that empowers female leadership. The Group's primary targets are to increase the number of women in senior management roles (female representation is at 38% overall but falls to 25% at Vice President and 19% at Director levels), and in the research and development (R&D) teams.

Commentary:

During 2021 there was a slight decline in the proportion of female employees across our business, from 40% to 38%, reflecting changes in our location strategy (the closure of Antigua that historically had a high number of female representatives); the expansion of core functions that are typically more male dominated (e.g. product and technology); and the disruption from COVID-19. These factors also explain the slight decrease in the share of women in management positions. Our Made Together pillar is designed to address these declines, with a strong focus on developing female talent.

Relevant key employee indicators:

Indicator	Metric	Unit	Data 2020	Data 2021
Workforce Breakdown: Gender	Share of women in total workforce	%	40	38
	Share of women in the Board of Directors	%	12.5	33
	Share of women in management positions	%	34	32
	Share of women in junior management positions (i.e. first level of management)	%	40	35
	Share of women in top management positions (i.e. maximum 2 levels from CEO)	%	29	25
	Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers	%	35	30
	Share of women in management positions in STEM-related positions (as % of total STEM positions)	%	21	21

3. Engaging and supporting our local communities.

888 embraces its responsibility to its communities and local environments through proactive engagement with the issues that matter most to our business and the people around us. Engagement with its communities is an important part of 888's culture and for its employees to be able to engage in rich community life both in and out of work is an important factor of their wellbeing.

888 recognises that as a global employer with eight offices, its local communities can be its greatest advocates, particularly when it comes to recruiting the best talent available. As such, 888 aims to maintain a positive relationship with its local communities across the world and have a positive impact wherever it operates.

Across its global offices, 888's teams support several charitable causes and organisations that matter to them and their communities, with a particularly well-established community involvement programme around its office in Herzliya, Israel. Employees volunteer with community groups and 888 offers support via direct donations too. Work is underway to extend and develop more formalised programmes like this to 888's other global locations, beginning with Romania. 888's focus for the upcoming year will be organisations supporting elderly people, women, environmental matters and the LGBT community.

Commentary:

During 2021 volunteering hours were curtailed by further COVID related disruption, which also drove the decline compared to 2020. The Group is focused on reinvigorating its local community involvement throughout 2022 as and when the local COVID related policies allow.

Relevant key employee indicators:

Indicator	Metric	Unit	Data 2020	Data 2021
Philanthropic Contributions	Cash contributions	USD	586,000	618,000
	Time: employee volunteering during paid working hours	USD	72,900	51,700
	In-kind giving: product or services donations, projects/partnerships or similar	USD	22,600	25,000



MADE GREENER



888 acknowledges that the urgency and importance of the climate crisis requires everyone to play their part. The Group is committed to a future in which its customers can enjoy 888's products without harming the environment. The Made Greener pillar of the Group's ESG framework is focused on 888's role in protecting the environment, including achieving net zero direct carbon emissions by 2030.

As part of this pillar, the Group is prioritising the following key initial focus areas:

1. Measuring and reducing the Group's direct environmental impact, targeting carbon emissions in particular.

At the end of 2021, the Group published its Zero Carbon Report, which included calculations of 888's direct and indirect carbon emissions as well as setting a path to net zero carbon emissions. The full report is available on the Group's corporate website.

In 2021, the Group estimates that 888's activities generated approximately 29,000 tonnes of direct and indirect greenhouse gas emissions. Of this, 888 was directly responsible for 3,089 tonnes.

To tackle direct emissions 888 intends to switch to renewable energy in all its premises, either by requesting this from a commercial provider or by partnerships to install new renewable capacity.

2. Working with the Group's largest suppliers and partners to encourage them to reduce their own carbon emissions.

Of the Group's total carbon emissions in 2021, 26,000 tonnes were emitted by others on 888's behalf (for example, by those who supply the Group with the goods and services we need to run the company, manage data centres where our games are hosted, or transport 888's people when they travel on business). The largest contributions arise from our suppliers (estimated at 21,000 tonnes), and within this total the most significant categories are 888's marketing partners (both online and offline). Other smaller identifiable elements are web hosting partners and data centres.

In the Net Zero Carbon report, the Group outlines its commitment to work with suppliers on carbon reduction plans that target 80% emissions reductions in the period to 2030. The Group's intention is to have carbon reduction plans in place for suppliers that represent 60% of its external third party spend by 2025. Using this targeted approach, 888 intends to reduce emissions from its supply chain to zero by 2035.

3. Supporting employees to travel in low-carbon ways.

Employees travelling between home and work locations are responsible for around 190 tonnes of carbon emissions each year. How employees choose to travel to work is a matter for them, but 888 can play its part as a partner and influencer in their decisions. To reduce this figure to zero by 2030 888 will provide support to encourage employees to switch to electric vehicles; provide facilities at the Group's premises for low-carbon travel such as bicycles, showers and electric vehicle charging points; encourage the use of car sharing and public transport; and think about carbon when siting all new facilities, favouring city centre sites with good public transport links.

4. Investing in high quality carbon removal offset for any emissions that cannot be reduced in other ways.

The Group acknowledges that in order to reduce its emissions to zero by 2035, it will need to invest in high quality carbon removal offsets as the technologies and alternatives do not yet exist for each economic activity – for example zero carbon aeroplanes are still a way off.

Therefore, to reach net zero, the Group intends to purchase high quality carbon offsets that actively remove carbon from the atmosphere. The Group will develop a formal approach to offsetting by 2023, with further details included in the 2021 Zero Carbon Report.

"We have this year set ambitious targets to reduce our carbon emissions as far as possible."

Highlights

Net zero target across our supply chain

2035

Scope 1 and 2 emissions (tonnes)

3,089

Scope 3 emissions (tonnes)

26,000

MADE GREENER cont.

Additional disclosures on Climate Change

In line with the Task Force for Climate-related Financial Disclosures, this section presents supplementary information specifically relating to our approach to climate-related risks and opportunities.

Carbon and climate governance

The Group's approach to climate change and the resulting impacts form an integrated part of the company's ESG and Sustainability Agenda. They are managed therefore as part of the ESG Governance process with oversight is via the ESG Committee of the Board, and executive responsibility via the Group's ESG Forum. The connections between ESG and Risk governance are managed:

- By having the chair of the Audit and Risk Committee as a member of the ESG Committee
- By the executive leadership of the COO, a direct report to the CEO

The principal governance mechanisms this year have been the development of 888's Zero Carbon Report, itself one aspect of the Made for the Future ESG framework. Both of these instruments have been prepared under direct Board and Executive oversight.

Risk management

Climate-related risks are typically lower in the short-term, so are not explicitly assessed as part of the company risk management strategy. However, we recognise that climate-related risks have the potential to amplify reputational risks and business disruption risks, and over the coming year will be subject to additional analysis and investigation on that basis.

888 has retained professional advisers to support in understanding and responding to climate-related risks. These advisors work alongside the ESG Committee to provide expertise, challenge and analysis.

The company has identified potential risks as outlined on [pages 50 to 59](#) but there is more to do to understand and quantify these. At this stage, 888 has not yet completed a formal scenario analysis to explore resilience against different climate scenarios. This exercise will be completed in the year ahead and the results will feed into 888's formal risk assessment processes.

Table A – Group GHG emissions

Scope	Emission subcategory	GHG emissions (metric ton CO ₂ eq)	Contribution to scope (%)
1	Direct GHG emissions	1	–
2	Indirect GHG emissions associated with energy	3,088	10.6
3	Other indirect GHG emissions	26,000	89.4
Total		29,089	

Corporate metric	Ratio performance indicators (per Scope 1 and Scope 2)	
Emissions per headcount	1.60	tCO ₂ e/employee
Emission per square metres area of offices	0.15	tCO ₂ e/m ² office area
Emissions per turnover	3.09	tCO ₂ e/US\$m

Table B – Ratio performance indicators (per Scope 1 and Scope 2)

Corporate metric/year	2021		2020	
	Ratio	Parameter amount	Ratio	Parameter amount
Emissions per headcount tCO ₂ e/employee	1.60	1,900 emp	2.00	1,673 emp
Emission per square metres area of offices tCO ₂ e/m ² office area	0.15	21,150 sqm	0.17	20,160 sqm
Emission per turnover tCO ₂ e/m US\$m	3.09	\$1,000m	3.94	\$850m

Table C – UK office energy and GHG emissions (Scope 1 and Scope 2)

Scope 1 and 2	2021
Energy Consumption (kWh)	66,540
GHG emissions (tCO ₂ e)	14
Emissions per square metres area of offices tCO ₂ e/m ² office area	0.09

Risks and strategy

Climate change presents two types of risks to 888's strategy and financial planning:

- **transition risks**, emerging from national and global policy responses to the climate crisis (such as regulatory changes, taxes and levies, etc) and the transition to a sustainable climate model (such as changes in energy availability and mix, disruptions to the company's own or partner business models, and reduced availability of unsustainable components or materials).
- **adaptation risks**, emerging from the changes already underway in the climate and those which are likely to come, such as extreme weather events, changing water supplies, changing availability of crops, impacts on biodiversity, impacts on customers etc.

The Company has not at this stage identified any material opportunities resulting from climate transition or adaptation.

Metrics and targets

888's commitments on climate change are set out fully in the Zero Carbon Report corporate.888.com/wp-content/uploads/2021/12/888-carbon-report-2021.pdf. The report quantifies 888's carbon footprint under Scopes 1, 2 and 3 of the Greenhouse Gas protocol, including comprehensive data from the value chain. It also sets out the Group's largest contributions to climate change and the mitigation strategy for the period to 2035. These targets have been approved by the Board and accountability for delivery has been defined.

TCFD compliance

The following table presents the assessment of the Group's compliance with the TCFD disclosure requirements

TCFD element	TCFD disclosure	Reference
Governance	<ul style="list-style-type: none"> a. Describe the Board's oversight of climate-related risks and opportunities. b. Describe management's role in assessing and managing climate-related risks and opportunities. 	Roles of the ESG and Audit and Risk Committees are described above and on pages 28 to 41 .
Strategy	<ul style="list-style-type: none"> 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. c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. 	<p>In process</p> <p>Not yet completed; will be undertaken next year</p> <p>Not yet completed; will be undertaken next year</p>
Risk Management	<ul style="list-style-type: none"> a. Describe the organisation's processes for identifying and assessing climate-related risks. b. Describe the organisation's processes for managing climate-related risks. c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. 	Described above and on pages 50 to 59 .
Metrics and targets	<ul style="list-style-type: none"> a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. 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. 	Described in full on the Zero Carbon Report and summarised on pages 38 to 41 .

The Board is confident that 888's new Made for the Future ESG framework provides an important foundation and direction for progress over the coming years, including the ongoing development of new targets, objectives and focus areas as we evolve. The Board looks forward to providing regular updates to its stakeholders on the Group's ESG performance.

FINANCIAL REVIEW



“2021 was another record-breaking year for 888, with Revenue of US\$980 million and Adjusted EBITDA of US\$165 million reflecting a strong year of operational and financial performance to complement the significant strategic progress we made during the year.”

YARIV DAFNA
Chief Financial Officer

Financial summary

	2021 US\$ million	2020 US\$ million	Change
Revenue B2C:			
Gaming	814.5	692.2	17.7%
Betting	127.4	122.1	4.3%
Total B2C	941.9	814.3	15.7%
B2B	38.2	35.4	7.7%
Revenue	980.1	849.7	15.4%
Gaming taxes and duties	(184.0)	(151.8)	
Other costs of sales ¹	(149.1)	(135.1)	
Gross profit¹	647.0	562.8	15.0%
Marketing expenses	(306.5)	(237.1)	
Operating expenses ²	(175.5)	(170.1)	
Adjusted EBITDA⁴	165.0	155.6	6.0%
Share based benefit charges	(8.4)	(11.0)	
Foreign exchange losses	(9.3)	–	
Exceptional items ³	(24.0)	(78.2)	
Depreciation and amortisation	(36.3)	(33.6)	
Operating profit	87.0	32.8	165.1%
Finance income and expenses	(5.7)	(6.0)	
Share of equity accounted associates loss	–	(0.1)	
Profit before tax	81.3	26.7	204.9%
<i>Adjusted profit before tax</i>	113.7	116.0	(2.0%)
Taxation	(12.4)	(15.4)	
Profit before tax	68.9	11.3	510.5%
Adjusted basic earnings per share	27.3¢	27.3¢	0%
Basic earnings per share	18.6¢	3.1¢	500.0%

Alternative Performance Measures (“APMs”) used in this Business & Financial Review do not have standardised meanings and therefore may not be comparable to similar measures presented by other companies.

Reconciliation of operating profit to Adjusted EBIT, Adjusted profit before tax and Adjusted net profit

	2021 US\$ million	2020 US\$ million	Change
Operating profit	87.0	32.8	165.1%
Foreign exchange losses	9.3	–	
Exceptional items ³	24.0	78.2	
Share benefit charges	8.4	11.0	
Adjusted EBIT⁴	128.7	122.0	5.5%
Finance income and expenses	(15.0)	(6.0)	
Adjusted profit before tax	113.7	116.0	(2.0%)
Income tax	(12.4)	(15.4)	
Adjusted net profit	101.3	100.6	0.7%

¹ The foreign exchange losses of US\$9.3 million (2020: nil) were excluded from Other cost of sales to allow for further understanding of the underlying financial performance of the Group and aid comparability with the prior period.

² Excluding depreciation and amortisation of US\$36.3 million (2020: US\$33.6 million) and share benefit charges of US\$8.4 million (2020: US\$11.0 million).

³ Exceptional charges of US\$24.0 million (2020: exceptional charges of US\$78.2 million), as detailed in the Results overview below.

⁴ Adjusted EBITDA and Adjusted EBIT are the main measures the analyst community uses to evaluate the Company and compare it to its peers. The Group presents adjusted measures (including Adjusted profit before tax) which differ from statutory measures due to the exclusion of exceptional items and the application of adjustments. It does so because the Group considers that it allows for further understanding of the underlying financial performance of the Group.

2021 was another record-breaking year for 888, with Revenue of US\$980 million and Adjusted EBITDA of US\$165 million reflecting a strong year of operational and financial performance to complement the significant strategic progress we made during the year.

At the time of our interim results we made a change to how we report our product splits within B2C to better reflect how the business is managed and in line with how peer companies present results. B2C revenues had historically been split out into the component products of Casino, Poker, Sport and Bingo. The Group now combines Casino, Poker and Bingo revenues under one heading of Gaming, with no change to Sport, which is now referred to as Betting.

B2C Review

B2C continues to reflect the vast majority of the business, at over 96% of revenue. B2C revenue grew by 15.7% in 2021, reflecting a strong performance across our core markets, and rapid expansion in some of our growth markets.

The growth was driven by our focus on our areas of competitive advantage, product, brand, and customer excellence, that helped deliver a 4% increase in average monthly players despite the prior year seeing a significant spike in activity linked to the initial stages of the shift from retail to online during the COVID-19 pandemic, particularly within poker, and our temporary exit from the Netherlands in Q4 2021. Our improved product and AI-driven personalisation is delivering increased share of wallet among our players, helping to drive market share gains across key markets.

2021 was another year where quarterly trends were heavily impacted by the world pandemic and associated government responses across our global markets throughout the year. In Q1 2021, we recorded our highest ever quarterly revenue, with exceptionally strong growth of 67% year-over-year reflecting the impact of leisure restrictions across several of our key markets, with customers seeking alternative digital entertainment.

As the year progressed the comparative periods got stronger and stronger, resulting in overall year-over-year growth for H1 of 41%, but a decline of 4% in H2.

Q4 2021 in particular suffered from the exit from the Netherlands and weaker than expected sports margins, resulting in an overall decline in B2C revenue for Q4 of 14% against a very strong comparative period.

The strong performance of record revenue in 2021 and double-digit growth was also in spite of the US\$70-100 million regulatory related revenue headwinds that we outlined in the prior year. These headwinds related not only to German regulatory changes, but principally to safer gambling measures we have taken, particularly in the UK, to reduce the potential for customers to experience harm. The full impact of these items was weighted more towards H2, resulting in H2 revenue being sequentially 17% lower than H1, but in line with our expectations. These measures position the business well for any potential changes that may come as a result of the impending UK government review of gambling legislation, and you can read more about all the work we are doing to make 888 a safe place to play here on [pages 30 to 33](#).

Gaming revenue increased by 17.7% over the prior year, driven by our globally renowned casino product, which generated 90% of our gaming revenue.

During the year we launched over 870 new games, bringing our current content library to over almost 3,000 games, including launching over 200 new live casino tables, such that we now believe we have one of the largest live casino offerings globally, with more than 400 tables delivered by four different providers.

Our in-house content studio Section8 delivered 17 new games during the year, including some smash hit titles like Mad Max Fury Road and Millionaire Genie Megaways. Typically, five or six of the top 20 performing slots at any given time are produced by Section8, and this differentiation is driving improved customer loyalty, with exclusive games they can only find at 888. We have exciting plans for our Section8 studio and over the next few years plan to double our investment in it to deliver even more exciting new exclusive content.

Alongside industry-leading content, we continue to focus on product leadership and improving the customer experience, including continued investment in AI-driven personalisation and launching several new product features. Read more about our some of our new products here on [pages 14 to 17](#).

Poker delivered a solid performance, and we continue to invest in our latest poker platform, with a focus on mobile-first development and a recreational customer experience. Poker continues to be an important customer acquisition channel, and while poker product revenues normalised in 2021, following an exceptional boost across the poker industry in 2020, revenues were in line with management expectations. The increased focus on customer experience, mobile products, and easier cross-sell journeys to casino and sport meant that overall revenues from the 888poker brand significantly outperformed poker product revenues.

During the year we announced the potential sale of our Bingo business for up to US\$50 million to a division of Broadway Gaming, in order to increase focus on our core growth strategy including US expansion. The Board considered that the Bingo business did not meet the criteria to be classified as held for sale at 31 December 2021 because the business was not available for immediate sale, as described in further detail in note 11. For 2022 and until the sale completes we will continue to include bingo revenues within our Gaming revenue number. Bingo revenue declined by 7% year-over-year, principally reflecting a strong comparative period with bingo benefitting in the prior year from retail venue closures, particularly within the UK.

FINANCIAL REVIEW cont.

Betting revenue increased by 4% during the year, and we completed the successful migration of over 70% of our betting volume to our in-house sportsbook during the year. Across the year as a whole win margins were flat, but the impact of sporting results on year-over-year growth trends varied significantly by quarter. H1 betting revenue growth of 82% was primarily driven by the sports cancellations in the prior year, but was also helped by operator favourable results contributing to a 1.3 percentage point increase in win margin year-over-year.

Conversely the H2 betting revenue decline of 40% year-over-year was driven by stronger comparatives as sporting calendars were condensed into Q3 2020 to catch up, together with more customer friendly results. Q4 in particular was a period for the customers, with win margin of 4.9% being approximately 2 percentage points lower than expected, and 3.2 percentage points lower than the prior year, contributing to the Q4 betting revenue decline of 56%. Q4 was also negatively impacted by the exit from the Netherlands, which had been a strong performing sports betting market for the Group.

B2B review

B2B revenues increased by 8% year-over-year, with growth in both our bingo B2B business and our US B2B business.

Our B2B bingo business was included in the potential sale of the bingo division noted above, and similarly to B2C, until the sale the B2B bingo revenue will be included in our reported financials.

We continue to power the only shared liquidity poker network in the US in partnership with Caesars under the World Series of Poker (WSOP) brand. During the year WSOP launched in Pennsylvania and we expect to launch in Michigan in 2022 subject to regulatory approval. Pennsylvania represented the first state in the US to receive our latest Poker8 platform, and are hopeful that we can expand the shared liquidity network to these additional states in the coming years.

Revenue by geographic market

	2021 US\$ million	2020 US\$ million	Change from US\$ million	% of reported Revenue (2021)
UK	388.9	333.5	17%	40%
Italy	118.3	86.5	37%	12%
EMEA (excluding the UK and Italy)	333.5	320.9	4%	34%
Americas	125.6	93.7	34%	13%
Rest of the World	13.8	15.1	(9%)	1%
Total Revenue	980.1	849.7	15%	100%

Regulated markets

Revenue from regulated markets continued to represent the majority of Group revenue in 2021, with revenue from regulated and taxed markets⁵ increasing by 17% and accounting for 74% of revenue (2020: 73%). 888's strategic focus remains on achieving growth in its regulated core and growth markets where the Group can leverage its sustainable competitive advantages to drive long-term sustainable growth.

The above table shows the Group's revenue by geographical market

UK

The Group delivered revenue growth in the UK of 17% to US\$388.9 million (2020: US\$333.5 million), despite lapping a strong comparative following the 63% growth reported in the prior year. The growth during 2021 reflected continued solid market share progress in this highly competitive market. This continues to be driven by investing in our areas of competitive advantage, namely product and content quality, brand and marketing, and customer excellence.

During the year the Group continued to focus on safer gambling, with a range of additional measures implemented in order to reduce the risk of potential harm. These measures, which were largely rolled out from Q2 onwards, included increased affordability checking, particularly among customers aged 18-25, lowering certain product stake limits, and enhancing the Observer AI system with lower thresholds for intervention. The combination of these measures, together with the lifting of leisure restrictions from May onwards meant that UK revenues in H2 2021 were lower than in H1 2021, as expected, and in line with the wider industry trend.

Italy

Italy delivered continued strong revenue growth of 37% to US\$118.3 million (2020: US\$86.5 million), and now comprises over 12% of the Group's total revenue. This strong performance was seen across both betting and gaming, and is driven by the strength of 888's established brands in the Italian market, which continue to benefit from structural tailwinds of digital migration from land-based gambling despite the advertising ban.

888 held its market share broadly stable overall for the year, which is an excellent result given the online-only nature of our offering, versus the leading competitors who all have a land-based presence that provided an omni-channel tailwind in 2021 as retail was reopened during the year.

EMEA (excluding the UK and Italy)

Revenue from EMEA excluding the UK and Italy increased by 4% to US\$333.5 million (2020: US\$320.9 million). Regulated markets such as Romania, Ireland and Portugal saw particularly strong growth trends, partially offset by the exit from the Netherlands from October, and a decrease in revenue from Germany which was impacted by the transition to the new regulatory regime. The Group believes Germany represents an attractive growth opportunity going forward under the new regulatory regime and continues to invest to grow its brand presence there. We plan to apply for a licence in the Netherlands and are hopeful we can relaunch there on a regulated basis during H2 2022.

⁵ Regulated and taxed markets refer to jurisdictions where the Group operates under a local licence or where the Group is liable for gaming duties, GST or similar taxes.

In Spain, revenue was flat at US\$67.5 million (2020: US\$67.5 million), reflecting both the strong comparative period with strong growth in 2020 aided by COVID-19 related restrictions, together with a challenging competitive environment following the implementation of significant marketing restrictions from July. In the first 9 months of the year, the overall Spanish market size increased by 3%, and management estimates that its market share was broadly stable in the year overall.

Americas

Revenue from Americas increased by 34% to US\$125.6 million (2020: US\$93.7 million), primarily driven by strong growth in Canada, where the Group has received for a local licence in Ontario, with the regulated market set to launch in Q2 2022. We believe the Canada market represents an attractive long-term growth opportunity for the Group, where 888 has an established brand presence and can exploit its sources of competitive advantage.

US revenue increased by 6% to US\$22.0 million (2020: US\$20.8 million), reflecting a good performance for the 888casino brand in New Jersey, offset by investment in promotions to drive customer activity associated with the launch of SI Sportsbook in Colorado in September, and increased investment in the fourth quarter. We have a clear roadmap of state prioritisation and were pleased to be awarded a licence in Virginia during the year, with plans to launch there in 2022. The Group currently expected to launch in 3-4 additional states during 2022, with an increased investment in the US B2C business to take advantage of the long-term strategic growth opportunity.

During the year the Group launched in Pennsylvania on a B2B basis with our partner the World Series of Poker and we are ready to launch WSOP in Michigan during 2022 subject to regulatory approval.

Results overview

Gaming taxes and duties

Gaming duties levied in regulated and taxed markets increased by 21.2% to US\$184.0 million (2020: US\$151.8 million) and the proportion of Gaming taxes and duties to revenue increased to 18.8% (2020: 17.9%). This is a result of the Group's strong revenue growth in regulated and taxed markets and the implementation of a new tax regime in Germany commencing July 2021.

Other cost of sales

Other cost of sales⁶, which mainly comprise 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, increased by 10.3% to US\$149.1 million (2020: US\$135.1 million). The proportion of cost of sales to revenue decreased to 15.2% (2020: 15.9%). This is primarily due to the successful migration of over 70% of our sportsbook business to our in-house platform, with associated third-party royalty savings, together with additional scale benefits. Other cost of sales increased by 17.3% to US\$158.4 million (2020: US\$135.1 million).

Gross profit

Gross profit increased by 15.0% to US\$647.0 million (2020: US\$562.8 million), broadly in line with the increase in revenue, with a slight decrease in the gross margin from 66.2% to 66.0%. The scale benefits and optimisation of third-party costs (including the use of our in-house sportsbook) were offset by the increase in gaming duties and taxes.

Marketing expenses

One of the key drivers of 888's business is effective and data-driven marketing spend. Overall marketing expenses increased by 29.3% to US\$306.5 million (2020: US\$237.1 million) as we invested to drive growth across our key markets. The marketing ratio increased to 31.3% (2020: 27.9%) largely reflecting upfront investment in nascent markets, such as our US B2C business under the SI Sportsbook brand, and our regulated German sports betting offering.

Increased marketing investment in new or regulating markets is in line with the Group's strategy to build world-class brands and use its data-driven marketing expertise to drive increased customer activity and deliver market share gains in key markets.

The Group's focus on product and content leadership, world-class brands, and customer excellence should enable it to reduce the marketing ratio over time, both through reduced costs of acquiring customers, and increased customer loyalty driving greater share of wallet.

Contribution

Contribution, which represents Gross profit less Marketing expenses, increased by 4.6% to US\$340.5 million (2020: US\$325.7 million), while Contribution margin decreased to 34.7% (2020: 38.3%), due to the increased marketing investment during the year to support future growth plans.

Operating expenses

Operating expenses⁷ (which mainly comprise employment costs, legal and professional fees, development costs, IT services and infrastructure maintenance) slightly increased to US\$175.5 million (2020: US\$170.1 million). The increase during the year primarily reflects the increased professional services linked to the growing complexity of the Group's regulatory footprint and additional investment in safer gambling and customer protection technology.

Adjusted EBITDA

Adjusted EBITDA increased 6.0% to US\$165.0 million (2020: US\$155.6 million), representing an Adjusted EBITDA margin of 16.8% (2020: 18.3%). The absolute increase in Adjusted EBITDA was driven by the increase in contribution as explained above, with the reduction in margin principally reflecting the increased investment in the US B2C business and the associated launch of the SI Sportsbook brand. Excluding the US business in both years, the Adjusted EBITDA margin was flat year-over-year.

⁶ Excluding foreign exchange differences of US\$9.3 million.

⁷ Excluding depreciation and amortisation of US\$36.3 million (2020: US\$33.6 million) and share benefit charges of US\$8.4 million (2020: US\$11.0 million).

FINANCIAL REVIEW cont.

Exceptional items

	2021 US\$ million	2020 US\$ million
Restructuring costs ⁸	3.1	-
Exceptional legal and professional costs ⁹	15.1	-
Retroactive duties and associated charges ¹⁰	5.9	-
Impairment charges ¹¹	-	79.9
Other provisions ¹²	(0.1)	(0.1)
Gain from the sale of equity accounted associate ¹³	-	(1.6)
Total exceptional items	24.0	78.2

8 Restructuring costs, related to employees redundancies costs and disposal of property, plant and equipment as part of the Group's decision to close its Antigua office.

9 Exceptional legal and professional costs associated with the proposed acquisition of the international (non-US) business of William Hill.

10 Retroactive charge associated with reassessment of potential gaming duties relating to activity in prior years.

11 During 2020, the Group carried out an impairment test for the Goodwill and intangible assets of the Bingo business which resulted in impairment charges.

12 While assessing the provision in respect of exceptional matters, management concluded that it could be adjusted. The net decrease in this provision was accounted for as exceptional income, in line with the treatment when the provision was created.

13 Capital gain related to the sale of investment in Come2Play Limited.

Finance income and expenses

Finance expenses of US\$15.1 million (2020: US\$6.1 million) less finance income of US\$0.1 million (2020: US\$0.1 million) resulted in a net expense of US\$15.0 million (2020: US\$6.0 million). Finance expense mainly comprised US\$9.3 million non-cash currency exchange differences which are presented in the consolidated income statement as part of the other cost of sales, US\$1.3 million non-cash interest expenses resulting from operating leases, and US\$4.4 million interest charge related mainly to the settlement with the Israeli tax authorities.

888 continually monitors foreign currency risk and takes steps, where practical, to ensure that net exposure is kept to an acceptable level.

Profit before tax

Profit before tax increased to US\$81.3 million (2020: US\$26.7 million) mainly as a result of lower exceptional expenses in 2021. Adjusted profit before tax was US\$113.7 million (2020: US\$116.0 million), impacted by non-cash currency exchange differences and interest charges.

Taxation

Taxation for the period was US\$12.4 million (2020: US\$15.4 million), mainly as a result of lower taxable profits and the settlement signed with the Israeli tax authorities which was concluded in December 2021, as described in further detail in note 8.

Net Profit and adjusted net profit

Net profit was US\$68.9 million (2020: US\$11.3 million). Adjusted net profit¹⁴ increased slightly to US\$101.3 million (2020: US\$100.6 million).

Earnings per share

Basic earnings per share increased to 18.6¢ (2020: 3.1¢) a result of higher Net profit in 2021 compared to the previous year, as outlined above. Adjusted basic earnings per share was 27.3¢ (2020: 27.3¢).

Further information on the reconciliation of Adjusted basic earnings per share is given in note 9 to 2021 financial statements.

Dividend

The Board of Directors is not recommending a final dividend to be paid in respect of the year ended 31 December 2021, in light of the potential capital requirements expected as part of the pending William Hill transaction. 888's dividend policy remains unchanged and dividends are kept under review by the Board to ensure an appropriate allocation of capital to create value for shareholders. As a result, the total dividend for the year is 4.5¢ per share (2020: 18.0¢ per share).

14 As defined in note 9 of the financial statements.

Balance sheet

Total assets as at 31 December 2021 amounted to US\$540.0 million (2020: US\$486.7 million).

Current assets as at 31 December 2021 amounted to US\$324.1 million (2020: US\$274.6 million) and current liabilities were US\$340.0 million (2020: US\$298.9 million).

888's Cash and cash equivalents as at 31 December 2021 amounted to US\$255.6 million (2020: US\$222.2¹⁵ million), an increase of US\$33.4 million. The balance of cash owed to customers as at 31 December 2021 was US\$81.1 million (2020: US\$74.0 million), leaving an adjusted net cash position of US\$174.5 million (2020: US\$148.2 million).

Cash flow

Net cash generated from operating activities was US\$133.2 million (2020: US\$205.0¹⁶ million). Net cash generated from operating activities before working capital movement was US\$138.5 million (2020: US\$145.7 million). The change in working capital was mainly attributed to a US\$16.0 million increase in prepayments and guarantees made during 2021, while in the previous year working capital was affected by an increase in trade and other payables, related to the sharp increase in trading activity during Q4 2020.

Net cash used in investing activities was US\$30.5 million (2020: US\$30.9 million), mainly comprising acquisition of property, plant and equipment of US\$5.6 million (2020: US\$10.6 million) and internally generated intangible assets of US\$22.6 million (2020: US\$17.9 million).

Net cash used in financing activities was US\$70.3 million (2020: US\$58.9 million), related mainly to a dividend payment of US\$61.3 million (2020: US\$33.2 million) and payment of lease liabilities of US\$7.2 million (2020: US\$6.4 million). During 2020, the Group repaid US\$18 million that was outstanding under the RCF in full and during the year the Group cancelled the RCF facility.

15 Including US\$32.2 million on-demand deposits previously presented as trade receivables and has been reclassified to cash and cash equivalents.

16 Net cash generated from operating activities in 2020 previously presented as US\$179.2 million was restated to reflect the reclassification of on-demand deposits from trade receivables to cash and cash equivalents.



Going concern

The Group closely monitors and carefully manages its liquidity risk. In its going concern assessment, the Directors have considered two cases. The first assumes the Group on a standalone basis as the William Hill International transaction is yet to be completed and pending shareholders' approval (the "standalone" case) and a second in which the WHI acquisition completes in Q2 2022 (the "acquisition" case), as described in further detail in note 2.

Following consideration of the standalone and acquisition cases and the respective sensitivity analysis the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 21 months, until 31 December 2023. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.



YARIV DAFNA
Chief Financial Officer

8 March 2022

STAKEHOLDER ENGAGEMENT

The Company views stakeholder engagement as an important part of its ongoing governance arrangements. Whilst as a Gibraltar company the UK Companies Act 2006 does not apply, however we continue to comply with Section 172. In accordance with the UK Corporate Governance Code 2018, the Company's key stakeholders are considered in Board discussions and decision-making.

WHY WE ENGAGE



CUSTOMERS

888's business would cease to exist without customers who trust us to deliver a safe, enjoyable and fair gaming environment.

By understanding what our customers think about our brand, products and services, we can focus on continuous improvements that align with their priorities.



EMPLOYEES

The talent, commitment and skill of our employees around the world underpins 888's ability to deliver its strategic imperatives.

We are proud of our employees and want to provide them with a workplace where they can flourish.

Proving a great workplace is a core social responsibility for us, including our programmes to increase diversity, provide opportunity and invest in our communities.



REGULATORS

Regulators across various territories give 888 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.



SHAREHOLDERS

As the owners of the business we want to ensure we understand the views of our shareholders.

The relationship between the Board and its shareholders is based on trust, transparency and the timely disclosure of information.

The Board of 888 recognises the importance of demonstrating a high level of openness and engagement with our shareholders to maintain confidence in 888's ability to create value.



COMMUNITIES

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.



PARTNERS

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.

KEY AREAS OF INTEREST

HOW WE ENGAGE

The priority for our customers is a superior gaming experience. This means playing great products, enjoying quality customer service and having confidence that they are playing in a safe and secure environment.

Our customer services teams 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.

Our employees want to know they are part of a business that cares about their wellbeing and supports their professional development. We have an inclusive informal culture, rooted in respect, care and commitment.

We conduct market research to learn how our brand is perceived. 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 ESG Report on [pages 28 to 41](#).

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.

Our workplaces are informal, open and collaborative underpinned by high professional standards.

We have multiple routes for generating feedback from our employees including effective line-management structures, surveys and open employee forums. We are committed to proactive, timely and transparent internal communications with our team on an ongoing basis.

We have set up programmes through the year to encourage personal development and wellbeing including our SheLeads programme (more information can be found in ESG Report on [pages 28 to 41](#)).

Shareholders 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 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.

The communities around 888's global offices look for the Company to demonstrate its commitment to the local area by being a responsible corporate citizen.

We have an open dialogue and regularly meet with our major shareholders to get their views and feedback.

We have expanded our Investor Relations team to engage with institutional investors.

Market views and shareholder analysis is included as a standing Board item.

We ensure an ongoing conversation with shareholders through our financial reporting as well as events such as our Annual General Meeting and Capital Markets Events.

Our partnerships rely on our track record for effective management, value creation and responsible business operations.

We have a well-established community involvement programme. We encourage employees to be involved in community events and participate in local charities. 888's employees dedicate time sponsored by the company to these causes.

Our Made for the Future framework is expected to put an increased focus on measuring colleagues' involvement in volunteering programmes and actively supporting this on [pages 28 to 41](#).

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.

We pride ourselves on being a partner of choice. Relevant team members within 888 have regular dialogue with our partners to ensure that our visions and, most importantly, values are aligned.

RISK MANAGEMENT STRATEGY

The Board acknowledges that there is no return without risk. However, key risks must be identified, evaluated and where possible quantified in order for the Board to rationally determine how to manage risk to generate optimal return.

The Board acts in accordance with a Risk Management Policy, which aims to explicitly identify and evaluate key risks underlying the Group's core business strategy and standardise the approach to risk prioritisation and management across 888's operations. This in turn means that effective controls can be put in place to ensure 888 is able to manage its operations effectively now and into the future. 888's risk register is updated periodically and regular discussions are held at Board and management level of the role of risk in 888's business.

888's culture emphasises the need for employees to take responsibility for managing the risks in their own areas and to transparently and timely report "bad news" and "near miss" incidents, with a willingness to constantly learn and improve. Where failures are identified, 888's management is committed to appropriately investigating what happened and why, in order to learn from mistakes. The Board has also adopted a Reporting and Escalation Procedure to ensure timely reporting of internal reportable events including bugs, technical failures, information security malfunctions and marketing and other operational incidents which may affect customers.

The Board considers that 888 complies with the requirements of the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting dated September 2014, and specifically confirms that:

- it is responsible for 888's risk management systems and for reviewing their effectiveness;
- there is an on-going process for identifying, evaluating and managing the principal risks faced by 888;
- the systems have been in place during 2021 and up to the date of approval of the Annual Report and accounts; and
- they are regularly reviewed by the Board (please see [page 70](#) for further details of the review conducted in 2021).

As part of its regular risk assessment procedures, the Board takes account of the significance of environmental, social and governance matters to the business of the Company, and has identified and assessed the significant risks of that nature to the Company's short and long-term value, as well as the opportunities to enhance value that may arise from an appropriate response. The Board confirms it has received adequate information to make this assessment and that these matters are considered in the training of Directors. The Board has specifically verified environmental, social and governance disclosures – part of which, where mentioned herein, are verified by external advisory firms and internal audits – with Group senior management in order to ensure their accuracy.

Risk appetite

Addressing risk is a high priority for the Board and effective risk management is an integral part of the way we conduct our business on a daily basis. The Board factors into the risk assessment impact, likelihood and appetite considerations. Risk is managed across the Group in the context of overall risk appetite and during 2021 the Board considered risk appetite to ensure adequate resources are allocated to identified risks. The Board reviewed and approved the following risk appetite statement:

Category	Tolerance	Parameters
Strategic	Medium	During development and implementation of new propositions and assessing new opportunities including potential transactions, we are prepared to accept medium risks that support our pursuit of growth.
Operational	Low to medium	We will take a cautious approach to risk within our operations, but consider that certain risks will be taken in order to achieve our strategic objectives and maintain our competitive position.
Finance	Low	We consider that robust financial controls are necessary to manage our business effectively. All of our operating processes are based around policies and procedures that minimise the risk of a loss of financial control.
Compliance	Extremely low to zero	We have an extremely low to zero tolerance when complying with laws and regulations that relate to bribery, corruption and anti-money laundering. We have controls in place that are designed to mitigate these risks, and detailed and tested procedures in place for dealing with these types of scenarios when they arise. We are particularly sensitive to compliance risks in our key regulated markets including the UK.



REGULATORY RISK



The risk

The regulatory framework of online gaming is dynamic and complex. Change in the regulatory regime in a specific jurisdiction can, depending on the nature of the change and its impact on the Group's offering, have a material adverse effect on business volume and financial performance in that jurisdiction. Over time the number of jurisdictions that have regulated online gaming has increased, and is expected to increase further. 888 places focus on growing in regulated markets, and in 2021 69% of its revenue was derived from locally regulated markets. The Group seeks to obtain licences in all markets the Group identifies as sufficiently attractive from a strategic perspective. However, in some cases, lack of clarity in the regulations, or conflicting legislative and regulatory developments, mean that 888 may risk failing to obtain an appropriate licence, having existing licences adversely affected, or being subject to other regulatory sanctions, including internet service provider blocking, payments blocking, blacklisting and fines. Furthermore, legal and other action may be taken by incumbent gaming providers in jurisdictions which are seeking to regulate online gaming, in an attempt to frustrate the grant of online gaming licences. Newly enacted or modified licensing regimes may impose operational conditions on the Group that are onerous or commercially unviable. Finally, changes to either the regulatory framework or enforcement policy relating to online gaming in certain markets may effectively force the Group out of certain markets where it currently operates or compel it to change its business practices or technology in a way that would materially impact results.

Relevance to strategy

Compliance with regulatory requirements and the maintenance of regulatory relationships in multiple jurisdictions is key to maintaining 888's online gaming licences which are critical to the operation and growth of its online gaming business. With the majority of revenue generated from jurisdictions where the Group is locally licensed, the importance of such licenses and their centrality to the business constantly increase. A growing number of jurisdictions worldwide now either locally licence or otherwise regulate online gambling, and therefore 888 may be exposed to an increasing number and stringency of licensing requirements or conversely to attempts to block access to 888's offering to players in certain jurisdictions or to penalise 888 for its offering. A robust understanding of the legal and regulatory position in key locations worldwide is crucial to mitigating this risk.

How the risk is managed

888 manages its regulatory risk by routinely consulting with legal advisers in various jurisdictions where its services are marketed or which generate significant revenue for the Group. Furthermore, 888 obtains frequent and routine updates regarding changes in the law in jurisdictions of interest that may be applicable to its operations, working with local counsel to assess the impact of any changes on its operations. 888 constantly adapts and moderates its services to comply with legal and regulatory requirements. 888 is in contact with regulators, either directly, or through local counsel, ensuring that we are continuously kept up to date with regulatory updates, expectations, and changes to technical standards and other applicable regulations. 888 has continued to review possible organizational changes in order to strengthen regulatory compliance oversight, as well as to improve co-operation between the different departments and streamline processes of settling any conflicts between them, ensuring that 888's regulatory requirements and duty to uphold the licensing objectives always take priority over commercial interests. Finally, 888 blocks players from certain "blocked jurisdictions" using multiple technological methods as appropriate, and in addition is able to moderate budgeted spend and focus in markets where uncertainty is high, along with adjusting its marketing strategy to online channels thus allowing faster cost adjustment when needed. 888 also believes its investment in product developments, such as better communication tools, improved player experience and games adjustments, serves to mitigate this risk.

What happened in 2021

In part as a response to the ongoing COVID-19 pandemic, various jurisdictions adopted a more stringent approach to player protection, primarily to avoid emergence of problem gambling patterns amongst those sheltering at home, and to curtail excessive spending on gambling during a period of economic downturn. In various jurisdictions, this took the form of advertising restrictions, or the imposition of stricter player protection and responsible gambling measures, either temporarily or on a permanent basis.

The Gambling Commission of Great Britain ("UKGC") continued to take a robust approach towards compliance, adopting further guidance and regulations, increasing the level of oversight over licensees and escalating enforcement work to take strong action against operators for failing to meet regulatory requirements and standards. The primary areas of focus for the UKGC were responsible gambling and prevention of underage gambling, consumer protection, and anti-money laundering. The UKGC adopted additional requirements, e.g. the implementation in October 2021 of a range of game design changes such as minimum spin speeds, removal of auto play, and the need to clearly display session length, wins and losses.

RISK MANAGEMENT STRATEGY cont.

REGULATORY RISK



What happened in 2021 (continued)

In December 2020, the UK Government launched a review of the Gambling Act 2005, with the aim to ensure it is "fit for the digital age". The review is still pending and will cover the regulator's powers as well as regulation of marketing and restrictions to online offerings. A white paper covering the Act's review is expected in 2022, which should set out the areas of focus for potential changes. The areas that have received significant media coverage typically centre around marketing and sponsorship restrictions, mandatory affordability thresholds, and stakes limits for online slots. While the Group has assessed the likely impact from a range of potential scenarios it is still unclear what measures will be included in the review. In November 2021, the UKGC opened a consultation on changes and updates to its Licensing, Compliance and Enforcement Policy, aimed at bringing certain gambling products which the UKGC consider to contain financial elements under the regulation of the Financial Conduct Authority. The Group continued to work closely with the UKGC on compliance matters, and also to update its policies and procedures and to strengthen internal reporting lines to ensure compliance within the business, investing significant resources in regulatory compliance measures. On 1 March 2022, the UKGC published a statement on its website related to its investigation following its 2020 compliance assessment of the Group, which outlined certain shortcomings in respect of former safer gambling and anti-money laundering policies, procedures and controls of the Group and pursuant to which 888 was fined £9.4m. 888 took immediate and appropriate actions to improve the relevant internal policies, procedures and controls to ensure it is fully compliant with its licensing obligations, and the UKGC has recognised that 888 took corrective steps to address the identified failings. 888 continues to test and monitor how we conduct our business and ensure we remain aligned to the expectations of our stakeholders, including our regulators.

In Germany, the regulatory landscape is undergoing the most drastic change in a decade with the introduction of federal sports betting licences (which 888 was awarded in June 2021), as well as online casino licenses (covering poker and slots) which 888 has applied for. Until such time as the online casino licences would be awarded, a temporary toleration regime was adopted for online casino gambling, with which 888 is compliant. Compliance with the conditions of the new licensing and toleration regimes required various modifications and alignments of the Group's German offering, which has impacted the profitability of its operations in that jurisdiction. 888 has been successful in having certain prohibition orders previously issued against it withdrawn, and having certain others suspended, as it continues to litigate against outstanding prohibition orders in various German states. The emergence of a licensing regime for sports betting and online casino may, in the foreseeable future, render these prohibition orders obsolete.

In the Netherlands, the online gambling market was launched on a locally regulated basis in October 2021, and the Group temporarily exited the market from this date. Prior to this, the Group had been operating in compliance with a set of "prioritisation criteria" that were set out by the regulator and continually amended from 2019-2021. However, the latest update to the criteria that was announced in September 2021, in what was perceived as a surprise move, effectively removed the option of operating in compliance with the criteria, and instead required operators to be fully licensed. The Netherlands still represents an attractive medium term opportunity for the Group and it intends to re-enter the market once it files for and obtains a local licence, currently expected in the second half of 2022.

In Sweden, the Group has been operating under a local licence since 2019. The Swedish regulator initially showed itself to be strict and proactive in enforcing regulatory standards, and on occasion informed the industry of its position on compliance by penalising operators it perceived as non-compliant. 888 continues to take measures to ensure that its operations are in line with local requirements.

2021 also saw a continued growing trend of civil litigation claims which started in Austria in 2020 against foreign-licensed operators, claiming refunds due to lack of local licensing. This trend is backed by case law amongst the higher Austrian courts. In addition, claim-financing bodies started gathering claims against operators. The Group is dealing with these civil claims with help from its local advisors, and has taken proactive steps to mitigate its risk from these claims. Whilst it continues to pursue various legal avenues, the Group is keeping an eye on the risk of operating in this market. A similar uptick in civil claims also recently started in Germany, but to a lesser extent.

In January 2021, the federal Court of Appeals for the First Circuit denied an appeal by the US Department of Justice seeking to uphold a 2019 memo on the scope of the federal Wire Act. By denying the appeal, the Court confirmed the previous opinion from 2011, which concluded that the Act applies only to sports betting. As the decision by the Court was left unchallenged by the US Department of Justice, this ruling helps serve 888 and the online industry in providing a more legally sound basis for internet gaming activity in the US. More generally, the US continued to move towards increased regulation of various forms of online gambling. The Group was licensed in Colorado in December 2020 and in both Michigan and Virginia in November 2021. The Group continues to seek licensure in other US jurisdictions.



INFORMATION TECHNOLOGY AND CYBER RISKS



The risk

IT systems may be impacted by unauthorised access, cyber-attacks, DDoS (Distributed Denial of Service) attacks, theft or misuse of data by internal or external parties, or disrupted by increases in usage, human error, natural hazards or disasters or other events. Cyber-attack and data theft incidents may expose 888 to "ransom" demands and costs of repairing physical and reputational damage. Failure of IT systems, infrastructure or telecommunications/third party infrastructure may cause significant cost and disruption to the business and harm revenues. Lengthy down-time of the site (including in transitioning to activated disaster recovery servers) could also cause 888 to breach regulatory obligations.

Relevance to strategy

As an online B2C and B2B business, the integrity of 888's IT infrastructure is crucial to the supply of its offerings and compliance with its regulatory obligations and to the maintenance of customer loyalty.

How the risk is managed

Cutting-edge technologies and procedures are implemented throughout 888's technology operations and designed to protect its networks from malicious attacks and other such risks. These measures include traffic filtering, anti-DDoS devices and obtaining anti-virus protection from leading vendors. Physical and logical network segmentation is also used to isolate and protect 888's networks and restrict malicious activities. The IT environment is audited by independent auditors, such as the PCI DSS security audit. These audits form part of 888's approach to ensuring proper IT procedures and a high level of security. In order to ensure systems are protected properly and effectively, external security scans and assessments are carried out on a regular basis. 888 has a disaster recovery site to ensure full recovery in the event of disaster. All critical data is replicated to the disaster recovery site and stored on a Glacier AWS service. 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. In order to minimise dependence on telecommunication service providers, 888 invests in network infrastructure redundancies whilst regularly reviewing its service providers. As a part of its monitoring system, 888 deploys set user experience tests which measure performance from different locations around the world. Network-related performance issues are addressed by rerouting traffic using different routes or providers. 888 operates a 24/7 Network Operations Centre ("NOC"). The NOC's role is to conduct real time monitoring of production activities using state-of-the-art systems. These systems are designed to identify and provide alerts regarding problems related to systems, key business indicators and issues surrounding customer usability experience. The IT environment tracks changes, incidents and service level agreement key performance indicators in order to ensure that client experience is consistent and well managed. As part of these procedures, capacity planning takes place and infrastructure is built accordingly. System-wide availability and business-level availability is measured and logged in the IT information systems.

What happened in 2021

COVID-19 was a catalyst for upgrading the Group's work from home capabilities across all sites, with security and audit measures adjusted accordingly. The Group migrated its front tier websites to a cloud based solution and implemented leading cloud protection and audit tools in 2021. The Group further improved its DDoS architecture, including mitigation of device upgrades and moved to an always-on architecture. Automation of security processes has also been further progressed, together with implementation of Advanced Persistent Threat (APT) protections, and additional "write once read many" (WORM) backup of the Group's data centre to mitigate ransomware risk.

RISK MANAGEMENT STRATEGY cont.

DATA PROTECTION RISK



The risk

888 processes a large quantity of personal customer data, including sensitive data such as name, address, age, bank details and gaming/betting history. Such data could be wrongfully accessed or used by employees, customers, suppliers or third parties, or lost, disclosed or improperly processed in breach of data protection regulations. In particular, the European General Data Protection Regulation ("GDPR") entered into force in May 2018, its equivalent in the UK ("UK GDPR") and the laws of the US states in which 888 operates, having a significant effect on the Company's privacy and data protection practices, as it introduced various changes to how personal information should be collected, maintained, processed and secured. Non-compliance with the GDPR or UK GDPR may result in fines of the higher of €20 million or 4% of the Company's annual global turnover, and the Company will be particularly exposed to enforcement action in light of the amount of customer data it holds and processes. In addition, various countries in the EU have introduced domestic data protection laws incorporating the GDPR requirements. Moreover, 888 makes use of various tracking technologies (such as cookies, SDKs, JavaScript and other forms of local storage), which are subject to stricter standards of consent and transparency, both under the GDPR and the e-Privacy Directive. The Company could also be subject to private litigation and loss of customer goodwill and confidence.

Relevance to strategy

The holding and processing of personal and sensitive data in a lawful and robust manner is central to 888's analytics-based business strategy. As an online B2C and B2B business, the integrity of 888's data protection framework is crucial to the supply of its offerings, compliance with its regulatory obligations and maintenance of the impressive customer loyalty with which 888 is entrusted. Data protection requirements may also affect 888's ability to expand its business to new and emerging markets.

How the risk is managed

888 continuously maps the personal data life-cycle within the organisation, including how personal data of its customers and employees is collected, stored, secured and shared with third parties. 888 has a designated internal Data Protection Officer ("DPO") and it continuously revamps its policies and procedures on relevant matters including exercising user rights and data retention, data sharing with third parties, security policies, as well as reviewing necessary product and IT implementation. Such policies and procedures are reviewed and updated on an ongoing basis to align with the most up to date regulatory guidelines. 888 has further put in place adequate contractual measures with respect to sharing and transferring data with third parties, reviewing its privacy notices and other customer notifications and reviewing the current data security framework on an ongoing basis.

What happened in 2021

888 reviewed and updated its internal data protection policies and procedures, as well as notices provided to the users (such as privacy notices, cookie notices and consent forms), so as to ensure alignment with regulatory developments and guidelines in existing and new markets; reviewed a dedicated notice and choice mechanism (to be implemented on 888's online properties) so as to meet the regulatory requirements relating to the use of tracking technologies; amended its data sharing agreements in accordance with regulatory requirements; conducted Data Protection Impact Assessments and Legitimate Interest Assessments for new processing activities; ensured that data subjects requests to exercise rights are handled in an appropriate manner, in accordance with the internal procedures and within the regulatory timeframe; the DPO of 888 acted to ensure a privacy-aware culture within 888 by way of conducting training and privacy awareness exercises to relevant employees, departments (e.g. customer support and marketing teams) and senior management; the DPO of 888 produced an annual report with the objectives of providing an overview of the key events, regulatory investigations and inquiries, and data subjects' complaints since the GDPR entered into force, enabling 888's senior management to ascertain the data protection risks and challenges in the environment in which the Company operates and the regulatory exposure, support 888's senior management with the effort to take appropriate risk mitigation steps and allocate appropriate resources for handling data protection issues, and increase the awareness to data protection obligations and the 888's responsibilities; reviewed and responded to data subjects' complaints and regulatory inquiries relating to compliance with applicable data protection requirements; and monitored for and investigated data breach attempts/ incidents and took the appropriate steps to enhance its cybersecurity posture and mitigate the residual risks.



TAXATION RISK



The risk

Heightened attention continues to be given to matters of cross-border taxation in line with the G20/OECD Base Erosion and Profit Shifting recommendations. Important international tax rules of relevance to the Company include:

- **Pillar Two:** In December 2021, the OECD published the Pillar Two model rules for domestic implementation of 15% global minimum tax, and the EU followed suit shortly thereafter. In early 2022, the OECD will release the commentary relating to the model rules and address co-existence with the US Global Intangible Low-Taxed Income (GILTI) rules. This will be followed by the development of an implementation framework focused on administrative, compliance and co-ordination issues relating to Pillar Two. It is expected that the global minimum tax will be implemented at national level by 2023. The Pillar Two rules, once implemented, are expected to apply to 888, along with detailed transfer pricing reporting and exchange of tax information rules known as "Country by Country Reporting", insofar as 888's annual revenues exceed €750 million. In the context of implementation of Pillar Two, it is generally expected that national-level digital service taxes will be revoked. In August 2021, in anticipation of the introduction of Pillar Two rules internationally, Gibraltar increased its headline corporate tax rate from 10% to 12.5%.

- **UK - DPT and ORIP:** Other important international tax rules include the UK's Diverted Profits Tax (DPT), pursuant to which in circumstances where profits are deemed "diverted" from the UK under the terms of such legislation, tax at a rate of 25% (increasing to 31% from 1 April 2023) is imposed on profits which would be attributable to a permanent establishment (PE) in the UK were an "avoided PE" to exist for the purposes of the legislation, or on profits diverted from the UK by way of intra-group transactions having inadequate economic substance; and Offshore Receipts in respect of Intangible Property rules (ORIP), imposing UK tax on the receipt of royalties by offshore companies deriving from business activity in the UK.

- **EU - ATAD:** At EU level, the Anti Tax Avoidance Directive has been implemented in Gibraltar and Malta, including exit tax, General Anti-Abuse Rules and Controlled Foreign Corporation rules.

The likelihood of scrutiny of tax practices by tax authorities in relevant jurisdictions and the aggressiveness of tax authorities generally remains high. A finding of taxable presence of the Group in one or more jurisdictions, a transfer pricing adjustment with respect to attribution of profit to such jurisdiction(s), or imposition of another form of tax as mentioned above, may have a substantial impact on the amount of tax and VAT paid by 888.

888's effective tax burden also increases due to the imposition or increase of gaming duty in markets in which the Group has customers.

Relevance to strategy

In addition to the financial consequences of a challenge to 888's tax structure, tax compliance – and being seen to be paying the "right amount" of tax – has become a serious reputational issue as well as being a regulatory compliance issue. As such, it is crucial that 888 has a solid basis for its tax positions taken in relevant jurisdictions.

How the risk is managed

888 aims to ensure that each legal entity within its Group is a tax resident of the jurisdiction in which it is incorporated and has no taxable presence in any other jurisdiction. In addition, 888 consults with tax advisers not only in jurisdictions in which its Group companies are incorporated and in which it has personnel, but also in major markets in which it has customers, in order to comply with its legal obligations whilst taking such action as is necessary to prevent the improper imposition of unlawful or double taxation.

What happened in 2021

888 continues to engage with tax authorities and obtain legal advice in order to mitigate exposures.

The Group's Israel subsidiary finalised an Assessment Agreement with the Israeli Tax Authority which applies to tax years 2016-2020.

In January 2022, following approval by the Company's shareholders at its Extraordinary General Meeting, the tax residence of 888 Holdings plc was transferred to the UK by virtue of management and control. Whilst the Company expects that this should have no material adverse impact on the Group's effective tax rate or tax cash outflow for the foreseeable future, the Company will from such date be subject to tax and reporting obligations applicable to a UK resident company.

RISK MANAGEMENT STRATEGY cont.

RETENTION OF KEY PERSONNEL AND SUCCESSION RISK



The risk

The success of the Company is in part dependent on its ability to retain its key personnel, including at Board and senior management level and throughout the business, and to successfully manage succession planning in the case of key personnel leaving the Company.

Relevance to strategy

Human capital is important to online gaming businesses, and online businesses generally, and competition for highly-qualified personnel is intense in locations in which the Group is based. Ensuring orderly succession planning is important to delivering on the Company's strategy and avoiding undue disruption to the business.

How the risk is managed

Executive Directors and senior management are compensated competitively, including an equity component and bonus partially deferred into shares. 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.

What happened in 2021

On 31 March 2021 Lord Mendelsohn took over from Brian Mattingley as Chair of the Board. Anne de Kerckhove was appointed as the Senior Independent Director and Zvika Zivlin stepped down as Non-Executive Director in May 2021. Anne de Kerckhove was appointed as the Senior Independent Director and Chair of the Remuneration Committee. Limor Ganot was appointed to the Audit and Remuneration Committees.

BUSINESS DISRUPTION DUE TO PANDEMICS SUCH AS COVID-19



The risk

As a multinational company based in a number of locations worldwide, the Company is dependent on the ability of its personnel to maintain their physical health and wellbeing, successfully carry out their roles from the Group's offices or remote locations, and at times to travel between sites. Business disruptions may occur when personnel are unable to work or communicate with one another, including due to pandemics such as COVID-19. Such outbreaks and the response thereto also affect the global economy, which can impact consumer confidence and spending more generally. There is currently evidence of an increase in customer activity in the Group's products, reflecting a general move in the broader economy from retail to online services. However, in the event of a prolonged global macro-economic downturn, consumer spending across the Group's online gaming product verticals may also become impacted.

Relevance to strategy

Online gaming businesses are dependent on their highly qualified personnel in order to operate effectively. Ensuring that personnel can work and communicate is key to delivering on the Company's strategy and avoiding undue disruption to the business. Our Sport business is also dependent on sporting events continuing to be held on which customers are interested in betting.

How the risk is managed

The Company monitors developments which may affect its sites and customers, and where necessary and practicable takes steps to mitigate disruption to the business.

What happened in 2021

In light of the ongoing COVID-19 pandemic and limitations imposed in various Group locations, including with respect to self-isolation as well as restrictions on travel and conferences, the Company has taken a number of mitigation steps including enabling remote working and rebalancing of responsibilities between sites. These actions enabled the Group to deliver its product development plan and to launch new products despite the restrictions.



REPUTATIONAL RISK



The risk

The reputation of 888 is affected by the profile of both other online gaming and betting operators, as well as the gaming and betting industry as a whole. Various regulators, most notably the UKGC and the Swedish regulator, have adopted stricter compliance and enforcement policies, conducting more in-depth reviews of operational practices and sanctioning operators found to be non-compliant. There appears to be growing sentiment in various jurisdictions that existing regulations do not sufficiently protect minors and vulnerable players or do enough to prevent the use of illicitly obtained funds for gambling purposes. More specifically – due to the COVID-19 pandemic, which resulted in a growth in gambling spending and a potential increase in problem gambling prevalence, the industry as a whole has been the subject of increased criticism and the calls for stricter regulation, specifically around responsible gambling and advertising, have intensified. This could result in reputational damage to the Group, as well as in the adoption of stricter regulations and enhanced enforcement measures.

Relevance to strategy

Underage and gambling-related harm, as well as the use of illicit funds for gambling, are risks associated with any gaming business, and ensuring compliance with regulatory requirements for the protection of vulnerable people and the prevention of money laundering is critical to maintaining 888's online gaming licences. 888 also recognises that, in light of the COVID-19 outbreak, people are spending more time at home with potentially increased stress from economic uncertainty, meaning that 888's vigilance on safe gambling and preventing gambling-related harm is even more important than ever.

How the risk is managed

Staff are trained to provide a safer gaming experience to customers and to recognise and take appropriate actions if they identify compulsive or underage activity. 888 also complies with eCOGRA guidelines to protect customers. Web links to professional help agencies are provided on 888's real money gaming sites, and 888 has a dedicated website which provides information regarding responsible gaming. Players can also limit their play pattern or request to be self-excluded. 888 furthermore – directly or via industry bodies – seeks to ensure that legislators and regulators are provided with accurate and useful information regarding protections against problem and underage gaming. Special customer protections were added during the COVID-19 pandemic, in order to mitigate the increased risks arising from customers remaining at home for long periods under conditions of stress. These included compliance with regulations and guidance issued by various regulators, including the UKGC as well as the Spanish and Swedish regulators, as well as adopting social responsibility guidelines and increasing proactive responsible gaming communications and measures for our customers.

What happened in 2021

There have been growing calls for the adoption of stricter responsible gambling and player protection measures, as well as stricter advertising restrictions, in response to the COVID-19 pandemic. There has also been some public and press criticism against the industry due to some operators perceived to be taking advantage of the pandemic to drive business. 888 continued to devote significant resources to putting in place prevention measures coupled with strict internal procedures to protect customers, and monitor and update procedures to ensure that minors are unable to access their gaming sites. 888 continues to improve on efforts to detect and prevent instances of problem gambling, and continues to review and update its anti-money laundering and safer gambling policies to better detect players suspected of using illicit funds for gambling, and to better identify players showing indicators of harm or patterns of problem gambling. 888 has continued its review of all its websites and those of its B2B partners with a view to ensuring that content is responsible and compliant with the applicable advertising standards. 888 has also continued enhancing its integration with the National Online Self-Exclusion Scheme (also known as "GAMSTOP") to enable its customers to self-exclude on national level from all UK online gambling operators.

More information on our Made to Play Safely strategy can be found at [pages 30 to 33](#).

RISK MANAGEMENT STRATEGY cont.

PARTNERSHIP RISK



The risk

B2B partnerships expose 888 to business risks as well as compliance and reputational risks, with increased pressure on 888 as the licence holder, particularly from the UKGC, to monitor activities of its B2B partners. 888 furthermore uses services provided by third parties, including in its Sport vertical during the transition to 888's new proprietary platform, game providers including live casino, payment service providers, KYC and age verification providers, which if disrupted due to general economic conditions or otherwise, may impact 888's operations.

Relevance to strategy

B2B constitutes a material part of 888's business, particularly for Bingo in the UK; in addition, its US B2B contracts have strategic importance for the longer term. Third party providers are an important part of maintaining 888's attractive product offering.

How the risk is managed

888 acted to reduce its dependency on B2B relationships, by entering into a sales agreement for the Group's entire B2C and B2B bingo businesses to Saphalata Holdings Ltd, a member of the Broadway Gaming group in December 2021. The transaction is still pending obtaining the required regulatory consents and approvals. Remaining B2B contracts will be maintained commercially in terms of the functionality and technology of the B2B platform offered, competitive pricing, maintaining an ongoing relationship with B2B partners, and ensuring that 888 has a good understanding of the needs of its B2B partners and their owners.

What happened in 2021

In December 2021, 888 entered into an agreement to sell off the Group's entire B2C and B2B bingo businesses to Saphalata Holdings Ltd. 888's US B2B partner Caesars acquired William Hill plc in April 2021, a move that could impact on the relationship with 888. The agreement with Caesars has been extended until 2026, removing the risk for the short and mid-term. In June 2021, 888 struck an exclusive partnership with the Authentic Brands Group, owner of the Sports Illustrated brand, to develop Sports Illustrated online sports betting and iGaming products in the United States. In September 2021, 888 entered into a transformational acquisition agreement with Caesars Entertainment, Inc. to acquire the international (non-US) business of William Hill. Certain of 888's service providers have been impacted by the COVID-19 outbreak and its economic consequences, and 888 is in the process of identifying these risks and mitigating where possible.



ACQUISITION RISKS



The risk

888 has made several acquisitions in the online gaming and betting space in previous years, and intends to continue being active in this area, with value enhancing M&A being a key pillar of its growth strategy. Acquisitions of gaming companies carry business risks, such as potentially overpaying for what are mainly intangible assets, as well as legal and regulatory risks, including the receipt of necessary regulatory approvals to the transaction and exposure to legacy non-compliance of the seller. Furthermore, integration of acquired entities gives rise to additional risks, including but not limited to, potential increased staff turnover, technological failures in respect of technology migration, increased financial burdens, and the requirement of management attention and operational resources.

Relevance to strategy

The online betting and gaming market has undergone significant consolidation in recent years, with the trend set to continue, driven by the benefits of scale when operating across multiple highly regulated jurisdictions. Value enhancing M&A is a key pillar of 888's strategic framework as it looks to build leading positions in the most attractive end markets.

How the risk is managed

888's legal, financial and tax advisers ensure that a comprehensive due diligence is carried out on potential acquisition targets. Where possible 888 may look to acquire assets rather than shares of companies, in order to mitigate exposure to any past non-compliance issues on the part of the seller. 888 considers the resources required to integrate acquired entities as part of its overall evaluation of potential acquisitions, and thereafter in its annual budgeting and planning. 888 plans extensively for the operational and technical requirements related to any integration.

What happened in 2021

In September 2021, 888 announced the proposed acquisition of William Hill International, which would significantly transform the scale of the business. The proposed Acquisition would create a global online betting and gaming leader by bringing together two highly complementary businesses and combining two of the industry's leading brands, and significantly accelerates progress against 888's strategy. The acquisition is currently expected to complete in H1 of 2022.

LIQUIDITY RISK



888 has currently no third party debt. In addition, the Company's net cash position improved and business liquidity increased during 2021.

The Strategic Report, from [pages 02 to 61](#), was reviewed, approved by the Board and signed on its behalf on 8 March 2022.

VIABILITY STATEMENT

The Directors have considered that the acquisition of William Hill International represents the most significant event impacting the company in the viability period. A thorough review of the going concern and viability statements has been carried out in light of the proposed acquisition of WHI and accompanying financing. In forming their view on the viability of the Group, the Directors have considered two scenarios, being where the acquisition does not proceed and the Group continues to operate as in prior years ('Standalone Scenario') and the scenario where the acquisition proceeds as expected ('Acquisition Scenario').

The Directors have assessed the viability of the Group over a three-year period, taking into account the Group's current position and the potential impacts of the principal risks documented on [pages 50 to 59](#) of the Annual Report. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Company will remain viable over the three-year period to 31 December 2024.

The Group's prospects are assessed primarily via its annual planning and budgeting processes, which produce a three year strategic plan supported by a more detailed one year budget. A detailed bottom up model is used to budget the business for a period of one year in advance and a top down model for a period of three years..

Stress tests, including reductions in revenue and periods of closure were carried out, in order to analyse the factors which, in the absence of mitigating actions, could bring about insolvency of the Company unless capital were raised; in such cases it is anticipated that mitigation actions such as a suspension of dividends and reduction in operating costs could be implemented in order to forestall such an outcome.

The process of identifying, assessing and managing principal risks is set out in the Audit and Risk Committee Report on [pages 104 to 111](#). The Directors consider that this stress-testing based assessment of the Group's prospects is reasonable and the Group's business model has proven to be strong, robust and defensive in both short and long term. As part of the acquisition scenario, additional relevant risks were modelled including legal and regulatory risks.

The Directors confirm their view that they have carried out a robust assessment of the emerging and principal risks facing 888, including those that would threaten its business model, future performance, solvency and liquidity.

On the basis that the top down model is sufficiently detailed for the Directors to review, the Directors consider that a reasonable period on which it can and should forecast is three years. Notwithstanding that, the Board acknowledges that the Company's prospects should persist into the longer term. The Directors considered whether three years remained appropriate in the Acquisition scenario and concluded that it was appropriate given the timeline of the Group's integration plan for WHI and the repayment date of certain debt facilities.

Standalone Scenario

In making this viability statement, the Directors reviewed the assessment of principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The assumptions modelled aligned with the going concern assessment for the standalone scenario on [page 126](#), over a longer three-year duration.

Acquisition Scenario

In addition to the above, the Directors considered the impact of the expected acquisition on the viability of 888. The assumptions modelled aligned with the going concern assessment for the acquisition scenario on [page 127](#), over a longer three-year duration.

Furthermore, after careful review of the Group's budget for 2022, its medium-term plans, liquid resources and all relevant matters, the Directors are confident that the Company and the Group have adequate financial resources to continue in operational existence for the 21 months to 31 December 2023. They have therefore continued to adopt the going concern basis in preparing the financial statements.

Based on all of the above, the Directors confirm they have a reasonable expectation that 888 will remain viable over the three-year period, to 31 December 2024, whether it proceeds as a standalone Company or following the completion of the WHI acquisition.

Details of 888's risk management strategy and how it manages and mitigates its risks are set out in the Risk Management Strategy on [page 50 to 59](#).



BOARD OF DIRECTORS



COMMITTEE KEY

A	Audit
E	ESG
R	Remuneration
N	Nominations
G	Gaming Compliance
◆	Chair of Committee
	Member of Committee

Changes in 2021

- March 2021, Lord Mendelsohn became Chair
- March 2021, Anne De Kerckhove became SID and Remco Chair
- ESG Committee was launched

1. Lord Jon Mendelsohn

CHAIR

Jon was appointed as 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 cofounded LLM Communications, a corporate and public affairs consultancy which was acquired by Financial Dynamics to create one of the largest global financial and business communications companies. He served as a Managing Director and later as Chair of the Global Issues Division, including after it was acquired by FTI Consulting. He is also an investor in early stage and start-up companies in areas ranging from digital marketing, post-production and fusion energy.

Jon is a Labour life peer who has been a member of the House of Lords since October 2013 and is a member of the International Relations and Defence Committee.

Jon was a member of the Audit and Remuneration Committees until his appointment as Chair of the Board in March 2021. He is Chair of the ESG Committee which was established in August 2021.

2. Anne De Kerckhove

INDEPENDENT NON-EXECUTIVE DIRECTOR, SENIOR INDEPENDENT DIRECTOR FROM MARCH 2021

Anne is currently 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.

3. Itai Pazner

CHIEF EXECUTIVE OFFICER

Itai was appointed as CEO of the Company in November 2017 and as CEO in January 2019. He was appointed to the Board in March 2019.

He has worked for the Group since 2001, initially launching the 888.com brand in the UK and positioning 888.com as a top 3 UK online gaming operator. Other roles included Global Offline Marketing Director, Senior Vice President Head of EMEA, Senior Vice President of Casino B2C, Senior Vice President Head of B2C and COO.

Prior to joining the Group, Itai held managerial positions at Internet Gold, a leading ISP. He graduated from the College of Management Academic Studies and holds a diploma in corporate finance from the London Business School.

4. Yariv Dafna

CHIEF FINANCIAL OFFICER

Yariv was appointed as CFO of the Company and joined the Board on 1 November 2020.

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.

5. Mark Summerfield

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF AUDIT COMMITTEE

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.

6. 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 member of the global advisory board of Diners Club International, 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.

CORPORATE GOVERNANCE STATEMENT

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. As such, despite being incorporated in Gibraltar, the UK Corporate Governance Code 2018 (the "Code" or "UK Corporate Governance Code") applies to the Company pursuant to the UK Listing Rules.

The statement contained in this section explains the key features of the Company's governance structure and compliance with the Code. Where the Company has not complied with the UK Corporate Governance Code, an explanation is given below.

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. The Board remains committed to the principles of corporate governance in the Code, which it considers to be central to the effective and efficient management of 888's business and to maintaining the confidence of investors for its long-term success. This report explains how the Company has applied the main principles of the UK Corporate Governance Code.

Board Leadership

Statement of compliance with the UK Corporate Governance Code

During 2021, the Company was in compliance with the Code, other than:

Code Section 9: Until the appointment of Lord Mendelsohn on 31 March 2021, Brian Mattingley was Chair of the Board. Mr Mattingley had been a member of the Board since August 2005 and CEO from 2012 so was not considered independent on appointment. However, as the Board believed Mr Mattingley's continued tenure as Non-Executive Chair was a benefit to all shareholders. Code Section 12: Until the appointment of Anne de Kerckhove on 17 March 2021, there was no Senior Independent Director appointed.

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.

There is a clear and formal division of responsibilities between the Chair and CEO, with the Chair being responsible for the effective operation of the Board as a whole, leadership of the Board in achieving a culture of constructive challenge by Non-Executive Directors, regularly agreeing and reviewing each Director's training and development needs, and supporting key external relationships; the CEO has the overall executive responsibility for the running of the Company's business; and the Non-Executive Directors are responsible for constructively challenging and helping develop proposals on strategy; no one individual has unfettered powers of decision.

The Board has an established calendar of business. This 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 (see [pages 62 and 63](#)), which individually consider their own operating frameworks against the Board's business programme.

The Directors have wide-ranging business experience, and no individual, or group of individuals, dominates the Board's decision making.

Board activities

During 2021, the Board has overseen the strategic development of the Company including the partnership with Sports Illustrated and the proposed 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.

The Board has received regular regulatory updates and monitored the Company's safer gambling activities. It has reviewed the Company's risk management systems and compliance processes. The Board has received regular HR updates. It has established an ESG Committee and strengthened the Company's governance arrangements with the appointment of an Independent Chairman and Senior Independent Director.

Through these regular updates the Board was able to assess and monitor the culture of the company, ensuring any policies and processes are aligned to its values and meet the required standards of the Board.

Meetings and attendance

The Board plans to meet six times a year. 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.

During 2021, the Board met seven times. Set out below are details of the Directors' attendance record at Board and Committee meetings in 2021.

Total number of meetings held during the year ended 31 December 2021
and the number of meetings attended by each Director

	Board	Audit Committee	Remuneration Committee	Nominations Committee	ESG Committee ¹	Gaming Compliance Committee ²
Total held in year	7	3	4	3	2	4
Lord Mendelsohn ³	7	2	2	—	2	—
Itai Pazner	7	—	—	—	—	—
Yariv Dafna	7	—	—	—	—	4
Anne de Kerckhove	7	3	4	3	2	—
Mark Summerfield	7	3	4	3	2	4
Limor Ganot ⁴	7	1	2	—	—	—
Brian Mattingley ⁵	2	—	2	1	—	—
Zvika Zivlin ⁶	1	1	—	—	—	—

1 The ESG Committee was established on 15 April 2021.

2 Mr. Michael Alonso is Chair of the Gaming Compliance Committee but is not a Board member.

3 Lord Mendelsohn stepped down from the Remuneration and Audit Committees when he was appointed Chair on 31 March 2021.

4 Limor Ganot was appointed to the Audit and Remuneration Committees from 1 April 2021 and attended all meetings thereafter.

5 Brian Mattingley resigned as Chair on 31 March 2021.

6 Zvika Zivlin stepped down as Non-Executive Director on 20 May 2021.

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

The Chair holds meetings at least once per year with the Non-Executive Directors without the Executive Directors being present.

The Non-Executive Directors 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. Under the UK Corporate Governance Code, it is part of the role of the Senior Independent Director to lead this process. This took place in March 2021.

Key stakeholders

The Company's key stakeholders are its shareholders, employees and customers as well as the communities in which it does business. The Board takes care to engage with its stakeholders, as detailed on [pages 49 and 49](#) and within the ESG Report on [pages 28 to 41](#) and the Remuneration Report on [pages 80 to 103](#). The interests of the Company's key stakeholders are considered in Board discussions and decision-making as required by the UK Corporate Governance Code. Whilst as a Gibraltar company, the UK Companies Act 2006 does not apply to the Company, the matters set out in section 172 thereof, which include the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment (for further details,

see [pages 28 to 41](#)), the desirability of the Company maintaining a reputation for high standards of business conduct (for further details, see [pages 48 and 49](#)), and the need to act fairly as between members of the Company, are taken into account by the Board in its decision-making to the extent permitted under Gibraltar law.

The Board continually reviews its engagement mechanisms in order to make sure that it is engaging with its stakeholders effectively.

Engagement with the workforce

The Board and its ESG Committee take a keen interest in the welfare of 888 employees, never more so than in the current environment, and embraces its overall responsibility for the people within the Company. This includes:

- Fair remuneration
- implementing management structures and systems to monitor and evaluate employee performance and satisfaction;
- promoting diversity at all levels of 888;
- providing employees with the platforms and opportunities to have formal input into matters that affect them;
- overseeing and allocating resources to employee training; and
- monitoring key health and safety performance goals and indicators.

In accordance with Section 5 of the Code, the arrangements for how the Board engages with the Group's workforce on policies and practices and more broadly on the business are set out in the Directors' Remuneration Report on [pages 80 to 103](#) and the ESG Report on [pages 28 to 41](#) respectively. The feedback to the Board is that this approach has been received favourably by the workforce and as such the Board is satisfied that engagement is effective. The Board will keep this under review.

CORPORATE GOVERNANCE STATEMENT cont.

Investing in and rewarding the workforce

The Board wants the Group's employees to feel fully supported and motivated to excel in their roles at 888. As a leading organisation in the online gambling industry, we are committed to growing our professional talent and providing each employee with a great working environment and personal development opportunities that enhance their pride and engagement. Leveraging 888's experience in technology development and deployment, the Group's approach to employee welfare and development is enhanced through its HR information system and dedicated business intelligence analytics tools.

More information on the Company's approach to investing in and rewarding its workforce is set out under ESG Report on [pages 28 to 41](#).

Shareholder engagement

During 2021, 888's Chair met with the Company's major shareholders in order to discuss the Company's performance and to address any concerns.

The Board took steps to ensure that its members (in particular, the Chair and Non-Executive Directors) develop an understanding of the major shareholders' views about the Company. This included meetings between the Chair and institutional investors, as well as engagement by the Remuneration Committee Chair with institutional investors regarding remuneration matters.

At the Company's Annual General Meeting held on 20 May 2021, 24.28 per cent. of total votes cast were voted against the Directors' Remuneration Policy ("Resolution 3"). There was extensive engagement with shareholders in early 2021 regarding the proposed Directors' Remuneration Policy. Amendments were made to the proposals to reflect feedback and the Board understood that while the majority of shareholders consulted were supportive, a minority had concerns about the proposed increase to annual bonus.

888 has continued its engagement with shareholders since the AGM discussing broad ranging remuneration matters including the rationale for 2021 remuneration decisions, gender pay, safer gambling and the development of the Group's ESG strategy. The Remuneration Committee will continue its open and constructive dialogue with shareholders on remuneration matters and seek to incorporate their views in determining and implementing remuneration policy going forward.

All other resolutions were passed with a high level of shareholder approval and there was no other resolution recommended by the Board which garnered 20 per cent or more votes cast against.

EGM December 2021

On 16 December 2021 an Extraordinary General Meeting of the Company took place at which the sole resolution proposed was to allow the relocation of the Company's tax residence from Gibraltar to the UK.

The Board considered there to be a number of advantages in the Company moving its central management and control to the UK and thereby become a UK tax resident. A key advantage was to improve the overall efficiency in the managing of the Company by removing the restriction of having to conduct all Board and Committee meetings outside of the UK. This would allow the Company to be managed more efficiently and should in turn reduce costs for the business.

It was further considered that the move would allow for improved engagement with the London equity market and allow the Company to hold Shareholder meetings in the UK which should encourage greater participation in meetings, given the increased proportion of 888 Shareholders in the UK.

Furthermore, it was considered that there would be improved engagement with banking partners and legal financial advisers, plus the improved ability to enjoy the advantages of the UK as an established financial centre with a stable legal, tax and regulatory regime.

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

Division of Responsibilities

Chair and Chief Executive Officer

The Chair and the Chief Executive Officer have a close working relationship to ensure the integrity of the Board's decision-making process and the successful delivery of 888's strategy. However, there is a clear division of responsibilities between the Chair and the CEO, which the Board considers an important part of its corporate governance.

Lord Mendelsohn joined the Board as Chair Designate in September 2020, in order to have adequate time to build his relationship with the Chief Executive Officer and other executives prior to his appointment as Chair of the Board in March 2021 replacing Mr. Mattingley, who stepped down from the Board. Mr Mattingley was not involved in the appointment of Lord Mendelsohn in accordance with standard corporate governance recommendations.

On his appointment, the Board determined that Lord Mendelsohn was independent. In making this determination, the Board took into account the fact that he had a business relationship with the Company within the last three years in his capacity as co-founder of Oakvale Capital LLP, which provided the Company with financial advisory services. Nevertheless, the Board is of the view that Lord Mendelsohn is independent in light of steps taken by him in order to manage any potential conflicts of interest, which include stepping down from his role of Chair in Oakvale, settling his shares of Oakvale into a discretionary trust over which he has no control; he will furthermore recuse himself from any commercial discussions in the Company relating to the appointment of Oakvale as financial advisers in respect of future transactions.

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 888 as a whole. The most recent review and update was May 2021. Senior executives have given written undertakings to ensure compliance within their business operations with the Board's formal schedule of matters reserved to it for decision or approval.

Board composition

During 2021, the Board comprised the following Non-Executive Directors: Brian Mattingley, (Chair until 31 March 2021), Lord Mendelsohn (Chair from 31 March 2021), Anne de Kerckhove (Senior Independent Director from 17 March 2021), Mark Summerfield, Limor Ganot, Zvika Zivlin (until 20 May 2021), as well as Executive Directors Itai Pazner 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 62 and 63](#).

Independent Directors

Half of the Directors, 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, and Senior Independent Director Anne de Kerckhove, 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.

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.

Composition, Succession and Evaluation

Nominations Committee

The Board established a nominations committee in 2020 to lead the process for Board appointments and work with the executive team on senior talent acquisition as well as succession planning (the "Nominations Committee").

The Nominations Committee assists the Board relating to the composition of the Board. It is responsible for reviewing, from time to time, the structure of the Board, determining succession plans for the Chair and Chief Executive Officer, and identifying and recommending suitable candidates for appointment as Directors. The Nominations Committee is tasked with preparing a description of the role and the capabilities required for Board roles.

The Nominations Committee's terms of reference are available on the Company's website, [corporate.888.com](#).

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. In considering new Board appointments, diversity (including of gender, age and professional and educational background) is one of the criteria considered by the Nominations Committee in accordance with the Board's Diversity Policy. The Company's statement regarding diversity is set out in the ESG section of the Strategic Report on [page 28 to 41](#).

During the year, the Nominations Committee was comprised of independent Non-Executive Directors, Anne de Kerckhove (Chair), Zvika Zivlin (until 20 May 2021), Mark Summerfield, and Chair of the Board Brian Mattingley (until 31 March 2021).

In March 2021, the Nominations Committee oversaw the appointment of Lord Mendelsohn as Chair from his role of Chair Designate. The Nominations Committee completed a skills metrics and needs assessment with regards to the Non-Executive Directors and has recommended that the Board add two additional Non-Executive Directors to deal with the growth of the company, the strategic focus on the US market, the creation of the ESG committee and the acquisition of William Hill. The two searches are at final stages.

CORPORATE GOVERNANCE STATEMENT cont.

During 2021, the Nominations Committee's work included the following:

- Ensuring the smooth succession of Lord Mendelsohn from Chair Designate to Chair.
- Monitoring the Board evaluation process which is described on [this page](#).
- Implementing the Board's diversity policy which is described below (including considering the gender balance of senior management and their direct reports).
- Reviewing the composition of the Board including assessing any gaps in the balance of skills and experience.
- Supporting the development of a diverse pipeline of candidates for senior management.
- Is currently undertaking the selection and appointment of two additional Non-Executive Directors.

The Board has appointed the search firm Russell Reynolds Associates and Odgers Berndtson to assist the Nominations Committee's work. The search firms are independent and have no connection with the Company.

Re-election and appointment of Directors

All Directors are subject to annual reappointment by shareholders in accordance with the provisions of the UK Corporate Governance Code.

When proposing Directors for re-election, the Board rigorously reviews the performance of each Director and assesses whether the individual's performance continues to be effective and that he or she continues to demonstrate commitment to the role, taking into account the need for progressive refreshing of the Board.

The Board may appoint any person to be a Director of the Company and such Director shall hold office only until the next AGM, when he or she shall be eligible for election or re-election by the shareholders.

Board diversity policy

The Group has adopted a Board Diversity Policy, which sets the Company's aspiration for diversity of its Board without compromising on the quality or merit of candidates including their aptitude and ability. The policy refers to the diversity criteria of age, gender, ethnicity and educational and professional backgrounds. Whilst the policy seeks to ensure that appointments are based on the candidate's strengths set by objective criteria including their past contributions and potential, the benefits of diversity are also regarded and decisions are not influenced by certain protected characteristics including gender, sexual orientation, marital or civil partnership status, gender reassignment, pregnancy, the undergoing of fertility or in vitro fertility treatment, parenthood, part-time or fixed-term status, age, race, religion or belief, nationality, ethnicity, country of origin, place of residence, views, disability, trade union membership and political affiliation. Where appropriate, steps are taken to identify and remove unnecessary or unjustifiable barriers. The standards set out in the policy apply to the Board and its committees, which are the Company's administrative, management and supervisory bodies.

The Board was satisfied that during 2021, steps were taken to promote the diversity objectives of the policy. The Group's activities detailed in the ESG section on [pages 28 to 41](#) support the Group's diversity objectives.

Amongst other matters, the Board is proud of the geographical diversity represented on the Board, which includes British, Israeli and European background Directors bringing diversity of thought and approach to the boardroom. Having said that, we are cognisant of the Parker Review recommendations regarding ethnic diversity and will also take these considerations into account in our future appointments.

The Board is pleased to confirm that it has achieved 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 ESG section of the Strategic Report on [pages 28 to 41](#).

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 January 2022, an external Board evaluation was carried out by Fidelio Partners. 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 2022 Annual General Meeting. The next Board evaluation is scheduled to be held in 2023.

Development and advice

The Board understands that there should be a formal, rigorous and transparent procedure for the induction of new Directors, which has been formulated with the guidance of the Nominations Committee.

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 senior management team 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 Secretary¹ 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 senior management, as well as facilitating induction, evaluation and professional development activities, and advising the Board on corporate governance, legal and procedural matters.

The appointment or removal of the Company Secretary is a matter for the Board as a whole.

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. Such procedures operated effectively during the year.

Commitment

The opportunity to hold office as Non-Executive Directors of other companies enables the Directors of 888 to broaden their experience and knowledge, which benefits the Company. Executive Directors may be allowed to accept non-executive appointments with the Board's prior permission, so long as these are not likely to lead to any conflict of interest. Executive Directors may be required to account for fees received from such other companies. 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.

The Chair has disclosed details of his other significant commitments to the Board during 2021 and these are detailed in his biography on [page 62](#).

In order to manage any potential conflict of interest, Lord Mendelsohn stepped down from his role of Chair of Oakvale Capital LLP, and settled his shares in Oakvale into a discretionary trust over which he has no control; he will furthermore recuse himself from any commercial discussions in the Company relating to the appointment of Oakvale as financial advisers in respect of future transactions.

The Board considers that Lord Mendelsohn's other commitments will not, interfere with the discharge of his responsibilities to the Group and is satisfied that he makes sufficient time available to serve 888 effectively.

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.

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.

Remuneration

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 senior management and the fees of the Chair.

During the year the Company's Remuneration Committee comprised Independent Non-Executive Directors Zvika Zivlin (Chair until 20 May 2021), Anne de Kerckhove (Chair from 20 May 2021), Mark Summerfield, Lord Mendelsohn (until his appointment as Chair on 31 March 2021) and Limor Ganot (from 1 April 2021).

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 [pages 92 and 93](#).

The Remuneration Committee was advised during 2021 by Korn Ferry. The remuneration consultant has no other connection with 888 or any of the Directors. Further details are provided on [page 102](#).

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 80 to 103](#). The Remuneration Committee's terms of reference are available on the Company's website, corporate.888.com.

¹ References in this Annual Report to Company Secretary refer to Herzog Fox & Neeman until November 2021 and Elizabeth Bisby therein afterwards. The Company Secretary for Gibraltar corporate purposes is Straits Secretaries (Gibraltar) Limited.

CORPORATE GOVERNANCE STATEMENT cont.

Audit, Risk and Internal Control

Risk management and internal control

The Directors acknowledge 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 Directors monitor the Company's systems of internal control and risk management on an ongoing basis, including identifying, evaluating and managing the significant risks faced by the Company. 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 2021 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.

888'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.

Audit Committee and auditors

The Board has established an Audit Committee. Details of the Audit Committee's functions, together with its specific activities in 2021, are set out in the Audit Committee Report on [pages 104 to 111](#).

During the year the Company's Audit Committee comprised Mark Summerfield (Chair), Independent Non-Executive Directors Zvika Zivlin (until 20 May 2021), Anne de Kerckhove, Lord Mendelsohn (until 31 March 2021) and Limor Ganot (from 1 April 2021).

During 2021, Deloitte carried out the Company's internal audit function, reporting to the Audit Committee; during 2021, the internal auditor provided 12 reports to the Audit Committee and discussed the internal audit working plan for 2022.

Details of the Company's risk management strategy and the Board's assessment of the Company's viability in light of its risks are set out on [pages 50 to 59](#).

Whistleblowing policy

The Company's whistleblowing 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 compliance officer who is also Head of Regulatory Affairs and Group Compliance Officer. The policy is reviewed annually and was last updated in January 2022. 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 designated portal on the Company's website. 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 Company 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 whistleblowing policy as part of general refreshers of various Group policies.

No whistleblowing incidents were internally reported by the Company's employees during 2021 and up to the date of this Annual Report.

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.

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 [page 60](#), and are incorporated in this Directors' Report by reference.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are disclosed in the Risk Management Strategy report on [pages 50 to 59](#).

Dividend policy

The Company's policy, as stated in its IPO Prospectus, is to distribute 50% of its adjusted profit after tax each year.

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.

Relations with shareholders and key financial audiences

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. In 2021 the Company established an Investor Relations team to ensure sufficient time and resources were committed to relations with shareholders and key financial audiences.

The Board keeps up to date with the views of major shareholders through meetings and discussions with shareholder representatives throughout the year. The outcome of this dialogue and these meetings is reported to the Board. The programme includes formal presentations of full year and interim results, analysts' conference calls and periodic roadshows and discussion of the Company's strategy and governance. Details of engagement with shareholders during 2021 are set out on [pages 48 and 49](#).

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.

Subject to any COVID-19 related restrictions that might be in place, all shareholders are welcome to attend the 2022 Annual General Meeting (scheduled to be held in June 2022) and private investors are encouraged to take advantage of the opportunity given to ask questions. The majority of Board members (including the Chairs of the Audit, Remuneration and Nominations Committees) will attend the meeting and be available to answer questions.

Environment, Social and Governance statement

The Board has established an ESG Committee which receives quarterly reports on the Group's activities in this area. The Committee is chaired by the Chair, Lord Mendelsohn. The CEO is the Director responsible for monitoring ESG responsibility within 888. Further details are set out in the ESG Strategy section on [pages 28 to 41](#).

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 MENDELSON
Chair

8 March 2022

DIRECTORS' REPORT

The Directors submit to the members their Annual Report and Accounts of the Group for the year ended 31 December 2021. The Strategic Report, Corporate Governance Statement and Directors' Remuneration Report on [pages 02 to 61, 64 to 71](#) and [80 to 103](#) respectively, form part of this Directors' Report.

Results

The Group's profit after tax for the financial year of US\$68,9 million (2020: US\$11.3 million) is reported in the consolidated income statement on [page 122](#). The Board of Directors is not recommending a final dividend to be paid, in light of the potential capital requirements expected as part of the pending William Hill transaction. As a result, the total dividend for the year is 4.5¢ per share (2020: 18.0¢ per share).

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 62 and 63](#). 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 and appointed as Chair on 31 March 2021).

- Itai Pazner (first appointed 8 March 2019).
- Yariv Dafna (first appointed 1 November 2020).
- Mark Summerfield (first appointed on 5 September 2019).
- Anne de Kerckhove (first appointed 28 November 2017).
- Limor Ganot (first appointed 1 August 2020).
- Brian Mattingley (first appointed 30 August 2005, stepped down 31 March 2021).
- Zvika Zivlin (first appointed 9 May 2017, stepped down 20 May 2021).

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 80 to 103](#). There has been no change in the interests of Directors in shares of the Company between 31 December 2021 and the date 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 2021, the issued share capital of the Company comprised 372,759,202 ordinary shares of GBP £0.005 each ("Ordinary Shares").

At the Annual General Meeting held in May 2021, 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 31 March 2021, provided that, in accordance with institutional guidelines issued by the Investment Association, this would permit up to a maximum nominal value of £1,237,054.92 (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:

- (a) 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;
- (b) to the allotment (otherwise than pursuant to sub-paragraphs (a) above and (c) below) of equity securities up to an aggregate nominal value of £92,788.40; and
- (c) 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 £92,788.40;

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 2022.

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.

In 2021, the Company did not exercise any of the foregoing powers and authorities.

Share buyback authority

At the Annual General Meeting held in May 2021, the Board was authorised to make market purchases of up to 37,115,359 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 2022, 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 2021, 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 and Articles of Association

The Articles can only be amended by a special resolution at a general meeting of shareholders. The Articles of Association of the Company were amended by special resolution at an Extraordinary General Meeting of the Company on 16 December 2021.

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

Amongst others, the Group:

- (i) holds a licence from the Nevada Gaming Commission as the sole shareholder of an Interactive Gaming Service Provider licensee, and as such is subject to the Nevada Gaming Control Act and to the licensing and regulatory control of the Nevada State Gaming Control Board and the Nevada Gaming Commission;
- (ii) holds a Casino Service Industry Enterprise licence in New Jersey, and as such is subject to the New Jersey Casino Control Act and to the licensing and regulatory control of the New Jersey Division of Gaming Enforcement;
- (iii) holds a Gaming Vendor Licence from the Delaware Department of Finance, State Lottery Office, and as such is subject to Title 29 of the Delaware Code and to the licensing and regulatory control of the Delaware Department of Finance, State Lottery Office;
- (iv) holds an Interactive Gaming Manufacturer licence from the Pennsylvania Gaming Control Board and as such subject to Title 4 of the Pennsylvania Consolidated Statutes and to the licensing and regulatory control of the Pennsylvania Gaming Control Board;
- (v) holds a Temporary Internet Sports Betting Operator sports betting licence from the Division of Gaming of the Colorado Department of Revenue, and as such subject to Title 44 of the Colorado Revised Statutes and to the licensing and regulatory control of the Division of Gaming of the Colorado Department of Revenue;
- (vi) holds a Provisional Internet Gaming Supplier Licence from the Michigan Gaming Control Board, and as such subject to the Lawful Internet Gaming Act and to the licensing and regulatory control of the Michigan Gaming Control Board; and
- (vii) holds a Temporary Sports Betting Permit from the Virginia Lottery Board, and as such subject to Title 58.1 of the Code of Virginia and to the licensing and regulatory control of the Virginia Lottery Board.

The Company and holders of Ordinary Shares therein may also in the future be subject to similar restrictions in other jurisdictions where the Group secures a gaming licence.

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.

DIRECTORS' REPORT cont.

Many jurisdictions 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.

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 888 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 2021, Virtual Share Services Limited (a wholly owned subsidiary of the Company) held 374,488 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 in [note 23](#).

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 2021			
Sinitus Nominees Limited in trust on behalf of Dalia Shaked Abrdn plc	86,283,534 32,511,554	23.15% 8.73%	Indirect Indirect
Following 31 December 2021 and prior to publication of this Annual Report			
Abrdn plc	30,536,316	8.07%	Indirect

Other than as stated above, between 31 December 2021 and the date 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, Sinitus Nominees 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.

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. There are no such nominated Directors at present.

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 2021, 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.

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, 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

888 has a zero-tolerance approach to bribery and corruption and comply strictly with all relevant laws. 888 has adopted an Anti-Bribery Policy which applies to all 888 employers and is overseen by the Board. The policy includes 888'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 888 corporate website. 888 carries out a comprehensive due diligence process of potential high-risk business associates, which includes certain government related transactions and certain intermediaries. 888 also clearly communicates its policy to its suppliers and employees and carries out staff training on the topic.

During 2021, 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 888 corporate website. Under this policy, we do not generally engage in political matters other than lawful lobbying in connection with our business. 888 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. During the year the Group made fiscal contributions totalling US\$196.4 million (2020: US\$1167.2 million) comprising corporation tax of US\$12.4 million (2020: US\$15.4 million) and gaming duties of US\$184.0 million (2020: US\$151.8 million).

Financial instruments

The Company considers the Group's exposure to financial risks, including exposure to specific countries and trading counterparties, to be low. Whilst the Company is exposed to multiple currencies both in regards to its revenue and costs, it enjoys a partial natural hedge where the same currencies appear both in its revenues and costs. The Board reviews the Company's exposure to currency risk 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 [pages 154 to 158](#).

DIRECTORS' REPORT cont.

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.

Corporate governance

The corporate governance statement is on [pages 64 and 71](#) and is incorporated in this Directors' Report by reference.

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 108 and 60 and 61](#) respectively, and are incorporated in this Directors' Report by reference.

Principal subsidiary undertakings

The principal subsidiary undertakings are listed on note 22.

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 online gambling world in creating the best betting and gaming experiences, and 888 places significant emphasis on the development of best-in-class products. Approximately 40% of total employment costs relate to staff involved in R&D activities, and R&D staff costs increased by 15% over 2021, reflecting the increased scale of the business and additional investment in product and content.

Our major achievements during the year include the following:

US

During the year the Group invested significant resources in building a platform for future growth in the US, including setting up cloud infrastructure to enable faster rollout of future states, and creating localised versions of its apps. In June 2021 the Group signed a long-term partnership with Sports Illustrated to launch SI Sportsbook, which went live in Colorado in September 2021 following investment in rebranding the in-house sports platform and adapting it to suit the Colorado regulations and local customer preferences.

As part of its B2B relationship with the World Series of Poker the Group also launched its Poker8 platform into the US for the first time in Pennsylvania, and undertook development work to ensure it is ready to launch in Michigan subject to regulatory approval.

Casino

During 2021, the Group greatly increased the volume and quality of games and game providers, deployed across multiple markets, with an emphasis on greater localization in key markets and standardized integration with key providers. Our live casino offering also grew, with diversification of our provider base and the roll-out of additional live tables, AI-driven personalisation, and unique features such as embedded live casino, which enables players to watch a video stream of certain casino games whilst navigating through the homepage, without having to enter the game first.

Along with the improved third party content, our in-house studio, Section8, which provides the Group with high-performance exclusive content, continued to produce highly popular games throughout 2021, with leading new titles including Mad Mad Fury Roads, Book of Scrolls, and Millionaire Genie Megaways™, a megaways™ version of its popular Millionaire Genie game.

Sport

We successfully migrated the majority of our betting business to our in-house platform during early 2021, and during the year invested in the development of the platform to support the migration of 888sports in Spain in early 2022. The new platform provides customers with a quicker and simpler user experience with greater levels of personalisation. The cutting-edge sportsbook platform offers customers a wide variety of betting markets and unique products such as BetFinder, BetFeed and BetBuilder, as well as personalised recommendations. During the year the Group also invested in redesigning the betslip user interface to improve ease of use.

Poker

We continue to launch new features to our mobile-first recreational focused poker offering, designed to enhance the gameplay and mirror the real-life poker experience with a focus on social engagement. New features in 2021 included Broadcasting, allowing 'cards up' streaming on social media, and the Show/muck card, giving the ability to reveal just a single card at the end of the hand. The Group also invested in creating a unified client for poker, allowing it to offer popular Blast games directly within the 888sport app, opposed to having to be redirected to the poker app.

Regulation

UK

As a result of changes to the industry codes of practice around game design, the Group adapted its full suite of casino games to comply with the new game design criteria, including minimum spin speeds of 2.5 seconds, the removal of autoplay and clear display of game session length and win/loss position.

Germany

Following the receipt of its sports betting licence in Germany during 2021, the Group launched 888sport.de, which is tailor-made for the German market including localised sports betting markets, together with the relevant regulatory restrictions around certain markets offerings and integrating the required safer gambling features.

Netherlands

The Group undertook significant development work towards the end of 2021 in order to ready the business for applying for a licence in the Netherlands and creating localised versions of its website and applications, where the Group aims to launch in the second half of 2022 subject to regulatory approval.

Ontario, Canada

The Group undertook significant development work during 2021 to ready itself for launching in Ontario on a locally licensed basis, which it expects to do during the first half of 2022 subject to regulatory approval. This included creating localised versions of its website and applications, together with the relevant safer gambling processes, customer flows and third-party integrations.

Greenhouse gas emissions

Details of 888's greenhouse gas emissions are set out in the ESG section of the Strategic Report on [pages 28 to 41](#).

Post-period events

On 1 March 2022, the UKGC published a statement on its website related to its investigation following its 2020 compliance assessment of the Group, which outlined certain shortcomings in respect of former safer gambling and anti-money laundering policies, procedures and controls of the Group and pursuant to which 888 was fined £9.4 million. 888 took immediate and appropriate actions to improve the relevant internal policies and procedures to ensure it is fully compliant with its licensing obligations. The fine has been recorded as a provision in note 19 of the financial statements.

Since January 2022, as resolved at an extraordinary general meeting of the Company on 16 December 2021, the affairs of the Company have been conducted so that the central management and control of the Company is exercised in the United Kingdom. As a result, from January 2022 the Company has ceased to be treated as Gibraltar tax resident and instead has been treated as resident in the United Kingdom for tax purposes.

Future developments

Likely future developments in the business of the Group are set out in the Strategic Report on [page 06](#).

DIRECTORS' REPORT cont.

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 2022 Annual General Meeting.

During the year ended 31 December 2021, 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 (Auditors) Act 2009, 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 104](#) of the Audit Committee Report.

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 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 financial reporting standards (IFRSs).

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 IFRSs 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 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 international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014 and UK adopted IFRSs 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:



ITAI PAZNER
Chief Executive Officer

8 March 2022

DIRECTORS' REMUNERATION REPORT



Annual statement

Dear Shareholder,

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2021, my first since becoming Committee Chair at the 2021 AGM on Zvika Zivlin's retirement from the Board. I would like to thank Zvika for his chairmanship of the Committee.

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.

2021 AGM

Last year we consulted with shareholders regarding some changes to our CEO's remuneration package and brought a new Directors' Remuneration Policy to our 2021 AGM for approval. Shareholders were largely supportive of the changes made and the Policy was approved with 75.7% votes in favour. The Board understood from our engagement that some shareholders and one of the proxy agencies had concerns about the proposals. We have sought to address the concerns raised about annual bonus disclosure by providing greater detail of performance against our strategic objectives for the FY21 annual bonus. We also listened to concerns from some shareholders that the Policy does not require a percentage of every bonus paid to be deferred into shares but only bonus in excess of a threshold. This year, under our current structure the CEO is deferring 36% of his bonus and the CFO 24% into shares. The Committee is comfortable for FY21 that this bonus deferral, when taken with other elements of our policy including 2022 incentives, the 2020 and 2021 inflight LTIPs, prior year bonus deferral and LTIP holding periods and in service and post employment shareholding requirements, provides good alignment to shareholder interests and long-term performance and also enables the Committee if required to operate clawback and malus. However as mentioned below, the Committee anticipates it will need to review the current Policy and operation of Policy following completion of the William Hill acquisition and its intention is to provide for deferral of a proportion of each bonus paid.

Our Remuneration Report excluding the new Policy received 94.7% voting support.

Since the AGM, we have continued to engage with our shareholders discussing broad ranging remuneration matters including the rationale for 2021 remuneration decisions, gender pay, safer gambling and the development of the Group's ESG strategy to which I refer further below. The Committee will continue to engage with our shareholders and seek to incorporate their views in determining and implementing remuneration going forward including as we review our Policy and operation of Policy post the William Hill acquisition and I remain available to shareholders if you would like to discuss remuneration matters.

Performance in 2021

2021 has been another strong year for 888. EBITDA performance has continued to exceed Board expectations and there has been strong progress in achieving the strategic milestones that will lay the foundations for future growth. We were delighted to announce our intention to acquire the non US William Hill business. The proposed acquisition supports our strategy to be a global leader in online betting and gaming by building market-leading positions in key regulated markets, driven by proprietary technology, product leadership, leading brands, and marketing expertise. Completion is expected during Q2, and the Committee has considered how to manage incentives, selection of performance metrics and target setting for 2022 in light of this and to which I refer further below.

Remuneration for 2021

Our CFO relocated to the UK during 2021 - a move that had been planned as part of his joining 888 but which had been delayed because of COVID-19. To facilitate his relocation the Committee agreed relocation benefits for a finite period of time. These include a housing allowance which will be paid for a two year period, school fees and other sundry expenses such as taxation and immigration advice and removal costs. The Committee understands the principle that relocation expenses should be for a limited period to enable an executive to settle in a new country and is comfortable its approach is aligned to this.

The annual bonus for 2021 was based 60% for the CEO and 70% for the CFO on adjusted EBITDA and 30% on the achievement of strategic objectives. In addition, the CEO's bonus was based 10% on a US revenue performance condition. Exceptional adjusted EBITDA of US\$166.5 million during the year resulted in full payout of the adjusted EBTIDA part of the bonus. US Revenue grew but not as strongly as anticipated at the beginning of the year and as a result the threshold target for this element of the CEO's bonus has not been achieved. The Committee carefully assessed performance against the strategic objectives set and determined 18% of the 30% was payable. No bonus has been awarded against the regulatory compliance and safer gambling element of the strategic objectives which is appropriate given the assessment, findings and enforcement action of the UKGC review. For FY22 the annual bonus strategic element increases and separates out the focus on regulatory compliance and safer gambling as critical areas of focus for our management team.

Noting comments from ISS regarding our annual bonus disclosure the Committee has provided greater detail this year to support the performance achieved and bonus outcome. 78% of the maximum bonus is payable for the CEO and 88% for the CFO. Annual bonus in excess of 100% of salary is deferred into shares with one third vesting after one, two and three years. For 2021, the deferral mechanism results in 36% of the bonus paid to the CEO and 24% paid to the CFO being deferred into shares.

Full details of the targets and actual performance for the Executive Directors' bonuses are set out on [page 90](#).

The LTIP awards granted in 2019 were based solely on relative TSR performance measured over three financial years to 31 December 2021. When the Committee set the targets for the 2019 award the Committee considered the increasingly difficult regulatory environment in which 888 operated at that time and the difficulty of setting accurate long-term financial performance conditions for a 3-year performance period. In this context, the Committee concluded a single TSR performance condition provided a strong alignment of interest between executives and shareholders and was appropriate. At the time the metric was set the Committee agreed that in addition to achieving the TSR condition, it must be satisfied that the Company's TSR is reflective of underlying financial performance over the performance period.

888's TSR was 123% over the performance period, which was between the threshold and maximum targets of median and median + 10% p.a. As a result, 88.5% of our CEO's award will vest in 2022. The Committee is comfortable with the level of vesting determined by the TSR target. In reaching this conclusion the Committee noted the excellent absolute TSR over the period and reported adjusted earnings per share growth from 20.2¢ for FY18 to 27.3¢ for FY21 growth of 11% CAGR. Our CFO joined the business in 2020 and does not therefore hold a 2019 award.

Taking account of the strong 2021 business performance as noted above and the overall management of the business the Committee is comfortable that the remuneration outcomes for 2021 provide a robust link between performance and reward and are appropriate. In reaching this conclusion the Committee has also taken into account the remuneration arrangements of the workforce overall, noting salary increases, the payment of bonuses and LTIP vesting to eligible employees and the shareholder experience over the performance period. The Committee is satisfied the Policy has operated as intended and that the exercise of discretion is not necessary.

Application of policy for 2022

Our CEO's salary will be increased for 2022 by 4% which is aligned to the workforce increase in Israel, where he is based. Our CFO's salary is increased by 9.4% from £320,000 to £350,000. Our CFO was appointed to the Board on 1 November 2020 on a salary significantly below market. The increase for 2022 brings him closer to market recognising his performance in role since joining 888 and proven skills and experience. The Committee understands investors' concerns with large salary increases and their preference that any increases to bring newly appointed executives to market should be made in stages. After this increase the CFO's salary and overall remuneration remains significantly below market. The Committee has noted that given his role, skills and experience and additionally the significantly increased size and complexity of the business following the William Hill acquisition, further steps will need to be taken to provide him with a market competitive package and so this is likely to be the first of one or more staged increases.

The annual bonus opportunity is unchanged from 2021 being 200% of salary for the CEO and 150% of salary for the CFO. For 2022 we are introducing Group Revenue excluding the US as a financial metric alongside EBITDA recognising the importance of top line growth. We are retaining a separate strategic element that will focus on continued growth in the US including US revenue growth, integration of the William Hill business once the acquisition has completed, regulatory compliance and safer gambling. The Committee will review the bonus measures and targets following the William Hill acquisition and consider whether any changes are required, with any amendments fully disclosed in next year's report.

DIRECTORS' REMUNERATION REPORT cont.

The LTIP award level for 2022 will remain at 200% of salary for the CEO and the CFO will receive an award of 150% of salary. Performance will continue to be determined 50% by relative TSR performance and 50% by stretching adjusted earnings per share growth targets. The TSR peer group has been reviewed for 2022 to take into account M&A activity within the Group and ensure a robust peer group to assess performance. The EPS targets have been set based on EPS growth for the current 888 business. The Committee will review the targets following the acquisition of the William Hill business and make any adjustments considered appropriate to take into account the expected performance of the larger business. Any adjustment to targets will be fully disclosed in the next Remuneration Report. Details of the TSR peer group and EPS targets are set out in the Annual Report on Remuneration.

ESG strategy

As explained in the Environmental, Social and Governance ('ESG') section of our strategic review on [pages 28 to 41](#), in 2021 we established a new ESG Committee and developed our ESG strategy which is an integral part of our wider business strategy. The Committee has considered carefully the extent to which ESG objectives should be incorporated into the Executive Directors' incentives. The priorities for 2022 are continuing our focus on regulation and safer gambling, both of which are of societal importance and risk management issues for the business, and these are included as objectives in the annual bonus. As the Board reviews the implementation of our ESG strategy during 2022 and as part of our wider Policy and operation of Policy review, the Committee will consider the extent to which additional ESG metrics should be included in incentives for 2023.

Executive Director remuneration going forward

The Committee has noted that post completion of the William Hill non-US business, 888 will be a significantly larger and more complex business and that there will be a revised business strategy for the enlarged group. The Committee anticipates that it will be necessary to review the Directors' Remuneration Policy and the operation of Policy to ensure it is aligned to our strategy and enlarged group. As part of its review the Committee will consider whether the Executives' packages are at the right level for their roles in the larger and more complex business, the incentive measures and weightings as well as best practice features such as annual bonus deferral as noted above and whether an adjustment is required to Executive Director pension to align to the workforce which will include former William Hill employees.

Wider workforce remuneration

Following the proposed acquisition of the William Hill non US business we will have a significantly enlarged business. The Committee has taken the opportunity, as part of its review of workforce remuneration policies and practices to consider with management, the introduction of an all employee share plan. As a result the Board is proposing to introduce an all employee Save As You Earn share option scheme to enable all employees of the 888 Group to benefit from the Group's future success. Shareholder approval will be sought for the scheme at our 2022 AGM. A wider review of workforce remuneration policies and practices will be carried out following the William Hill acquisition to ensure the Group's remuneration structures, practices and incentives are appropriately aligned across the Group and to our business strategy as well as providing fair and appropriate remuneration.

Conclusion

The Committee is comfortable that the operation of the Policy for 2021 has demonstrated a robust link between performance and reward and that the operation of the Policy for 2022 will incentivise and reward management during a year of significant transformation for the business.

During 2022, the Committee will, as I have explained in this letter, review the current Remuneration Policy and operation of Policy and I look forward to engaging with our shareholders should any changes be proposed.

I look forward to shareholders' support for the shareholder resolution for this my Annual Statement and our Annual Report on Remuneration at our Annual General Meeting to be held in June 2022.



ANNE DE KERCKHOVE

Chair of the Remuneration Committee

8 March 2022

Directors' Remuneration Policy

Remuneration policy

Set out below is 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, however if changes are required earlier it will be brought back to shareholders to approve any changes required.

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 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 shareholders 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.

DIRECTORS' REMUNERATION REPORT cont.

Remuneration policy table

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	<p>Reviewed annually with any changes normally effective from 1 January. Positioning and annual increases are influenced by:</p> <ul style="list-style-type: none"> 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. <p>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.</p>
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.
BENEFITS	
Purpose and Link to Strategy	<p>Market competitive structure to support recruitment and retention.</p> <p>Medical cover aims to ensure minimal business interruption as a result of illness.</p>
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	<p>The value of benefits is based on the cost to 888 and there is no pre-determined maximum limit.</p> <p>The range and value of the benefits offered is reviewed periodically.</p>
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.

Remuneration policy table cont.

ANNUAL BONUS	
Purpose and Link to Strategy	Rewards the achievement of annual financial and non-financial strategic targets.
Operation	<p>Bonus targets (percentage of salary) are based on objective and disclosable calculations where possible.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Opportunity	<p>The maximum opportunity is 200% of base salary.</p> <p>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.</p>
Performance Metrics	<p>Financial Performance The financial component is based on 888's key financial measures of performance.</p> <p>A sliding scale of targets applies for financial performance targets which are measured annually.</p> <p>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.</p> <p>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.</p>

DIRECTORS' REMUNERATION REPORT cont.

Remuneration policy table cont.

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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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	<p>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.</p> <p>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.</p> <p>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.</p> <p>A sliding scale of targets applies for financial or TSR metrics with no more than 25% of the award vesting at threshold performance.</p>

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.

Remuneration policy table cont.

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	<p>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.</p> <p>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.</p>
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.

DIRECTORS' REMUNERATION REPORT cont.

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 23 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.
Itai Pazner	Chief Executive Officer	Indefinite subject to termination provisions set out in his Agreement. Loss of office provisions are detailed above.
Yariv Dafna	Chief Financial Officer	Indefinite subject to termination provisions set out in his Agreement. Loss of office provisions are detailed above.
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 2022. 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.

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.

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.

DIRECTORS' REMUNERATION REPORT cont.

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.

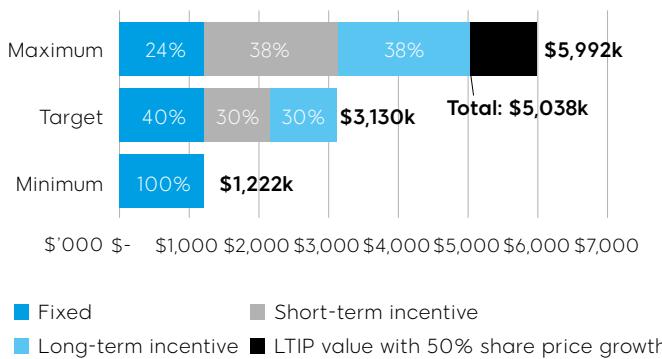
In determining the remuneration policy for Executive Directors, the Committee takes account of the policy for employees across the workforce. In particular, when setting base salaries for executives, the Committee takes into account the salary increases being offered to the workforce as a whole. The 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 Senior Vice Presidents all participate in the same annual bonus arrangements and with 888's Business Leadership Forum also participate in a long-term equity plan.

Illustration of application of current remuneration policy

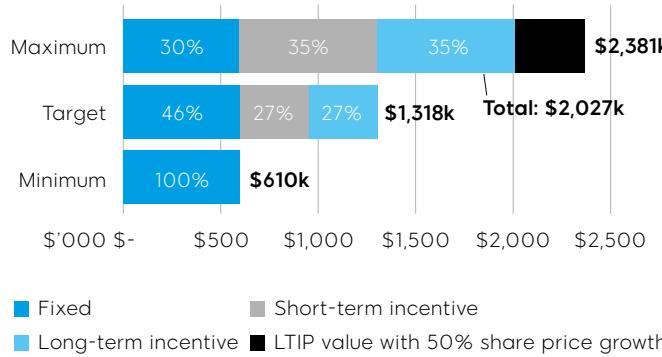
The following charts illustrate the operation of the Directors' Remuneration Policy for the current Executive Directors (CEO and CFO), under three different performance scenarios: 'Fixed pay', 'Target', and 'Maximum'.

The Maximum scenario includes an additional element to represent 50% share price growth from the date of grant to vesting.

CEO – Itai Pazner



CFO – Yariv Dafna



Assumptions:

- Fixed: Shows fixed remuneration only, base salary as at 1 January, taxable benefits (as disclosed for the previous financial year and excluding any benefits related to relocation for the CFO) and pension.
- Target: Shows fixed remuneration plus 50% of the maximum annual bonus opportunity and 50% of the LTIP award.
- Maximum: Shows fixed remuneration and maximum annual bonus (200% of salary for the CEO and 150% of salary for the CFO) and LTIP (200% of salary for the CEO and 150% of salary for the CFO). The Maximum scenario includes an additional element to represent 50% share price growth from the date of grant of the LTIP to vesting.

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 in June 2022. The information on [page 93](#) with respect to Directors' Emoluments and onwards through [page 103](#) has been audited.

Operation of Remuneration Policy for 2022

Base salaries

As referred to in the Chair's Annual Statement, the CFO was appointed on a below market salary and has not received a salary increase since his appointment on 1 November 2020. The CFO's salary is increased to £350,000 from 1 January 2022. Although this increase is above the workforce average, it recognises his performance in role, skills and experience with the resulting salary still below market.

The CEO's salary is increased in line with the workforce in Israel.

Director	2022	2021	Increase
CEO	ILS 2,972,986	ILS 2,858,640	4%
CFO	£350,000	£320,000	9.4%

Annual bonus

The CEO's maximum bonus opportunity is 200% of salary and the CFO's maximum bonus opportunity is 150% of salary.

The Annual bonus performance measures and weightings for 2022 are as follows:

Metric	Weighting
Group adjusted EBITDA	50%
Group Revenue excluding the US business	20%
Strategic objectives	30%
Total	100%

The key focus areas for the strategic objectives are set out below focusing on continued growth in the US (25%), integration of the William Hill business (30%), regulation (25%) and safer gambling (20%).

The Committee has set EBITDA and Revenue targets for the annual bonus based on expected performance for the 888 business.

The Committee will review the bonus measures and targets, including the weighting to the strategic objectives, following the William Hill acquisition and consider whether any changes are required.

The actual strategic objectives and the targets for the financial measures are considered commercially sensitive at this time. Full retrospective disclosure of targets and performance against these including any adjustments as a result of the William Hill acquisition will be disclosed in next year's report.

DIRECTORS' REMUNERATION REPORT cont.

Long-term incentive plan

Award levels

The CEO will be granted an award under the 888 Long Term Incentive Plan 2015 of 200% of salary and CFO will be granted an award of 150% of salary.

Performance conditions

For 2022 the performance conditions will continue to be based 50% on adjusted earnings per share growth targets and 50% on relative TSR.

Target ranges

The targets for the 2022 awards are set out below. Straight line vesting will occur between target points. The EPS targets have been set based on EPS growth for the current 888 business. The Committee will review the targets following the acquisition of the William Hill business and make any adjustments considered appropriate to take into account the expected performance of the larger business. Any adjustment to targets will be fully disclosed in the 2022 Remuneration Report.

Measure	Weighting (% of max award)	Threshold (25% of max vesting)	Maximum (100% of max vesting)
Relative TSR*	50%	Median	Median + 10% p.a. compounded
Adjusted EPS	50%	3% CAGR	9% CAGR

* The TSR peer group for 2022 has been reviewed and Gamesys has been removed due to M&A activity. Bally's Corporation will be added to the peer group. The 2022 peer group therefore comprises Bally's Corporation, Betsson AB, Flutter Entertainment plc, Entain plc (formerly GVC Holdings plc), Kambi Group plc, Kindred Group plc, LeoVegas AB, Playtech plc and Rank Group plc.

The 2022 awards will be subject to a two-year post vesting holding period.

Pension and benefits

888 offers a defined contribution pension scheme (via outsourced pension providers) or cash payment in lieu of pension. Itai Pazner receives a contribution of 14.89% of base salary, including a contribution for loss of working capacity and Yariv Dafna 15% of base salary. The pension contributions received by the Executive Directors are aligned to those available to the majority of the workforce in their country of appointment.

Benefits for 2022 are the same benefits provided in 2021 including additional benefits paid to the CFO in respect of his relocation to the UK and are in line with our policy.

Chair and Non-Executive Directors fees

The Non-Executive Director fees will remain unchanged from 2021, with the exception of the introduction of a membership fee for the ESG committee.

- Chair's fee: £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 service in 2021

The following table presents the Executive Directors' emoluments in respect of the year ended 31 December 2021 (all amounts are in US\$'000).

Executive Directors ¹		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	2021	885	121	1,431	2,682	132	5,251	1,138	4,113
	2020	762	103	1,132	626	114	2,737	979	1,758
Yariv Dafna, CFO (01 Nov 2020 onwards)	2021	440	418	570	—	66	1,494	924	570
	2020	71	9	98	—	11	189	91	98

1 Directors' remuneration is converted from Sterling and New Israeli Shekels into US\$ at the average rate of exchange for the relevant month it was paid save for the annual cash bonus which is converted into US\$ at the year end exchange rate.

2 Salaries for 2021 were ILS 2,858,640 for Itai Pazner and £320,000 for Yariv Dafna.

3 Benefits for Itai Pazner include convalescence and health insurance for Itai Pazner and his family, contribution to "study fund" up to the Israeli tax-free ceiling, car allowance and meals allowance; For Yariv Dafna include relocation related payments including housing, and schooling, and one-off costs in association with his move from Israel to the UK (£259,000) as well as car allowance and health, disability and life insurance; (£49,000).

4 A breakdown of the 2021 annual bonus targets and the extent of their achievement is set out overleaf.

(i) Out of the total bonus payment made to Itai Pazner of ILS 4,459,478 (total of 156% of salary), of which an amount equal to 100% of salary (ILS 2,858,640) is paid in cash, and the excess portion above 100% of salary (ILS 1,600,838) is to be deferred into shares under the DSBP.

(ii) Out of the total bonus payment made to Yariv Dafna of GBP 422,400 (total of 132% of salary), of which an amount equal to 100% of salary (GBP 320,000) is paid in cash, and the excess portion above 100% of salary (GBP 102,400) is to be deferred into shares under the DSBP.

5 Performance-based long-term incentives are disclosed in the financial year in which the performance period ends. LTIPs for the single total figure in 2021 are the value of the 2019 LTIP awards, for which the performance period ended on 31 December 2021, and will vest in 2022. The value is based on the average share price for the last three months of FY21 of \$4.75 compared to a share price on the date of grant of \$2.18 (£1.67). The value will be restated in the 2022 Annual Report on Remuneration using the actual share price on vesting. The 2018 LTIP value has been restated to reflect the actual share price on vesting of \$4.89 (£3.53).

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, Itai Pazner is granted personal pension scheme contributions in an amount of 14.1% of base salary, in addition to 0.8% of base salary contribution Yariv Dafna receive a cash payment in lieu of pension in the amount of 15% of base salary.

Non-Executive Directors' and Chair's fees

Current Non-Executive Directors		Fee \$'000	Other \$'000	Total \$'000
Zvika Zivlin ¹	2021	59	—	59
	2020	153	—	153
Anne De Kerckhove	2021	193	—	193
	2020	144	—	144
Mark Summerfield	2021	156	—	156
	2020	140	—	140
Limor Ganot ²	2021	134	—	134
	2020	49	—	49
Lord Mendelsohn ³	2021	379	—	379
	2020	36	—	36
Brian Mattingley (Executive Chairman) ^{4,5}	2021	110	6	116
	2020	411	23	434

1 Zvika Zivlin stepped down from the Board position on 20 May 2021.

2 Limor Ganot was appointed as a Non-Executive Director on 1 August 2020.

3 Lord Mendelsohn was appointed as a Non-Executive Director on 23 September 2020 and Chair of the Board on 31 March 2021.

4 Brian Mattingley stepped down from the Board on 31 March 2021.

5 "Other" for Brian Mattingley reflects reimbursement of expenses connected with his role.

DIRECTORS' REMUNERATION REPORT cont.

Annual bonus payments in respect of 2021 performance

The annual bonus opportunity was 200% of base salary for the CEO and 150% of salary for the CFO with 60% of the bonus for the CEO and 70% of the bonus for the CFO determined by reference to challenging adjusted EBITDA targets based around budget, 10% determined by US revenue targets for the CEO and 30% based on strategic objectives for both Directors.

Based on performance against these performance measures in 2021, 78% of maximum is payable for the CEO and 88% of maximum is payable for the CFO. Annual bonus in excess of 100% of salary is deferred into shares in one-third tranches for one, two and three years. This deferral results in 36% deferral of the total bonus paid for the CEO and 24% for the CFO.

Financial performance

The extent to which the adjusted EBITDA and revenue performance conditions in respect of 2021 performance were achieved are 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	60% for CEO 70% for CFO	\$126.0m	\$132.6m	\$139.2m	\$166.5m	100% of maximum
Revenue	10% for CEO	\$26.2m	\$28.3m	\$30.4m	\$22.0m	0% of maximum

EBITDA performance

To enable performance to be determined and tested on the basis on which the targets were originally set, the Committee has determined a range of criteria, which have been applied consistently for several years. On this basis reported adjusted EBITDA is adjusted to take into account of:

- the Group's withdrawal from any markets during the year, to provide an assessment of the underlying performance of the core business;
- changes to gaming taxes arising in the year that were not included at the start of the year when the targets were set; and
- movements in foreign exchange rates from budgeted rates (like-for-like adjusted EBITDA growth is calculated on a constant currency basis).

The Committee agreed the following adjustments to the 2021 reported adjusted EBITDA for bonus purposes.

	2021 Reported (US\$ million)	Adjustments (US\$ million)	Adjusted EBITDA (US\$ million)
Adjusted EBITDA	\$165.0		
- Constant currency adjustment		(\$9.3)	\$155.8
- Forced exit of markets		\$7.6	\$163.4
- New gaming taxes		\$3.1	\$166.5
Like-for-like Adjusted EBITDA			\$166.5

Strategic performance

Set out below are the strategic objectives set for the Executive Directors and performance against them.

OBJECTIVE	WEIGHTING	OBJECTIVES	PERFORMANCE	SCORE
US expansion	40%	<ul style="list-style-type: none"> a) Accelerate 888's brand presence by signing a deal with a strategic partner on terms acceptable to the Board 20% b) Secure market access deals in two additional states 10% c) Implement the new 888 platform in three US states 10% 	<ul style="list-style-type: none"> a) An agreement with Authentic Brands Group was signed in June 2021 to launch Sports Illustrated Sportsbook with the first State launch completed b) Market access deals have been secured in Virginia and a second State still to be publicly disclosed c) 888 platform implemented in Pennsylvania, Colorado and Michigan 	36% out of 40%
Regulatory compliance and safer gambling	35%	<ul style="list-style-type: none"> a) Conclude the UKGC compliance assessment and licence review b) Complete Control Centre rollout in regulated markets to cover at least 90% of non-US regulated revenues 	No payment under this element reflecting the assessment and findings of the UKGC	0% out of 35%
Market/product focus	15%	<ul style="list-style-type: none"> a) Realise the budgeted accumulated growth in Romania, Sweden, Portugal, Canada and Ireland b) Complete the Bingo sale; alternatively implement an internal reorganisation and optimisation plan c) Sports revenue through Spectate platform to achieve target set by the Board 	<ul style="list-style-type: none"> a) Growth achieved significantly above budget (22.6% above budget) b) Bingo sale was signed and separation processes are ongoing c) Target achieved 	15% out of 15%
Operational excellence/people agenda	10%	<ul style="list-style-type: none"> a) Achieve at least 80% of the hiring plan to support US growth and business expansion b) Development and Board approval of five-year strategic plan c) Development and Board approval of ESG strategy, including development of employee engagement d) Workforce strategy to reduce average employment cost 	<ul style="list-style-type: none"> a) The plan to set a more robust organisation to support the US growth was executed b) Board approval of five-year Acceler8 strategic plan c) ESG strategy developed with Board approval and establishment of ESG operational committee d) Workforce employment cost strategy developed but not executed in light of the different M&A activity 	9% out of 10%

DIRECTORS' REMUNERATION REPORT cont.**Total bonus payable for 2021**

Director	Adjusted EBITDA (% payout of 60% for CEO and 70% for CFO)	US revenue (% payout of 10% for CEO only)	Strategic objectives (% payout of 30%)	Total payout (% of maximum)	Total payout (% of salary)	Total payout \$'000
Itai Pazner	60%	0%	18%	78%	156%	\$1,431
Yariv Dafna	70%	N/A	18%	88%	132%	\$570

Long-term incentive awards with performance period ending in the year ended 31 December 2021**Long-Term Incentive Plan**

The 2019 LTIP awards have a performance period that ended on 31 December 2021 and the awards are due to vest in 2022. The awards are based solely on TSR performance. In determining the 2019 award performance conditions, the Committee considered the increasingly difficult regulatory environment in which 888 operates and the difficulty at the time of setting accurate long-term financial performance conditions for the next three-year period. In this context, the Committee concluded a single TSR performance condition provided a strong alignment of interest between executives and shareholders and was appropriate.

The table below sets out the achievement against the TSR performance condition, resulting in total vesting of 88.5% of maximum.

Performance level	TSR ¹	
	Performance required	% vesting
Below threshold	Below median	0%
Threshold	Median = 75.1%	25%
Stretch or above	33% above median = 133.0%	100%
Actual achieved	123.4%	88.5%

¹ TSR peer group comprises GVC Holdings, Sportech, Playtech, Paddy Power Betfair, William Hill, Betsson AB, International Game Technology, JPJ Group, Kindred Group and OPAP SA.

In addition to performance against the TSR condition, for vesting the Committee determined at the time the award was granted that it must be satisfied that the Company's TSR is reflective of underlying financial performance. The Committee is comfortable with the level of vesting determined by the TSR target and in reaching this conclusion has noted that absolute TSR over the period was strong and reported adjusted earnings per share has grown from 20.2¢ for FY18 to 27.3¢ for FY21 growth of 11% CAGR.

Details of the level of vesting for the Chief Executive Officer and the actual number of shares and estimated value in respect of his awards granted under the 2019 LTIP, based on the above, is shown in the table below:

Executive	Number of awards at grant	Number of awards to lapse	Number of awards to vest	Dividend accrual on vested awards	Value of awards excluding dividend accrual ² US\$
Itai Pazner	638,332	73,408	564,924	0	2,681,766

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 US\$4.7471 (based on the exchange rate of 1.35) being the average share price for the last three months of 2021.

Scheme interests awarded during the year

The table below sets out the grants under the 888 Holdings plc Long Term Incentive Plan in 2021, which includes a pro-rated 2020 LTIP award granted to Yariv Dafna that is subject to the same performance conditions as the CEO's 2020 LTIP award, and the Deferred Share Bonus Plan awards made in relation to the 2020 bonus.

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	18-Mar-21	358,810	\$1,739,230	200%	25%
	Deferred share bonus	18-Mar-21	63,735	\$308,937	N/A	NA
Yariv Dafna	LTIP ²	18-Mar-21	137,733	\$667,622	150%	25%
	LTIP ³	18-Mar-21	34,433	\$166,904	37.50%	25%
	Deferred share bonus ⁴	18-Mar-21	5,930	\$28,744	N/A	NA

1 Face value was calculated using share price on the date of grant, which was £3.485 (18 March 2021). The awards are awards of Ordinary Shares.

2 These awards are due to vest subject to performance conditions being met at the end of the performance period ending 31 December 2023. The award is subject 50% to a TSR performance condition versus a peer group comprised of Betsson AB, Flutter Entertainments plc (formerly Paddy Power Betfair plc), Gamesys Group plc, GVC Holdings plc, Kambi Group plc, Kindred Group plc, LeoVegas AB, Playtech plc and Rank Group plc. (25% of the TSR awards vest for median performance with full vesting achieved for out-performance the median plus 10% p.a.). The remaining 50% is subject to an adjusted EPS growth performance condition of 3% CAGR to 9% CAGR.

3 These awards are due to vest subject to performance conditions being met at the end of the performance period ending 31 December 2022. The award is subject 50% to a TSR performance condition versus a peer group comprised of Betsson AB, Flutter Entertainments plc (formerly Paddy Power Betfair plc), Gamesys Group plc, GVC Holdings plc, Kindred Group plc, Sportech, Playtech plc, Rank Group plc and William Hill. (25% of the TSR awards vest for median performance with full vesting achieved for out-performance the median plus 10% p.a.). The remaining 50% is subject to an adjusted EPS growth performance condition of 3% CAGR to 9% CAGR.

4 The Deferred Share Bonus plan awards will vest in equal tranches one, two and three years from the date of grant.

Loss of office payments and payments to past Directors

There were no loss of office payments to Directors in the year.

Aviad Kobrine stepped down from his role as CFO on 1 November 2020. Mr Kobrine received salary, benefits and pension contribution for the balance of his notice period to 24 January 2021, totalling \$48,363. Mr Kobrine's 2019 LTIP award will vest at 88.5% of maximum on the normal vesting date pro-rated for service.

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. The CEO has met the requirement and the CFO, only appointed on 1 November 2020, has yet to meet the requirement.

Details of the Directors' interests (and of their connected persons) in shares as at 31 December 2021 are shown in the table below. There were no changes in the Directors' interests in shares between 31 December 2021 and the date of this Report.

Director	Number of Ordinary Shares at 31 December 2021								% achievement against shareholding guideline ²	
	Legally owned	Unvested shares with performance conditions	Unvested shares without conditions	Unvested options ¹ with performance conditions	Unvested options ¹ without performance conditions	Vested unexercised options	Total			
Itai Pazner	647,857	1,895,474	—	—	78,098	7,181	2,628,610	733,136	324%	
Yariv Dafna	—	—	—	172,166	5,930	—	178,096	5,930	6%	
Mark Summerfield	32,412	—	—	—	—	—	32,412	—	N/A	
Anne De Kerckhove	—	—	—	—	—	—	—	—	N/A	
Lord Jonathan (Jon) Mendelsohn	60,409	—	—	—	—	—	60,409	60,409	N/A	
Limor Ganot	—	—	—	—	—	—	—	—	N/A	
Brian Mattingley ³	142,857	—	—	—	—	—	142,857	142,857	N/A	
Zvika Zivlin ³	—	—	—	—	—	—	—	—	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 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 2021 of £3.010. FX ILS/GBP = 4.1.

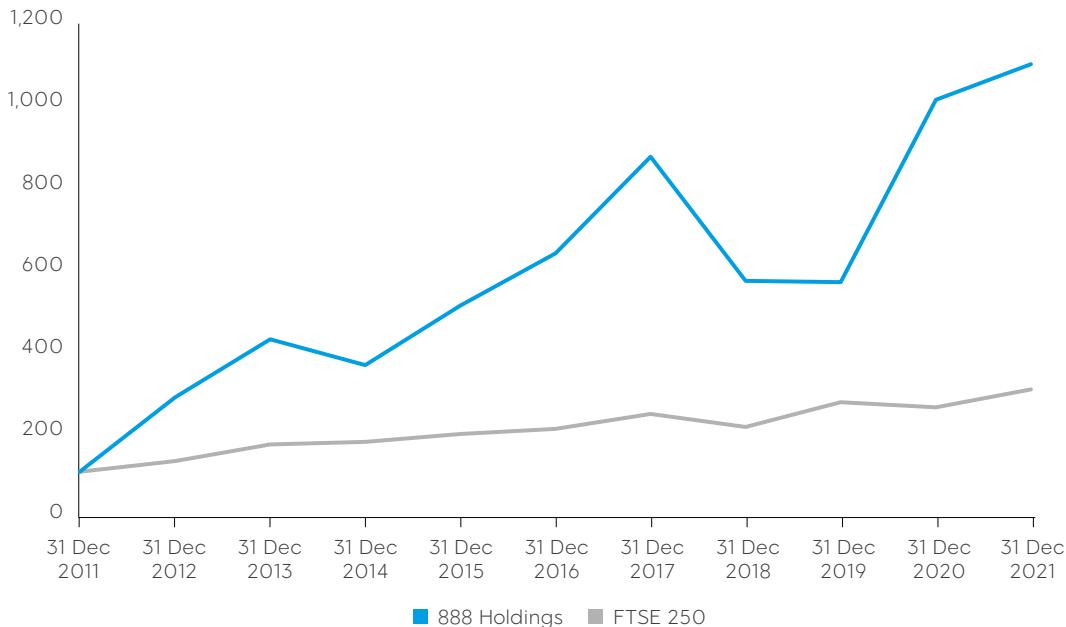
3 Shares held on the date they stepped down from the Board.

No Director was materially interested during the year in any contract which was significant in relation to the business of 888.

DIRECTORS' REMUNERATION REPORT cont.

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 CEOs 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.

	2012 ^{1,2}	2013	2014	2015 ^{3,4}	2016 ⁵	2017	2018	Itai Frieberger	2019 ⁶ Itai Pazner	2020	2021
Total remuneration (\$000s)	1,060	1,275	1,331	5,415	1,855	10,771	2,518	465	1,728	2,567	5,251
Annual bonus (%)	100%	100%	100%	100%	100%	100%	29.2%	74.6%	74.6%	92.5%	78%
LTIP vesting (%)	0%	0%	0%	59%	100%	100%	73.8%	30.6%	30.6%	89.9%	88.5%

1 Brian Mattingley was appointed as CEO on 27 March 2012.

2 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.

3,4 Reflects Brian Mattingley's tenure as CEO until 13 May 2015.

5 Itai 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.

6 Itai 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.

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 2020 and financial year 2020 to financial year 2021, for Directors and employees of the Group, taken as a whole. Exchange rates were normalized for comparative years in order to neutralise foreign exchange effects.

	Change 2021 vs 2020			Change 2020 vs 2019		
	Base salary	Benefits	Bonus	Base salary	Benefits	Bonus
Itai Pazner ¹	9%	10%	23%	4%	-2%	29%
Yariv Dafna ²	N/A	N/A	N/A	N/A	N/A	N/A
Brian Mattingley ³	N/A	N/A	N/A	0%	N/A	N/A
Mark Summerfield ⁴	4%	N/A	N/A	N/A	N/A	N/A
Zvika Zivlin ⁵	N/A	N/A	N/A	0%	N/A	N/A
Anne De Kerckhove ⁶	26%	N/A	N/A	12%	N/A	N/A
Jon Mendelsohn ⁷	N/A	N/A	N/A	N/A	N/A	N/A
Limor Ganot ⁸	N/A	N/A	N/A	N/A	N/A	N/A
Employees ⁹	-2%	-1%	-14%	0%	-7%	88%

1 As set out in last year's remuneration report, the CEO received a 9.1% salary increase for 2021 reflecting his performance and increased role and responsibilities since his appointment and the increase in scale and complexity of the business.

2 Yariv Dafna first appointed 1 November 2020.

3 Brian Mattingley stepped down on 20 May 2021.

4 Mark Summerfield joined the ESG committee during the year.

5 Zvika Zivlin stepped down 20 May 2021.

6 Anne De Kerckhove took over as Remuneration Committee Chair during the year following Zvika Zivlan's retirement and was also appointed Senior Independent Director on 17 March 2021 and joined the ESG committee during the year.

7 Lord Mendelsohn was first appointed to the Board on 23 September 2020 and Chair of the Board on 31 March 2021.

8 Limor Ganot first appointed 1 August 2020.

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 cont.

CEO Pay ratio

	Method	25th percentile	50th percentile	75th percentile
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		\$885,000	\$59,000	\$78,000
Total pay and benefits		\$5,251,000	\$85,000	\$110,000
				\$111,000
				\$148,000

The table above sets out the CEO pay ratio for 2019 to 2021. 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.

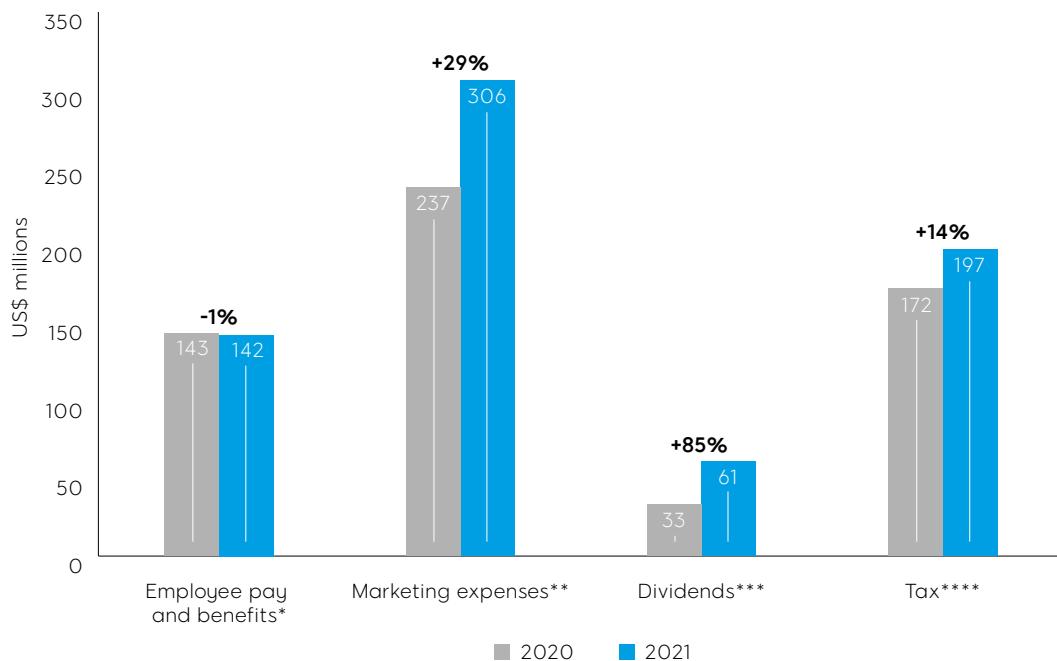
2021 has been another strong year for 888 which is reflected in the incentive outcomes for the year. The increase in the ratio for 2021 results from the increase in the CEO's salary and annual bonus as well as the high level of incentive outcome as a result of the very strong performance of the business and the exceptional share price performance which other eligible Group employees have also benefited from. \$1,451,854 of the CEO's total pay for 2022 is as a result of share price performance over the vesting period of the 2019 LTIP award.

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

The following graph sets out the actual expenditure by 888 in financial years 2020 and 2021 on items that were the most significant outgoings for 888 in the last financial year, including on remuneration to Group employees.



The comparables chosen were the following:

* the employee pay figure includes employee benefits in accordance with the financial statements (including both staff costs and share benefit charges);

** marketing expenses - This reflects the amount invested in development of the future revenue stream of 888 driven by customer acquisition;

*** dividends - This reflects amounts distributed to shareholders;

**** taxes and duties - This is a necessary cost of doing business in a regulated business environment.

Calculation of the comparables is as set out in the 2021 Consolidated Income Statement and Notes to the Financial Statements.

DIRECTORS' REMUNERATION REPORT cont.

Committee members, attendees and advice

The Remuneration Committee consists solely of Non-Executive Directors. Zvika Zivlin chaired the Committee until the 2021 AGM where he stepped down from the Board, Anne de Kerckhove was a member of the Committee until the 2021 AGM where she took over as Committee Chair. Committee members during the year include Mark Summerfield, Lord Mendelsohn until 31 March 2021 when he was appointed Chair of the Board and Limor Ganot from 1 April 2021. Details of attendances at Committee meetings are contained in the statement on Corporate Governance on [pages 64 and 65](#). 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 corporate.888.com/investor-relations/corporate-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 does not provide any other services to 888. 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 2021 were £80,000 (2020: £60,000). 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 Group's SVP for Human Resources and Chief Operating Officer's roles supported by the CEO are to engage with the wider workforce and views and feedback on remuneration are provided to the Committee and wider Board. The Company engages with its workforce through a number of different channels (as set out in more detail on [pages 48 and 49](#)). Engagement with the workforce to explain broader pay policies and practices and the alignment to the Executive Directors' Remuneration Policy is carried out throughout the year focusing on different elements of pay at different times in line with the Group's annual performance, strategy and reward agenda, through a variety of existing engagement channels including town halls and the cascade of Group communication by the Chief Executive Officer to his key team and then throughout the organisation.

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. Last year's Remuneration Report noted that the Committee had in advance of the 2021 AGM written to investors representing over 80% of 888's share capital to seek feedback on changes proposed to our Directors' Remuneration Policy. The Board understood from our engagement that some shareholders and one of the proxy agencies had concerns about the proposals. We have sought to address the concerns raised about annual bonus disclosure and have committed to review and bring into line with investor expectations the annual bonus deferral structure as part of a wider remuneration review following closure of the acquisition of the non-US William Hill business. As set out in the Chair's Annual Statement, since the 2021 AGM 888 has continued its engagement with shareholders discussing a broad ranging of remuneration matters including the rationale for 2021 remuneration decisions, gender pay, safer gambling and the development of the Group's ESG strategy. Our engagement with investors will continue as we carry out the remuneration review noted above.

Statement of shareholder voting at AGM

Details of votes cast for and against the resolutions to approve the Annual Report on Remuneration and the Remuneration Policy at the 2021 AGM are shown below.

	Advisory Vote to approve Annual Report on Remuneration (at 2021 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	271,974,716	94.70%	215,388,197	75.72%
Against	15,232,499	5.30%	69,066,028	24.28%
Vote Withheld	4,212		2,757,202	

Approved by the Board of Directors and signed on behalf of the Board:



ANNE DE KERCKHOVE
Chair of the Remuneration Committee

8 March 2022

AUDIT COMMITTEE REPORT



Annual statement

Dear Shareholder,

The Committee was kept busy during the year with a number of potential transactions, including the sale of the Company's Bingo business and the proposed acquisition of William Hill International. However, the Committee did not neglect its ongoing role of reviewing the key risks facing the Company and its financial information, ensuring constructive, yet independent and robust, challenge and support to both management and our internal and external auditors. I would once again like to thank my colleagues, Anne de Kerckhove and Limor Ganot for their support during an often hectic 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 is 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 is conducted by Deloitte and the scope of their plan is agreed with both management and the Committee to ensure it helps the Board consider the effectiveness of controls over certain of the significant risks disclosed in these accounts. I commend both Deloitte and management for ensuring that the planned work for the year was completed despite both the operational constraints arising from the pandemic and the extensive M&A activity.

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 Gibraltar is the Company's statutory auditor including for the purposes of issuing an audit report pursuant to the Gibraltar Companies Act 2014. 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.

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 June 2022 to answer any questions.



MARK SUMMERFIELD
Chair of the Audit Committee

8 March 2022

HIGHLIGHTS OF THE COMMITTEE'S WORK DURING THE YEAR WERE CONSIDERATIONS OF:

Topic

The impact of changes to the complex legal and regulatory environment in which 888 operates on its business, sector and market, together with the Group's ongoing engagement with regulatory bodies.

Challenges raised

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 Group's response. This included overseeing management's full review of the Company's business risk assessment, supported by leading legal and AML advisers, which was submitted to the UK Gambling Commission during 2021.

Topic

888's exposure to corporation tax, gaming duties, VAT and similar taxes.

Challenges raised

The Committee considered the advice received and challenged the appropriateness of the conclusions reached by management on key tax and gaming duty matters. It also considered the analysis and conclusions reached by EY on the same matters as part of their audit work. The Committee furthermore reviewed the terms of the Company's settlement with the Israeli Tax Authority which was concluded in December 2021, as well as challenging and reviewing the impact of the agreement on the Company's overall tax position.

Topic

The carrying value (including goodwill) of the US and the Bingo businesses.

Challenges raised

The Committee carefully considered the prospects of the Bingo businesses and concluded that no impairment was required.

The considerable opportunities provided by the regulation of certain US states and the Group's plans to address them meant the Committee concurred with management's view that no impairment of the US B2C business was required.

Topic

The adequacy of 888's IT systems and controls together with a review of management's response to cyber-attack and incidents of attempted fraud.

Challenges raised

The Committee examined management's and the internal auditors' reports on cyber security and fraud. Discussions with management led to support for a proposal to further strengthen the Group's defences, including the decision to outsource certain functions.

AUDIT COMMITTEE REPORT cont.

HIGHLIGHTS OF THE COMMITTEE'S WORK DURING THE YEAR WERE CONSIDERATIONS OF:

Topic

The assessment of the risks facing the business.

Challenges raised

The Committee reviewed the risk register and risk appetite statement to ensure that it remains an accurate and relevant reflection of the Board's approach to risk management.

Topic

The viability statement and going concern statement prepared by management.

Challenges raised

The Committee reviewed management's analysis of the Company's going concern and viability statement, including updated forecasts and downside scenarios that better reflected the anticipated operating and economic environment. It concluded that the Company has adequate resources to continue in operational existence for the foreseeable future.

Topic

888's anti-bribery, anti-money laundering and whistleblowing obligations.

Challenges raised

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.

The Group's corporate governance arrangements, including the risk register, going concern and viability statements and corporate policies will all be thoroughly reviewed during 2022 in light of the proposed acquisition of William Hill International and the accompanying financing announced by the Company in 2021.

Committee composition

During 2021, the Committee comprised at least three independent Non-Executive Directors, being Mark Summerfield, Limor Ganot (who joined the Committee on 1 April 2021 when Lord Mendelsohn stepped down due to taking up his role as Chair of the Board) and Anne de Kerckhove. Zvika Zivlin also served on the Committee until 20 May 2021 when he stepped down from the Board.

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, 888'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. Details of meetings of the Audit Committee are set out in the Corporate Governance Report on [page 70](#).

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 2021

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

888 operates within an increasingly regulated marketplace and is challenged by regulatory requirements across all areas of its business. This creates risk for the Company 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 to produce regular updates so that the Board and Audit Committee understand what is happening in the regulatory landscape.

During 2021, the Board and Audit Committee received regulatory briefings from the Company's lawyers and reviewed updates on the management of regulatory risk from management, as well as reviewing the status of litigation involving 888 and the related accounting for 888's obligations in the financial statements. This included examination of the changing regulatory landscape in Germany, the Netherlands and Ontario, Canada, and defence of the Company's position in those markets. The Committee also considered the changing risk environment as regards Austrian player litigation and changes to compliance and quality assurance controls in other markets where the regulatory regime has evolved.

The Audit Committee had a key role during 2021 working with the ESG Committee in overseeing the Company's response to the UK Gambling Commission compliance assessment which was initiated in October 2020 and all remediation actions executed by management in response to the Gambling Commission's findings.

Taxation

The Board oversees and sets the Group's tax strategy and evaluates tax risk. In undertaking this task, the Group uses its legal and tax advisors. During the year, the Group's legal advisors have kept the Board and Audit Committee apprised of both existing and emerging tax risks and, where appropriate, these have been considered by the Board in conjunction with 888's commercial strategy.

In 2021, the Board and Audit Committee discussed the Group's tax related matters including the Group's tax and intellectual property holding structure. Furthermore, the Committee received detailed updates regarding the finalisation of the Tax Assessment Agreement in Israel and the migration of 888 Holdings plc to the UK for tax purposes. 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 8 and 27 to the financial statements.

Goodwill and intangible assets

As set out in note 11 to the consolidated financial statements, 888 has significant goodwill and other intangible assets relating to the acquisitions of the Bingo and US B2C businesses, the development of gaming platforms and software, and the internal costs incurred in respect of the new data centre project in Dublin.

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 regulatory developments and the potential sale of the bingo business, and satisfied itself that no impairment is required in relation to the carrying value of the US B2C or Bingo businesses.

In addition, the Committee reviewed the board paper in relation to the appropriateness of the capitalisation of costs relating to the development of gaming platforms and software with a view to understanding and mitigating the financial reporting risks involved.

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 and the internal controls which are in place 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. 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 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 is in advanced stages of implementing the relevant ISO standard.

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 50 to 59](#).

The Board has confirmed that it has carried out a robust assessment of the principal risks facing 888, including those which threaten its business model, future performance, solvency or liquidity.

AUDIT COMMITTEE REPORT cont.

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. During the year, the Board has not been advised by the Audit Committee of, nor identified itself, any failings, frauds or weaknesses in internal control which it has determined to be material in the context of the financial statements.

The Committee believes that appropriate internal controls are in place through the Group, that 888 has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system. 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 2021, 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 scrutinized 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. In its going concern assessment, the Directors have considered two cases. The first assumes the Group on a standalone basis as the William Hill International transaction is yet to be completed and pending shareholders' approval (the "standalone" case) and a second in which the WHI acquisition completes in Q2 2022 (the "acquisition" case). While there were no immediate or anticipated issues, the Committee challenged the identification of these significant risks and the assumptions comprising the viability analysis carried out by management, and deemed appropriate the disclosure around both going concern and the viability statement. The Group's Viability Statement is on [pages 60 and 61](#).

Fair, balanced and understandable

The Committee considered whether the 2021 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. The Committee and subsequently the Board were satisfied that, taken as a whole, the 2021 Annual Report and Accounts are fair, balanced and understandable.

ANNUAL REPORT APPROVAL PROCESS

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 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 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 legal advisers draft the regulatory review and risk report in line with the legal advice received by the Group, regulatory developments 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 Finance Department and the Remuneration Committee.

The Group's Finance Department prepares the accounts. These are reviewed 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 and SVP Finance review the entire Annual Report and Accounts and lead an iterative process pursuant to which the relevant internal and external stakeholders review and provide comments.

The draft Annual Report and 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 and Accounts is finally reviewed by the full Board for approval.

Adequate time is given to each of the above steps in order to allow for full and meaningful review.

Performance of Audit Committee

The Audit Committee's performance was evaluated as part of the Board evaluation initiated in December 2021 as detailed on [page 68](#). The overall conclusion of the review was that the Committee remains effective in discharging its functions and reporting to the Board.

Internal auditors

The Group's internal audit function is outsourced to Deloitte Israel. 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. It has also reviewed reports from Deloitte Israel in relation to all internal audit work carried out during the year and monitored response and follow up by management to internal audit findings. In the past three years, the internal auditors have reviewed various aspects of 888's customer service and business operations, finance, B2B and B2C activities, product technologies, human resources and regulation. In 2021, Deloitte Israel issued reports on GDPR, SOCIR, Marketing Regulations Compliance, Access Management, cash flow and bank account management, Criminal Finances Act, Israel location review, Multi currency pricing, SEO Procurement, Self-exclusion, US Operations and B2C marketing regulations, as well as presenting the 2022 internal audit plan.

Certain matters were identified which required modifications to procedures and improved controls, which either have been or are being implemented by management. The Committee has evaluated the performance of Deloitte Israel, and has concluded that they provide constructive challenge and consistently demonstrate a realistic and commercial view of the business.

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 Philip Young, a partner in EY's London office. Angelique and Philip have been responsible for 888's audit since 2018 and 2019 respectively. Unfortunately, due to unforeseen circumstances Philip was unable to carry out the year end audit and sign the audit opinion.

EY moved quickly to appoint two London based partners to work with Angelique to oversee the completion of the audit, Marcus Butler and Jon Killingley. Marcus has been the independent audit partner since 2018 and, as such, is very familiar with the key audit areas. Jon previously worked on our audit between 2014 and 2016, and also knows the Group well. The Audit Committee Chair spent additional time with Marcus and Jon to ensure they had been able to satisfactorily consider all the necessary areas of the business and has received the necessary reassurances. The Committee thanks them for stepping in during what is a very busy time for them both.

AUDIT COMMITTEE REPORT cont.

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 incumbent auditor against independence threats are sufficient and comprehensive;
- Ensuring that the quality and transparency of communications with the external auditors are timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive;
- 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. In addition, during 2021 the Audit Quality review team of the Financial Reporting Council considered certain aspects of EY's audit of our 2020 consolidated financial statements. The Committee has received a full copy of the findings and was pleased to note that no key findings arose from the review, with only two minor areas for improvement noted. These areas have been discussed with EY and the Committee is satisfied that they were addressed appropriately during the 2021 audit.

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 June 2022. If reappointed, EY will hold office until the conclusion of the next Annual General Meeting at which accounts are laid.

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 will consider the timing of an audit tender process during 2022 in the context of the Company's transformational acquisition of William Hill. 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.

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 did not highlight any material internal control weaknesses and management has committed to making appropriate changes to controls in areas highlighted by EY.

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 US\$0.1 million, 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 4 to the Financial Statements.

This year, in undertaking the circular and prospectus for the proposed acquisition of William Hill International and associated capital raise, that is expected be published during H1 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 audit 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 International and Capital Raise, total fees for non-audit services represented 256% (2020: 14%) of the total audit fees and 298% of the average audit fee for the preceding three-year period.

Factors considered by the Audit Committee in being satisfied as to EY's continued audit 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
- It was not anticipated that EY would 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.

INDEPENDENT AUDITOR'S REPORT

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 2021 and of the group's profit 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.

We have audited the financial statements of 888 Holdings plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise:

GROUP	PARENT COMPANY
Consolidated income statement for the year ended 31 December 2021	Balance sheet as at 31 December 2021
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 2021	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 28 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 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. As disclosed in the company's audit committee report, we have obtained an exemption from the FRC in respect of the non-audit services provided to the group in 2021, which exceeded the 70% non-audit services fee cap. We confirm that there are appropriate safeguards in place and that we remain independent.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the 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 were considered. We also understood the review controls in place for the going concern model, for assessing forecasts obtained from William Hill International ("WHI") management and management's Board memoranda. Management assessed the Group on a standalone basis and under an acquisition case in which the WHI acquisition completes in Q2 2022.
- 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 searched for sources of contradictory evidence in our assessment of management's forecasting, including assessing historical budgeting accuracy and 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 have performed reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity during the going concern period.

- Assessing the appropriateness of the duration of the going concern assessment period to 31 December 2023 and considering the existence of any significant events or conditions beyond this period based on our procedures on the Group's business plan, cash flow forecasts and from knowledge arising from other areas of the audit;
- We concluded that the disclosure in Note 2 and the Directors' report appropriately sets out the risks and considerations used to form the directors' going concern conclusion in both the standalone scenario and the acquisition scenario.

To address the impact of the acquisition of WHI we performed procedures to understand changes in facts and circumstances which may indicate material uncertainty in relation to the group and parent company's ability to continue as a going concern. Specifically, we:

- Obtained and reviewed the historic proforma financial information of the combined group, and the quantified financial benefit statements of the merger performance.
- We obtained an understanding of the proposed financing of the acquisition and Group structure post acquisition. The acquisition will be fully debt funded, the facilities are agreed, and the debt will contain no financial covenants other than on a revolving credit facility which is not forecast to be drawn upon.
- Compared cash on hand, and forecast cash generation, to forecast liability settlement including committed dividends, to assess liquidity risk.
- Obtained management's going concern assessment, including the cash flow forecast for the group, assuming the acquisition of WHI in Q2 2022, for the going concern period which extends to 31 December 2023. The Group has modelled a number of adverse scenarios, individually and in aggregate, in its cash forecast in order to incorporate unexpected changes to the forecasted liquidity of the Group, including the adverse impact of potential measures that may be imposed following the UK Gambling Act review, the impact of regulatory and legal actions, any legal settlements being higher than expected, a further UK lockdown and a reduction in revenues in both regulated and unregulated markets.
- We evaluated the potential impact of any contingencies, including the likelihood of their occurrence. This included obtaining and reviewing relevant legal advice, and indemnities and warranties agreed as part of the transaction.
- We assessed the flexibility of the business model in the acquisition case to respond to reduced revenues; performed procedures to test the reasonableness of all key assumptions, namely each revenue stream, gaming duties, marketing expenses and overheads through reconciliation to the budget approved by the Board and comparison with recent performance, as well as their consistency with other areas of the audit including impairment assessments, and the forecasts prepared as part of the acquisition workstreams.
- Performed reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity during the going concern period.
- We considered the achievability of planned synergies and any incremental costs of executing the planned transaction.

Our key observations:

- On a standalone basis, the Group has no external debt, cash net of customer deposits of US\$174.5m as at 31 December 2021, generated cash from operating activities of US\$133.2m in the year ended 31 December 2021 and remains profitable, cash generative and debt free throughout the going concern period.
- In the acquisition case, the Group remains profitable, cash generative and the loan and overdraft facilities secured for the acquisition contain no financial covenants. The Group's exposure to certain legal and regulatory risks, particularly those associated with the UK market, is increased. However, even under adverse scenarios described above, the Group maintains liquidity headroom throughout the going concern period; and

Going concern has also been determined to be a key audit matter.

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 31 December 2023.

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	<ul style="list-style-type: none"> We performed an audit of the complete financial information of two components, one being a subsidiary in Israel and the other being the remainder of the Group. The components where we performed full audit procedures accounted for 100% of Profit before tax, Revenue and Total assets.
Key audit matters	<ul style="list-style-type: none"> Regulatory and legal risks Revenue recognition Impairment of Bingo and US B2C cash generating units Going concern
Materiality	<ul style="list-style-type: none"> Overall group materiality of US\$5.15m, which represents 5% of Profit before tax adjusted for certain exceptional items, including legal and professional costs for the acquisition of William Hill International.

INDEPENDENT AUDITOR'S REPORT cont.

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 such as recent Internal Audit results when assessing the level of work to be performed at each entity.

The Group operates from a small number of locations and the Group's accounting is centrally managed. In assessing the risk of material misstatement to the Group financial statements, we determined that there were two components, one being a subsidiary in Israel and the other being the remainder of the Group.

We performed an audit of the complete financial information of both of these components ("full scope"). The components we audited therefore account for the entirety of the Group's profit before tax, revenue and total assets. This is consistent with our approach in the prior year.

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.

The Israeli subsidiary was subject to a full scope audit of which specific key areas were audited by a component team in Israel and the remainder of the subsidiary was audited by the Group audit team. The remainder of the Group was audited directly, as a full scope audit, by the Group audit team.

Historically, the Group audit team performed the majority of its audit fieldwork in Israel and to a lesser extent Gibraltar, including auditing all of the significant judgements. Non-statutory and statutory audit partners visited Israel at the year-end phase of the audit. These visits involved conducting and reviewing audit work performed by the Israel component audit team and attending audit closing meetings.

In the current year, as in 2020, due to the COVID-19 pandemic, travel to Israel was not possible during key audit phases. As a result, the Group audit team performed the majority of its audit fieldwork remotely from London and to a lesser extent from Gibraltar, including auditing all of the significant judgements. Non-statutory and statutory audit partners held virtual meetings remotely with management based in UK, Gibraltar and Israel throughout the audit. During these interactions they attended audit closing meetings.

For the Israeli subsidiary, the Group audit team interacted with the component audit team regularly during the various stages of the audit, reviewed key working papers, participated in the component audit team's planning, including its discussion of fraud and error and were responsible for the scope and direction of the audit process. Due to travel restrictions, we were unable to travel to Israel, hence the review of relevant audit work papers was facilitated by the EY electronic audit file platform, screen sharing or the provision of copies of work papers directly to the Group audit team. We held regular video call meetings with the component team. Given the nature of our engagement, some of these measures had been implemented, albeit to a lesser extent, in previous years, providing an appropriate base from which to expand these forms of interactions and facilitate our oversight of the component audit team. The allocation of responsibilities between the Group audit team and the Israel component team was such that the audit work on each of the areas of risk described as 'key audit matters' was led by the Group audit team. This gave us sufficient and appropriate evidence for our opinion on the Group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. As an online business, the Group's activities have a relatively small impact on the environment when compared to companies that operate in more resource intensive industries. The Group has determined that the most significant future impacts from climate change on its operations will be from energy prices as the Group and global economy transition to greener sources. These are explained on [page 39](#) in the required Task Force for Climate related Financial Disclosures, which form part of the "Other information", rather than the audited financial statements. Our procedures on these 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. As disclosed in note 2 to the financial statements, in the Group's view climate change does not represent a material estimation uncertainty.

Our audit effort in considering climate change was focused on considering whether the effects of climate risks have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being the impairment tests of Bingo B2C 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.

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.

Risk	Our response to the risk	Key observations communicated to the audit committee
<p>Regulatory and legal risks</p> <p>At 31 December 2021, the Group has provided US\$25.7 million (2020: US\$19.3 million) in respect of ongoing legal and regulatory matters.</p> <p>Refer to the significant accounting policies (Note 2); and Notes 19 and 27 to the Consolidated Financial Statements.</p> <p>Given the industry and jurisdictions in which the Group operates, as described in the Principal Risks and Uncertainties on page 70, there is a risk that the Group operates without the appropriate licences, has existing licences adversely affected, or is subject to regulatory sanctions. There is also a risk that the Group does not pay or accrue for gaming taxes on an appropriate basis.</p> <p>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.</p> <p>The legal and regulatory risk increased during 2021. Refer to the Risk management strategy (on page 50).</p>	<ul style="list-style-type: none"> Inquired of management and the Group's external legal advisers, where appropriate, about any known instances of material breaches in regulatory or licence compliance that need to be disclosed or required provisions to be recorded. Inspected the Group's correspondence with regulators and tax authorities to identify any legal or regulatory concerns and assess the completeness of matters evaluated by the Group. In respect of the regulatory provisions, we discussed any updates to the fact patterns with management and the Group's external legal advisors and read their legal confirmations. We agreed provisions to third party support, for example post year end settlement agreements, and/or confirmation from the Group's external legal advisors that they consider the quantum of the provisions for regulatory matters to be reasonable. Discussed with management its interpretation and application of relevant laws and regulations as well as analysis of the risks in respect of the Group's operations in unregulated markets. Circularised confirmations to management's relevant external legal experts to inform us of any/all outstanding legal or regulatory issues as at 31 December 2021. 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 and legal 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 the Annual Report and Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the Companies Act of Gibraltar 2014. 	<ul style="list-style-type: none"> 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 are appropriate.

INDEPENDENT AUDITOR'S REPORT cont.

Risk	Our response to the risk	Key observations communicated to the audit committee
Revenue recognition The Group recognised revenue of US\$980.1 million in 2021 (2020: US\$849.7 million).	<p>The Group's revenue recognition process is highly dependent on the Group systems, including the Gaming servers and Datawarehouse. Systematic errors in calculations could result in incorrect reporting of revenue.</p> <p>The Group also makes a number of judgements in recognising revenue, principally in respect of whether the Group is acting as a principal or an agent with its B2B customers and whether certain customer prizes are treated as a deduction from revenue or as a cost. Any inappropriate judgements could result in a material misstatement of revenue and operating expenses.</p> <p>There is a risk that management may override controls to influence the significant judgements in respect of revenue recognition leading revenue being overstated in order to meet market expectations.</p> <p>Refer to the significant accounting policies (Note 2); and Note 3 to the Consolidated Financial Statements.</p>	<ul style="list-style-type: none"> Inquired about the Group's processes and related controls in respect of revenue recognition and obtained support to confirm our understanding. We tested the design and operating effectiveness of key applications and certain manual controls over the Group's principal gaming systems. We performed a correlation analysis between 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 the monthly reconciliation between the Group's gaming revenue, cash and customer accounts. We performed procedures using "test accounts" in the live gaming environment 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 and deposits/withdrawals. We read the Group's contractual arrangements and observed how they operate in practice to evaluate management's judgement as to whether the Group was operating as a principal or an agent in its B2B contracts with customers, in accordance with the requirements of IFRS. We audited other material manual adjustments and ensured the appropriate classification of prizes within the income statement by testing a sample of executed marketing Letters of Understanding. We assessed the appropriateness of the disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the Companies Act of Gibraltar 2014.

Risk	Our response to the risk	Key observations communicated to the audit committee
<p>Impairment of Bingo and US B2C cash generating units</p> <p>The Group has goodwill of US\$30.9m and intangible assets of US\$14.5m relating to US B2C, arising from the acquisition in December 2018.</p> <p>The Group has goodwill of US\$50.0m relating to Bingo B2C, arising from the acquisitions of Globalcom (2007), Wink (2009) and Jet (2019). Also included in the carrying value of the Bingo B2C cash generating unit are intangible assets of US\$11.2m (2020: US\$13.8m), the majority of which relates to the value associated with the Jet customer list.</p> <p>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. This risk is heightened in respect of Bingo B2C due to its potential sale.</p> <p>Refer to the significant accounting policies (Note 2); and Note 11 to the Consolidated Financial Statements).</p>	<ul style="list-style-type: none"> • We reviewed management's assessment of indicators of impairment by comparing it with other information obtained during our audit and inquired further in cases where the performance of certain products is below management's and external expectations. • We read the guidance in IAS 36, and in respect of Bingo B2C the guidance in IFRS 5 given its potential sale, to determine that an appropriate valuation method is value-in-use using cash flow projections on an ongoing basis and also taking into account the probability of the completion of the sale of the Bingo business to create a risk weighted value in use calculation of the cash generating unit. • We assessed whether the allocation of goodwill to CGUs was appropriate based on our understanding of the business and guidance in IAS 36. In particular with relation to US B2C, whether it continued to be appropriate to treat the US as one CGU. • We compared the model inputs to current trading conditions and board approved forecasts 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 calculated by the Group. • We challenged the assumptions used by management by comparing to board approved budgets and historically observed inputs, particularly in respect of forecast growth rates, and in the case of US B2C the duration of the forecast period. We challenged these assumptions by performing sensitivity analysis including on the 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. • In respect of US B2C we corroborated assumptions to third party data and assessed any evidence obtained contra to management judgements. We noted that the states which the Group is forecasting to enter have either already regulated or are in the process of regulating. • In respect of Bingo B2C we obtained the signed share purchase agreement as well as evidence of the conditions precedent, being the completion of a reorganisation of the Bingo business and that new structure receiving its own UK licence. We assessed management's estimate of the probability of sale through sensitivity analysis and by searching for contra evidence to management's ability to meet the conditions precedent. • We assessed the appropriateness of the disclosures in the Annual Report and Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the Companies Act of Gibraltar 2014. 	<ul style="list-style-type: none"> • Based on our audit work, including the sensitivities applied, we are satisfied that that no impairment is required at 31 December 2021. • The recoverable amount of the Bingo B2C CGU is supported by accounting principles. The disclosures are fair, balanced and understandable in the description of that recoverable amount and that a future impairment or loss on disposal may arise in the event that the sale completes.

INDEPENDENT AUDITOR'S REPORT cont.

When determining Key Audit Matters we determine, from the matters communicated with those charged with governance, those matters that required significant auditor attention in performing the audit. In making this determination, we take into account the following:

- a) Areas of higher assessed risk of material misstatement, or significant risks identified in accordance with ISAs.
- b) Significant auditor judgements relating to areas in the financial statements that involved significant management judgement, including accounting estimates that have been identified as having high estimation uncertainty (i.e. higher estimates or significant risk estimates)
- c) The effect on the audit of significant events or transactions that occurred during the period.

In the prior year, our auditor's report included a key audit matter in relation to taxation. In the current year, as a result of settlement signed with the Israeli Tax Authorities in respect of 2016-2020 the subjectivity and the related audit effort associated with the tax position as at 31 December 2021 is diminished. We consider that taxation is no longer a Key Audit Matter.

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 US\$5.15 million (2020: US\$4.25 million), which is 5% (2020: 3.8%) of profit before tax adjusted for certain exceptional items including legal and professional costs for the acquisition of William Hill International. In the prior year we used profit before tax adjusted for the impairment charge and normalised for the potential one-off positive effect of the COVID-19 pandemic on earnings.

We believe that profit before tax adjusted for certain exceptional items including legal and professional costs for the acquisition of William Hill International provides us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the Group. The increase from the prior year primarily reflects the continuation of growth in Group revenue and the resulting impact on profit. In the prior year we used professional judgement in normalising materiality for the potential one-off positive effect of the COVID-19 pandemic on earnings by setting materiality at 3.8% of adjusted profit before tax. Materiality in current year reflects 5% of adjusted profit before tax.

We determined materiality for the Parent Company to be US\$2.1 million (2020: US\$1.9 million), which is 2% (2020: 2%) of net assets.

Starting basis	<ul style="list-style-type: none"> • Profit before tax of US\$81.3 million (2020: US\$26.7 million)
Adjustments	<ul style="list-style-type: none"> • Exceptional retroactive duties and associated charges of US\$5.8m • Exceptional legal and professional costs US\$15.1m relating to the acquisition of WHI • (2020: Adjusted for the impairment charge of US\$79.9m)
Materiality	<ul style="list-style-type: none"> • Materiality of US\$5.15 million (2020: US\$4.25 million), representing 5% of the adjusted materiality basis (2019: 3.8%)

During the course of our audit, we reassessed initial materiality and downwardly revised our calculated amount following the impact on profit of the closure of the Netherlands market in September 2021.

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 75% (2020: 75%) of our planning materiality, namely US\$3.9 million (2020: US\$3.1 million). We have set performance materiality at this percentage due to our past experience of the audit, low number of misstatements and overall effective internal controls.

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 performance materiality allocated to Israeli component was US\$1.7 million (2020: US\$1.4 million). The audit work on the remainder of the Group was undertaken using Group materiality.

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 US\$257,000 (2020: US\$213,000), 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.

Other information

The other information comprises the information included in the annual report set out on **pages 1 to 41**, including Strategic Report, the Directors' Report and the Corporate Governance Report set out on **pages 64 and 72**, 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 Strategic Report and 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.

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Act.

Opinions on other matters as per the terms of our engagement letter with the Company

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance statement and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception as prescribed by the Gibraltar Companies Act 2014

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; or
- there are material misstatements in the Directors' Report based on our knowledge and understanding of the Company and its environment obtained in the course of the audit.

Matters on which we are required to report by exception as per 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:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the company.

INDEPENDENT AUDITOR'S REPORT cont.

Corporate Governance Statement

We have reviewed 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 60](#);
- 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 60](#);
- 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 [page 60](#);
- Directors' statement on fair, balanced and understandable set out on [page 79](#);
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on [page 70](#);
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on [page 115](#); and
- The section describing the work of the audit committee set out on [page 104](#).

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on [pages 78 and 79](#), 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 and Germany and other countries, those related to relevant tax compliance regulations in Gibraltar, Malta 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 counsel and tax advisors. 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).
- 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. 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 enquires of the management and the Group's local legal counsel and tax advisors in Israel.
- In respect to the Israeli component, 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.
- The Group operates in the gaming industry which is a highly regulated environment. 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.
- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved discussions with management and external legal counsel to assess and understand the implications on our audit procedures. Our audit procedures in respect of the "Regulatory and Legal risk" are described above in "Key audit matters" section.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 8 years, covering the years ending 31 December 2014 to 31 December 2021. Our audit engagement letter was refreshed on 19 March 2020. 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 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 is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



MARCUS BUTLER
Non-Statutory Auditor

For and on behalf
of Ernst & Young LLP

London
8 March 2022



ANGELIQUE LINARES
Statutory Auditor

For and on behalf
of EY Limited

Registered Auditors
Gibraltar
8 March 2022

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$ million	2020 US\$ million
Revenue	3	980.1	849.7
Gaming duties		(184.0)	(151.8)
Other cost of sales		(158.4)	(135.1)
Cost of sales		(342.4)	(286.9)
Gross profit		637.7	562.8
Marketing expenses		(306.5)	(237.1)
Operating expenses		(220.2)	(214.7)
Exceptional items	5	(24.0)	(78.2)
Operating profit	4	87.0	32.8
Adjusted EBITDA¹		165.0	155.6
Exceptional items	5	(24.0)	(78.2)
Foreign exchange differences ²		(9.3)	—
Share benefit charge	23	(8.4)	(11.0)
Depreciation and amortisation	11,12,13	(36.3)	(33.6)
Operating profit	4	87.0	32.8
Finance income	7	0.1	0.1
Finance expenses	7	(5.8)	(6.1)
Share of post-tax loss of equity accounted associate	14	—	(0.1)
Profit before tax		81.3	26.7
Taxation	8	(12.4)	(15.4)
Net profit for the year attributable to equity holders of the parent		68.9	11.3
Earnings per share	9		
Basic		18.6¢	31¢
Diluted		18.3¢	3.0¢

1 Adjusted EBITDA is an Alternative Performance Measures ("APMs") which does not have an IFRS standardised meaning. The Group present Adjusted EBITDA since it is the main measure the analyst community uses to evaluate the Company 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.

2 The foreign exchange gains and losses associated with operating activities had historically been immaterial and as such was presented as a Finance expense. In 2021 management decided that the loss will be correctly reclassified to be included in other cost of sales within operating profit.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$ million	2020 US\$ million
Profit for the year		68.9	11.3
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1.0	0.8
Items that will not be reclassified to profit or loss			
Remeasurement of severance pay liability, net of tax	6	2.9	(0.3)
Revaluation of equity investment designated at fair value through OCI		—	(0.2)
Total other comprehensive income (expense) for the year		3.9	0.3
Total comprehensive income for the year attributable to equity holders of the parent		72.8	11.7

The notes on **pages 126 to 159** form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2021

	Note	2021 US\$ million	2020 US\$ million
Assets			
Non-current assets			
Goodwill and other intangible assets	11	167.2	164.3
Right-of-use assets	13	25.3	28.5
Property, plant and equipment	12	12.6	15.1
Non-current prepayments	17	7.8	0.6
Deferred tax assets	15	3.0	3.6
		215.9	212.1
Current assets			
Cash and cash equivalents ^{1,2}	16	255.6	222.2
Trade and other receivables ¹	17	68.5	52.4
		324.1	274.6
Total assets		540.0	486.7
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	18	3.3	3.3
Share premium	18	3.7	3.7
Foreign currency translation reserve		(0.3)	(1.3)
Treasury shares	23	(1.3)	(0.5)
Retained earnings		162.4	145.2
Total equity attributable to equity holders of the parent		167.8	150.4
Non-controlling interests		0.1	—
		167.9	150.4
Liabilities			
Non-Current liabilities			
Severance pay liability	6	5.0	7.4
Deferred tax liability	15	2.6	3.3
Lease liabilities	20	24.4	26.7
		32.0	37.4
Current liabilities			
Trade and other payables	19	196.1	177.9
Provisions	19	25.7	19.3
Income tax payable	8	30.7	20.7
Lease liabilities	20	6.5	7.0
Customer deposits	21	81.1	74.0
		340.1	298.9
Total equity and liabilities		540.0	486.7

1 Cash and cash equivalents includes on demand deposits held with PSPs of US\$19.0 million at 31 December 2021. The rights and obligations relating to these deposit accounts were reanalysed during 2021 and as a consequence this amount was corrected and re-classified from trade and other receivables to cash and cash equivalents. The equivalent amounts for 31 December 2020 and for 1 January 2020 were restated, increasing cash and cash equivalents and reducing trade debtors by US\$32.2 million and US\$6.4 million, respectively.

2 Cash and cash equivalents excludes restricted short-term deposits of US\$9.5 million (31 December 2020: US\$3.2 million).

The consolidated financial statements on **pages 122 to 159** were approved and authorised for issue by the Board of Directors on 8 March 2022 and were signed on its behalf by:



ITAI PAZNER
Chief Executive Officer



YARIV DAFNA
Chief Financial Officer

The notes on **pages 126 to 159** form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital US\$ million	Share premium US\$ million	Treasury shares US\$ million	Retained earnings US\$ million	Foreign currency translation reserve US\$ million	Non-controlling interests US\$ million	Total US\$ million
Balance at 1 January 2020	3.3	3.7	(0.7)	160.5	(2.1)	—	164.7
Profit after tax for the year attributable to equity holders of the parent	—	—	—	11.3	—	—	11.3
Other comprehensive expense for the year	—	—	—	(0.5)	0.8	—	0.3
Total comprehensive income	—	—	—	10.8	0.8	—	11.6
Dividend paid (note 10)	—	—	—	(33.2)	—	—	(33.2)
Equity settled share benefit charges (note 23)	—	—	—	7.6	—	—	7.6
Acquisition of treasury shares	—	—	(0.3)	—	—	—	(0.3)
Exercise of deferred share bonus plan	—	—	0.5	(0.5)	—	—	—
Balance at 31 December 2020	3.3	3.7	(0.5)	145.2	(1.3)	—	150.4
Profit after tax for the year attributable to equity holders of the parent	—	—	—	68.9	—	—	68.9
Other comprehensive (expense) income for the year	—	—	—	2.9	1.0	—	3.9
Total comprehensive income	—	—	—	71.8	1.0	—	72.8
Dividend paid (note 10)	—	—	—	(61.3)	—	—	(61.3)
Equity settled share benefit charges (note 23)	—	—	—	7.1	—	—	7.1
Acquisition of treasury shares	—	—	(1.1)	—	—	—	(1.1)
Exercise of deferred share bonus plan	—	—	0.3	(0.3)	—	—	—
Non-controlling interests	—	—	—	(0.1)	—	0.1	—
Balance at 31 December 2021	3.3	3.7	(1.3)	162.4	(0.3)	0.1	167.9

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.

Retained earnings – represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.

Foreign currency translation reserve – represents exchange differences arising from the translation of all Group entities that have functional currency different from US\$.

The notes on **pages 126 to 159** form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$ million	2020 ¹ US\$ million
Cash flows from operating activities			
Profit before income tax		81.3	26.7
Adjustments for:			
Depreciation of property plant and equipment and right-of-use assets	12,13	14.2	14.8
Amortisation	11	22.1	18.8
Interest income	7	(0.1)	(0.1)
Interest expenses	7	5.8	2.7
Income tax paid		(6.9)	(6.5)
Share of post- tax loss of equity accounted associate		—	0.1
Non-cash exceptional items	5	13.7	78.2
Share benefit charges	23	8.4	11.0
Cash generated from operating activities before working capital movement		138.5	145.7
Decrease (increase) in trade receivables		3.3	(8.7)
Decrease (increase) in other receivables		(26.1)	(3.3)
Increase in customer deposits		6.5	18.0
Increase (decrease) in trade and other payables		4.6	44.1
Increase (decrease) in provisions		6.4	9.2
Net cash generated from operating activities		133.2	205.0
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	(5.6)	(10.6)
Proceeds from sale of investment in equity accounted associate	14	—	2.0
Interest received	7	0.1	0.1
Acquisition of intangible assets	11	(2.4)	(4.5)
Internally generated intangible assets	11	(22.6)	(17.9)
Net cash used in investing activities		(30.5)	(30.9)
Cash flows from financing activities			
Issue of shares to cover employee share schemes	18	—	—
Payment of lease liabilities	20	(7.2)	(6.4)
Interest paid		(0.7)	(1.0)
Proceeds from loans, net of transaction fee	20	—	32.0
Repayment of loans	20	—	(50.0)
Acquisition of treasury shares	23	(1.1)	(0.3)
Dividends paid	10	(61.3)	(33.2)
Net cash used in financing activities		(70.3)	(58.9)
Net Increase (decrease) in cash and cash equivalents		32.4	115.2
Net foreign exchange difference		1.0	3.7
Cash and cash equivalents at the beginning of the year ¹	16	222.2	103.3
Cash and cash equivalents at the end of the year¹	16	255.6	222.2

¹ Cash and cash equivalents includes on demand deposits held with PSPs of US\$19.0 million at 31 December 2021 (31 December 2020: US\$32.2 million). The rights and obligations relating to these deposit accounts were reanalysed during 2021 and as a consequence this amount was corrected and re-classified from trade and other receivables to cash and cash equivalents, the effect of which is to increase the 2020 net cash generated from operating activities by \$25.8 million.

Trade and other payables include non-cash movement of US\$3.4 million related to remeasurement of severance pay scheme liability (2020: US\$2.9 million).

The notes on **pages 126 to 159** form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Company description and activities

888 Holdings Public Limited Company (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.

The Group is the owner of innovative proprietary software solutions providing a range of virtual online gaming services over the internet, including Gaming and Betting. These services are provided to end users ("B2C") and to business partners through its business to business unit, Dragonfish ("B2B"). In addition, the Group provides payment services, customer support and online advertising.

Definitions

In these financial statements:

The Company	888 Holdings Public Limited Company
The Group	888 Holdings Public Limited Company 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.

2 Significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are as follows:

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014. The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in US Dollars because that is the currency in which the Group primarily operates. All values are rounded to the closest million except when otherwise indicated.

The consolidated financial statements comply with the Gibraltar Companies Act 2014.

The significant accounting policies applied in the consolidated financial statements in the prior year have been applied consistently in these consolidated financial statements, with the exception of the amendments to accounting standards effective for the annual periods beginning on 1 January 2021 and representation of expenses analysis in the income statement. These are described in more detail below.

Going concern

The Directors have considered that the acquisition of William Hill International represents the most significant event impacting the company in the period to 31 December 2023 ('the going concern period'). In forming their view on the going concern of the Group, the Directors have considered two scenarios, being where the acquisition does not proceed and the Group continues to operate as in prior years ('Standalone Scenario') and the scenario where the acquisition proceeds as expected ('Acquisition Scenario').

Standalone scenario

The Directors have reviewed management's detailed going concern review and analysis of the accounts. The standalone case indicates that the Group will continue to have significant liquidity and remain debt free, throughout the going concern period until 31 December 2023.

Downside sensitivities have been run, individually and in aggregate to assess the impact of the following scenarios:

- The adverse impact of potential measures that may be imposed following the UK Gambling Act review; and
- Reductions in revenue for non-regulated and regulated markets of 10% and 5% respectively to reflect potential regulatory or competitive pressures.

Group management have assumed variable cost savings proportional to the revenue reduction. Should more extreme downside scenarios occur, appropriate mitigating actions that can be executed in the necessary timeframe could be taken such as reducing operating costs and reduction or postponement of other discretionary expenditures and dividend suspension. Under a scenario where the acquisition does not proceed as expected, contractual break costs do not significantly impact the liquidity assessment.

Trading during the financial year to date has been strong and in line with the second half of prior year. The Directors have also considered the financial position of the existing Group, which is debt free, has cash and cash equivalents of US\$174.5 million net of customer balances at 31 December 2021, and remains cash generative over the going concern period in all scenarios.

2 Significant accounting policies cont.

2.1 Basis of preparation cont.

Going concern cont.

Acquisition scenario

The Directors have specifically considered the impact of the potential acquisition on their going concern conclusion. The Directors believe there is a sound strategic rationale for the acquisition to proceed and that the enlarged group will benefit from significant operating efficiencies due to the complementary nature of the businesses.

The Directors have assumed the completion of the WHI acquisition in Q2 2022, with the acquisition having an enterprise value of US\$3.0 billion (£2.2 billion), including US\$0.9 billion of existing WHI Bonds of which half are due for repayment in 2023 and half in 2026. The acquisition will be funded through US\$2.9 billion of debt containing no financial covenants. The Group will also establish a US\$0.2 billion revolving credit facility, which is forecast to remain undrawn in the base case.

The Directors have given careful consideration to the regulatory and legal environment in which the enlarged Group will operate, the potential for historical regulatory and legal exposures to crystallise or for other regulatory enforcement actions to be imposed.

Downside sensitivities have been run, individually and in aggregate to assess the impact of the following scenarios:

- The adverse impact of potential measures that may be imposed following the UK Gambling Act review;
- A 2 month UK lockdown due to a resurgence of Covid, with the assumed impact of the closure of WHI retail partly offset by online;
- Regulatory and legal sanctions being higher or more restrictive than expected; and
- Reductions in revenue for non-regulated and regulated markets of 10% and 5% respectively to reflect potential regulatory or competitive pressures.

In the sensitivity analysis, management have considered a further remote downside scenario where the William Hill online operations are closed for a period of three months. In case of such an event, the Directors have considered the warranties and indemnities agreed as part of the acquisition.

The Directors have carefully reviewed the legal form of the warranties and indemnities and assessed their impact on the remote scenario.

Group management have also calculated mitigating cost savings that are implemented by reducing variable operating expenditure, in line with the revenue reduction. Should more extreme downside scenarios occur, appropriate mitigating actions that can be executed in the necessary timeframe could be taken such as reducing operating costs and a reduction or postponement of other discretionary expenditures and dividend payments.

On the basis of the above considerations in both Standalone and Acquisition scenarios, the Directors have a reasonable expectation that the Group will have adequate resources to continue in business for the period to 31 December 2023 and therefore continue to adopt the going concern basis in preparing the financial statements.

2.2 New standards, interpretations and amendments adopted by the Group

Several new and amendments to existing International Financial Reporting Standards and interpretations, issued by the IASB, were effective from 1 January 2021 and have been adopted by the Group during the period with no significant impact on the consolidated results or financial position of the Group.

2.3 New standards that have not been adopted by the Group as they were not effective for the year:

Several new standards and amendments to existing International Financial Reporting Standards and interpretations, issued by the IASB and adopted, or subject to endorsement, will be effective from 1 January 2022, 2023 and 2024 and have not been adopted by the Group during the period. At this stage management are still assessing the full impact on the consolidated results or financial position of the Group. None are expected to have a material impact on the consolidated financial statements in the period of initial application.

Critical accounting estimates and judgements

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

2 Significant accounting policies cont.

Critical accounting estimates and judgements cont.

Climate change is a global challenge and an emerging risk to businesses, people and the environment across the world. We have a role to play in limiting warming by improving our energy management, reducing our carbon emissions and by helping our customers do the same. Growing awareness of climate change and customer sustainability targets will provide impetus for business growth as we provide products, services and solutions that increase efficiency and reduce customers' energy use and carbon emissions. As an online business, 888's activities have a relatively small impact on the environment when compared to a great number of companies that operate in more resource intensive industries. However, recognising that climate change poses a risk to our business through global economic disruption and impacts on the welfare of our employees, we seek to integrate environmental considerations into every level of decision-making from the administration of our offices to long-term business strategy. In our view climate change doesn't represent a material estimation uncertainty. For further detail see the corporate social responsibility section of the Strategic Report.

Included in this note are accounting policies which cover areas that the Directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the future. These policies together with references to the related notes to the financial statements, which include further commentary on the nature of the estimates and judgements made, can be found below:

Critical judgements

Revenue

The Group applies judgement in determining whether it is acting as a principal or an agent where it provides services to business partners through its business to business unit (B2B). In making these judgements the Group considers, by examining each contract with its business partners, which party controls the promised goods or services before their transfer to the customer. The Indicators that the Group take into account in order to assess the control about 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.

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 11.

Goodwill

There is uncertainty over whether or not the bingo sale will complete in 2022 as completion of the transaction is conditional upon, amongst other items, completion of a reorganisation of the bingo business and that new structure receiving its own UK Gambling Commission ("UKGC") licence. Therefore, the recoverable amount of the Bingo B2C CGU has been determined based on a value in use calculation using cash flow projections on an ongoing basis and also taking into account the probability of the Bingo business sale, as at 31 December 2021, completion to create a risk weighted value in use calculation of the cash generating unit. The resulting valuation is above the carrying value and so the CGU has not been impaired however the carrying value exceeds the potential sales price as disclosed further in note 11.

Exceptional items and adjusted performance measures

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 share benefit charge, foreign exchange differences and share of post-tax loss of equity associates.

The Group also seeks to present a measure of underlying performance which is not impacted by exceptional items. The Group considers any items of income and expense for classification as exceptional by virtue of their nature and size. The items classified as exceptional (and are excluded from the adjusted measures) are described in further detail in note 5.

2 Significant accounting policies cont.

Key accounting estimates

Taxation

Due to the international nature of the Group and the complexity of tax legislation in the jurisdictions in which it operates, the Group applies judgements in estimating the likely outcome of tax matters and the resultant provision for income taxes. These judgements are reassessed in each period until the outcome is finally determined through resolution with a tax authority or through a legal process. Differences arising from changes in judgement or from final resolution may be material and will be charged or credited to the Income statement in the relevant period.

The Group evaluates uncertain items, where the tax judgement is subject to interpretation and remains to be agreed with the relevant tax authority. Provisions for uncertain items are made using judgement of the most likely tax expected to be paid, based on a qualitative assessment of all relevant information. In assessing the appropriate provision for uncertain items, the Group considers progress made in discussions with tax authorities and expert advice on the likely outcome and recent developments in case law, legislation and guidance.

The Group believes that its accruals or, where applicable, provisions for tax liabilities are appropriate. For further information see note 8.

Impairment of goodwill and other intangible assets

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 11.

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 regulatory matters, including gaming duties. Provisions are described in further detail in note 19 and contingent liabilities in note 27.

The Group operates in numerous jurisdictions. Accordingly, the Group files gaming tax returns, provides for and pays all gaming taxes and duties it believes are due based on local tax laws and tax advice obtained. The Group is also periodically subject to audits and assessments by local taxing authorities. Provisions for uncertain items are made using judgement of the most likely tax expected to be paid and the basis thereon, based on a qualitative assessment of all relevant information. The Board considers that any exposure for additional taxes, if any, that may arise from the final settlement of such assessments is unlikely to result in any further liability.

As part of the Board's ongoing regulatory compliance and operational risk assessment process, it continues to monitor legal and regulatory developments, and their potential impact on the business, and continues to take appropriate advice in respect of these developments.

Given the nature of the legal and regulatory landscape of the industry, from time to time the Group has 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 has taken 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 19, these amounts are not material at 31 December 2021.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The subsidiaries are companies controlled by 888 Holdings Public Limited Company. 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 and using consistent accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

2 Significant accounting policies cont.

Revenue

Revenue consists of income from online activities and income generated from foreign exchange commissions on customer deposit, withdrawals and account fees, which is allocated to each reporting segment.

Casino, Bingo and Sport

The Group's income earned from Casino and Bingo (Gaming) and Sports (Betting) is disclosed as revenue although these are accounted for and meet the definition of a gain under IFRS 9.

For these revenue streams, revenue recognised includes gains and losses arising as a result of the outcome of an event which is not controllable by the Group. The amount of the payment the Group may be obliged to pay to the customer is uncertain. The transaction is therefore a derivative financial instrument, initially recognised at fair value and subsequently remeasured with changes recorded in profit and loss.

The initial fair value is the amount staked by the customer and adjusted for the fair value of certain promotions and bonuses granted to customers. This is subsequently remeasured when the result of the transaction is known, and the amount payable is confirmed. This movement may be a gain or a loss which is offset on the basis that they arise from similar transactions.

Poker

Poker (Gaming) represents the commission (rake) charged from each poker hand in ring games and entry fees for participation in Poker tournaments less the fair value of certain promotional bonuses and the value of loyalty points accrued. In Poker tournaments certain promotional costs are accounted for, and entry fee revenue is recognised when the tournament has concluded. Poker revenue is within the scope of IFRS 15 and recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

B2B

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.

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 in 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 in 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.

Where the Group is considered to be the principal, income is recognised as the gross revenue generated from use of the Group's platform in online gaming activities with the partners' share of the revenue charged to marketing expenses. In other cases, income is recognised as the Group share of the net revenue generated from use of the Group's platform.

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 staff costs and corporate professional expenses, both of which are recognised on an accruals basis.

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 US\$ 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).

2 Significant accounting policies cont.

Taxation

The tax expense represents tax payable for the year based on currently applicable tax rates.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base. They are accounted for using the balance sheet liability method. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised. Such assets and liabilities are not recognised if the temporary differences arise 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. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

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 are charged or credited to the consolidated income statement. In addition, the direct costs of acquisition are charged immediately to the consolidated income statement.

Intangible assets

Acquired intangible assets

Intangible assets acquired separately consist mainly of software licences and domain names and are capitalised at cost. Those acquired as part of a business combination are recognised separately from goodwill if the fair value can be measured reliably. These intangible assets are amortised over the useful life of the assets, which for software licences is between one and five years and for domain names is five years.

Internally generated intangible assets

Expenditure incurred on development activities of gaming platform 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, except for certain licence costs which are amortised over either the life of the licence, or up to 20 years, whichever is the shorter period and the sports betting platform which has an estimated useful economic life of 12 years.

Right-of-use assets

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for most leases. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are initially measured at cost and depreciated by the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The cost of right-of-use assets comprises of initial measurement of the lease liabilities, any lease payments made before or at the commencement date and initial direct costs. Right-of-use assets are also subject for impairment losses and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office lease	1-10 years
Motor vehicles	3 years

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:

IT equipment	33%
Office furniture and equipment	7-15%
Leasehold improvements	Over the shorter of the term of the lease or useful lives

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

2 Significant accounting policies cont.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually and where applicable an impairment loss is recognised immediately in the consolidated income statement. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (being the higher of value in use and fair value less costs to sell), the asset is written down accordingly through the consolidated income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e. the smallest group of assets to which the asset belongs for which there are separately identifiable and largely independent cash inflows).

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 25 and 26. 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 are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value measurement hierarchy is based on the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels, with the highest level (level 1) given to inputs for which there are unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level (level 3) given to unobservable inputs. Level 2 inputs are directly or indirectly observable inputs other than quoted prices.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal of an asset as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal of an asset classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

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 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.

2 Significant accounting policies cont.

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 in employee benefits expense. 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 23. 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.

Defined contribution severance pay scheme

In 2017 the Group introduced 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.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease and measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

2 Significant accounting policies cont.

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.

3 Segment information

Segmental results are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team comprising mainly the Chief Executive Officer and the Chief Financial Officer. The operating segments identified are:

- B2C (Business to Customer): including Gaming and Betting. Whilst B2C revenues had historically been further split out into the component products of Casino, Poker, Sport and Bingo, the internal reporting has been updated to combine Casino, Poker and Bingo revenues under one heading of Gaming and to change the name of Sport to Betting. The combination of revenues into Gaming and the change of name from Sport to Betting better reflects how the business is managed and brings the business in line with peer group of companies presentation.
- B2B (Business to Business): offering Total Gaming Services under the Dragonfish trading brand. Dragonfish offers to its business partners use of technology, software, operations, E-payments and advanced marketing services, through the provision of offline/online marketing, management of affiliates, search engine optimisation (SEO), customer relationship management (CRM) and business analytics.

There has been no aggregation of these two operating segments for reporting purposes. The management team continues to assess the performance of operating segments based on revenue and segment profit, being revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and marketing expenses.

	B2C		B2B	Consolidated
	Gaming US\$ million	Betting US\$ million	Total B2C US\$ million	US\$ million
2021				
Segment revenue	814.5	127.4	941.9	38.2
Segment result¹			322.6	17.9
Unallocated corporate expenses ²				340.5
Exceptional items				(229.5)
				(24.0)
Operating profit				87.0
Finance income				0.1
Finance expenses				(5.8)
Taxation				(12.4)
Net profit for the year				68.9
Adjusted net profit for the year³				101.3
Assets				
Corporate assets				540.0
Total assets				540.0
Liabilities				
Segment liabilities			79.8	1.3
Unallocated corporate liabilities				81.1
				291.0
Total liabilities				372.1

¹ Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties, marketing expenses and foreign exchange differences.

² Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.

³ As defined in note 9.

3 Segment information cont.

	B2C		Total B2C US\$ million	B2B US\$ million	Consolidated US\$ million
	Gaming US\$ million	Betting US\$ million			
2020					
Segment revenue	692.2	122.1	814.3	35.4	849.7
Segment result¹			310.0	17.5	327.5
Unallocated corporate expenses ²				(216.5)	(216.5)
Exceptional items			(53.3)	(24.9)	(78.2)
Operating profit					32.8
Finance income					0.1
Finance expenses					(6.1)
Share of post-tax loss of equity accounted associate					(0.1)
Taxation					(15.4)
Net profit for the year					11.3
Adjusted net profit for the year³					100.6
Assets					
Corporate assets					486.7
Total assets					486.7
Liabilities					
Segment liabilities			72.4	1.6	74.0
Unallocated corporate liabilities					262.3
Total liabilities					336.3

1 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and Marketing expenses.

2 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.

3 As defined in note 9.

Other than where amounts are allocated specifically to the B2C and B2B segments above, the expenses, assets and liabilities relate jointly to all segments. These amounts are not discretely analysed between the two operating segments as any allocation would be arbitrary.

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)

	2021 US\$ million	2020 US\$ million
UK	388.9	333.5
Italy	118.3	86.5
EMEA (excluding the UK and Italy)	333.5	320.9
Americas	125.6	93.7
Rest of the world	13.8	15.1
Revenue	980.1	849.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

3 Segment information cont.

Non-current assets by geographical location

	Carrying amount of non-current assets by location	
	2021 US\$ million	2020 US\$ million
Gibraltar	79.4	72.3
Americas	99.1	93.5
EMEA (except Gibraltar)	34.4	42.7
Total non-current assets by geographical location¹	212.9	208.5

¹ Excludes deferred tax assets of US\$3.0 million (2020: US\$3.6 million).

4 Operating profit

	Note	2021 US\$ million	2020 US\$ million
Operating profit is stated after charging:			
Payment of service providers' commissions		41.5	34.6
Gaming duties		184.0	151.8
Marketing expenses		306.5	237.1
Staff costs (including Executive Directors)	6	133.8	132.1
Fees payable to EY Limited, Ernst & Young LLP and its affiliates:			
Statutory audit of the consolidated financial statements		0.9	0.9
Exceptional items	5	24.0	78.2
Depreciation (within operating expenses)	12,13	14.2	14.8
Amortisation (within operating expenses)	11	22.1	18.8

	2021 US\$ million	2020 US\$ million
Auditor remuneration		
Audit of Company	0.7	0.7
Audit of Group	0.2	0.2
Total fees for audit services	0.9	0.9
Audit related assurance services – half year review	—	—
Other assurance services	0.3	0.1
Total assurance services	0.3	0.1
Other non-audit services	2.3	—
Total fees for non-audit services	2.6	0.1
Total fees	3.5	1.0

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 US\$3.5 million. Of this, US\$2.4 million relates to fees payable at the end of the year and are presented in the table above. Total fees for non-audit services represented 256% (2020: 14%) 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. The auditor provided no taxation services to the Group in 2021 (2020: US\$nil).

5 Exceptional items

The Group classifies certain items of income and expense as exceptional, as the Group considers that it allows for a further understanding of the underlying financial performance of the Group. The Group considers any items of income and expense for classification as exceptional by virtue of their nature and size.

	2021 US\$ million	2020 US\$ million
Restructuring costs ¹	3.1	—
Exceptional legal and professional costs ²	15.1	—
Retroactive duties and associated charges ³	5.9	—
Impairment charges ⁴	—	79.9
Other provisions ⁵	(0.1)	(0.1)
Gain from the sale of equity accounted associate ⁶	—	(1.6)
Total exceptional items⁷	24.0	78.2

The Group paid US\$10.3 million during 2021 in respect of exceptional items (2020: US\$0.1 million).

- 1 Restructuring costs, comprises of US\$2.6 million employees redundancy costs related to the Group's decision to close its Antigua office, additional US\$0.5 million relates to the disposal of property, plant and equipment.
- 2 The Group incurred legal and professional M&A costs of US\$15.1 million associated with the proposed acquisition of the international (non-US) business of William Hill.
- 3 The Group recorded an exceptional retroactive charge of US\$5.9 million following a reassessment of potential gaming duties relating to activity in prior years.
- 4 The Group recognised impairment of Bingo Goodwill assets during 2020, as described in further detail in note 11.
- 5 Net change in provision in respect of exceptional matters and legacy customers' activity prior periods.
- 6 On 22 June 2020, the Company sold its investment in Come2Play Limited, as a result the Company recorded a capital gain of US\$1.6 million.
- 7 Tax effect of the exceptional items is US\$3.5 million credit (2020: US\$0.1 million tax credit).

6 Employee benefits

Staff costs, including Executive Directors' remuneration, comprises the following elements:

	2021 US\$ million	2020 US\$ million
Wages and salaries	138.8	133.5
Social security	7.5	7.8
Employee benefits and severance pay scheme costs	8.8	8.0
Staff costs capitalised in respect of internally generated intangible assets	155.1 (21.3)	149.3 (17.2)
	133.8	132.1

In the consolidated income statement total staff costs, including share benefit charges of US\$8.4 million (2020: US\$11.0 million), are included within the Operating expenses.

The average number of employees during the year was 1,759 (2020: 1,547).

At 31 December 2021 the Group employed 1,764 (2020: 1,669) staff.

At 31 December 2021 the Group used the services of 58 chat moderators (2020: 62) and 113 contractors (2020: 86).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

6 Employee benefits cont.

Severance pay scheme – Israel

The Group has 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 US\$2.1 million (2020: US\$1.5 million).

The Group's employees in Israel, which 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 2021 by a qualified independent actuary.

The following table summarises the employee benefits figures as included in the consolidated financial statements:

	2021 US\$ million	2020 US\$ million
Included in the balance sheet:		
Severance pay liability	5.0	7.4
Included in the income statement:		
Current service costs (within Operating expenses)	3.2	3.1
Included in the statement of comprehensive income:		
Loss on remeasurement of severance pay scheme liability	(3.4)	0.3

Movement in severance pay scheme asset and liability:

	2021 US\$ million	2020 US\$ million
Severance pay scheme assets		
At beginning of year	24.6	21.8
Interest income	0.6	0.6
Contributions by the Group	2.6	2.7
Benefits paid	(5.7)	(1.6)
Return on assets less interest income already recorded	2.9	(0.6)
Exchange differences	0.7	1.7
At end of year	25.7	24.6

	2021 US\$ million	2020 US\$ million
Severance pay plan liabilities		
At beginning of year	32.0	278
Interest expense	0.8	0.8
Current service costs	3.2	3.1
Benefits paid	(5.8)	(1.7)
Actuarial gain on past experience	1.2	—
Actuarial loss on changes in financial assumptions	(1.5)	(0.2)
Exchange differences	0.8	2.2
At end of year	30.7	32.0

6 Employee benefits cont.

Severance pay scheme – Israel cont.

As at 31 December 2021 the net accounting deficit of the defined benefit severance pay plan was US\$5.0 million (2020: US\$7.4 million). The Scheme is backed by substantial assets amounting to US\$25.7 million at 31 December 2021 (2020: US\$24.6 million). The net accounting deficit of defined benefit severance plan is a result of two elements:

- 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 2.93% in 2020 to 3.45% in 2021 resulted in a US\$1.7 million decrease the plan liabilities.
- A further increase in the discount rate by 0.25% per annum (i.e. 3.45% to 3.7%) would increase the plan liabilities by US\$0.8 million (2020: US\$0.8 million).

The impact of the severance deficit on the level of distributable reserves is monitored on an ongoing 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 and, therefore the Group is unable to accurately disclose the proportions of the plan assets invested in each class of asset.

The expected contribution for 2022 is US\$4.8 million.

The main actuarial assumptions used in determining the fair value of the Group's severance pay plan are shown below:

	2021 %	2020 %
Discount rate (nominal)	3.45	2.93
Estimated increase in employee benefits costs	5.14	5.14
Voluntary termination rate	75	75
Inflation rates based on Israeli bonds	2.54	1.53

Sensitivity of balance sheet at 31 December 2021

The results of the calculations are sensitive to the assumptions used. The balance sheet position revealed by IAS 19 calculations must be expected to be volatile, 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 small changes in some of the assumptions. Where one assumption has been changed all the other assumptions are kept as disclosed above.

	Resulted (surplus)/ deficit US\$ million	Change from disclosed US\$ million
Discount rate less 0.25%	(5.8)	(0.8)
Estimated increase in employee benefits costs plus 1%	(7.9)	(2.9)
Voluntary termination rate decrease 5%	(5.2)	(0.2)
Inflation rates up 0.25%	(4.4)	0.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

7 Finance income and finance expenses

Finance income:

	2021 US\$ million	2020 US\$ million
Interest income	0.1	0.1
Finance income	0.1	0.1

Finance expenses:

	2021 US\$ million	2020 US\$ million
Foreign exchange losses	—	3.4
Interest expenses related to lease liabilities	1.3	1.4
Interest expenses related to settlement of tax liability	3.8	—
Interest bearing credit facility	—	1.1
Interest expenses related to severance pay liability, net	0.2	0.2
Other finance charges and fees	0.5	—
Finance expenses	5.8	6.1

8 Taxation

Corporate taxes

	2021 US\$ million	2020 US\$ million
Current taxation		
Gibraltar taxation	1.0	2.1
Other jurisdictions taxation	11.9	12.9
Adjustments in respect of prior years	(0.2)	1.6
	12.7	16.6
Deferred taxation		
Origination and reversal of temporary differences	(0.3)	(1.2)
Taxation expense	12.4	15.4
Deferred taxation related to items recognised in OCI		
Remeasurement of severance pay liability	(0.3)	(1.2)

The taxation expense for the year differs from the standard Gibraltar rate of tax. The differences are explained below:

	2021 US\$ million	2020 US\$ million
Profit before taxation	81.3	26.7
Standard tax rate in Gibraltar (2021: 12.5%, 2020: 10%)	10.2	2.7
Higher effective tax rate on other jurisdictions	6.7	7.2
Expenses not allowed for taxation	1.1	8.3
Deferred tax	(0.3)	(1.2)
Capital allowances in excess of depreciation	(2.1)	(1.1)
Non-taxable income	(3.0)	(2.1)
Adjustments to prior years' tax charges	(0.2)	1.6
Total tax charge for the year	12.4	15.4

8 Taxation cont.

Corporate taxes cont.

Current tax is calculated with reference to the profit of the Company and its subsidiaries in their respective countries of operation. Income tax payable as at 31 December 2021 is US\$30.7 million (2020: US\$20.7 million) which includes a settlement signed with the Israeli Tax Authorities in respect of the years 2016-2020 and current tax charges from various jurisdictions. Set out below are details in respect of the significant jurisdictions where the Group operates and the factors that influenced the current and deferred taxation in those jurisdictions:

Gibraltar

Gibraltar companies are subject to a corporate tax rate of 12.5%, following an increase which came into effect on 1 August 2021. Gibraltar corporate tax expenses for the year are lower compared to 2020, as a result of decrease in expenses not allowed for taxation.

In January 2022, the parent company, 888 Holdings plc, moved its management and control, and as a result its tax residence, to the UK.

Malta

Maltese companies are subject to a corporate tax rate of 35%, with an effective corporate tax rate of 5% achieved through a shareholder tax refund system.

Israel

The domestic corporate tax rate in Israel in 2021 is 23% (2020: 23%). The Company's Israeli subsidiary incurred higher tax expense compared to 2020, as a result of a settlement signed with the Israeli Tax Authorities in respect of 2016-2020, on the basis of the principles of which the tax basis for 2021 was also adjusted.

UK

The Group's subsidiary in the UK is subject to a corporate tax rate of 19% (2020: 19%). In March 2021, the UK government announced an increase in the corporate tax rate to 25%, starting April 2023.

Romania

The Group's subsidiary in Romania is subject to a corporate tax rate of 16% (2020: 16%).

US

The Group's subsidiaries in the US are subject to a federal corporate tax rate of 21% (2020: 21%), in addition to state tax rate ranging between 4.55% (Colorado) to 9% (New Jersey).

Sensitivity analysis

The key operating companies in the Group are incorporated, managed and controlled and tax resident mainly in Gibraltar, with several operating companies tax residents in Malta. The Group's subsidiaries are located in different jurisdictions and these subsidiaries are taxed locally on their respective profits which are determined based on transfer pricing rules. An effective tax rate increase of 1% would result in an increase in the tax charge (and associated provision) of US\$0.8 million (2020: US\$1.0 million).

9 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

9 Earnings per share cont.

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. Certain equity instruments have been excluded from the calculation of diluted EPS as their conditions of being issued were not deemed to satisfy the performance conditions at the end of the period or it will not be advantageous for holders to exercise them into shares, in the case of options. The number of equity instruments included in the diluted EPS calculation consist of 6,315,271 Ordinary Shares (2020: 7,460,665) and no market-value options (2020: nil).

The number of equity instruments excluded from the diluted EPS calculation is 577,979 (2020: 964,207).

	2021	2020
Profit for the period attributable to equity holders of the parent (US\$ million)	68.9	11.3
Weighted average number of Ordinary Shares in issue and outstanding	371,383,109	368,587,941
Effect of dilutive Ordinary Shares and Share options	6,315,271	7,460,665
Weighted average number of dilutive Ordinary Shares	377,698,380	376,048,606
Basic earnings per share	18.6¢	3.1¢
Diluted earnings per share	18.3¢	3.0¢

Adjusted earnings per share

The Directors believe that EPS excluding exceptional items, share benefit charges, net gain from sale of investment in equity accounted associate and share of post-tax loss of equity accounted associate ("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.

Reconciliation of profit to profit excluding exceptional items, share benefit charges, net gain from sale of investment in equity accounted associate and share of post-tax loss of equity accounted associate ("Adjusted profit"):

	2021 US\$ million	2020 US\$ million
Profit for the period attributable to equity holders of the parent	68.9	11.3
Exceptional items (see note 5)	24.0	78.2
Share benefit charges (see note 23)	8.4	11.0
Share of post-tax loss of equity accounted associate	—	0.1
Adjusted profit	101.3	100.6
Weighted average number of Ordinary Shares in issue	371,383,109	368,587,941
Weighted average number of dilutive Ordinary Shares	377,698,380	376,048,606
Adjusted basic earnings per share	27.3¢	27.3¢
Adjusted diluted earnings per share	26.8¢	26.8¢

10 Dividends

	2021 US\$ million	2020 US\$ million
Dividends paid	61.3	33.2

2020 final dividend of 10.4¢ per share plus an additional one-off 1.6¢ per share was paid on 24 May 2021 (US\$44.5 million) and the 2021 interim regular dividend of 4.5¢ per share in accordance with 888's dividend policy was paid on 13 October 2021 (US\$16.8 million).

The Board of Directors is not recommending a final dividend to be paid in respect of the year ended 31 December 2021, in light of the potential capital requirements expected as part of the pending William Hill transaction. As a result, the total dividend for the year is 4.5¢ per share (2020: 18.0¢ per share).

During 2020, the 2019 final dividend of 3.0¢ per share was paid on 22 May 2020 (US\$11.1 million) and the 2020 interim regular dividend of 3.2¢ per share plus an additional one-off 2.8¢ per share was paid on 4 November 2020 (US\$22.1 million).

11 Goodwill and other intangible assets

	Goodwill US\$ million	Acquired intangible assets US\$ million	Internally generated intangible assets US\$ million	Total US\$ million
Cost or valuation				
At 1 January 2020	181.2	77.4	104.4	363.0
Additions	—	4.7	17.9	22.6
Disposals	—	(2.2)	—	(2.2)
At 31 December 2020	181.2	79.9	122.3	383.4
Additions	—	2.4	22.6	25.0
At 31 December 2021	181.2	82.3	144.9	408.4
Amortisation and impairments:				
At 1 January 2020	20.7	29.2	72.7	122.6
Amortisation charge for the year	—	8.7	10.1	18.8
Impairment charge for the year	79.3	—	0.6	79.9
Disposals	—	(2.2)	—	(2.2)
At 31 December 2020	100.0	35.7	83.4	219.1
Amortisation charge for the year	—	10.2	11.9	22.1
At 31 December 2021	100.0	45.9	95.3	241.2
Carrying amounts				
At 31 December 2021	81.2	36.4	49.6	167.2
At 31 December 2020	81.2	44.2	38.9	164.3
At 1 January 2020	160.5	48.2	31.7	240.4

Following a review of fully written down assets, assets no longer in use with a total cost and accumulated amortisation of US\$2.2 million were written off in 2020.

Acquired intangible assets

Acquired intangible assets includes:

The fair value of acquired intangible assets recognised in 2019 on the acquisition of Jet Bingo brands consisting of Customer list of US\$19.2 million and Brand name of US\$2.3 million. The carrying value of the Customer list and Brand name for 31 December 2021 are US\$8.4 million and US\$1.6 million, respectively.

The estimated remaining useful life of the Customer list and Brand name is 10 years (using the sliding scale method with 70% of the value to be amortised over 5 years) and 8 years, respectively.

The fair Value of acquired intangible assets recognised on the acquisition of BetBright Sport platform consist of Sport platform of US\$18.3 million and the right to access third party customer list of US\$0.8 million. The carrying value of the Sport platform and the right to access third party customer list for 31 December 2021 are US\$17.5 million and US\$0.7 million, respectively.

The estimated remaining useful life of the Sport platform and right to access third party customer list is 11 years and 7 years, respectively.

Internally generated intangible assets

This category of assets includes capitalised development costs in accordance with IAS 38. The material projects as included within the carrying amount above include compliance with local regulatory requirements in certain jurisdictions US\$13.5 million (2020: US\$5.5 million) and a major upgrade to the gaming systems platform US\$36.0 million (2020: US\$33.4 million). An impairment of certain assets amounted to US\$0.6 million was recognised during 2020, additional impairment charges were not considered to be required at 31 December 2021 and the carrying value of internally generated intangible assets is considered to be appropriate. At 31 December 2021 there were projects with carrying value US\$12.2 million (2020: US\$16.7 million) which were not completed and therefore not being amortised. All of these projects are expected to complete and commence amortisation in 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

11 Goodwill and other intangible assets cont.

Goodwill

Analysis of goodwill by cash generating units:

	B2C			B2B	Consolidated	
	Bingo US\$ million	US US\$ million	Other US\$ million		Bingo US\$ million	Total goodwill US\$ million
Carrying value at 1 January 2020	104.4	30.9	0.3	24.9	160.5	
Impairment during 2020	(54.4)	—	—	(24.9)	(79.3)	
Carrying value at 31 December 2020	50.0	30.9	0.3	—	81.2	
Impairment during the year	—	—	—	—	—	
Carrying value at 31 December 2021	50.0	30.9	0.3	—	81.2	

Impairment

In accordance with IAS 36 and the Group's stated accounting policy an impairment test is carried out annually on the carrying amounts of goodwill and a review for indicators of impairment is carried out for other non-current assets. Where an impairment test was carried out, the carrying value is compared to the recoverable amount of the asset or the cash generating unit. In each case, the recoverable amount was the value in use of the assets, which was determined by discounting the future cash flows of the relevant asset or cash generating unit to their present value.

Goodwill and intangible assets – Bingo B2C and B2B business

Goodwill and intangible assets associated with the Bingo online business unit arose following the acquisition of the Bingo online business of Globalcom Limited during 2007, the acquisition of the Wink Bingo business in 2009 and the acquisition of the Jet bingo brands in 2019. The income streams generated from the Bingo online business, comprise the B2C Bingo cash generating unit and the B2B cash generating unit.

During 2020, the Group recognised an impairment charge of US\$54.4 million and US\$24.9 million in respect of Bingo B2C and B2B in the current year against goodwill. The impairment charge was recorded within exceptional items in the income statement.

On 15 December 2021, the Board of Directors announced its decision to sell its entire B2C and B2B bingo businesses for US\$50 million. The Board considered that the Bingo business did not meet the criteria to be classified as held for sale at that date or at 31 December 2021 because the business was not available for immediate sale and that completion of the sale required a reorganisation of the Bingo business and that new structure receiving its own UK Gambling Commission ("UKGC") licence. At 31 December 2021, the granting of the licence and its timing was outside the control of the Directors. This licence was subsequently granted on 2 March 2022 and the reorganisation of the Bingo business is currently in progress.

The Group tested the recoverable amount of the Bingo B2C CGU as at 31 December 2021, of US\$64.3 million and compared it to the carrying value of US\$61.2 million consisting of US\$50 million of Goodwill and \$11.2 million of other intangible assets. The recoverable amount has been determined based on a value in use calculation using cash flow projections on an ongoing basis and also taking into account the probability of the Bingo business sale completion to create a risk weighted value in use calculation of the cash generating unit. The carrying value exceeds sale price by US\$11.2 million. Therefore, should the sale occur, a loss on disposal would be recognised. Key assumptions in performing the value in use calculation are set out below.

Key assumptions and inputs used

Cash flow projections have been prepared for a five year period, following which a long-term growth rate has been assumed. Underlying growth rates, as shown in the table below, have been applied to revenue and are based on past experience, including the results in 2020 and 2021, projections of future changes in the UK online bingo gaming market and Group's strategic decision to increase its focus on other product and geographic opportunities. Key assumptions in preparing these cash flow projections include 1% short-term revenue growth rate, continued optimisation of costs per customer acquisition and the expectation that, should the sale not occur, the Group will continue to operate and be subject to gaming duties in its core jurisdictions.

The pre-tax discount rate that is considered by the Directors to be appropriate is based on the Group's specific Weighted Average Cost of Capital, adjusted for tax, which is considered to be appropriate for the online Bingo B2C cash generating units.

	Pre-tax discount rate applied	Underlying growth rate year 1	Underlying short-term growth rate years 2-5	Long-term growth rate year 6+	Operating expenses increase years 1-5	Operating expenses increase year 6+
At 31 December 2021	10%	0%	1%	1.5%	1%	1.5%
At 31 December 2020	9%	(8%)	0%	1.5%	0%	1.5%

11 Goodwill and other intangible assets cont.

Key assumptions and inputs used cont.

The calculation of value in use for Bingo B2C unit resulted in a low level of headroom compared to the carrying value of assets. The calculation is particularly sensitive to the following assumptions:

- (i) Revenue growth rate assumptions – Growth rates are based on past experience and projections of future changes in the online gaming market, the continued highly competitive UK Bingo market as well as the enhanced regulation in the UK market coupled with Group's strategic decision to reduce focus on Bingo business and increase focus on other product and geographic opportunities. A reduction of the long-term growth rate to 0% for Bingo B2C would result in an impairment of US\$1.1 million.
- (ii) Cash flow forecast – cash flow projections may be affected by changes in the UK gaming market including the continued macroeconomic influence of the COVID-19 pandemic. A reduction of 10% in the cash flow projections for B2C would result in an impairment of US\$1.2 million.
- (iii) Discount rate – The pre-tax discount rate is recalculated by taking into account prevailing risk free rates, equity risk premium and company beta and having regard to external data commenting upon the Weighted Average Cost of Capital applied to the Group. An increase of 1% in discount rates applied for B2C would result in an impairment of US\$1.8 million.

Goodwill and intangible assets – US

Goodwill and intangible assets associated with the acquisition of the remaining 53% interest in the voting shares of AAPN in December 2018 amount to US\$30.9 million and US\$5.6 million, respectively. The carrying value of internally generated intangible assets related to the US CGU amounted to US\$8.6 million. The recognised goodwill and intangible assets represents the potential revenues from the US, which the Group considers as a single CGU, as the states regulate online gambling and reflects potentially significant opportunities in the US to create additional value for the Group.

The Group tested the recoverable amount of the US CGU as at 31 December 2021. The recoverable amount has been determined based on a value in use calculation using cash flow projections.

Key assumptions and inputs used

Given the early stage of market development, cash flow projections have been prepared for a nine-year period, following which a 2% long-term growth rate has been assumed based on the long-term GDP growth rate of the states. Underlying growth rates have been applied to revenue and are based on past experience of the Group, including market share forecast for each relevant state. Key assumptions in preparing these cash flow projections include market share assumptions based on current 888 market share in other regulated online gaming jurisdictions, 13% pre-tax discount rate and the expectation that the Group will continue to operate in the US and launch in further states as regulation develops. The states which the Group are forecasted to enter have either already regulated or are in the process of regulating.

The pre-tax discount rate that is considered by the Directors to be appropriate is the Group's specific Weighted Average Cost of Capital, adjusted for tax, and including an addition risk premium which is considered to be appropriate for the US B2C cash generating unit.

The calculation of value in use for US B2C is most sensitive to the following assumptions:

- (i) Market share assumptions – A reduction of 5% in market share assumptions for each state would result in zero headroom for US B2C value in use.
- (ii) Pre-tax discount rate – An increase of Pre-tax discount rate from 13% to 14% would result in zero headroom for US B2C value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.**12 Property, plant and equipment**

	IT equipment US\$ million	Office furniture and equipment US\$ million	Leasehold improvements US\$ million	Total US\$ million
Cost				
At 1 January 2020	54.4	6.3	16.3	77.0
Additions	8.2	0.7	1.7	10.6
Disposals	(9.0)	(0.3)	—	(9.3)
At 31 December 2020	53.6	6.7	18.0	78.3
Additions	4.8	0.2	0.6	5.6
Disposals	(16.4)	(0.5)	(0.4)	(17.3)
At 31 December 2021	42.0	6.4	18.2	66.6
Accumulated depreciation				
At 1 January 2020	45.1	4.6	14.3	64.0
Charge for the year	7.6	0.5	0.4	8.5
Disposals	(9.0)	(0.3)	—	(9.3)
At 31 December 2020	43.7	4.8	14.7	63.2
Charge for the year	6.6	0.4	0.6	7.6
Disposals	(16.2)	(0.4)	(0.2)	(16.8)
At 31 December 2021	34.1	4.8	15.1	54.0
Carrying amounts				
At 31 December 2021	7.9	1.6	3.1	12.6
At 31 December 2020	9.9	1.9	3.3	15.1
At 1 January 2020	9.3	1.7	2.0	13.0

Following a review of fully written down assets in 2021, assets no longer in use with a total cost and accumulated depreciation of US\$16.3 million (2020: US\$9.3 million) were written off. Additional US\$0.5 million relates to the disposal of property, plant and equipment in connection with the Group's decision to close its Antigua office.

13 Leases

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for most leases. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are initially measured at cost and depreciated by the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The cost of right-of-use assets comprises of initial measurement of the lease liabilities, any lease payments made before or at the commencement date and initial direct costs. Right-of-use assets are also subject for impairment losses and adjusted for any remeasurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and subsequently measured at amortised cost with the interest expense recognised within finance income (expense) in the consolidated statement of income. For further information see note 20.

Leases are mainly comprised of offices in the period between one to ten years.

13 Leases cont.

Right-of-use assets

	Right-of-use assets US\$ million
Cost	
At 1 January 2020	39.4
Additions	1.5
At 31 December 2020	40.9
Additions	3.4
Disposals	(2.3)
At 31 December 2021	42.0
Accumulated depreciation	
At 1 January 2020	6.1
Depreciation	6.3
At 31 December 2020	12.4
Depreciation	6.6
Disposals	(2.3)
At 31 December 2021	16.7
Carrying amounts	
At 31 December 2021	25.3
At 31 December 2020	28.5
At 1 January 2020	33.3

14 Investments

Investments in associate

On 15 April 2015 the Group acquired 20% of the Ordinary Shares of Come2Play Limited for a cash payment of US\$1.5 million. On 22 June 2020, the Company sold its investment in Come2Play Limited for a consideration of US\$2.4 million, of which US\$2.0 million received in 2020 and US\$0.4 million received in 2021. The carrying value of the investment at the date of the sale was \$0.5 million, as a result the Company recorded a gain of US\$1.6 million in 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

15 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. 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:

	2021 US\$ million	2020 US\$ million
Deferred tax relates to the following:		
Accrued severance pay	1.2	1.7
Vacation pay and employment related accrual	0.7	0.7
Property, plant and equipment	2.1	1.4
Intangible assets	(3.6)	(3.5)
	0.4	0.3
Reflected in the statement of financial position as follows:		
Deferred tax assets	3.0	3.6
Deferred tax liabilities	(2.6)	(3.3)

The Group did not record deferred taxes on US\$16 million taxable losses of its US subsidiaries due to uncertainty of utilisation of those losses. These taxable losses do not have expiry date. The Group did not have taxable losses in other subsidiaries at 31 December 2021 (2020: nil) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

16 Cash and cash equivalents

	2021 US\$ million	2020 US\$ million
Cash and short-term deposits	174.5	148.2
Customer funds	81.1	74.0
	255.6	222.2

Cash and cash equivalents include on demand deposits held with PSPs of US\$19.0 million at 31 December 2021 (31 December 2020: US\$32.2 million). The rights and obligations relating to demand deposits previously presented as trade receivables were re-analysed and as a consequence, as at 31 December 2020 an amount of US\$32.2 million has been reclassified from trade receivables to cash and cash equivalents.

Customer funds represent bank deposits matched by liabilities to customers and progressive prize pools of an equal value (see note 21).

17 Trade and other receivables

	2021 US\$ million	2020 US\$ million
Trade receivables	25.9	29.1
Other receivables	15.3	13.0
Prepayments	17.8	7.1
Restricted short-term deposits	9.5	3.2
Current trade and other receivables	68.5	52.4
Non-current prepayments	7.8	0.6
	76.3	53.0

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 25 provides credit risk disclosures on trade and other receivables.

18 Share capital

Share capital comprises the following:

	Authorised			
	31 December 2021 Number	31 December 2020 Number	31 December 2021 US\$ million	31 December 2020 US\$ million
Ordinary Shares of £0.005 each	1,026,387,500 ¹	1,026,387,500	8.1	8.1

1 including 307,422 treasury shares held by the Group as at 31 December 2021 (2020: 196,488).

	Allotted, called up and fully paid			
	31 December 2021 Number	31 December 2020 Number	31 December 2021 US\$ million	31 December 2020 US\$ million
Ordinary Shares of £0.005 each at beginning of year	369,017,422	368,347,794	3.3	3.3
Issue of Ordinary Shares of £0.005 each	3,741,780	669,628	—	—
Ordinary Shares of £0.005 each at end of year	372,759,202	369,017,422	3.3	3.3

The narrative below includes details on issue of Ordinary Shares of £0.005 each as part of the Group's employee share option plan (see note 23) during 2021 and 2020:

During 2021, the Company issued 3,741,780 shares (2020: 669,628) out of which nil shares (2020: nil) were issued in respect of employees' exercising market value options giving rise to an increase in share premium of nil (2020: nil).

Shares issued are converted into US\$ at the exchange rate prevailing on the date of issue. The issued and fully paid share capital of the Group amounts to US\$3.3 million (2020: US\$3.3 million) and is split into 372,759,202 (2020: 369,017,422) Ordinary Shares. The share capital in UK sterling (GBP) is £1.9 million (2020: £1.8 million).

19 Trade, other payables and provisions

	2021 US\$ million	2020 US\$ million
Trade payables	36.2	26.3
Accrued expenses	118.3	108.4
Other payables	41.6	43.2
Total trade and other payables	196.1	177.9
Provisions	25.7	19.3
	221.8	197.2

The carrying value of trade and other payables approximates to their fair value given the short maturity date of these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

19 Trade, other payables and provisions cont.

Provisions

The Group has recorded a provision in respect of legal and regulatory matters and update it to reflect the Group's revised assessment of these risks in light of developments arising during 2020 and 2021 including with regard to customer claims and other legal and regulatory risks. This amount represents management's best estimate of probable cash outflows related to these matters, which are closely monitored by the Group. The timing and amount of these outflows is ultimately determined by the settlement reached with the relevant authority but would generally be resolved within 24 months of the balance sheet date.

Movement in the provision during the year is as follows:

	Total US\$ million
At 1 January 2020	10.2
Paid during the year	(0.1)
Arising during the period	12.0
Released to income statement during the period	(2.8)
At 1 January 2021	19.3
Paid during the year	(2.7)
Arising during the period	11.0
Foreign exchange differences	(0.6)
Released to income statement during the period	(1.3)
At 31 December 2021	25.7
Current	25.7
Non-current	—

The Group has recorded a provision in respect of legal and regulatory matters and update it to reflect the Group's revised assessment of these risks in light of developments arising during 2020 and 2021 including with regard to customer claims and other legal and regulatory risks. This amount represents management's best estimate of probable cash outflows related to these matters, which are closely monitored by the Group. Provisions include US\$12.7 million relating to a sanction from the UKGC for which an outflow is expected in March 2022. The timing and amount of other outflows is ultimately determined by the settlement reached with the relevant authority but would generally be resolved within 24 months of the balance sheet date.

20 Lease liabilities

	Lease liabilities US\$ million
At 1 January 2020	34.8
Arising during the period	1.6
Paid during the period	(6.4)
Interest expenses	1.4
Interest paid	—
Exchange rate	2.3
At 31 December 2020¹	33.7
Arising during the period	3.4
Paid during the period	(7.2)
Interest expenses	1.3
Exchange rate	(0.3)
At 31 December 2021¹	30.9
Current	6.5
Non-current	24.4

¹ Discounted using a weighted average incremental borrowing rate of 4.2%.

Further information in respect of right of use assets in note 13 and contractual maturity analysis of lease liabilities in note 25.

21 Customer deposits

	2021 US\$ million	2020 US\$ million
Liabilities to customers	74.4	68.0
Progressive prize pools	6.7	6.0
	81.1	74.0

22 Investments in significant subsidiaries

The consolidated financial statements include the following principal subsidiaries of 888 Holdings plc:

Name	Country of incorporation	Percentage of equity interest 2021	Percentage of equity interest	Nature of business
			2020	
VHL Financing Limited	Gibraltar	100	100	Holding company
VHL Financing (Malta) Limited	Malta	100	100	Holding company
Virtual Global Digital Services Limited	Gibraltar	100	100	Holder of gaming licences in Gibraltar
VDSL (International) Ltd	Gibraltar	100	N/A	Holder of gaming licences in Gibraltar
Virtual Digital Services Limited	Malta	100	100	Holder of gaming licences in Malta for European markets which are not locally regulated
Brigend Limited	Gibraltar	100	100	Bingo B2B business operator
Fordart Limited	Gibraltar	100	100	B2B business operator (except Bingo)
888 UK Limited	Gibraltar	100	100	Holder of UK remote gaming licence
888 Italia Limited	Malta	100	100	Holder of Italian online gaming licence
888 Online Games España S.A.	Ceuta, Spain	100	100	Holder of Spanish online gaming licence
888 US Limited	Gibraltar	100	100	Licensed service provider to US licenced entities
888 Atlantic Limited	Gibraltar	100	100	Licensed service provider to US licensed entities
888 Liberty Limited	Gibraltar	100	100	Holder of Gaming Vendor Licence in the state of Delaware
888 Romania Limited	Malta	100	100	Holder of Romanian online gaming licence
888 (Ireland) Limited	Malta	100	100	Holder of Irish online betting licence
888 Denmark Limited	Malta	100	100	Holder of Danish online gaming licence
888 Portugal Limited	Malta	100	100	Holder of Portuguese online gaming licence
888 Sweden Limited	Malta	100	100	Holder of Swedish online gaming licence
888 Germany Limited	Malta	100	100	Holder of German online gaming licence
888 Netherlands Ltd	Malta	100	100	Applicant for Netherlands licence
Virtual Emerging Entertainment Limited	Gibraltar	100	100	Trademark licensor
Gisland Limited	Gibraltar	100	100	Payment transmission
Virtual IP Assets Limited	Antigua	100	100	Holder of group IP assets
Virtual Marketing Services (Gibraltar) Limited	Gibraltar	100	100	Marketing acquisition
Virtual Marketing Services (UK) Limited	UK New Jersey, USA	100	100	Advertising services
888 US Services Inc.		100	100	Provider of US-based services for US operations
Random Logic Limited	Israel	100	100	Research, development and marketing support
Random Logic Ventures Limited	Israel	100	100	Investment holding company
Sparkware Technologies SRL	Romania	100	100	Software development
Virtual Internet Services Limited	Gibraltar	100	100	Data hosting and development services
Virtual Share Services Limited	Gibraltar	100	100	Administration of employee equity schemes
Spectate Limited	Ireland	100	100	Software and service provider

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.**22 Investments in significant subsidiaries cont.**

Name	Country of incorporation	Percentage of equity interest 2021	Percentage of equity interest 2020	Nature of business	
888 US Inc.	Delaware, USA	100	100	Holding company	
888 US Holdings Inc.	Delaware, USA	100	100	Holding company	
AAPN Holdings, LLC	Delaware, USA	100	100	Holding company	
AAPN New Jersey LLC	New Jersey, USA	100	100	Holder of Casino Service Industry Enterprise licence in New Jersey	
VHL America, LLC	Delaware, USA	95.01	100	Holding company	
VHL Colorado, LLC	Colorado, USA	95.01	100	Colorado Internet Sports Betting Operator licence holder	
VHL Indiana, LLC	Indiana, USA	95.01	100	Indiana licence applicant	
VHL Iowa, LLC	Iowa, USA	95.01	100	Iowa licence applicant	
VHL Maryland, LLC	Maryland, USA	85.53	N/A	Maryland licence applicant	
VHL Ohio, LLC	Ohio, USA	95.01	N/A	Ohio licence applicant	
VHL New Jersey, LLC	New Jersey, USA	95.01	N/A	New Jersey licence applicant	
VHL Louisiana, LLC	Louisiana, USA	95.01	N/A	Louisiana licence applicant	
VHL Virginia, LLC	Virginia, USA	85.53	N/A	Virginia licence applicant	
VHL Missouri, LLC	Missouri, USA	95.01	N/A	Missouri licence applicant	
VHL Ontario Ltd	Gibraltar	95.01	N/A	Ontario licence applicant	

23 Share benefit charges**Equity-settled share benefit charges**

As at 31 December 2021 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.

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)

	2021 Number	2020 Number
Outstanding future vesting equity awards at the beginning of the year	5,541,569	1,911,982
Future vesting equity awards granted during the year	2,801,667	4,075,732
Future vesting equity awards lapsed during the year	(286,830)	(146,611)
Shares issued upon vesting during the year	(2,609,986)	(299,534)
Outstanding future vesting equity awards at the end of the year	5,446,420	5,541,569
Averaged remaining life until vesting	1.68 years	1.15 years

23 Share benefit charges cont.

Deferred Share Bonus Plan

	2021 Number	2020 Number
Outstanding future vesting equity awards at the beginning of the year	196,488	201,947
Future vesting equity awards granted during the year	220,225	130,796
Shares exercised during the year	(109,291)	(136,255)
Outstanding future vesting equity awards at the end of the year	307,422	196,488
Averaged remaining life until vesting	0.62 years	0.93 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) 2 April 2021 to the Operational Management (150,560 Shares),
- (ii) 18 March 2021 to the CEO (63,735 Shares) and the CFO (5,930 Shares),
- (iii) 16 April 2020 to the CEO (21,544 Shares), the then CFO (42,368 Shares) and former CEO (66,884 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 2021:

- (i) 22 March 2021, the Group purchased 220,225 shares on the open market at an average price of 362.0¢ per share,
- (ii) 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 exercised during the year.

Ordinary shares granted (subject to performance conditions)

	2021 Number	2020 Number
Outstanding at the beginning of the year	3,936,354	4,172,249
Shares granted during the year	530,976	973,563
Lapsed future vesting shares	(127,152)	(839,364)
Shares issued during the year	(1,131,794)	(370,094)
Outstanding at the end of the year	3,208,384	3,936,354
Averaged remaining life until vesting	0.84 years	1.13 years

Shares granted during the year 530,976 (2020: 973,563). The share price at the grant date was £3.49. Shares outstanding at the end of the year consist of (i) 1,429,308 shares subject to 50% EPS growth target, and 50% total shareholder return (TSR) compared to a peer group of companies (ii) 1,779,076 shares are 100% dependent on 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:	2021	2020
Share pricing model used	Monte Carlo	Monte Carlo
Determined fair value	£2.45	£0.86
Number of shares granted	265,488	449,166
Average risk-free interest rate	0.1%	0.05%
Average standard deviation	46%	42%
Average standard deviation of peer group	48%	45%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

23 Share benefit charges cont.

Valuation information – shares granted

	2021		2020	
	Without performance conditions	With performance conditions	Without performance conditions	With performance conditions
Weighted average share price at grant date	£3.67	£3.49	£1.33	£1.30
Weighted average share price at issue of shares	£3.69	£3.53	£2.54	£1.29

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

	2021 US\$ million	2020 US\$ million
Equity-settled charge for the year	7.1	7.6
Cash-settled charge for the year	1.3	3.4
Total share benefit charges	8.4	11.0

24 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, are set out below:

	2021 US\$ million	2020 US\$ million
Short-term benefits	4.9	4.6
Post-employment benefits	0.2	0.2
Share benefit charges – equity-settled	1.4	2.1
Total	6.5	6.9

Further details on Directors' remuneration are given in the Directors' Remuneration Report.

25 Financial risk management

The Group is exposed through its operations to risks that arise from use of its financial instruments. Policies and procedures for managing these risks are set by the Board following recommendations from the Chief Financial Officer. The Board reviews the effectiveness of these procedures and, if required, approves specific policies and procedures in order to mitigate these risks.

The main financial instruments used by the Group, on which financial risk arises, are as follows:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables;
- Customer deposits;
- Lease liabilities.

25 Financial risk management cont.

Detailed analysis of these financial instruments is as follows:

Financial assets	2021 US\$ million	2020 US\$ million
Trade and other receivables ¹ (note 17)	50.7	45.3 ²
Cash and cash equivalents (note 16)	255.6	222.2
	306.3	267.5

1 Excludes prepayments and non-current other receivables.

2 On-demand deposits amount to US\$32.2 million previously presented as trade receivables were reclassified to cash and cash equivalents.

Trade and other receivables and cash and cash equivalents are classified as financial assets at amortised costs.

Financial liabilities	2021 US\$ million	2020 US\$ million
Trade and other payables ¹ (note 19)	172.0	140.2
Customer deposits (note 21)	81.1	74.0
Lease liabilities – IFRS 16 (note 20)	30.9	33.7
	284.0	247.9

1 Excludes taxes payable.

All financial liabilities are held at amortised cost.

Capital

The capital employed by the Group is composed of equity attributable to shareholders. The primary objective of the Group is maximising shareholders' value, which, from the capital perspective, is achieved by maintaining the capital structure most suited to the Group's size, strategy, and underlying business risk. There are no demands or restrictions on the Group's capital.

The main financial risk areas are as follows:

Credit risk

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.
- 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 year end amounting to US\$0.5 million arising from a PSP failing to discharge its obligation (2020: US\$0.6 million). 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 2021 was US\$1.5 million (2020: US\$1.5 million).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

25 Financial risk management cont.

Credit risk cont.

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.

Customer funds

Customer funds are matched by customer liabilities and progressive prize pools of an equal value.

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 US\$306.3 million (2020: US\$267.5 million).

Liquidity risk

Liquidity risk exists where the Group might encounter difficulties in meeting its financial obligations as they become due. The Group monitors its liquidity in order to ensure that sufficient liquid resources are available to allow it to meet its obligations.

The following table details the contractual maturity analysis of the Group's financial liabilities (undiscounted payments):

	2021										Total US\$ million	
	On demand			Between 3 months and 1 year			More than 5 years					
	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million		
Trade and other payables ¹	3.2	104.1	64.7	—	—	—	—	—	—	—	172.0	
Customer deposits	81.1	—	—	—	—	—	—	—	—	—	81.1	
Lease liabilities	—	1.8	4.9	5.8	5.6	5.5	5.5	5.5	5.3	34.4		
	84.3	105.9	69.6	5.8	5.6	5.5	5.5	5.3	5.3	287.5		

¹ Excludes taxes payable.

	2020										Total US\$ million	
	On demand			Between 3 months and 1 year			More than 5 years					
	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million	US\$ million		
Trade and other payables ¹	12.3	106.5	21.4	—	—	—	—	—	—	—	140.2	
Customer deposits	74.0	—	—	—	—	—	—	—	—	—	74.0	
Lease liabilities	—	1.7	5.3	6.4	6.0	5.0	4.9	9.2	9.2	38.5		
	86.3	108.2	26.7	6.4	6.0	5.0	4.9	9.2	9.2	252.7		

¹ Excludes taxes payable.

25 Financial risk management cont.

Market risk

Currency risk

The Group's financial risk arising from exchange rate fluctuations is mainly attributed to:

- Mismatches between customer deposits, which are predominantly denominated in US\$, and the net receipts from customers, which are settled in the currency of the customer's choice and of which Pounds Sterling (GBP) and Euros (EUR) are the most significant.
- Mismatches between reported revenue, which is mainly generated in US\$ (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, the majority of which are denominated in foreign currencies including Pounds Sterling (GBP), Euros (EUR) and New Israeli Shekels (ILS).

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.

At 31 December 2021 the Group does not have any open foreign exchange forward contracts.

The tables below detail the monetary assets and liabilities by currency:

	2021					
	GBP US\$ million	EUR US\$ million	ILS US\$ million	USD US\$ million	Other US\$ million	Total US\$ million
Cash and cash equivalents	48.3	65.3	21.3	95.7	25.0	255.6
Trade and other receivables	11.7	23.2	1.7	5.0	9.1	50.7
Monetary assets	60.0	88.5	23.0	100.7	34.1	306.3
Trade and other payables	(53.3)	(31.3)	(23.8)	(53.0)	(10.6)	(172.0)
Customer deposits	(15.0)	(20.2)	—	(38.5)	(7.4)	(81.1)
Lease liabilities	(5.7)	(11.2)	(13.9)	(0.1)	—	(30.9)
Monetary liabilities	(74.0)	(62.7)	(37.7)	(91.6)	(18.0)	(284.0)
Net financial position	(14.0)	25.8	(14.7)	9.1	16.1	22.3

	2020					
	GBP US\$ million	EUR US\$ million	ILS US\$ million	USD US\$ million	Other US\$ million	Total US\$ million
Cash and cash equivalents	72.6	59.3	17.8	58.3	14.2	222.2
Trade and other receivables	11.8	19.1	0.7	2.3	11.4	45.3
Monetary assets	84.4	78.4	18.5	60.6	25.6	267.5
Trade and other payables	(38.6)	(21.9)	(23.0)	(49.7)	(7.0)	(140.2)
Customer deposits	(17.1)	(22.1)	—	(29.1)	(5.7)	(74.0)
Lease liabilities	(3.4)	(11.0)	(18.8)	(0.3)	(0.2)	(33.7)
Monetary liabilities	(59.1)	(55.0)	(41.8)	(79.1)	(12.9)	(247.9)
Net financial position	25.3	23.4	(23.3)	(18.5)	12.7	19.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS cont.

25 Financial risk management cont.

Sensitivity analysis

The table below details the effect on profit before tax of a 10% strengthening (and weakening) in the US\$ exchange rate at the balance sheet date for balance sheet items denominated in Pounds Sterling, Euros and New Israeli Shekels:

	Year ended 31 December 2021		
	GBP US\$ million	EUR US\$ million	ILS US\$ million
10% strengthening	1.4	(2.6)	1.5
10% weakening	(1.4)	2.6	(1.5)

	Year ended 31 December 2020		
	GBP US\$ million	EUR US\$ million	ILS US\$ million
10% strengthening	(2.5)	(2.3)	2.3
10% weakening	2.5	2.3	(2.3)

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:

Effect on profit before tax

	2021 Interest bearing deposits US\$ million	2020 Interest bearing deposits US\$ million
50bp increase	—	0.1
50bp decrease	—	(0.1)

26 Fair value measurements

The Group's equity investment of US\$0.2 million was written off during 2020. This investment was measured at fair value (level 2). For the remaining financial assets and liabilities, the Group considers that the book value approximates to fair value.

There were no changes in valuation techniques or transfers between categories in the period.

27 Provisions, contingent liabilities and regulatory issues

(a) In common with other operators from time to time the Group receives claims relating to losses incurred by customers. Civil claims have been received from customers, principally in Austria, claiming refunds due to lack of local licensing. This trend is backed by case law amongst the higher Austrian courts. In addition, claim-financing bodies are gathering claims against operators. The Group is dealing with these civil claims with help from its local advisors. A similar uptick in civil claims also recently started in Germany, but to a lesser extent.

In estimating the size of the potential outflow, the Directors have assessed claims received to date and the Groups policy for defending these claims. A liability has been recorded to reflect the most likely cash outflow. However, claims continue to be received at an increasing rate and there is an expectation that this trend will persist. The Directors are unable to quantify the outflow of funds associated with future claims. Any potential outflow would then take place over a multi-year period.

(b) The Group have entered into agreements with third parties for a range of fees and expenses in connection with the acquisition of William Hill International. £17-21 million of these fees are only payable contingent on the completion of the transaction and as such are considered a contingent liability given shareholder approval and subsequent completion is expected in Q2 2022.

(c) At 31 December 2021, the Group had a commitment for ongoing operational costs associated with the Group's exclusive partnership with Authentic Brands Group, a brand development, marketing and entertainment company and owner of the Sports Illustrated brand. The commitment includes certain licence fees, employment costs and marketing activities during the course of the agreement.

28 Post balance sheet events

On 1 March 2022, the UKGC published a statement on its website related to its investigation following its 2020 compliance assessment of the Group, which outlined certain shortcomings in respect of former safer gambling and anti-money laundering policies, procedures and controls of the Group and pursuant to which 888 was fined £9.4 million. 888 took immediate and appropriate actions to improve the relevant internal policies, procedures and controls to ensure it is fully compliant with its licensing obligations. The fine has been recorded as a provision in note 19 of the Financial Statements.

Since January 2022, as resolved at an Extraordinary General Meeting of the Company on 16 December 2021, the affairs of the Company have been conducted so that the central management and control of the Company is exercised in the United Kingdom. As a result, from January 2022 the Company has ceased to be treated as Gibraltar tax resident and instead has been treated as resident in the United Kingdom for tax purposes.

COMPANY BALANCE SHEET

AT 31 DECEMBER 2021

	Note	2021 US\$ million	2020 US\$ million
Assets			
Non-current assets			
Investments in subsidiaries	2	55.0	47.5
Deferred tax assets	10	—	0.5
		55.0	48.0
Current assets			
Trade and other receivables	3	94.7	131.3
Cash and cash equivalents		—	—
		94.7	131.3
Total assets		149.7	179.3
Equity and liabilities			
Equity			
Share capital	4	3.3	3.3
Share premium	4	3.7	3.7
Treasury shares	4	(1.3)	(0.5)
Retained earnings ¹		102.6	91.9
Total equity		108.3	98.4
Liabilities			
Current liabilities			
Trade and other payables	5	6.7	23.2
Income tax payable		1.8	18.3
Loan payable to subsidiaries	6	8.9	—
		17.4	41.5
Non-current liabilities			
Loan payable to subsidiaries	9	23.6	39.4
Deferred tax liabilities		0.4	—
		24.0	39.4
Total liabilities		41.4	80.9
Total equity and liabilities		149.7	179.3

1 Includes net profit of the Company for the year ended 31 December 2021 of US\$65.3 million (31 December 2020: US\$63.1 million).

The financial statements on [pages 160 to 162](#) were approved and authorised for issue by the Board of Directors on 8 March 2022 and were signed on its behalf by:



ITAI PAZNER
Chief Executive Officer



YARIV DAFNA
Chief Financial Officer

The notes on [pages 163 to 165](#) form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital US\$ million	Share premium US\$ million	Treasury shares US\$ million	Retained earnings US\$ million	Total US\$ million
Balance at 1 January 2020	3.3	3.7	(0.7)	54.9	61.2
Profit and total comprehensive income for the year	—	—	—	63.1	63.1
Dividend paid (note 9)	—	—	—	(33.2)	(33.2)
Acquisition of treasury shares	—	—	(0.3)	—	(0.3)
Exercise of deferred share bonus plan	—	—	0.5	(0.5)	—
Equity settled share benefit charges (note 8)	—	—	—	7.6	7.6
Balance at 31 December 2020	3.3	3.7	(0.5)	91.9	98.4
Profit and total comprehensive income for the year	—	—	—	65.3	65.3
Dividend paid (note 9)	—	—	—	(61.3)	(61.3)
Acquisition of treasury shares	—	—	(1.1)	—	(1.1)
Exercise of deferred share bonus plan	—	—	0.3	(0.3)	—
Equity settled share benefit charges (note 8)	—	—	—	7.0	7.0
Balance at 31 December 2021	3.3	3.7	(1.3)	102.6	108.3

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 163 to 165](#) form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 US\$ million	As restated 2020 ¹ US\$ million
Cash flows from operating activities:			
Profit before tax		50.7	73.8
Adjustments for:			
Share benefit charges	8	0.1	0.7
Dividend receivable		(51.9)	(74.5)
Income tax paid		(1.1)	(0.1)
Decrease in amounts owed by subsidiaries	3, 5	23.7	16.8
Increase (decrease) in amounts owed to subsidiaries		(13.3)	12.3
Increase (decrease) in other receivables	3	(8.9)	(0.8)
Increase (decrease) in trade and other payables	5	(3.2)	6.1
Net cash generated from operating activities		(3.9)	34.3
Cash flows from investing activities			
Dividends received	9	74.5	27.2
Net cash generated from investing activities		74.5	27.2
Cash flows from financing activities:			
Issue of shares	4	—	—
Acquisition of treasury shares	4	(1.1)	(0.3)
Repayment of loans to subsidiaries		(8.2)	(9.0)
Interest paid	9	—	(1.0)
Proceeds from loans, net of transaction fee		—	32.0
Repayment of loans		—	(50.0)
Dividends paid	9	(61.3)	(33.2)
Net cash used in financing activities		(70.6)	(61.5)
Net 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		—	—

1 The presentation of the Company statement of cash flows was restated following FRC enquiry, as described in further detail in note 1.

The notes on [pages 163 to 165](#) form part of these financial statements.

NOTES TO THE COMPANY 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union and on an historical cost basis.

The Company applies consistent accounting policies, as applied by the Group. To the extent that an accounting policy is relevant to both Group and Company financial statements, refer to the Group financial statements for disclosure of the accounting policy (see note 2 to the consolidated financial statements). Material policies that apply to the Company only are included as appropriate.

Under Section 288 of the Gibraltar Companies Act 2014, the Company is exempt from the requirement to present its own income statement.

Prior year restatement of parent company cash flow statement

In October 2021, the Company received a letter from the Corporate Reporting Review Team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company's 2020 Annual Report and Accounts. The letter primarily focused on the parent company cashflow statement. Following the review, the following line items have been restated in the Parent Company Cash Flows Statement:

- The 2020 cashflows from dividends received has been restated to be US\$27.2 million with the corresponding adjustment to increase in amount owed by subsidiaries.
- A new line "Increase in amounts owed to subsidiaries of US\$12.3 million has been included in the reconciliation from Profit before tax to Cash generated from operations.
- As a result of these two changes the line 'Increase in net amounts owed by subsidiaries' changed to 'Decrease in amounts owed by subsidiaries' and has been restated to US\$16.8 million.

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 22 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 US\$7.5 million (2020: US\$1.4 million) included within this were share-based payment charges of US\$6.9 million in 2021 (2020: US\$6.9 million), which is net of US\$9.4 million intragroup recharges related to share based payment schemes (2020: US\$5.5 million). The Company made a US\$10.0 million capital contribution during the year (2020: nil) in respect of incorporation of new subsidiaries.

NOTES TO THE COMPANY FINANCIAL STATEMENTS cont.

3 Trade and other receivables

	2021 US\$ million	2020 US\$ million
Amounts due from subsidiaries	84.6	130.1
Other receivables and prepayments	1.5	1.2
Restricted short-term deposits	8.6	—
	94.7	131.3

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 18 to the consolidated financial statements are consistent with those for the Company, including capital management in note 25 to the consolidated financial statements.

5 Trade and other payables

	2021 US\$ million	2020 US\$ million
Trade payables	0.1	—
Amounts due to subsidiaries	—	13.3
Other payables and accrued expenses	6.6	9.9
	6.7	23.2

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 25 to the consolidated financial statements.

Interest-bearing loans and borrowings are disclosed in note 20 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 27 to the consolidated financial statements are consistent with those for the Company.

8 Share benefit charges

The disclosures in note 23 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 received dividends totalling US\$74.5 million (2020: US\$27.2 million) from its subsidiaries and recognised, in the net profit, dividend receivable in respect of the year ended 31 December 2021, from its subsidiaries through intercompany accounts (to be paid subsequently in cash), totalling US\$51.9 million (2020: US\$74.5 million). During the year the Company paid to its shareholders dividends totalling US\$61.3 million (2020: US\$33.2 million). See note 10 to the consolidated financial statements.

Share benefit charges in respect of options and shares of the Company awarded to employees of subsidiaries totalled US\$6.9 million (2020: US\$6.9 million). During the year the Company charged its subsidiary for cost of awards for US\$9.4 million (2020: US\$5.5 million).

During the year the Company repaid US\$8.2 million to its subsidiaries (2020: The Company repaid US\$9.0 million) and recorded a US\$1.4 million (2020: US\$1.7 million) interest expenses in respect of the loan which were recharged to other Group entities.

At 31 December 2021, the net amounts owed by subsidiaries to the Company were US\$84.6 million (2020: US\$116.8 million).

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 has been recognised at the UK tax rate. As at 31 December 2021, the Company has a deferred tax liabilities of US\$1.4 million (2020: US\$0.4 million) partially offset by deferred tax asset of US\$1.0 million (2020: US\$0.9 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:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
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BR3 4TU
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www.signalshares.com

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Company secretary

The company secretary is
Elizabeth Bisby
Email: corporate.secretary@888holdings.com

Strait Secretaries Limited
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Corporate brokers

Jefferies International Limited
J.P. Morgan Cazenove
Canaccord Genuity Limited

COMPANY INFORMATION

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Further information

Further information about the Group can
be found on our corporate website
corporate.888.com

To contact the Investor Relations team
email ir@888holdings.com

To contact the company secretary email
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NOTES



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