12 August 2022

888 Holdings Plc

("888" or "the Group")

Half year results for the six months ending 30 June 2022

Continued strategic progress and combination with William Hill on 1 July – now a global leader

888 (LSE: 888), one of the world's leading online betting and gaming companies, announces its financial results for the six months ended 30 June 2022 (the "Period"). The acquisition of the international (non-US) business of William Hill completed on 1 July 2022, and as such, the reported interim results, and commentary thereon, reflects 888 only.

Strategic and operational highlights

During the first half of 2022, the Group made strong progress against its three key strategic pillars: strategic M&A, market focus, and investing in our sustainable competitive advantages.

Strategically attractive M&A

- *Acquisition of William Hill completed on 1 July 2022, creating one of the world's leading online betting and gaming groups*
    - Transformational acquisition, positioning the group as a top-three operator in the UK and Spain, increasing the mix of regulated and taxed revenues to 85%, and providing a platform for strong future growth
    - Excellent progress with first phases of integration, including the appointment of a new executive leadership team
    - Formation of an integration office to closely monitor the execution of the integration plan
- *Completion of sale of Bingo in July 2022*
    - Strategic sale of B2C and B2B bingo operations for total proceeds of £37 million, enabling the group to increase its focus on its core betting and gaming platform

Market Focus

- *Expansion into attractive regulated growth markets*
    - Launched SI Sportsbook in Virginia, and secured market access in Michigan, with launch planned for H2 2022
    - Launched 888.ca under a local licence in Ontario, Canada, with positive trends since launch including successfully migrating and reactivating the vast majority of the existing customer base onto the locally regulated offering
- *Strategic investment in 888AFRICA, creating a long-term growth platform for regulated African markets*

Reinforcing sustainable competitive advantages

- *Product and content leadership*
    - Sportsbook improvements with the launch of a new betslip that is faster and easier to use, as well as successfully migrating Spain to the in-house platform, providing Spanish players with our unique product features such as *Betfeed*
    - Further expansion of exclusive gaming content supported by investment to double the capacity of Section8, our in-house games studio, as well as the launch of the world's first live slot game, *Safari Riches Live*, in partnership with Playtech
    - Launch of Perfect10 on SI Sportsbook, a new free-to-play sports predictor game made for US sports
- *World class brands and marketing*
    - Significantly strengthened the Group's brand portfolio with the additions of the iconic William Hill brand as well as the popular Mr. Green brand
    - Launch of *Made to Play* master brand strategy, uniting all 888 products behind a strong brand vision, supporting effective and efficient marketing
    - Development of further integration between SI Sportsbook and SI.com, giving US sports fans a unique content-rich betting experience
- *Customer Excellence and Safety*
    - 6% increase in customer satisfaction, supported by the roll-out of *Amanda*, our new AI-powered virtual assistant
    - Rollout of Control Centre to Italy, providing even more of our global players with more transparent insight into their play through intuitively presented, real time data, and easy access to a range of safer gambling tools

- 38% year-over-year increase globally in the number of players with limits in place, with over 47% of UK actives in Q2 2022 having limits to help ensure a safe and entertaining betting and gaming environment

Financial summary

Results are now presented in Pound Sterling, with the Group having previously reported in US Dollars. The reported results reflect 888 only given the completion of the William Hill acquisition on 1 July was after the period end. Pro forma[1] results as presented in this statement and on the presentation available on our website reflect the results as if 888 had owned William Hill for each of the periods below, and exclude the reported results of the 888 Bingo business, the sale of which completed on 7 July 2022. Further historical pro forma[1] information for prior periods is available as part of the investor presentation on the Group's website.

	Reported			Pro forma[1]		
£m	**H1 2022**	**H1 2021**	**YoY%**	**H1 2022**	**H1 2021**	**YoY%**
Revenue	332.1	380.9	-13%	943.2	952.5	-1%
Adjusted EBITDA	50.0	70.3	-29%	142.3	112.7	+26%
Profit before tax	14.4	41.9	-66%			
Adjusted profit before tax	33.0	54.2	-39%			
Earnings per share	2.9	9.9	-71%			
Adjusted earnings per share (p)	7.5	13.2	-43%			

[1] Pro forma information presented in the financial summary (including the associated narrative) is not part of the review of interim financial information performed by the Independent Auditor.

Reported financial highlights

- Group revenue -13% to £332.1 million, with the majority of the business seeing relatively stable revenues, offset by declines in the UK (-25%) reflecting the implementation of more stringent safer gambling policies, and the closure of the Netherlands. Excluding the UK and Netherlands, revenue was up +2% year over year
- Adjusted EBITDA of £50.0 million (2021: £70.3 million), with the Adjusted EBITDA Margin lower due to continued investment in the US to support SI Sportsbook state launches, together with additional compliance related costs
- Adjusted basic earnings per share of 7.5p (2021: 13.2p), basic earnings per share 2.9p (2021: 9.9p) with the year over year decline reflecting the Adjusted EBITDA decreased described above, together with an increased share count following the capital raise in April 2022 to part fund the acquisition of William Hill

Pro forma[1] financial highlights

- Group revenue -1%, with the normalisation of retail revenues substantially offsetting a -21% decline in online
- Pro forma[1] adjusted EBITDA of £142.3 million (2021: £112.7 million) with the year over year improvement driven by retail reopening
- Strong progress with integration plans, and commitment to at least £100 million of pre-tax cost synergies by 2025
- New operating model under development, positioning the Group to deliver strong revenue growth in the medium-term, with a unified technology platform, supported by a portfolio of leading brands and a high quality leadership team

Outlook

- The business is on a stable trend, with Q2 2022 pro forma[1] revenue growth of 1% compared to Q1 2022, including sequential growth in UK Online revenue across both 888 and William Hill brands
- Revenue in the second half of 2022 is expected to be in line with revenue in the first half of 2022
- Long-term debt structure, with £1.8 billion in gross debt, with maturities ranging from 5-6 years. Cash interest costs are currently expected to be approximately £65 million in H2 2022, and £130-140 million in the full year 2023 based on current market conditions and the forward curve

Capital Markets Day in November

- The Group plans to host a Capital Markets Day in November 2022, which will outline additional details on the strategy and operating model of the enlarged group, together with an update on integration plans and progress

Itai Pazner, CEO of 888, commented:

"The combination with William Hill, which we completed soon after the period end, transformed the Group and creates very strong foundations to support our ambitious growth plans. This combination of two exceptional and complementary businesses creates one of the world's leading online betting and gaming groups with superior scale, leading front-end and back-end technology, increased diversification across products, markets and channels, and a world class team.

The Group's financial performance in the period primarily reflects market conditions in the UK. However, we believe the proactive actions we have taken to increase player protections and drive higher standards of player safety have put the Group in an even stronger position for the future.

In the second half of 2022, our main focus is on integration, delivering on our synergy plans, and driving higher profitability across the business. This focus on integration, execution and de-leverage will unlock the huge potential from the enlarged business. These actions will position us to take advantage of significant growth opportunities ahead of us, as we leverage our leading technologies to create a best-in-class global betting and gaming platform, and our portfolio of world class brands, to grow market share and profitability in some of the most attractive markets in the world."

Sell side analyst and investor presentation
Itai Pazner, Chief Executive Officer, and Yariv Dafna, Chief Financial Officer, will host a presentation for sell-side analysts and investors today at 12.00PM (BST).

Live audio webcast link: https://stream.brrmedia.co.uk/broadcast/62e7880204182f363ba98176

To participate in Q&A please contact 888@hudsonsandler.com or call +44 (0)207 796 4133 for further details.

A replay will be available on our website shortly after: https://corporate.888.com/investor-centre/

This announcement contains inside information.

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About 888 Holdings Plc:
888 Holdings plc (and together with its subsidiaries, "888" or the "Group") is one of the world's leading betting and gaming companies. In 2022, the Group acquired the international (non-US) business of William Hill to create a global industry leader. Headquartered in Gibraltar, and listed in London, the Group operates from 15 offices around the world and employs over 12,000 people globally.

The Group's mission is to lead the gambling world in creating the best betting and gaming experiences, bringing unrivalled moments of excitement to people's day-to-day lives. It achieves this by developing state-of-the-art technology and content-rich products that provide fun, fair, and safe betting and gaming entertainment to customers around the world.

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

Find out more at:
http://corporate.888.com/
http://williamhillgroup.com/

Important Notices

This announcement may contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of 888. These statements, which contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect”, “may”, “will”, “seek”, “continue”, “aim”, “target”, “projected”, “plan”, “goal”, “achieve” and words of similar meaning, reflect 888’s beliefs and expectations and are based on numerous assumptions regarding 888’s present and future business strategies and the environment 888 will operate in and are subject to risks and uncertainties that may cause actual results to differ materially. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of 888 to be materially different from those expressed or implied by such forward looking statements. Many of these risks and uncertainties relate to factors that are beyond 888’s ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as 888’s ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which 888 operates or in economic or technological trends or conditions. Past performance of 888 cannot be relied on as a guide to future performance. As a result, you are cautioned not to place undue reliance on such forward-looking statements. The list above is not exhaustive and there are other factors that may cause 888’s actual results to differ materially from the forward-looking statements contained in this announcement. Forward-looking statements speak only as of their date and 888, its respective parent and subsidiary undertakings, the subsidiary undertakings of such parent undertakings, and any of such person’s respective directors, officers, employees, agents, affiliates or advisers expressly disclaim any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where it would be required to do so under applicable law. No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that the financial performance of 888 for the current or future financial years would necessarily match or exceed the historical published for 888.

	Six months ended 30 Jun 2022 £ million	Six months ended 30 Jun 2021 £ million	Change
Revenue - B2C			
Gaming	282.5	309.1	*(8.6%)*
Betting	34.6	57.9	*(40.2%)*
Total B2C	**317.1**	**367.0**	***(13.6%)***
B2B	**15.0**	**13.9**	*7.8%*
Revenue	**332.1**	**380.9**	***(12.8%)***
Gaming taxes and duties	(62.3)	(72.5)	
Other cost of sales[1]	(53.9)	(54.4)	
Gross profit	**215.9**	**254.0**	***(15.0%)***
Marketing expenses	(103.9)	(123.1)	
Operating expenses[2]	(62.0)	(60.6)	
Adjusted EBITDA[3]	**50.0**	**70.3**	***(28.8%)***
Share benefit charges	(2.2)	(4.1)	
Foreign exchange losses	(4.3)	-	
Exceptional items[4]	(16.4)	(8.2)	
Depreciation and amortisation	(12.0)	(13.1)	
Operating profit	**15.1**	**44.9**	***(66.4%)***
Finance income and expenses	(0.7)	(3.0)	
Profit before tax	**14.4**	**41.9**	***(65.6%)***
Adjusted basic earnings per share	**7.5p**	**13.2p**	***(43.2%)***
Basic earnings per share	**2.9p**	**9.9p**	***(70.3%)***

Alternative Performance Measures ("APMs") used in this document 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

	Six months ended 30 Jun 2022 £ million	Six months ended 30 Jun 2021 £ million	Change
Operating profit	**15.1**	**44.9**	**(66.4%)**
Share benefit charges	2.2	4.1	
Foreign exchange losses	4.3	-	
Exceptional items[4]	16.4	8.2	
Adjusted EBIT[3]	**38.0**	**57.2**	**(33.6%)**
Finance income and expenses	(5.0)	(3.0)	
Adjusted profit before tax	**33.0**	**54.2**	**(39.1%)**
Income tax	(2.4)	(5.2)	
Adjusted net profit	**30.6**	**49.0**	**(37.7%)**

1 The foreign exchange losses of £4.3 million (H1 2021: nil) were excluded from Other cost of sales to allows for further understanding of the underlying financial performance of the Group and aid comparability with the prior period.

2 Excluding depreciation of £4.8 million (H1 2021: £5.3 million), amortisation of £7.2 million (H1 2021: £7.8 million) and share benefit charges of £2.2 million (H1 2021: £4.1 million).

3 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.

4 Exceptional items as set out in note 3 to the financial statements.

Revenue

Group revenue decreased by 12.8% to £332.1 million (H1 2021: £380.9 million), driven by a 13.6% decrease in B2C revenue. The decline was principally driven by a 25% decrease in revenue from the UK, reflecting the implementation of more stringent safer gambling policies and in line with the wider market trends, with the prior period having also benefitted from digital entertainment migration during COVID related restrictions. Alongside this the Group temporarily closed the Netherlands while it awaits licensing, which represented approximately 3% of H1 2021 revenue.

B2B revenue increased by 7.8% to £15.0 million (H1 2021: £13.9 million) following the launch of World Series of Poker in Pennsylvania in July 2021 and Michigan in March 2022, partially offset by market driven declines in the bingo business. The Group completed the disposal of its bingo business in July 2022.

The table below shows the Group's revenue by geographical market:

	H1 2022 **£ million**	**H1 2021** **£ million**	**Change from previous year**	**% of reported Revenue (H1 2022)**
UK	**120.8**	160.4	***(25%)***	***36%***
EMEA (excluding the UK and Italy)	**112.9**	119.5	***(5%)***	***34%***
Italy	**46.5**	49.0	***(5%)***	***14%***
Americas	**46.6**	46.9	***(1%)***	***14%***
Rest of world	**5.3**	5.1	***5%***	***2%***
Revenue	**332.1**	380.9	***(13%)***	***100%***

UK

UK revenue decreased 25% during the period, partly driven by a very strong comparative that was inflated by digital entertainment migration during COVID related lockdowns in the prior year, but primarily as a result of more stringent safer gambling policies and increased player protections. During the past year the Group has implemented a range of additional safer gambling measures including lower affordability thresholds and reduced slots stakes limits, and 47% of UK actives in Q2 2022 now have limits to help ensure a safe and entertaining betting and gaming environment. The Group believes it has maintained market share despite this, with the wider market also seeing similar trends, and that the strong player protections in place lay the foundations for sustainable growth.

EMEA (excluding the UK and Italy)

EMEA (excluding the UK and Italy) revenue decreased 5% year over year, principally driven by the closure of the Netherlands, which represented approximately 3% of H1 2021 group revenue. Performance in the rest of the region was positive, despite a strong comparative period driven by COVID related restrictions. Of the core and growth markets of the Group, Romania performed very strongly but this was offset by markets such as Spain and Germany, where regulatory changes impacted year over year comparisons.

Italy

Italy revenue declined by 5% year over year, primarily as a result of a strong comparative period where COVID related restrictions enforced the closure of retail venues, driving online migration. According to H2 Gambling Capital, online gambling reflected approximately 27% of the total Italian gambling market in 2021, having increased significantly from only 11% in 2019. Despite the direct benefit of retail migration being very strong in Italy compared to most markets, the Group has further increased its market share during H1 2022 even with retail being fully open.

Americas

Revenue from Americas decreased by 1% to £46.6 million (H1 2021: £46.9 million). US revenue increased 29% to £10.0 million driven by growth in B2B revenues related to the Group's partnership with World Series of Poker (WSOP), and the launch in Pennsylvania and Michigan in July 2021 and March 2022 respectively. B2C revenues in the US declined 4%, with growth in casino offset by investment in promotional activity to support the launch of SI Sportsbook in

Colorado and Virginia. Outside of the US, Americas revenue was down 7%, primarily driven by an increase in promotional investment to support the launch of Ontario on a locally regulated basis from April 2022.

Gaming taxes and duties

Gaming duties decreased by 14.0% to £62.3 million (H1 2021: £72.5 million) as a result of the Group's revenue decrease. Gaming duties ratio decreased slightly from 19.0% in H1 2021 to 18.8% in H1 2022 reflecting the slightly different country mix in each period.

Other cost of sales

Other cost of sales[1] decreased by 1.0% to £53.9 million (H1 2021: £54.4 million). The ratio of cost of sales to revenue increased to 16.2% (H1 2021: 14.3%), due to higher costs related to operational risk management and customer due diligence services.

1 Excluding foreign exchange differences of £4.3 million.

Gross profit

Gross profit decreased by 15.0% to £215.9 million (H1 2021: £254.0 million) and gross margin decreased from 66.7% to 65.0%.

Marketing expenses

Marketing expenses decreased by 15.6% to £103.9 million (H1 2021: £123.1 million) driven mainly by the decline in revenue. The Group's data-driven marketing approach means it can quickly adapt its marketing to suit demand. The marketing ratio as a proportion of revenue was 31.3% (H1 2021: 32.3%), with continued investment in growth markets offset by optimising spend in non-focus markets, in line with the Group's strategic framework.

Contribution

Contribution, which represents Gross profit less Marketing expenses, decreased by 14.4% to £112.0 million (H1 2021: £130.9 million). Contribution margin decreased slightly to 33.7% (H1 2021: 34.4%), reflecting mainly the decrease in gross margin in the period.

Operating expenses

Operating expenses[1] (which mainly comprise employment costs, professional services, development costs, IT services and infrastructure maintenance) amounted to £62.0 million (H1 2021: £60.6 million), reflecting an operating expenses margin of 18.7% (H1 2021: 15.9%). The increase compared to the previous period reflects continued R&D investment and investing for expansion in the US market.

1 Excluding depreciation of £4.8 million (H1 2021: £5.3 million), amortisation of £7.2 million (H1 2021: £7.8 million) and share benefit charges of £2.2 million (H1 2021: £4.1 million).

Adjusted EBITDA

Adjusted EBITDA for the period decreased 28.8% to £50.0 million (H1 2021: £70.3 million), resulting in an Adjusted EBITDA margin of 15.1% (H1 2021: 18.4%). Adjusted EBITDA was primarily impacted by the trends noted above, including the decrease in Revenue and Contribution. The reduction in Adjusted EBITDA margin primarily reflects the increase in operating expenses as a % of revenue, with these costs being predominantly fixed, so not decreasing in line with the reduction in revenue.

Exceptional items

	H1 2022 £ million	H1 2021 £ million
Exceptional legal and professional costs[1]	**7.4**	**1.2**
Retroactive duties and associated charges[2]	**(2.2)**	**4.8**
Loss on reclassification of Bingo business to Held for sale[3]	**11.2**	**-**
Restructuring and integration costs[4]	**-**	**2.2**
Total exceptional items	**16.4**	**8.2**

1 The Group incurred legal and professional costs of £7.4 million associated with the acquisition of the international (non-US) business of William Hill (H1 2021: £1.2 million).

2 Net credit of £2.2 million in exceptional provision for retroactive duties and associated charges following a reassessment of potential gaming duties relating to activity in prior years (H1 2021: charge of £4.8 million).

3 On 7 July 2022, the Group announced that it had completed the sale of its entire Bingo business to Saphalata Holdings Ltd., a member of the Broadway Gaming group, for a total cash consideration of £37.4 million (US$45.25 million), out of which £35.7 million was paid on completion and a further £1.7 million will unconditionally be paid in one year. As a result, the Group reclassified Bingo assets and liabilities as 'Held for sale' and recognised an impairment loss of £11.2 million.

4 Restructuring costs in H1 2021 comprises of £1.9 million employee redundancy costs related to the Group's decision to close its Antigua office, additional £0.3 million relates to the disposal of property, plant and equipment.

Finance income and expenses

Finance expenses and foreign exchange losses of £5.1 million (H1 2021: £3.1 million) less finance income of £0.1 million (H1 2021: £0.1 million) resulted in a net expense of £5.0 million (H1 2021: £3.0 million).

Finance expenses mainly comprised of £4.3 million non-cash currency exchange differences which are presented in the consolidated income statement as part of the other cost of sales, £0.4 million non-cash interest expenses resulting from IFRS 16, and £0.3 million interest charge.

Profit before tax

Profit before tax was £14.4 million (H1 2021: £41.9 million) mainly as a result of lower contribution, increased legal and professional costs associated with the acquisition of William Hill and costs related to the disposal of the Bingo business. Adjusted Profit before tax amounted to £33.0 million (H1 2021: £54.2 million).

Taxation

Taxation for the period was £2.4 million (H1 2021: £ 5.2 million) as a result of the lower profit generated in the period.

Net Profit and adjusted net profit

Net profit was £12.0 million (H1 2021: of £36.7 million) and Adjusted profit[1] was £30.6 million (H1 2021: £49.0 million).

[1] As defined in note 4 to the H1 2022 financial statements.

Earnings per share

Basic earnings per share for the period was 2.9p (H1 2021: 9.9p per share). Adjusted basic earnings per share was 7.5p (H1 2021: 13.2p). Further information on the reconciliation of adjusted basic earnings per share is provided in Note 4 to the H1 2022 financial statements.

Dividend

The Board has not declared any interim dividend in respect of the six months ended 30 June 2022.

Balance sheet

Total assets as at 30 June 2022 amounted to £529.9 million (31 December 2021: £400.1 million).
Current assets as at 30 June 2022 amounted to £402.1 million (31 December 2021: £240.2 million) and current liabilities were £199.2 million (31 December 2021: £251.9 million).

888's net cash position as at 30 June 2022 was £299.5million (31 December 2021: £189.4 million).
The balance of cash owed to customers as at 30 June 2022 was £53.1 million (31 December 2021: £60.1million).

Cash flow

Net cash used in operating activities was £39.4 million (H1 2021: Net cash generated from operating activities was £51.2 million). Net cash generated from operating activities before working capital movement was £20.7 million (H1 2021: £62.9 million) with the decrease mainly impacted by £25.0 million corporate tax payment in respect of previous years. The change in working capital was mainly attributed to timing issues, resulting in a £35.8 million decrease in trade and other accounts payable, mainly arising from the reduction in revenue driving a related reduction in gaming taxes, payment providers and third-party revenue share balances, together with the payment of accrued employee's annual bonus. Alongside this there was an £11.3 million decrease in customer deposits, and a £10.5 million decrease in provisions, principally reflecting the payment of a £9.4 million fine to the UKGC.

Net cash used in investing activities was £14.3 million (H1 2021: £13.0 million) and mainly includes the acquisition of property, plant and equipment of £3.6 million (H1 2021: £3.3 million) and internally generated intangible assets of £9.7 million (H1 2021: £8.5 million).

Net cash generated from financing activities was £151.9 million (H1 2021: Net cash used in financing activities was £34.9 million) mainly related to net proceeds from the issue of shares during the period of £158.5 million, while in the previous year, an amount of £31.4 million was distributed as dividend.

Going concern

The Group closely monitors and carefully manages its liquidity risk. Following a review of the Group's forecasts, the respective sensitivity analysis and its access to financing, the Directors have a reasonable expectation that the enlarged Group has adequate resources to continue in operational existence for the next 18 months, until 31 December 2023. Therefore, the Directors continue to adopt the going concern basis in preparing these interim financial statements. Further detail on the considerations of the Directors is given in note 1.1.

Board changes

Post the period end, and following the completion of the acquisition of William Hill, the Group announced an expansion of the board of directors with the appointments of Andrea Gisle Joosen, Andria Vidler and Randy Freer as Independent Non-Executive Directors with effect from 6 July 2022. The Group also announced its intention to appoint Ori Shaked to the board of directors, subject to the receipt of certain regulatory approvals.

Each new board member brings extensive and highly relevant skills and experience to our Board which will be of significant benefit to the Group as it delivers its long-term strategic objectives as an enlarged business post the completion of our acquisition of William Hill.

PRINCIPAL RISKS AND UNCERTAINTIES

As part of the acquisition of the non-US business of William Hill on 1 July 2022 (the "Acquisition"), the directors carried out a revised assessment of the risks pertaining to the enlarged Group, with particular attention to those risks to which the Group has not previously been exposed, or to which the Group's exposure has materially increased.

888 notes that it has issued a prospectus dated 29 April 2022, which is available on the Group's website, and which sets out in detail the Group's assessment of the risks to which the Group is exposed following completion of the Acquisition.

In addition, the directors believe that several of the key principal risks and uncertainties pertaining to the enlarged Group remain consistent with those included on pages 50-59 of the 2021 Annual Report and Accounts.

In this section, a summary is provided of the areas of new or materially increased risk to the Group following the Acquisition, as well as any significant developments in existing risks since 31 December 2021.

1. Financial risks arising from the Acquisition and its financing

On 1 July 2022, the completion of the Acquisition, including the refinancing of certain existing indebtedness of William Hill and its subsidiaries and the payment of certain transaction costs, was financed utilising a combination of sources. These loan facilities were refinanced on 19 July 2022. Full details of the debt facilities, including the floating interest rate component, are set out in note 10 to the financial statements.

Financial risks arising in connection with the Acquisition and its financing include:

(a) Interest rate risk

A portion of the Group's debt is subject to a variable interest rate and therefore the Group will be exposed to fluctuations in market interest rates. The Group is currently exploring options to mitigate this risk by entering into hedging arrangements.

(b) Foreign exchange risk

The Group is exposed to foreign exchange rate fluctuations and risks in its financial reporting. A substantial part of the Group's deposits and revenues are and will be generated in GBP, EUR and other currencies, whilst the Group's operating expenses are and will be largely incurred in local currencies, primarily GBP, EUR, NIS and Romanian leu with incremental exposure to operating expenses in Swedish krona and Polish zloty. The Group will also have debt servicing costs which are denominated in USD and EUR.

The Group has mitigated this risk by adopting policies to hedge certain costs. Going forward the Group may enter into FX or cross currency swaps in order to hedge its ongoing USD and EUR exposure arising due to the Acquisition financing and its ongoing EUR exposure under outstanding notes described in note 10.

(c) Debt covenants

As a result of the arrangements described above, the Group will be subject to certain restrictive covenants which are customary for debt facilities of this type, in addition to certain customary affirmative covenants. These include a financial ratio covenant which applies while amounts exceeding a certain threshold remain outstanding under the RCF; the RCF is presently undrawn.

2. Integration risks arising from the Acquisition

The Group is in the process of integrating the non-US William Hill business into its corporate group, with the goal of integrating operations, realizing cost reductions and retaining qualified personnel and customers. The integration is supported by a strong management team; however, no assurance can be given that the integration process will deliver all or substantially all of the expected benefits or realize such benefits in a timely manner.

There will inevitably be a cost involved in revising current systems and structures and the risk is that these costs could exceed current estimates, which would adversely affect anticipated integration benefits.

Key integration risks include the unexpected loss of key personnel and customers, difficulties in integrating the LBO portfolio of William Hill retail, difficulties in integrating financial, technological and management standards, processes, procedures and controls, challenges in managing the increased scope, geographic diversity and complexity of the Group's operations, attempts by third parties to terminate or alter their existing contracts with the Group, management of conflicting interests within the Group and failure to mitigate contingent or assumed liabilities, as well as diversion of management and resources from the Group's core business activity due to personnel being required to assist in the integration process.

3. Military action in Ukraine

On 24 February, 2022, Russian military forces invaded Ukraine, and sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in customer preferences or discretionary spending and increases in cyberattacks and espionage, and has led to an unprecedented expansion of sanction programs imposed by the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic.

The Group has taken action to comply with the existing and potential additional measures imposed in connection with the conflict in Ukraine and is actively monitoring the situation and assessing its impact on its business, including to block access to all its products by all Russians, as well as all IP addresses in Russia, the Crimea Region of Ukraine, the so-called Donetsk People's Republic or the so-called Luhansk People's Republic, and, in adhering to EU and UK of limitations on amounts able to be held by Russians in EU and UK bank accounts, the Group has adopted a similar idea for Belarussian players and limited deposit sums in a player's account as well as blocking accounts of its Russian and Belarussian customers and taking steps to remove Russian sporting fixtures from its product offering.

4. Exposure to risks relating to LBOs in the UK

(a) Fixed overhead costs

Unlike the previous business of the Group, which provided an online-only offering to its customers, the William Hill retail segment operates a sizeable portfolio of LBOs in the UK. This portfolio consists of primarily leasehold sites, with a small number of freehold sites at which over 10,000 (over 6,000 full-time and almost 4,000 part-time) staff are employed, resulting in significant fixed overhead costs.

(b) Additional regulation

The operation of LBOs depends on operating licenses, personal management licenses and premises licenses in the UK. Under the UK regime, licenses are given for an indefinite period, subject to the payment of annual fees, and are normally only terminated in the event of a breach of the terms of the license or other regulatory violation by the holder. There can be no assurance, however, that the UKGC will not terminate licenses already granted, or otherwise change its licensing requirements or that the UK government will not introduce new laws or regulations applicable to gambling companies or change existing laws or regulations. In addition, regulation of gaming machines in the UK continues to have a high profile in the media and among politicians.

5. Increased exposure to risks relating to sport betting in the UK

Risks relating to sport betting in the UK to which the Group is already exposed by operating its sport betting business in the UK, but to which it is anticipated that exposure will increase in light of the William Hill group's business, include:

(a) Requirement to make payments to sporting bodies and event rights holders

The Group is and will be liable to make contributions to sporting bodies such as the Horserace Betting Levy Board and the British Greyhound Racing Fund in the UK, whether under regulations or agreement, as a way of ensuring certain revenues generated from betting on sports are used to benefit those sports or related interests. Furthermore, the Group does and will enter into contracts with rights holders with regard to the provision of video and video streams, audio and other data for use in its business for the provision of live coverage of sports events.

The Group cannot predict with any certainty what future payments may be required for the success of its businesses in the future and what other additional resources will need to be made available to address any conditions, which impose levies, fees or royalties, the level of which will be outside the control of the Group.

(b) Fluctuation of revenues as a result of individual events or betting outcomes

A significant proportion of the Group's revenue is and will be derived from fixed-odds betting which means winnings are paid on the basis of the stake placed and the odds quoted before the conclusion of the event (rather than, for example, being determined after the event from a pool of stake money from which the operator's revenue is deducted). While the odds offered to customers are intended to provide a target average return (or gross win percentage) to the bookmaker over a large number of events, this outcome is not guaranteed, particularly over a smaller number of events. From time to time, the Group could experience significant losses caused by unfavorable outcomes in individual events, a series of outcomes skewed towards its customers' betting selections in events, or failures of the people, processes or systems which the Group has in place to manage its bookmaking risk.

6. Regulatory risks

(a) Regulatory developments in the UK

In December 2020, the UK government commenced a review of the Gambling Act, with the objective of: (i) examining whether changes are needed to the system of gambling regulation in the UK to reflect changes to the gambling landscape since 2005 when the Gambling Act was introduced, particularly due to technological advances; (ii) ensuring there is an appropriate balance between consumer freedoms and choice on the one hand, and prevention of harm to vulnerable groups and wider communities on the other; and (iii) ensuring customers are suitably protected whenever and wherever they are gambling, and that there is an equitable approach to the regulation of the online and the land based industries.

The UK government's review of the Gambling Act is extensive in scope. Key areas under review include:

- the effectiveness of the existing online protections in preventing gambling harm and an evidence-based consideration of, by way of example, imposing greater control on online product design such as stake, speed, and prize limits and the introduction of deposit, loss and spend limits;

- the benefits or harms caused by allowing licensed gambling operators to advertise and make promotional offers and the positive or negative impact of gambling sponsorship arrangements across sports, esports and other areas;

- the effectiveness of the regulatory system currently in place, including consideration of whether the UKGC has sufficient investigative, enforcement and sanctioning powers both to regulate the licensed market and address the unlicensed market;

- the availability and suitability of redress arrangements in place for an individual consumer who considers it may have been treated unfairly by a gambling operator, including consideration of the introduction of other routes for consumer redress, such as a gambling ombudsman; and

- the effectiveness of current measures to prevent illegal underage gambling and consideration of what extra protections may be needed for young adults in the 18-25 age bracket.

The UK government launched a 16-week call for evidence alongside the commencement of its review into the Gambling Act. The call for evidence closed on 31 March 2021. The UK government's findings will be informed by the data and evidence from the call for evidence. It is anticipated that the UK government will issue its white paper in the second half of 2022 and any proposals to amend the Gambling Act could follow.

This review is in addition to recent reforms introduced by the UKGC.

For example, in 2020, the UKGC introduced a ban on the use of credit cards to place bets and issued industry guidance regarding high-value customer schemes (often referred to as VIP programs) which include, among other things, a requirement for licensed operators to undertake checks to establish that a high value customer's spending is affordable and sustainable, whether there is any evidence of gambling related harm or heightened risk linked to vulnerability, and that the operator has in place up to date evidence relating to the individual's identity, occupation and source of funds. Further, in February 2021, the UKGC also announced a number of measures that have impacted the design and offer of online slots games, including the banning of the following features with effect from 31 October 2021: (i) features that speed-up play; (ii) slot spin speeds faster than 2.5 seconds; (iii) auto-play, which can lead to players losing track of their play; and (iv) sounds or imagery which give the illusion of a win when the return is in fact equal to, or below, a stake.

In addition, in response to a ban in the UK on television advertising during sporting events that air before 9 p.m., the Group has and will continue to voluntarily stop broadcasting television adverts within five minutes of the start of a sporting event until after the event ends.

As a result of the UKGC reforms, the Group also has increased its focus on better assessing affordability of its customers on an ongoing basis, and developing mechanisms that will allow them to be more in control of their customer experience. For example, the Group has lowered the maximum wager amount per spin that a customer can bet via its video slot portfolio of games and has developed a new dynamic product that enables customers to play more responsibly through better accessibility of tools providing them their own live user data, an easy link to define a deposit limit, which helps facilitate enhanced control over their gameplay. Since the introduction of the UKGC reforms and the associated modifications and controls the Group has introduced to its product offerings, management has observed an increase in the number of customers adding deposit limits to their accounts, with 47% of active customers utilizing deposit limits during the second quarter of 2022.

In September 2021, the UK Department of Health issued a report dealing with the costs of gambling related harm, in response to which Public Health England has urged the UK government to treat gambling harm as a public health issue. 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 consultation closed in February 2022, but the results of the consultations are yet to be published.

Further on 5 April 2022, the UK Committee for Advertising Practice (“CAP”) announced the introduction of new rules intended to prevent adverts for gambling products and services from featuring people likely to have a strong appeal for children and young people, such as celebrities and sports persons.

(b) Regulatory developments in other key markets

Austria

From time to time, the Group is the target of claims letters and litigation from players seeking to recover losses and attempting to rely on arguments pertaining to the legality of its respective offering in their jurisdiction or to allege claims such as failure to follow responsible gambling procedures or breach of license conditions. Since 2020, the industry has seen a rising trend of such civil litigation claims in Austria, backed by case law amongst the higher Austrian courts, resulting in such courts being inclined to find in favour of such claims. Certain claim-financing bodies have also started gathering claims against operators. In addition to the uncertain outcome of these cases relating to the compatibility or otherwise of local licensing regimes with applicable EU law, there are also additional uncertainties arising from consumer claims related to (i) the applicable law under which claims in cross border cases should be determined and (ii) the enforceability of disputed judgements obtained in jurisdictions in which the Group has neither assets or presence. The claim financing bodies seek to use differing methods of enforcement of judgements against the Group, however none of which have yet been successful.

Germany

Germany has recently introduced federal sports betting licenses, adopted a temporary toleration regime for online casino products (such as virtual slots and poker) and, during 2021, introduced an online slots and poker licensing regime in the state of Saxony-Anhalt. Compliance with the conditions of these new regimes and the license applications required various modifications and alignments of the Group’s German offering, which has impacted and will impact the profitability of the Group’s operations in Germany. The Group is also subject to certain prohibition orders issued against it in various German states, which the company is challenging in court.

The Netherlands

Regulatory developments have also occurred in the Netherlands where, on 1 April 2021, the new Online Gambling Act entered into force, launching an online gambling licensing regime on 1 October 2021. Operators who wish to apply for an online license in the Netherlands must ensure they are in compliance with the “prioritization criteria,” which is a list of conditions that, if adhered to by an operator, effectively mean that such operator will not be the subject to enforcement action by the regulator prior to the entry into force of the new regulatory regime. Operators are also subject to a “cooling off” period of 33 months prior to their eligibility to submit a license application, during which time they must not have breached the prioritization criteria.

During September 2021, the Dutch Gambling Authority published new enforcement rules in relation to the prioritization criteria, that entered into force commencing 1 November 2021. Any operator not adhering to the requirements may be subjected to monetary fines. Compliance with the conditions of the “prioritization criteria” have required various modifications and alignments of the Group’s offering.

In light of the foregoing policy changes published by the Dutch Gambling Authority during September 2021, the Group announced its decision to cease provision of services in the Netherlands from 1 October 2021, until such time as it is awarded a local license. The Group is in the process of applying for such a local license in the Netherlands, and although the timing of any license award within the Netherlands remains unclear, the Group aims to be operational within the country during the second half of 2022.

Canada

The Canadian province of Ontario introduced an online licensing process available to offshore operators, and the Group has recently acquired such a license. It is still uncertain if and how such licensing and local operations will affect the offering in the rest of Canada, however any potential implication may significantly impact the profitability of the Group’s operations in Canada.

Brazil

Brazil adopted a federal framework legislation late in 2018, which would bring commercial online gambling to this significant jurisdiction. However, it has not yet adopted the necessary regulatory instruments to implement the regime. The authorities conducted a consultation process with industry stakeholders in 2021, and are in the process of drafting legal instruments for implementing the new regime. Once enacted, the new regime will allow for the licensing of commercial sports betting operators. There are, however, still many open questions as to how the regime will operate in practice. In late 2021, Brazilian government officials expressed that the new sports betting market in Brazil will be launched before the 2022 FIFA World Cup.

Regulatory reform is also taking place on the state level in Brazil (which may potentially lead to parallel licensing requirements for operators). While federal regulations were expected to be finalized in the first half of 2022, regulatory reforms on the state level are continuing to quickly evolve. This is due to a decision rendered by the Brazilian Federal Supreme Court in December 2020, which set out that states may regulate lottery activities and decide whether these will be run by the state, via a concession or via local licenses awarded to private operators. Lotteries at the federal level encompass sports betting, and it is widely thought that this will also be the case on the state level. It is currently uncertain if and how such regulatory reform will affect the offering of online betting and gaming services in Brazil, which may, in turn, significantly impact the profitability of the Group’s operations in Brazil.

(c) Increased physical presence

The regulatory risks to the Group may be greater where it has a physical presence. The Group now has a physical presence in more jurisdictions than previously. The Group’s headquarters is located in Gibraltar, its licensed entities are located in Gibraltar, Malta, Spain (Ceuta) and the US, and the IT functionality to run its betting and gaming operations is located in Gibraltar and Ireland. Additional service functions are located in Israel, Romania, Ireland, Spain (Ceuta), the US (New Jersey) and the UK, as well as Bulgaria, Poland, India, Italy, Spain and the Philippines.

(d) UK compliance assessments

Following a compliance assessment concluded in October 2020, the UKGC imposed a financial penalty of £9.4 million on the Group in respect of social responsibility and anti-money laundering failings. The Board continually reviews and considers the regulatory risks faced by the Company (including any potential regulatory and compliance sanctions and associated costs) and has historically recorded appropriate provisions for such risks in its accounts.

Similarly, following a compliance assessment conducted in July and August 2021, the William Hill group is subject to an ongoing license review and is addressing certain action points raised by the UKGC in relation to William Hill’s social responsibility and anti-money laundering obligations. It has provided the UKGC with an action plan to address the action points raised by them and is in the process of implementing that action plan. In addition, in November 2021, the William Hill group notified the UKGC of separate areas it plans to address arising from challenges implementing cross-brand self-exclusion processes.

In May 2022, the UKGC issued preliminary findings from its license review. The UKGC's preliminary findings did not include any new matters. The Group is in the process of preparing responses to the preliminary findings that are expected to be sent to the UKGC in July, ahead of the UKGC issuing the final findings.

During the COVID-19 pandemic, the UKGC published aggregated data from operators in the market to add an additional layer of insight on its monitoring and understanding of the risks and impact of the pandemic on gambling behaviour. However on 23 December 2021, the UKGC advised caution when analysing this data after it emerged it had been supplied incorrect data points by the William Hill group between March 2020 and September 2021. As a result the UKGC has confirmed that it is reviewing the regulatory consequences, if any, of the William Hill group's failure to submit accurate data. The UKGC has a wide range of possible sanctions that it can impose. The William Hill group continue to work with them to ensure all necessary actions are being taken to address the Commission's concerns.

Condensed Consolidated Income Statement

For the six months ended 30 June 2022

	Note	Six months ended 30 June 2022 £ million (unaudited)	Six months ended 30 June 2021 £ million
Revenue	2	**332.1**	**380.9**
Gaming duties		**(62.3)**	**(72.5)**
Other cost of sales		**(58.2)**	**(54.4)**
Cost of sales		**(120.5)**	**(126.9)**
Gross profit		**211.6**	**254.0**
Marketing expenses		**(103.9)**	**(123.1)**
Operating expenses		**(76.2)**	**(77.8)**
Exceptional items	3	**(16.4)**	**(8.2)**
Operating profit		**15.1**	**44.9**
Adjusted EBITDA[1]		**50.0**	**70.3**
Exceptional items		**(16.4)**	**(8.2)**
Foreign exchange differences		**(4.3)**	**-**
Share benefit charges		**(2.2)**	**(4.1)**
Depreciation and amortisation		**(12.0)**	**(13.1)**
Operating profit		**15.1**	**44.9**
Finance income		**0.1**	**0.1**
Finance expenses		**(0.8)**	**(3.1)**
Profit before tax		**14.4**	**41.9**
Taxation		**(2.4)**	**(5.2)**
Net profit for the period attributable to equity holders of the parent		**12.0**	**36.7**
Earnings per share	4		
Basic		2.9p	9.9p
Diluted		2.9p	9.7p

[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.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	Six months ended 30 June 2022 £ million (unaudited)	Six months ended 30 June 2021 £ million
Profit for the period	**12.0**	**36.7**
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	13.5	(1.8)
Items that will not be reclassified to profit or loss		
Remeasurement of severance pay liability	1.0	1.3
Total other comprehensive income for the period	**14.5**	**(0.5)**
Total comprehensive income for the period attributable to equity holders of the parent	**26.5**	**36.2**

The notes below form part of these condensed consolidated financial statements.

Condensed Consolidated Balance Sheet

At 30 June 2022

	Note	30 June 2022 £ million (unaudited)	31 December 2021 £ million (audited)
Assets			
Non-current assets			
Goodwill and other intangible assets	8	**92.5**	**123.9**
Right-of-use assets		**16.3**	**18.7**
Property, plant and equipment		**11.3**	**9.3**
Non-current receivables		**5.2**	**5.8**
Deferred tax assets		**2.5**	**2.2**
		127.8	**159.9**
Current assets			
Cash and cash equivalents[1]		**299.5**	**189.4**
Trade and other receivables		**63.4**	**50.8**
Assets held for sale	8	**39.2**	**-**
		402.1	**240.2**
Total assets		**529.9**	**400.1**
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	9	**2.3**	**1.9**
Share premium	9	**160.6**	**2.5**
Foreign currency translation reserve		**35.6**	**22.1**
Treasury shares		**(0.9)**	**(0.9)**
Retained earnings		**115.0**	**98.8**
Total equity attributable to equity holders of the parent		**312.6**	**124.4**
Non-controlling interests		**-**	**0.1**
Total shareholders' equity		**312.6**	**124.5**
Liabilities			
Non-current liabilities			
Severance pay liability		**2.2**	**3.7**
Deferred tax liability		**1.5**	**1.9**
Lease liabilities		**14.4**	**18.1**
		18.1	**23.7**
Current liabilities			
Trade and other payables		**128.3**	**145.3**
Provisions	5	**8.5**	**19.0**
Income tax payable		**2.1**	**22.7**
Lease liabilities		**4.6**	**4.8**
Customer deposits		**53.1**	**60.1**
Liabilities held for sale	8	**2.6**	**-**
		199.2	**251.9**
Total equity and liabilities		**529.9**	**400.1**

[1] Cash and cash equivalents includes customer funds which represent bank deposits matched by customers liabilities of an equal value. Cash and cash equivalents excludes restricted short-term deposits of £7.8 million which are presented in Trade and other receivables (31 December 2021: £7.1 million).

The condensed financial statements herein were approved and authorised for issue by the Board of Directors on 11 August 2022 and were signed on its behalf by:

Itai Pazner
Chief Executive Officer

Yariv Dafna
Chief Financial Officer

The notes below form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Share capital	Share premium	Treasury shares	Retained earnings	Foreign currency translation reserve	Non-controlling interests	Total
	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Balance at 1 January 2021 (audited)	**1.9**	**2.5**	**(0.4)**	**85.5**	**20.8**	**-**	**110.3**
Profit after tax for the period attributable to equity holders of the parent	-	-	-	36.7	-	-	36.7
Other comprehensive income for the period	-	-	-	1.3	(1.8)	-	(0.5)
Total comprehensive income	-	-	-	38.0	(1.8)	-	36.2
Dividend paid	-	-	-	(31.4)	-	-	(31.4)
Equity settled share benefit charges	-	-	-	2.4	-	-	2.4
Acquisition of treasury shares	-	-	(0.7)	-	-	-	(0.7)
Exercise of deferred share bonus plan	-	-	0.2	(0.2)	-	-	-
Non-controlling interests	-	-	-	(0.4)	-	0.4	-
Balance at 30 June 2021 (unaudited)	**1.9**	**2.5**	**(0.9)**	**93.9**	**19.0**	**0.4**	**116.8**
Balance at 1 January 2022 (audited)	**1.9**	**2.5**	**(0.9)**	**98.8**	**22.1**	**0.1**	**124.5**
Profit after tax for the period attributable to equity holders of the parent	-	-	-	12.0	-	-	12.0
Other comprehensive income for the period	-	-	-	1.0	13.5	-	14.5
Total comprehensive income	-	-	-	13.0	13.5	-	26.5
Share issue	0.4	162.4	-	-	-	-	162.8
Share issue costs	-	(4.3)	-	-	-	-	(4.3)
Equity settled share benefit charges	-	-	-	3.8	-	-	3.8
Acquisition of treasury shares	-	-	(0.7)	-	-	-	(0.7)
Exercise of deferred share bonus plan	-	-	0.7	(0.7)	-	-	-
Non-controlling interests	-	-	-	0.1	-	(0.1)	-
Balance at 30 June 2022 (unaudited)	**2.3**	**160.6**	**(0.9)**	**115.0**	**35.6**	**-**	**312.6**

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

Share capital - represents the nominal value of shares allotted, called-up and fully paid.
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 GB sterling (GBP).

The notes below form part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Note	Six months ended 30 June 2022 £ million (unaudited)	Six months ended 30 June 2021 £ million
Cash flows from operating activities			
Profit before tax		**14.4**	**41.9**
Adjustments for:			
Depreciation		**4.8**	**5.3**
Amortisation		**7.2**	**7.8**
Interest income		**(0.1)**	**(0.1)**
Interest expenses		**0.8**	**0.7**
Income tax paid		**(25.0)**	**(2.6)**
Non-cash exceptional items		**16.4**	**5.2**
Share benefit charges		**2.2**	**4.1**
		20.7	**62.3**
Decrease (Increase) in trade receivables		**1.5**	**(1.3)**
Increase in other receivables		**(4.0)**	**(7.5)**
Increase (decrease) in customer deposits		**(11.3)**	**3.2**
Decrease in trade and other payables		**(35.8)**	**(7.4)**
Increase (decrease) in provisions		**(10.5)**	**1.9**
Net cash generated from (used in) operating activities		**(39.4)**	**51.2**
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(3.6)**	**(3.3)**
Interest received		**0.1**	**0.1**
Acquisition of intangible assets		**(1.1)**	**(1.3)**
Internally generated intangible assets	8	**(9.7)**	**(8.5)**
Net cash used in investing activities		**(14.3)**	**(13.0)**
Cash flows from financing activities			
Proceeds from share issue	9	**162.8**	**-**
Share issue costs	9	**(4.3)**	**-**
Payment of lease liabilities		**(2.8)**	**(2.6)**
Interest paid		**(3.1)**	**(0.2)**
Acquisition of treasury shares		**(0.7)**	**(0.7)**
Dividends paid	7	**-**	**(31.4)**
Net cash generated from (used in) financing activities		**151.9**	**(34.9)**
Net increase in cash and cash equivalents		**98.2**	**3.3**
Net foreign exchange difference		**13.5**	**(2.5)**
Cash reclassified o assets held for sale		**(1.6)**	**-**
Cash and cash equivalents at the beginning of the period		**189.4**	**163.0**
Cash and cash equivalents at the end of the period		**299.5**	**163.8**

The notes below form part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

1 Basis of preparation and accounting policies

1.1 Basis of preparation

The annual financial statements of the Group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting" and with the Disclosure and Transparency Rules of the Financial Conduct Authority. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Group's annual audited consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2021.

The comparatives for the year ended 31 December 2021 are not the Group's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies in Gibraltar and is also available from the Company's website. The auditor's report on those accounts was unqualified and did not contain statements under Section 257(1) (a) and Section 258(2) of the Gibraltar Companies Act.

The condensed consolidated set of financial statements included in this half-yearly financial report has been reviewed, not audited, and does not constitute statutory accounts.

Further information relating to significant events during the period is provided in the Financial Review section.

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 2022. These are described in more detail bellow.

Going concern

The Group closely monitors and carefully manages its liquidity risk. Base case cashflow forecasts are regularly produced which indicate that it will continue to have significant liquidity throughout the going concern period until 31 December 2023. The directors have considered that the acquisition of William Hill International ("WHI") represents the most significant event impacting the company in the period to 31 December 2023 ('the going concern period'). The directors believe there is a sound strategic rationale for the acquisition and that the enlarged group will benefit from significant operating efficiencies due to the complementary nature of the businesses.

The WHI acquisition has an enterprise value of £1.95 billion plus up to £100 million deferred consideration payable in 2024, based on the Adjusted EBITDA of the Enlarged Group in 2023. The acquisition includes £0.7 billion of existing WHI Bonds of which half were redeemed on 8 August 2022 and half mature in 2026. Bond holders have the right to redeem the 2026 bonds on 22 September 2022 (the proceeds of Facility A (GBP) are expected to be used to fund any such redemption, see note 10). The acquisition is funded through a £0.2 billion of Equity issuance, completed in April 2022, and £1.8 billion of debt containing no financial covenants. The group also established a £0.15 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 crystalise or for other regulatory enforcement actions to be imposed.

Downside sensitives have been run, individually and in aggregate, reducing forecast revenue and earnings below current trading to assess the impact of the following scenarios:

- The adverse impact of potential measures that may be imposed following the UK Gambling Act review;
- Regulatory and legal sanctions being higher or more restrictive than expected; and
- Reductions in revenue for non-regulated and regulated markets of 12% and 8% respectively to reflect potential regulatory competitive, or cost of living pressures.

In the sensitivity analysis, combined with the scenarios above, management have considered a further remote downside scenario where the William Hill operations are closed for a period of 3 months. In case of such an event, the directors have considered the warranties and indemnities agreed as part of the acquisition.

Group management have also calculated mitigating cost savings, within their control, that are implemented by reducing variable operating expenditure, in line with the revenue reduction. In the downside sensitivity, there remains liquidity headroom after these mitigations.

Should more extreme downside scenarios occur, which management consider remote, appropriate mitigating actions within management control can be executed in the necessary timeframe such as reducing operating costs and a reduction or postponement of other discretionary expenditures.

On the basis of the above considerations, 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.

1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies and methods of computation adopted in the condensed consolidated half-yearly financial information are consistent with those followed in Group's full financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

Several new and amendments to existing International Financial Reporting Standards and interpretations, issued by the IASB and adopted in the UK, were effective from 1 January 2022 and have been adopted by the Group during the period with no significant impact on the consolidated results or financial position of the Group.

1.3 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, in the UK, will be effective from 1 January 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.

1.4 Key Judgements and Estimates

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The key sources of estimation, uncertainty and judgement applied in the preparation of the Interim Financial Statements are consistent with those applied in the financial statements of the group for the year ended 31 December 2021, as disclosed in note 2 of those statements.

1.5 Fair value measurements

The Group considers that the book value of the financial assets and liabilities, approximates to their fair value.
There were no changes in valuation techniques or transfers between categories in the period.

1.6 Change in presentation currency

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

Given the current composition of the Group's activities, this change is expected to reduce the impact of currency movements on reported results. Accordingly, to satisfy the requirements of IAS 21 The Effects of Changes in Foreign Exchange Rates, the reported results for the period ended 30 June 2022 have been translated from US Dollar to GBP using the following procedures:

- Assets and liabilities denominated in non-GBP currencies were translated into GBP at the relevant closing rates of exchange;

- The trading results of subsidiaries whose functional currency was other than GBP were translated into GBP at the relevant average rates of exchange;

- Movements in other reserves were translated into GBP at the relevant average rates of exchange;

- Share capital, share premium, Treasury Shares/own shares and dividends were translated at the historic rates prevailing on the date of each transaction; and

- The cumulative translation reserve was set to nil at 1 January 2004, being the earliest practicable date and the date of transition to IFRS, and has been restated on the basis that the Group has reported in GBP since that date.

The opening balance sheet and all comparatives have been presented in GBP following the change in presentation currency.

2 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 the Chief Executive Officer and the Chief Financial Officer. The operating segments identified are:

* B2C (Business to Customer): including Gaming (Casino, Poker and Bingo) and Betting (Sport).
* B2B (Business to Business): offering Total Gaming Services to its business partners including 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.

The management team continues to assess the performance of operating segments based on revenue and segment result.

	B2C			**B2B**	**Consolidated**
	Gaming	**Betting**	**Total B2C**		
		£ million			
Six months ended 30 June 2022		**(unaudited)**			
Segment revenue	**282.5**	**34.6**	**317.1**	**15.0**	**332.1**
Segment result[1]			103.6	8.4	112.0
Unallocated corporate expenses[2]					(80.5)
Exceptional items					(16.4)
Operating profit					**15.1**
Finance income					0.1
Finance expenses					(0.8)
Taxation					(2.4)
Net profit for the period					**12.0**
Adjusted net profit for the period[3]					**30.6**
Assets					
Unallocated corporate assets					529.9
Total assets					**529.9**
Liabilities					
Segment liabilities			53.1	-	53.1
Unallocated corporate liabilities					164.2
Total liabilities					**217.3**

1 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and selling, 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 4.

2 Segment information (continued)

	B2C			B2B	Consolidated
	Gaming	Betting	Total B2C		
	£ million				
Six months ended 30 June 2021	(unaudited)				
Segment revenue	**309.0**	**57.9**	**366.9**	**13.9**	**380.8**
Segment result[1]			125.0	5.9	130.9
Unallocated corporate expenses[2]					(77.8)
Exceptional items					(8.2)
Operating profit					**44.9**
Finance income					0.1
Finance expenses					(3.1)
Taxation					(5.2)
Net profit for the period					**36.7**
Adjusted net profit for the period[3]					**49.0**
Assets					
Unallocated corporate assets					364.8
Total assets					**364.8**
Liabilities					
Segment liabilities			55.8	0.9	56.7
Unallocated corporate liabilities					191.4
Total liabilities					**248.1**

1 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and selling and marketing expenses.
2 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.
3 As defined in note 4.

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)

	Six months ended 30 June 2022 £ million (unaudited)	Six months ended 30 June 2021 £ million
UK	**120.8**	**160.4**
EMEA (excluding the UK and Italy)	**112.9**	**119.5**
Italy	**46.5**	**49.0**
Americas	**46.6**	**46.9**
Rest of world	**5.3**	**5.1**
Total Revenue	**332.1**	**380.9**

3 Exceptional items

The Group classifies certain items of income and expense as exceptional, as the Group considers that it allows further understanding of the underlying performance of the Group. The Group considers any non-recurring items of income and expense for classification as exceptional by virtue of their nature and size.

	Six months ended 30 June 2022 £ million (unaudited)	Six months ended 30 June 2021 £ million
Exceptional legal and professional costs[1]	7.4	1.2
Retroactive duties and associated charges[2]	(2.2)	4.8
Loss on reclassification of Bingo business to Held for sale[3]	11.2	-
Restructuring and integration costs[4]	-	2.2
Total exceptional items	16.4	8.2

1 During the period, the Group incurred legal and professional costs of £7.4 million associated with the acquisition of the international (non-US) business of William Hill (H1 2021: £1.2 million).

2 Net credit of £2.2 million in exceptional accrual for retroactive duties and associated charges following a reassessment of potential gaming duties relating to activity in prior years (H1 2021: charge of £4.8 million).

3 On 7 July 2022, the Group announced that it had completed the sale of its entire Bingo business to Saphalata Holdings Ltd., a member of the Broadway Gaming group, for a total cash consideration of £37.4 million (US$45.25 million), out of which £35.7 million was paid on completion and a further £1.7 million will unconditionally be paid in one year. As a result, the Group reclassified Bingo assets and liabilities as 'Held for sale' and recognised an impairment loss of £11.2 million.

4 Restructuring costs in 2021 comprises of £1.9 million employee redundancy costs related to the Group's decision to close its Antigua office, additional £0.3 million relates to the disposal of property, plant and equipment.

Tax effect of the exceptional items is £3.0 million (H1 2021: £0.2 million).

4 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 period.

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 6,970,866 ordinary shares (H1 2021: 6,769,594).

The number of equity instruments excluded from the diluted EPS calculation is 1,726,593 (H1 2021: 298,423).

	Six months ended 30 June 2022 (unaudited)	Six months ended 30 June 2021
Profit for the period attributable to equity holders of the parent (£ million)	**12.0**	**36.7**
Weighted average number of Ordinary Shares in issue	**406,915,296**	**370,605,903**
Effect of dilutive Ordinary Shares and share options	**6,970,866**	**6,769,594**
Weighted average number of dilutive Ordinary Shares	**413,886,162**	**377,375,497**
Basic	**2.9p**	**9.9p**
Diluted	**2.9p**	**9.7p**

Adjusted earnings per share

The Directors believe that EPS excluding exceptional items and share benefit charges ("Adjusted EPS") allows for 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 and share benefit charges ("Adjusted profit"):

	Six months ended 30 June 2022 £ million (unaudited)	Six months ended 30 June 2021 £ million
Profit for the period attributable to equity holders of the parent	**12.0**	**36.7**
Exceptional items (see note 3)	**16.4**	**8.2**
Share benefit charges	**2.2**	**4.1**
Adjusted profit after tax	**30.6**	**49.0**
Weighted average number of Ordinary Shares in issue	**406,915,296**	**370,605,903**
Weighted average number of dilutive Ordinary Shares	**413,886,162**	**377,375,497**
Adjusted basic earnings per share	**7.5p**	**13.2p**
Adjusted diluted earnings per share	**7.4p**	**13.0p**

5 Provisions, commitments, contingent liabilities and regulatory issues

(a) The Group has recorded a provision in respect of legal and regulatory matters and updated it to reflect the Group's revised assessment of these risks in light of developments arising during 2022 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 12 months of the balance sheet date.

Movement in the provision during the period is as follows:

	Total £ million
At 1 January 2022	19.0
Settled during the period	(13.6)
Arising during the period	4.6
Released to income statement during the period	(1.8)
Foreign exchange differences	0.3
At 30 June 2022	**8.5**
Current	8.5
Non-current	-

(b) The Group receives claims, from time to time, 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 is also seen 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 Group's policy for defending these claims. A provision, as presented in the table above, 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 group has quantified, based on analysis of the trends and patterns observable in claims received, that an additional cash outflow, for which the group has a present obligation, of £3.9 million to £5.0 million is possible. Any potential outflow would then take place over a multi-year period.

(c) The Group has entered into agreements with third parties for a range of fees and expenses in connection with the acquisition of William Hill International. At 30 June 2022 an amount of £24 million of these fees were contingent on the completion of the transaction. These fees became payable on 1 July 2022 and are not accrued at 30 June 2022.

(d) At 30 June 2022, 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.

6 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:

	Six months ended 30 June 2022 £ million (unaudited)	Six months ended 30 June 2021 £ million
Short term benefits	1.1	0.9
Post-employment benefits	0.1	0.1
Share benefit charges – equity settled	0.9	0.4
	2.1	1.4

7 Dividends

	Six months ended 30 June 2022 £ million (unaudited)	Six months ended 30 June 2021 £ million
Dividends paid	-	31.4

The Board of Directors has not declared any 2022 interim dividend or divided in respect of the year ended 31 December 2021, in light of the capital requirements as part of the William Hill transaction.

During 2021, 2020 final dividend of 7.4p per share plus an additional one-off 1.1p per share was paid on 24 May 2021 (£31.4 million).

8 Goodwill and other intangible assets

	Goodwill £ million	Acquired intangible assets £ million	Internally generated intangible assets £ million	Total £ million
Cost or valuation				
At 1 January 2021	59.5	58.6	89.8	207.9
Additions	-	1.7	16.4	18.1
Translation adjustment	0.6	0.7	1.2	2.5
At 31 December 2021	**60.1**	**61.0**	**107.4**	**228.5**
Additions	-	1.1	9.7	10.8
Translation adjustment	6.4	6.9	12.7	26.0
Loss on disposal of Bingo business	(11.2)	-	-	(11.2)
Reclassification of Bingo assets to held for sale	(29.6)	(17.7)	(6.6)	(53.9)
At 30 June 2022	**25.7**	**51.3**	**123.2**	**200.2**
Amortisation:				
At 1 January 2021	-	26.2	61.2	87.4
Amortisation charge for the year	-	7.4	8.6	16.0
Translation adjustment	-	0.4	0.8	1.2
At 31 December 2021	**-**	**34.0**	**70.6**	**104.6**
Amortisation charge for the period	-	3.4	3.8	7.2
Translation adjustment	-	4.1	8.2	12.3
Reclassification of Bingo assets to held for sale	-	(10.5)	(6.3)	(16.8)
At 30 June 2022	**-**	**31.0**	**76.3**	**107.3**
Carrying amounts				
At 30 June 2022	**25.7**	**20.3**	**46.5**	**92.5**
At 31 December 2021	**60.1**	**27.0**	**36.8**	**123.9**

Goodwill

Analysis of goodwill by cash generating units:

	B2C			Consolidated
	Bingo	US	Other	Total goodwill
	£ million			
Carrying value at 31 December 2021	**37.0**	**22.9**	**0.2**	**60.1**
Loss on reclassification of Bingo business to Held for sale	(11.2)	-	-	(11.2)
Translation adjustment	3.8	2.6	-	6.4
Reclassification as held for sale	(29.6)	-	-	(29.6)
Carrying value at 30 June 2022	**-**	**25.5**	**0.2**	**25.7**

Goodwill and intangible assets – Bingo B2C

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.

On 15 December 2021, the Board of Directors announced its decision to sell its entire B2C and B2B bingo businesses. On 7 July 2022, the Group announced that it had completed the sale of its entire Bingo business to Saphalata Holdings Ltd., a member of the Broadway Gaming group, for a total cash consideration of £37.4 million (US$45.25 million), out of which £35.7 million was paid on completion and a further £1.7 million will unconditionally be paid in one year. As a result, the Group reclassified Bingo assets and liabilities as 'Held for sale' and recognised an impairment loss of £11.2 million.

9 Share capital

Share capital comprises the following:

	Authorised			
	30 June 2022 Number	31 December 2021 Number	30 June 2022 £ million	31 December 2021 £ million
Ordinary Shares of £0.005 each	1,026,387,500	1,026,387,500	**5.1**	5.1

	Allotted, called up and fully paid			
	30 June 2022 Number	31 December 2021 Number	30 June 2022 £ million	31 December 2021 £ million
Ordinary Shares of £0.005 each at beginning of period	372,759,202	369,017,422	**1.9**	1.9
Issue of Ordinary Shares of £0.005 each	73,572,454	3,741,780	**0.4**	-
Ordinary Shares of £0.005 each at end of period	446,331,656[1]	372,759,202	**2.3**	1.9

[1] including 447,020 treasury shares held by the Group as at 30 June 2022 (2021: 307,422).

During the period, the Company issued 2.8 million shares in respect of employees' share plans vesting.

On 7 April 2022 the Company issued 70.8 million new ordinary shares to partly fund the acquisition of the international (non-US) business of William Hill, representing approximately 19% of its issued capital, at £2.30 per share. After issue costs of £4.3 million, the net proceeds were £158.5 million. Issue costs directly attributable to the transaction have been accounted for as a deduction from share premium. Following the share issue, the Company's issued share capital was 446,331,656.

10 Post balance sheet events

(a) On 1 July 2022, the Group announced that it had completed the acquisition of the international (non-US) business of William Hill from Caesars Entertainment Inc ("Caesars") representing an enterprise value of £1.95 billion (the "Acquisition"). The fair value of the identifiable assets and liabilities acquired is yet to be finalized, due to the short time period between the completion of the Acquisition and the approval of these financial statements.

(b) The purchase price paid by the Group in connection with the Acquisition consisted of cash consideration of £544.6 million paid to Caesars at closing. Additional deferred consideration of up to £100 million is payable to Caesars in 2024, conditional upon the combined Group achieving a minimum level of adjusted EBITDA for the 12-month period ending 31 December 2023.

(c) In addition, on 1 July 2022, £461.5 million was paid by the Group in connection with the refinancing of certain existing indebtedness of the William Hill group, and £699.1 million of indebtedness in respect of existing notes issued by William Hill Limited was assumed by the Group.

(d) The completion of the Acquisition on 1 July 2022 (as well as the refinancing of certain existing indebtedness of William Hill and its subsidiaries and the payment of transaction costs) was funded with a combination of (i) cash at hand, (ii) the proceeds of £162.9 million raised in April 2022 via a non-pre-emptive placing of new ordinary shares in the capital of 888 Holdings plc and (iii) the proceeds of €1,231 million (£1,060 million) drawn under a euro-denominated first-lien term loan B facility entered into on 29 June 2022 (the "Closing Date TLB").

(e) On 11 July 2022, the Group announced that its €400 million (£344 million) in aggregate principal amount of 7.558% senior secured notes due 2027 (the “Fixed Rate Notes”) and €300 million (£258 million) in aggregate principal amount of floating rate senior secured notes due 2028 (the “Floating Rate Notes” and, together with the Fixed Rate Notes, the “Notes”) had priced on 8 July 2022. The Notes were issued on 19 July 2022.

(f) On 19 July 2022, new facilities were made available to the Group, consisting of (i) a USD-denominated term loan B facility of $500 million (£412 million) (“Facility B (USD)”), (ii) a euro-denominated term loan A facility of €474 million (£408 million) (“Facility A (EUR)”), (iii) a sterling-denominated delayed draw term loan A facility of £352 million (“Facility A (GBP)”) and (iv) a multicurrency revolving facility of £150 million (the “RCF”), each maturing in 2028. RCF, which may be used to finance the general corporate and working capital requirements of the Group, and Facility A (GBP), remain undrawn as at the date hereof.

(g) The Closing Date TLB was repaid and cancelled in full on 19 July 2022 from a combination of certain proceeds of the Notes, Facility B (USD) and Facility A (EUR).

(h) Pursuant to the terms and conditions of the £350 million 4.875% notes due 2023 issued by William Hill Limited (the “Existing WH 2023 Notes”), following the completion of the Acquisition, notice was irrevocably given to the holders of the Existing WH 2023 Notes that William Hill Limited would redeem all of the outstanding Existing WH 2023 Notes. Certain proceeds of Facility B (USD) were used to fund the payment of £357.9 million in connection with the redemption of the Existing WH 2023 Notes on 8 August 2022.

(i) The completion of the Acquisition has resulted in a put event occurring under the £350 million 4.750% notes due 2026 issued by William Hill Limited (the “Existing WH 2026 Notes”) and accordingly each holder of the Existing WH 2026 Notes is entitled to require William Hill Limited to redeem or (at the option of William Hill Limited) purchase the Existing WH 2026 Notes of such holder. Notice was given that the holders may require William Hill Limited to redeem or purchase their Existing WH 2026 Notes on the “Put Date”, which shall be 22 September 2022. The proceeds of Facility A (GBP) are expected to be used to fund any such redemption.

(j) On 7 July 2022 the Group announced that it has completed the sale of its entire Bingo business, as further described in note 8. Bingo revenue for H1 2022 amount to £19 million.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements, which has been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the IASB and adopted by the UK, gives a true and fair view of the assets, liabilities, financial position and profit of the company and the undertakings included in the consolidation as a whole.

- The interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the 2021 Annual Report and Accounts.

The Directors of 888 Holdings plc are:

Lord Jon Mendelsohn – Chairman
Anne De Kerckhove – Senior Independent Director
Itai Pazner – Chief Executive Officer
Yariv Dafna – Chief Financial Officer
Mark Summerfield – Independent Non-Executive Director
Limor Ganot - Independent Non-Executive Director
Randy Freer - Independent Non-Executive Director
Andrea Gisle Joosen - Independent Non-Executive Director
Andria Vidler - Independent Non-Executive Director
Ori Shaked – Non-Executive Director (appointment pending regulatory approval)

A list of the current Directors is maintained on the 888 Holdings plc website: corporate.888.com.

By order of the Board of 888 Holdings plc.

Itai Pazner
Chief Executive Officer

Yariv Dafna
Chief Financial Officer

Independent Review Report to 888 Holdings plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 which comprises Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement Cash Flows, and the related notes to the financial statements 1 to 12. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, “Interim Financial Reporting”.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Auditor’s Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London, United Kingdom
11 August 2022