9 March 2022

888 Holdings Plc

(“888” or “the Group”)

Audited annual financial results for the year ended 31 December 2021

Record results, strong strategic progress, and well positioned for long-term sustainable growth

888 (LSE: 888), one of the world’s leading online betting and gaming companies, announces its audited financial results for the year ended 31 December 2021 (the “Period”).

Year to 31 December	**2021 $m**	2020 $m	Change %	*CC[1] change %*
Revenue	**980.1**	849.7	+15%	*+10%*
Gross profit[2]	**647.0**	562.8	+15%	
Adjusted EBITDA	**165.0**	155.6	+6%	
Adjusted profit before tax	**113.7**	116.0	-2%	
Profit before tax	**81.3**	26.7	+205%	
Adjusted basic earnings per share (cents)	**27.3c**	27.3c	flat	
Basic earnings per share (cents)	**18.6c**	3.1c	+500%	
Cash and short-term deposits[3]	**174.5**	148.2	+18%	

Financial highlights

- Group revenue +15% (+10% cc) to a new record of $980.1 million, with double-digit B2C growth in most of our core and growth markets, driven by competitive advantages in product and content leadership, world class brands and marketing, and customer excellence
- Revenue from regulated and taxed markets represented 74% of Group revenue (2020: 73%), with 17% growth in revenue from these markets
- Record Adjusted EBITDA of $165.0 million (2020: $155.6 million). Adjusted EBITDA margin ex-US was flat year-over-year, but lower by 1.5 ppts on a reported basis principally reflecting increased investment in the US to support the launch of SI Sportsbook
- Adjusted basic earnings per share of 27.3c (2020: 27.3c), basic earnings per share of 18.6c (2020: 3.1c)
- Strong cash generation and robust balance sheet, with $174.5 million (2020: $148.2 million) cash and cash equivalents, excluding customer balances
- No final dividend declared, in light of the potential capital requirements expected as part of the pending William Hill transaction, with no change to the Group’s dividend policy

Operational and strategic highlights

- *Positive market share trends and strong growth across our key markets*
  - Revenue from ‘core’ markets (UK; Italy; Spain) up 18%
  - Revenue from our ‘growth’ markets up 26%, including strong growth in Canada, Romania, and Ireland
  - Launched 888sport in Germany on a local licence, powered by our in-house sportsbook platform
  - Awarded a licence in Virginia and Ontario and in the application process in the Netherlands
- *Platform for long-term growth in the US*
  - Long-term strategic partnership with Sports Illustrated and launched SI Sportsbook in Colorado, with plans to launch in 3-4 additional states during 2022
  - Launched World Series of Poker in Pennsylvania and ready to launch in Michigan, subject to regulatory approval

- *Proprietary technology powering successful product leadership plans*
  - Migrated most of our sportsbook volumes onto our in-house platform, giving us better control of the customer experience and allowing us to produce differentiated and innovative experiences
  - Launched over 870 new casino games during 2021, bringing the current library to approximately 3,000 games
  - Ongoing development of AI-powered personalisation across products
  - Plans to nearly double investment in Section8, our in-house studio, which delivers industry-leading content that is exclusive to our players and brands
- *World class brands and data-driven marketing investments delivering strong returns*
  - 4% increase year-over-year in average monthly actives[5], despite very strong comparative and the Netherlands exit
  - New *'Made to Play'* master brand strategy
- *Focus on customer excellence, including further investment in customer protection and safer gambling initiatives*
  - 12% increase in customer satisfaction score reflecting growing focus on quick, efficient customer service, using our technology and team to identify customer pain points early, and resolve them
  - Continued roll out of *Control Centre*, with almost 40% of active customer base now having access, and driving positive behaviours with a 23% uplift in safer gambling tool usage
  - Lowered affordability thresholds and enhanced *Observer* AI platform with tweaks to thresholds for indicators of risk, with almost 1.3 million customer interactions in 2021 as a result of Observer flagged activity
- *Delivering long-term value creation through strategically and financially attractive M&A*
  - Announced the proposed transformational acquisition of William Hill, which will almost triple the size of our business and is expected to deliver attractive returns, including substantial synergies
  - Announced the sale of our bingo business, enabling us to increase our focus on core growth opportunities
  - Setting a framework for strategic expansion in new regions and countries to leverage platform and capabilities

Current trading & outlook

- Improved momentum since the end of 2021, with average daily revenues throughout January and February up mid-single digits relative to Q4 2021. This reflects a double-digit decline relative to the prior year period, but it is in line with the Board's expectations given regulatory and compliance headwinds

- Plans to launch in several new markets during 2022, including Ontario, 3-4 additional states with SI Sportsbook, and potentially relaunching in the Netherlands on a locally regulated basis. We also expect to launch poker on a B2B basis in Michigan pending regulatory approval

Itai Pazner, CEO of 888, commented:

"2021 was a very successful year for 888 as we continued to position the Group to become a global leader in online betting and gaming. It was another record year from a financial perspective, and we have truly transformed the scale of the business over the past two years. This step-change in scale has come from a clear market focus on regulated markets, which now make up three quarters of revenue, and where we are seeing really positive market share trends.

We continued to leverage our competitive advantages around product leadership, brands, and customer excellence to improve the quality of products and the customer experience across sports and gaming, all the while maintaining our persistent focus on delivering our safer gambling priorities.

Alongside the strong organic growth and operational progress, 2021 was a busy year for strategic expansion, including the long-term strategic partnership with Sports Illustrated and launch of SI Sportsbook, the announcement in September of our proposed acquisition of William Hill, and the sale of our bingo business as we look to increase focus on our core B2C strategy.

Given this strong financial and operational performance, the Board remains confident that, with 888's advanced technology, products and diversification across markets, the Group is well-positioned to deliver long-term sustainable growth for all its stakeholders into the future."

Notes

[1] Constant currency ("cc") growth is calculated by retranslating the non-dollar denominated component of 2021 revenues at 2020 exchange rates

[2] *Excludes foreign exchange losses, which have been excluded from cost of sales to aid comparability to the prior year. See financial statements for further details.*

[3] *Cash and short-term deposits reflect cash and cash equivalents excluding customer balances*

[4] *B2C revenues had historically been split out into the component products of Casino, Poker, Sport and Bingo. Since the 2021 interim results the Group has combined Casino, Poker and Bingo revenues under one heading of Gaming, to better reflect how the business is managed and in line with how peer companies present results (no change to Sport, which is now referred to as Betting)*

[5] *Actives reflects the monthly average of B2C customers who were active in the period and have made at least one lifetime deposit*

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 9:30AM (GMT).

Live audio webcast link: https://webcasting.brrmedia.co.uk/broadcast/61fd07ea49f7751d1889173e

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/

Investor Meets Company presentation

888 will provide a live presentation relating to the Full Year Results via the Investor Meet Company platform today at 5.00PM (GMT).

The presentation is open to all existing and potential shareholders. Questions can be submitted via the Investor Meet Company platform at any time during the live presentation.

Investors can sign up to Investor Meets Company for free and add to meet 888 HOLDINGS PLC via the following link: https://www.investormeetcompany.com/888-holdings-plc/register-investor

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 online betting and gaming companies. 888'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 by developing state-of-the-art technology and products that provide fun, fair and safe online betting and gaming entertainment to customers around the world.

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

In 2021, the company was proud to be recognised at the EGR operator of the year awards as the winner of the *Casino Operator of the Year,* as well as its in-house sportsbook being recognised as the *In-House Product of the Year.* In 2020, the company was proud to be recognised at the 2020 Gaming Intelligence awards as the winner in the *Casino Operator of the Year* category. In 2020, 888 also won two prestigious awards for its poker platform at the 2020 Poker Listings Operator Awards in the *Most Improved Software* and *Best Beginner Software* categories.

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

888's consumer facing websites offer more than just online betting and gaming. They are entertainment destinations: places where people can enjoy a truly interactive experience and be part of an online community that shares common interests. 888's strong and trusted brands are all accessible through www.888.com.

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

CEO BUSINESS REVIEW

INTRODUCTION

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

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

A RECORD YEAR OF FINANCIAL RESULTS

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

A CLEAR FRAMEWORK TO DELIVER SHAREHOLDER VALUE CREATION

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

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

Our new strategy is built around 3 areas, focusing on key markets, investing in our pillars of sustainable competitive advantage, and engaging in value-enhancing mergers and acquisitions (M&A).

1) **Market focus.** 888's sophisticated market framework is based on a combination of market sizing, regulation, marketing, PEST analysis (Political, Economic, Social, and Technological), and other factors to create a clear understanding of the addressable market opportunities. This framework guides the Company's focus on clear market archetypes:
    a. **Core markets.** Our core markets of the UK, Italy and Spain are large, well-regulated markets where 888 has strong market positions. In 2021, these markets generated 59% of revenue. We aim to further grow market share in these markets, becoming the casino brand of choice.
    b. **Growth markets.** Our growth markets represent a small cohort of high-growth markets that made up 21% of revenue in 2021. These are typically regulating or newly-regulated markets that have attractive long-term growth potential, where we are investing heavily to build 888 into a top tier brand.
    c. **The US** The nascent US online betting and gaming market presents a significant long-term strategic opportunity for 888, leveraging our leading technology and operating capabilities in partnership with the iconic American *Sports Illustrated* brand through *SI Sportsbook*.

d. **Long-term investment markets.** There are many markets with significant long-term growth potential, where 888 will selectively invest to build leading market positions, through either M&A or partnerships and collaborations.
e. **Optimisation markets.** Outside of these markets, 888's global capabilities and multi-jurisdictional licences enable it to service customers from over 100 additional countries, in a low-risk and compliant way. This global framework generates strong incremental returns on our asset base, leveraging the global scalability of the 888 platform.

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

a. **Product and content leadership.** Creating the best possible online gambling products benefits the Group by differentiating 888 from competitors in the eyes of consumers, helping to improve cost per new customer acquisition, and improving player retention by offering customers the best possible entertainment and content, above all in a safe and secure environment.
b. **World class brands.** The 888 brand is one of the global industry leaders, and amongst the top-3 recognised gaming brands in our core markets. This strong brand awareness is built around our key values, which are continually reinforced throughout our activities, promotions and advertising campaigns. We supplement our brand investment with data-driven online marketing that harnesses 888's proprietary technology, access to real-time data, and AI capabilities to drive the most efficient investment decisions across marketing and product, enhancing the return on investment.
c. **Customer excellence.** Delivering a quality customer experience in a safe and affordable manner increases the proportion of those who become long-term customers, and improves the reputation of our brands, leading to enhanced return on investment. This includes the use of customer insights to drive decision making, and all takes place while ensuring a steadfast focus on safer gambling.

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

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

A YEAR OF OUTSTANDING STRATEGIC PROGRESS

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

Market focus:

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

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

As the UK Gambling Act also considers marketing restrictions, we must continue to focus on establishing our brand, and ensuring we continue to offer best in class products and customer experiences.

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

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

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

Sustainable competitive advantages:

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

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

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

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

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

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

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

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

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

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

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

Value enhancing M&A:

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

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

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

PREPARING FOR INTEGRATION

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

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

We have made strong progress in our plans to integrate William Hill and, as we move into 2022, we are excited about the opportunities ahead of us, particularly as we significantly expand the management capabilities of the enlarged group. We have significant confidence in our integration plans and the delivery of substantial synergies, creating a powerful, scalable global business.

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

CULTURE AND TEAM

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

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

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

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

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

CFO OPERATING AND FINANCIAL REVIEW

Financial Summary

	2021 US$ million	2020 US$ million	Change
Revenue – B2C			
Gaming	814.5	692.2	17.7%
Betting	127.4	122.1	4.3%
Total B2C	**941.9**	**814.3**	**15.7%**
B2B	**38.2**	**35.4**	**7.7%**
Revenue	**980.1**	**849.7**	**15.4%**
Gaming taxes and duties	(184.0)	(151.8)	
Other cost of sales[1]	(149.1)	(135.1)	
Gross profit[1]	**647.0**	**562.8**	**15.0%**
Marketing expenses	(306.5)	(237.1)	
Operating expenses[2]	(175.5)	(170.1)	
Adjusted EBITDA[4]	**165.0**	**155.6**	**6.0%**
Share based benefit charges	(8.4)	(11.0)	
Foreign exchange losses	(9.3)	-	
Exceptional items[3]	(24.0)	(78.2)	
Depreciation and amortisation	(36.3)	(33.6)	
Operating profit	**87.0**	**32.8**	**165.1%**
Finance income and expenses	(5.7)	(6.0)	
Share of equity accounted associates loss	-	(0.1)	
Profit before tax	**81.3**	**26.7**	**204.9%**
Adjusted profit before tax	*113.7*	*116.0*	*(2.0%)*
Taxation	(12.4)	(15.4)	
Profit after tax	**68.9**	**11.3**	**510.5%**
Adjusted basic earnings per share	**27.3¢**	**27.3¢**	**0%**
Basic earnings per share	**18.6¢**	**3.1¢**	**500.0%**

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

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

	2021 US$ million	2020 US$ million	Change
Operating profit	**87.0**	**32.8**	**165.1%**
Foreign exchange losses	9.3	-	
Exceptional items[3]	24.0	78.2	
Share benefit charges	8.4	11.0	
Adjusted EBIT[4]	**128.7**	**122.0**	**5.5%**
Finance income and expenses	(15.0)	(6.0)	
Adjusted profit before tax	**113.7**	**116.0**	**(2.0%)**
income tax	(12.4)	(15.4)	
Adjusted net profit	**101.3**	**100.6**	**0.7%**

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

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

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

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

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

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

B2C review

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

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

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

As the year progressed the comparative periods got stronger and stronger, resulting in overall year-over-year growth for H1 of 41%, but a decline of 4% in H2. Q4 2021 in particular suffered from the exit from the Netherlands and weaker than expected sports margins, resulting in an overall decline in B2C revenue for Q4 of 14% against a strong comparative period.

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

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

During the year we launched over 870 new games, bringing our current content library to over almost 3,000 games, including launching over 200 new live casino tables, such that we now believe we have one of the largest live casino offerings globally, with more than 400 tables delivered by 4 different providers.

Our in-house content studio Section8 delivered 17 new games during the year, including some smash hit titles like Mad Max Fury Road and Millionaire Genie Megaways. Typically, 5-6 of the top 20 performing slots at any given time are produced by Section8, and this differentiation is driving improved customer loyalty, with exclusive games they can only find at 888. We have exciting plans for our Section8 studio and over the next few years plan to double our investment in it to deliver even more exciting new exclusive content.

Alongside industry leading content, we continue to focus on product leadership and improving the customer experience, including continued investment in AI driven personalisation and launching several new product features.

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

During the year we announced the potential sale of our Bingo business for up to US$50 million to a division of Broadway Gaming, in order to increase focus on our core growth strategy including US expansion. The Board considered that the Bingo business did not meet the criteria to be classified as held for sale at 31 December 2021 because the business was not available for immediate sale, as described in further detail in note 8 of the financial statements. For 2022 and until the sale completes we will continue to include bingo revenues within our Gaming revenue number. Bingo revenue declined by 7% year-over-year, principally reflecting a strong comparative period with bingo benefitting in the prior year from retail venue closures, particularly within the UK.

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

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

B2B review

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

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

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

REVENUE BY GEOGRAPHIC MARKET

Regulated markets

Revenue from regulated markets continued to represent the majority of Group revenue in 2021, with revenue from regulated and taxed markets[5] increasing by 17% and accounting for 74% of revenue (2020: 73%). 888's strategic focus remains on achieving growth in its regulated core and growth markets where the Group can leverage its sustainable competitive advantages to drive long-term sustainable growth.

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

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

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

UK

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

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

Italy

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

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

EMEA (excluding the UK and Italy)

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

In Spain, revenue was flat at US$67.5 million (2020: US$67.5 million), reflecting both the strong comparative period with strong growth in 2020 aided by COVID-19 related restrictions, together with a challenging competitive environment following the implementation of significant marketing restrictions from July. In the first 9 months of the year, the overall

Spanish market size increased by 3%, and management estimates that its market share was broadly stable in the year overall.

Americas

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

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

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

RESULTS OVERVIEW

Gaming taxes and duties

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

Other cost of sales

Other cost of sales[1], which mainly comprise commissions and royalties payable to third parties, chargebacks, payment service provider ("PSP") commissions and costs related to operational risk management and customer due diligence services, increased by 10.3% to US$149.1 million (2020: US$135.1 million). The proportion of cost of sales to revenue decreased to 15.2% (2020: 15.9%). This is primarily due to the successful migration of over 70% of our sportsbook business to our in-house platform, with associated third-party royalty savings, together with additional scale benefits. Other cost of sales increased by 17.3% to US$158.4 million (2020: US$135.1 million).

[1] *Excluding foreign exchange differences of US$9.3 million.*

Gross profit

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

Marketing expenses

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

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

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

Contribution

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

Operating expenses

Operating expenses[1] (which mainly comprise employment costs, legal and professional fees, development costs, IT services and infrastructure maintenance) slightly increased to US$175.5 million (2020: US$170.1 million). The increase during the year primarily reflects the increased professional services linked to the growing complexity of the Group's regulatory footprint and additional investment in safer gambling and customer protection technology.

[1] *Excluding depreciation and amortisation of US$36.3 million (2020: US$33.6 million) and share benefit charges of US$8.4 million (2020: US$11.0 million).*

Adjusted EBITDA

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

Exceptional items

	2021 **US $ million**	**2020** **US $ million**
Restructuring costs (1)	**3.1**	**-**
Exceptional legal and professional costs (2)	**15.1**	**-**
Retroactive duties and associated charges (3)	**5.9**	**-**
Impairment charges (4)	**-**	**79.9**
Other provisions (5)	**(0.1)**	**(0.1)**
Gain from the sale of equity accounted associate (6)	**-**	**(1.6)**
Total exceptional items	**24.0**	**78.2**

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

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

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

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

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

(6) Capital gain related to the sale of investment in Come2Play Limited.

Finance income and expenses

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

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

Profit before tax

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

Taxation

Taxation for the period was US$12.4 million (2020: US$15.4 million), mainly as a result of lower taxable profits and the settlement signed with the Israeli tax authorities which was concluded in December 2021, as described in further detail in note 5.

Net Profit and adjusted net profit

Net profit was US$68.9 million (2020: US$11.3 million). Adjusted profit[1] increased slightly to US$101.3 million (2020: US$100.6 million).

[1] *As defined in note 6 of the financial statements.*

Earnings per share

Basic earnings per share increased to 18.6¢ (2020: 3.1¢) a result of higher Net profit in 2021 compared to the previous year, as outlined above. Adjusted basic earnings per share was 27.3¢ (2020: 27.3¢).
Further information on the reconciliation of Adjusted basic earnings per share is given in note 6 to 2021 financial statements.

Dividend

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

Balance sheet

Total assets as at 31 December 2021 amounted to US$540.0 million (2020: US$486.7 million).
Current assets as at 31 December 2021 amounted to US$324.1 million (2020: US$274.6 million) and current liabilities were US$340.0 million (2020: US$298.9 million).

888’s Cash and cash equivalents as at 31 December 2021 amounted to US$255.6 million (2020: US$222.2[1] million), an increase of US$33.4 million. The balance of cash owed to customers as at 31 December 2021 was US$81.1 million (2020: US$74.0 million), leaving an adjusted net cash position of US$174.5 million (2020: US$148.2 million).

[1] *Including US$32.2 million on-demand deposits previously presented as trade receivables and has been reclassified to cash and cash equivalents.*

Cash flow

Net cash generated from operating activities was US$133.2 million (2020: US$205.0[1] million). Net cash generated from operating activities before working capital movement was US$138.5 million (2020: US$145.7 million). The change in working capital was mainly attributed to a US$16.0 million increase in prepayments and guarantees made during 2021, while in the previous year working capital was affected by an increase in trade and other payables, related to the sharp increase in trading activity during Q4 2020.

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

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

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

Going concern

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

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

RISK MANAGEMENT STRATEGY

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

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

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

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

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

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

Risk appetite

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

Category of Risk	Tolerance	Risk Parameters
Strategic	Medium	During development and implementation of new propositions and assessing new opportunities including potential transactions, we are prepared to accept medium risks that support our pursuit of growth.

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

Regulatory risk ➔ increased during 2021

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

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

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

<u>What happened in 2021</u>: In part as a response to the ongoing COVID-19 pandemic, various jurisdictions adopted a more stringent approach to player protection, primarily to avoid emergence of problem gambling patterns amongst those sheltering at home, and to curtail excessive spending on gambling during a period of economic downturn. In various jurisdictions, this took the form of advertising restrictions, or the imposition of stricter player protection and responsible gambling measures, either temporarily or on a permanent basis.
The Gambling Commission of Great Britain ("**UKGC**") continued to take a robust approach towards compliance, adopting further guidance and regulations, increasing the level of oversight over licensees and escalating enforcement work to take strong action against operators for failing to meet regulatory requirements and standards. The primary areas of focus for the UKGC were responsible gambling and prevention of underage gambling, consumer protection, and anti-money laundering. The UKGC adopted additional requirements, e.g. the implementation in October 2021 of a range of game design changes such as minimum spin speeds, removal of auto play, and the need to clearly display session length, wins and losses. In December 2020, the UK Government launched a review of the Gambling Act 2005, with the aim to ensure it is "fit for the digital age". The review is still pending and will cover the regulator's powers as well as regulation of marketing and restrictions to online offerings. A white paper covering the Act's review is expected in 2022, which should set out the areas of focus for potential changes. The areas that have received significant media coverage typically centre around marketing and sponsorship restrictions, mandatory affordability thresholds, and stakes limits for online slots. While the Group has assessed the likely impact from a range of potential scenarios it is still unclear what measures will be included in the review. In November 2021, the UKGC opened a consultation on changes and updates to its Licensing, Compliance and Enforcement Policy, aimed at bringing certain gambling products which the UKGC consider to contain financial elements under the regulation of the Financial Conduct Authority. The Group continued to work closely with the UKGC on compliance matters, and also to update its policies and procedures and to strengthen internal reporting lines to ensure compliance within the business, investing significant resources in regulatory compliance measures. On 1 March 2022, the UKGC published a statement on its website related to its investigation following its 2020 compliance assessment of the Group, which outlined certain shortcomings in respect of former safer gambling and anti-money laundering policies, procedures and controls of the Group and pursuant to which 888 was fined £9.4m. 888 took immediate and appropriate actions to improve the relevant internal policies, procedures and controls to ensure it is fully compliant with its licensing obligations, and the UKGC has recognised that 888 took corrective steps to address the identified failings. 888 continues to test and monitor how we conduct our business and ensure we remain aligned to the expectations of our stakeholders, including our regulators

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

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

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

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

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

Information Technology and Cyber risks ➔ remained stable during 2021

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

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

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

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

Data Protection risk ➔ remained stable during 2021

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

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

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

What happened in 2021: 888 reviewed and updated its internal data protection policies and procedures, as well as notices provided to the users (such as privacy notices, cookie notices and consent forms), so as to ensure alignment with regulatory developments and guidelines in existing and new markets; reviewed a dedicated notice and choice mechanism (to be implemented on 888's online properties) so as to meet the regulatory requirements relating to the use of tracking technologies; amended its data sharing agreements in accordance with regulatory requirements; conducted Data Protection Impact Assessments and Legitimate Interest Assessments for new processing activities; ensured that data subjects requests to exercise rights are handled in an appropriate manner, in accordance with the internal procedures and within the regulatory timeframe; the DPO of 888 acted to ensure a privacy-aware culture within 888 by way of conducting training and privacy awareness exercises to relevant employees, departments (e.g. customer support and marketing teams) and senior management; the DPO of 888 produced an annual report with the objectives of providing an overview of the key events, regulatory investigations and inquiries, and data subjects' complaints since the GDPR entered into force, enabling 888's senior management to ascertain the data protection risks and challenges in the environment in which the Company operates and the regulatory exposure, support 888's senior management with the effort to take appropriate risk mitigation steps and allocate appropriate resources for handling data protection issues, and increase the awareness to data protection obligations and the 888's responsibilities; reviewed and responded to data subjects' complaints and regulatory inquiries relating to compliance with applicable data protection requirements; and monitored for and investigated data breach attempts/incidents and took the appropriate steps to enhance its cybersecurity posture and mitigate the residual risks.

Taxation risk è remained stable during 2021

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

- **Pillar Two**: In December 2021, the OECD published the Pillar Two model rules for domestic implementation of 15% global minimum tax, and the EU followed suit shortly thereafter. In early 2022, the OECD will release the commentary relating to the model rules and address co-existence with the US Global Intangible Low-Taxed Income (GILTI) rules. This will be followed by the development of an implementation framework focused on administrative, compliance and co-ordination issues relating to Pillar Two. It is expected that the global minimum tax will be implemented at national level by 2023. The Pillar Two rules, once implemented, are expected to apply to 888, along with detailed transfer pricing reporting and exchange of tax information rules known as "Country by Country Reporting", insofar as 888's annual revenues exceed EUR 750 million. In the context of implementation of Pillar Two, it is generally expected that national-level digital service taxes will be revoked. In August 2021, in anticipation of the introduction of Pillar Two rules internationally, Gibraltar increased its headline corporate tax rate from 10% to 12.5%.
- **UK – DPT and ORIP**: Other important international tax rules include the UK's Diverted Profits Tax (DPT), pursuant to which in circumstances where profits are deemed "diverted" from the UK under the terms of such legislation, tax at a rate of 25% (increasing to 31% from 1 April 2023) is imposed on profits which would be attributable to a permanent establishment (PE) in the UK were an "avoided PE" to exist for the purposes of the legislation, or on profits diverted from the UK by way of intra-group transactions having inadequate economic substance; and Offshore Receipts in respect of Intangible Property rules (ORIP), imposing UK tax on the receipt of royalties by offshore companies deriving from business activity in the UK.
- **EU – ATAD**: At EU level, the Anti Tax Avoidance Directive has been implemented in Gibraltar and Malta, including exit tax, General Anti-Abuse Rules and Controlled Foreign Corporation rules.

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

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

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

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

What happened in 2021: 888 continues to engage with tax authorities and obtain legal advice in order to mitigate exposures.
The Group's Israel subsidiary finalised an Assessment Agreement with the Israeli Tax Authority which applies to tax years 2016-2020.

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

Retention of Key Personnel and Succession risk → Increased during 2021
The risk: The success of the Company is in part dependent on its ability to retain its key personnel, including at Board and senior management level and throughout the business, and to successfully manage succession planning in the case of key personnel leaving the Company.

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

How the risk is managed: Executive directors and senior management are compensated competitively, including an equity component and bonus partially deferred into shares. The Board has an active Nominations Committee, which is responsible for succession planning at the Board and senior management levels, and is supported as necessary by external executive recruitment agencies.
What happened in 2021: On 31 March 2021 Lord Mendelsohn took over from Brian Mattingley as Chair of the Board. Anne de Kerckhove was appointed as the Senior Independent Director and Zvika Zivlin stepped down as Non-Executive Director in May 2021. Anne de Kerckhove was appointed as the Senior Independent Director and Chair of the Remuneration Committee. Limor Ganot was appointed to the Audit and Remuneration Committees.

Business Disruption due to Pandemics such as COVID-19 → remained stable during 2021
The risk: As a multinational company based in a number of locations worldwide, the Company is dependent on the ability of its personnel to maintain their physical health and wellbeing, successfully carry out their roles from the Group's offices or remote locations, and at times to travel between sites. Business disruptions may occur when personnel are unable to work or communicate with one another, including due to pandemics such as COVID-19. Such outbreaks and the response thereto also affect the global economy, which can impact consumer confidence and spending more generally~~.~~ There is currently evidence of an increase in customer activity in the Group's products, reflecting a general move in the broader economy from retail to online services. However, in the event of a prolonged global macro-economic downturn, consumer spending across the Group's online gaming product verticals may also become impacted.

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

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

What happened in 2021: In light of the ongoing COVID-19 pandemic and limitations imposed in various Group locations, including with respect to self-isolation as well as restrictions on travel and conferences, the Company has taken a number of mitigation steps including enabling remote working and rebalancing of responsibilities between sites. These actions enabled the Group to deliver its product development plan and to launch new products despite the restrictions.

Reputational risk ➔ remained stable during 2021

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

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

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

What happened in 2021: There have been growing calls for the adoption of stricter responsible gambling and player protection measures, as well as stricter advertising restrictions, in response to the COVID-19 pandemic. There has also been some public and press criticism against the industry due to some operators perceived to be taking advantage of the pandemic to drive business. 888 continued to devote significant resources to putting in place prevention measures coupled with strict internal procedures to protect customers, and monitor and update procedures to ensure that minors are unable to access their gaming sites. 888 continues to improve on efforts to detect and prevent instances of problem gambling, and continues to review and update its anti-money laundering and safer gambling policies to better detect players suspected of using illicit funds for gambling, and to better identify players showing indicators of harm or patterns of problem gambling. 888 has continued its review of all its websites and those of its B2B partners with a view to ensuring that content is responsible and compliant with the applicable advertising standards. 888 has also continued enhancing its integration with the National Online Self-Exclusion Scheme (also known as "GAMSTOP") to enable its customers to self-exclude on national level from all UK online gambling operators.

Partnership risk ➔ remained stable during 2021

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

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

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

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

Acquisition risks ➔ increased during 2021

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

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

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

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

Liquidity risk ➔ remained stable during 2021

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

DIRECTORS’ STATEMENT OF RESPONSIBILITIES

The directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014 and UK adopted IFRSs give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company’s position, performance, business model and strategy.

All of the current Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any information needed by the Company's auditors for the purposes of their audit, and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

On behalf of the Board:

Itai Pazner

Chief Executive Officer

8 March 2022

Consolidated Income Statement

For the year ended 31 December 2021

	Note	2021 US $ million	2020 US $ million
Revenue	3	**980.1**	**849.7**
Gaming duties		(184.0)	(151.8)
Other cost of sales		(158.4)	(135.1)
Cost of sales		**(342.4)**	**(286.9)**
Gross profit		**637.7**	**562.8**
Marketing expenses		(306.5)	(237.1)
Operating expenses		(220.2)	(214.7)
Exceptional items	4	(24.0)	(78.2)
Operating profit		**87.0**	**32.8**
Adjusted EBITDA[1]		**165.0**	**155.6**
Exceptional items	4	(24.0)	(78.2)
Foreign exchange differences[2]		(9.3)	-
Share benefit charge		(8.4)	(11.0)
Depreciation and amortisation	8,9	(36.3)	(33.6)
Operating profit		**87.0**	**32.8**
Finance income		0.1	0.1
Finance expenses		(5.8)	(6.1)
Share of post-tax loss of equity accounted associate		-	(0.1)
Profit before tax		**81.3**	**26.7**
Taxation	5	(12.4)	(15.4)
Net profit for the year attributable to equity holders of the parent		**68.9**	**11.3**
Earnings per share	6		
Basic		**18.6¢**	**3.1¢**
Diluted		**18.3¢**	**3.0¢**

[1] Adjusted EBITDA is an Alternative Performance Measures ("APMs") which does not have an IFRS standardised meaning. The Group present Adjusted EBITDA since it is the main measure the analyst community uses to evaluate the Company and compare it to its peers. The Group presents adjusted measures because it allows for a further understanding of the underlying financial performance of the Group.

[2] The foreign exchange gains and losses associated with operating activities had historically been immaterial and as such was presented as a Finance expense. In 2021 management decided that the loss will be correctly reclassified to be included in other cost of sales within operating profit.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Note	2021 US $ million	2020 US $ million
Profit for the year		**68.9**	**11.3**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1.0	0.8
Items that will not be reclassified to profit or loss			
Remeasurement of severance pay liability, net of tax		2.9	(0.3)
Revaluation of equity investment designated at fair value through OCI		-	(0.2)
Total other comprehensive income (expense) for the year		3.9	0.3
Total comprehensive income for the year attributable to equity holders of the parent		**72.8**	**11.7**

The notes below form part of these consolidated financial statements.

Consolidated Balance Sheet

At 31 December 2021

	Note	2021 US $ million	2020 US $ million
Assets			
Non-current assets			
Goodwill and other intangible assets	8	167.2	164.3
Right-of-use assets		25.3	28.5
Property, plant and equipment	9	12.6	15.1
Non-current prepayments		7.8	0.6
Deferred tax assets		3.0	3.6
		215.9	**212.1**
Current assets			
Cash and cash equivalents[1,2]		255.6	222.2
Trade and other receivables[1]		68.5	52.4
		324.1	**274.6**
Total assets		**540.0**	**486.7**
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	10	3.3	3.3
Share premium	10	3.7	3.7
Foreign currency translation reserve		(0.3)	(1.3)
Treasury shares		(1.3)	(0.5)
Retained earnings		162.4	145.2
Total equity attributable to equity holders of the parent		**167.8**	**150.4**
Non-controlling interests		**0.1**	**-**
		167.9	**150.4**
Liabilities			
Non-Current liabilities			
Severance pay liability		5.0	7.4
Deferred tax liability		2.6	3.3
Lease liabilities		24.4	26.7
		32.0	**37.4**
Current liabilities			
Trade and other payables	11	196.1	177.9
Provisions	11	25.7	19.3
Income tax payable	5	30.7	20.7
Lease liabilities		6.5	7.0
Customer deposits		81.1	74.0
		340.1	**298.9**
Total equity and liabilities		**540.0**	**486.7**

[1] Cash and cash equivalents includes on demand deposits held with PSPs of US$19.0 million at 31 December 2021. The rights and obligations relating to these deposit accounts were reanalysed during 2021 and as a consequence this amount was corrected and re-classified from trade and other receivables to cash and cash equivalents. The equivalent amounts for 31 December 2020 and for 1 January 2020 were restated, increasing cash and cash equivalents and reducing trade debtors by US$32.2 million and US6.4 million, respectively.

[2] Cash and cash equivalents excludes restricted short-term deposits of US$9.5 million (31 December 2020: US$3.2 million).

The notes below form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Share capital US $ million	Share premium US $ million	Treasury shares US $ million	Retained earnings US $ million	Foreign currency translation reserve US $ million	Non-controlling interests US $ million	Total US $ million
Balance at 1 January 2020	3.3	3.7	(0.7)	160.5	(2.1)	-	164.7
Profit after tax for the year attributable to equity holders of the parent	-	-	-	11.3	-	-	11.3
Other comprehensive expense for the year	-	-	-	(0.5)	0.8	-	0.3
Total comprehensive income	-	-	-	10.8	0.8	-	11.6
Dividend paid (note 7)	-	-	-	(33.2)	-	-	(33.2)
Equity settled share benefit charges	-	-	-	7.6	-	-	7.6
Acquisition of treasury shares	-	-	(0.3)	-	-	-	(0.3)
Exercise of deferred share bonus plan	-	-	0.5	(0.5)	-	-	-
Balance at 31 December 2020	**3.3**	**3.7**	**(0.5)**	**145.2**	**(1.3)**	**-**	**150.4**
Profit after tax for the year attributable to equity holders of the parent	-	-	-	68.9	-	-	60.9
Other comprehensive (expense) income for the year	-	-	-	2.9	1.0	-	3.9
Total comprehensive income	-	-	-	71.8	1.0	-	72.8
Dividend paid (note 7)	-	-	-	(61.3)	-	-	(61.3)
Equity settled share benefit charges	-	-	-	7.1	-	-	7.1
Acquisition of treasury shares	-	-	(1.1)	-	-	-	(1.1)
Exercise of deferred share bonus plan	-	-	0.3	(0.3)	-	-	-
Non-controlling interests	-	-	-	(0.1)	-	0.1	-
Balance at 31 December 2021	**3.3**	**3.7**	**(1.3)**	**162.4**	**(0.3)**	**0.1**	**167.9**

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

Share capital - represents the nominal value of shares allotted, called-up and fully paid.
Share premium - represents the amount subscribed for share capital in excess of nominal value.
Treasury shares - represent reacquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.
Retained earnings - represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.
Foreign currency translation reserve – represents exchange differences arising from the translation of all Group entities that have functional currency different from US$.

The notes below form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 US $ million	2020[1] US $ million
Cash flows from operating activities			
Profit before income tax		81.3	26.7
Adjustments for:			
Depreciation of property plant and equipment and right-of-use assets	9	14.2	14.8
Amortisation	8	22.1	18.8
Interest income		(0.1)	(0.1)
Interest expenses		5.8	2.7
Income tax paid		(6.9)	(6.5)
Share of post- tax loss of equity accounted associate		-	0.1
Non-cash exceptional items	4	13.7	78.2
Share benefit charges		8.4	11.0
Cash generated from operating activities before working capital movement		138.5	145.7
Decrease (increase) in trade receivables		3.3	(8.7)
Decrease (increase) in other receivables		(26.1)	(3.3)
Increase in customer deposits		6.5	18.0
Increase (decrease) in trade and other payables		4.6	44.1
Increase (decrease) in provisions		6.4	9.2
Net cash generated from operating activities		133.2	205.0
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(5.6)	(10.6)
Proceeds from sale of investment in equity accounted associate		-	2.0
Interest received		0.1	0.1
Acquisition of intangible assets	8	(2.4)	(4.5)
Internally generated intangible assets	8	(22.6)	(17.9)
Net cash used in investing activities		(30.5)	(30.9)
Cash flows from financing activities			
Issue of shares to cover employee share schemes	10	-	-
Payment of lease liabilities		(7.2)	(6.4)
Interest paid		(0.7)	(1.0)
Proceeds from loans, net of transaction fee		-	32.0
Repayment of loans		-	(50.0)
Acquisition of treasury shares		(1.1)	(0.3)
Dividends paid	7	(61.3)	(33.2)
Net cash used in financing activities		(70.3)	(58.9)
Net Increase (decrease) in cash and cash equivalents		32.4	115.2
Net foreign exchange difference		1.0	3.7
Cash and cash equivalents at the beginning of the year[1]		222.2	103.3
Cash and cash equivalents at the end of the year[1]		255.6	222.2

[1] Cash and cash equivalents includes on demand deposits held with PSPs of US$19.0 million at 31 December 2021 (31 December 2020: US$32.2 million). The rights and obligations relating to these deposit accounts were reanalysed during 2021 and as a consequence this amount was corrected and re-classified from trade and other receivables to cash and cash equivalents, the effect of which is to increase the 2020 net cash generated from operating activities by $25.8 million.

Trade and other payables include non-cash movement of US$3.4 million related to remeasurement of severance pay scheme liability (2020: US$2.9 million).

The notes below form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

The financial information does not constitute the Group's statutory accounts for the year ended 31 December 2021 or the year ended 31 December 2020 but is derived from those accounts.

Statutory accounts for the year ended 31 December 2020 have been delivered to the Registrar of Companies in Gibraltar together with a report under section 10 of the Gibraltar Companies (Accounts) Act 1999. Statutory accounts for the year ended 31 December 2021 will be filed with Companies House Gibraltar following the Company's Annual General Meeting. The auditors have reported on both the 2021 and 2020 accounts and their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 10(2) of the Gibraltar Companies (Accounts) Act 1999 or section 182(1) (a) of the Gibraltar Companies Act.

Company description and activities

888 Holdings Public Limited Company (the “Company”) and its subsidiaries (together the “Group”) was founded in 1997 in the British Virgin Islands and since 17 December 2003 has been domiciled in Gibraltar (Company number 90099). On 4 October 2005, the Company listed on the London Stock Exchange.

The Group is the owner of innovative proprietary software solutions providing a range of virtual online gaming services over the internet, including Gaming and Betting. These services are provided to end users (“B2C”) and to business partners through its business-to-business unit, Dragonfish (“B2B”). In addition, the Group provides payment services, customer support and online advertising.

Definitions

In these financial statements:

The Company	888 Holdings Public Limited Company.
The Group	888 Holdings Public Limited Company and its subsidiaries.
Subsidiaries	Companies over which the Company has control (as defined in IFRS 10 - Consolidated Financial Statements) and whose accounts are consolidated with those of the Company.
Related parties	As defined in IAS 24 - Related Party Disclosures.
Associates	As defined in IAS 28 – Investments in Associates and Joint Ventures.

2 Significant accounting policies

The significant accounting policies applied in the preparation of the consolidated financial statements are as follows:

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014. The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in US Dollars because that is the currency in which the Group primarily operates. All values are rounded to the closest million except when otherwise indicated.

The consolidated financial statements comply with the Gibraltar Companies Act 2014.

The significant accounting policies applied in the consolidated financial statements in the prior year have been applied consistently in these consolidated financial statements, with the exception of the amendments to accounting standards effective for the annual periods beginning on 1 January 2021 and representation of expenses analysis in the income statement. These are described in more detail bellow.

Going concern

The Group closely monitors and carefully manages its liquidity risk. The Directors have considered two cases. The first assumes the Group on a standalone basis as the William Hill International (“WHI”) transaction is yet to be completed and pending shareholders’ approval (the “standalone” case) and a second in which the WHI acquisition completes in Q2 2022 (the “acquisition” case). The going concern period has been determined to be the 21 months until 31 December 2023.

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

Notes to the Consolidated financial statements (continued)

2 Significant accounting policies (continued)

2.2 New standards, interpretations and amendments adopted by the Group

Several new and amendments to existing International Financial Reporting Standards and interpretations, issued by the IASB, were effective from 1 January 2021 and have been adopted by the Group during the period with no significant impact on the consolidated results or financial position of the Group.

2.3 New standards that have not been adopted by the Group as they were not effective for the year:

Several new standards and amendments to existing International Financial Reporting Standards and interpretations, issued by the IASB and adopted, or subject to endorsement, will be effective from 1 January 2022, 2023 and 2024 and have not been adopted by the Group during the period. At this stage management are still assessing the full impact on the consolidated results or financial position of the Group. None are expected to have a material impact on the consolidated financial statements in the period of initial application.

Critical accounting estimates and judgements

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Climate change is a global challenge and an emerging risk to businesses, people and the environment across the world. We have a role to play in limiting warming by improving our energy management, reducing our carbon emissions and by helping our customers do the same. Growing awareness of climate change and customer sustainability targets will provide impetus for business growth as we provide products, services and solutions that increase efficiency and reduce customers' energy use and carbon emissions. As an online business, 888's activities have a relatively small impact on the environment when compared to a great number of companies that operate in more resource intensive industries. However, recognising that climate change poses a risk to our business through global economic disruption and impacts on the welfare of our employees, we seek to integrate environmental considerations into every level of decision-making from the administration of our offices to long-term business strategy. In our view climate change doesn't represent a material estimation uncertainty. For further detail see the corporate social responsibility section of the Strategic Report.

Included in this note are accounting policies which cover areas that the Directors consider require estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the future. These policies together with references to the related notes to the financial statements, which include further commentary on the nature of the estimates and judgements made, can be found below:

Critical judgements

Revenue
The Group applies judgement in determining whether it is acting as a principal or an agent where it provides services to business partners through its business-to-business unit (B2B). In making these judgements the Group considers, by examining each contract with its business partners, which party controls the promised goods or services before their transfer to the customer. The Indicators that the Group take into account in order to assess the control about the goods or services before their transfer to the customer include, inter alia, as follows: The Group is the primary obligor for fulfilling the promises in the contract; the Group has inventory risk before the goods or services are transferred to the customer; and the Group has discretion in setting the prices of the goods or services.

Internally generated intangible assets
Costs relating to internally generated intangible assets, are capitalised if the criteria for recognition as assets are met. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility criteria are met. In making this judgement, management considers the progress made in each

development project and its latest forecasts for each project. Other expenditure is charged to the consolidated income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. For further information see note 8.

Goodwill

There is uncertainty over whether or not the bingo sale will complete in 2022 as completion of the transaction is conditional upon, amongst other items, completion of a reorganisation of the bingo business and that new structure receiving its own UK Gambling Commission ("UKGC") licence. Therefore, the recoverable amount of the Bingo B2C CGU has been determined based on a value in use calculation using cash flow projections on an ongoing basis and also taking into account the probability of the Bingo business sale, as at 31 December 2021, completion to create a risk weighted value in use calculation of the cash generating unit. The resulting valuation is above the carrying value and so the CGU has not been impaired however the carrying value exceeds the potential sales price as disclosed further in note 8.

Exceptional items and adjusted performance measures

The Group classifies and presents certain items of income and expense as exceptional items. The Group presents adjusted performance measures which differ from statutory measures due to exclusion of exceptional items and certain non-cash items as the Group considers that it allows a further understanding of the underlying financial performance of the Group. These measures are described as “adjusted” and are used by management to measure and monitor the Group’s underlying financial performance. Non-cash items that are excluded from adjusted performance measures of underlying financial performance include share benefit charge, foreign exchange differences and share of post-tax loss of equity associates.

Notes to Consolidated financial statements (continued)

2 Significant accounting policies (continued)

The Group also seeks to present a measure of underlying performance which is not impacted by exceptional items. The Group considers any items of income and expense for classification as exceptional by virtue of their nature and size. The items classified as exceptional (and are excluded from the adjusted measures) are described in further detail in note 4.

Key accounting estimates

Taxation

Due to the international nature of the Group and the complexity of tax legislation in the jurisdictions in which it operates, the Group applies judgements in estimating the likely outcome of tax matters and the resultant provision for income taxes. These judgements are reassessed in each period until the outcome is finally determined through resolution with a tax authority or through a legal process. Differences arising from changes in judgement or from final resolution may be material and will be charged or credited to the Income statement in the relevant period.

The Group evaluates uncertain items, where the tax judgement is subject to interpretation and remains to be agreed with the relevant tax authority. Provisions for uncertain items are made using judgement of the most likely tax expected to be paid, based on a qualitative assessment of all relevant information. In assessing the appropriate provision for uncertain items, the Group considers progress made in discussions with tax authorities and expert advice on the likely outcome and recent developments in case law, legislation and guidance.

The Group believes that its accruals or, where applicable, provisions for tax liabilities are appropriate. For further information see note 5.

Impairment of goodwill and other intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Cash flows are typically forecast for periods up to five years. For some cash-generating units it is appropriate to use forecasts extending beyond five years where future investment in the business is expected to result in a long-term growth being achieved outside of five years. For further information see note 8.

Provisions, contingent liabilities and regulatory matters

The Group makes a number of estimates in respect of the accounting for, and disclosure of, expenses and contingent liabilities for regulatory matters, including gaming duties. Provisions are described in further detail in note 11 and contingent liabilities in note 13.

The Group operates in numerous jurisdictions. Accordingly, the Group files gaming tax returns, provides for and pays all gaming taxes and duties it believes are due based on local tax laws and tax advice obtained. The Group is also periodically subject to audits and assessments by local taxing authorities. Provisions for uncertain items are made using judgement of the most likely tax expected to be paid and the basis thereon, based on a qualitative assessment of all relevant information. The Board considers that any exposure for additional taxes, if any, that may arise from the final settlement of such assessments is unlikely to result in any further liability.

As part of the Board's ongoing regulatory compliance and operational risk assessment process, it continues to monitor legal and regulatory developments, and their potential impact on the business, and continues to take appropriate advice in respect of these developments.

Given the nature of the legal and regulatory landscape of the industry, from time to time the Group has received notices, communications and legal actions from regulatory authorities and other parties in respect of its activities. The Group is furthermore subject to regular compliance assessments of its licensed activities, from time to time. The Group's policy is to engage in dialogue with regulators and address any concerns raised in such assessments, to work cooperatively with the regulator and to take action to address any concerns raised as part of the assessment as soon as possible. The Group has taken legal advice as to the manner in which it should respond and the likelihood of success of such actions. Based on this advice and the nature of the actions, for the majority of these matters the Board is unable to quantify reliably the outflow of funds that may result, if any. For matters where an outflow of funds is probable and can be measured reliably, amounts have been recognised in the financial statements within Provisions. Except for the regulatory matters described in note 11, these amounts are not material at 31 December 2021.

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The subsidiaries are companies controlled by 888 Holdings Public Limited Company. Control exists where the Company has power over an entity; exposure, or rights, to variable returns from its involvement with an entity; and the ability to use its power over an entity to affect the amount of its returns. Subsidiaries are consolidated from the date the Parent gained control until such time as control ceases.

The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method of accounting. On the date of the acquisition, the assets and liabilities of a subsidiary are measured at their fair values and any excess of the fair value of the consideration over the fair values of the identifiable net assets acquired is recognised as goodwill.

Intercompany transactions and balances are eliminated on consolidation.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company and using consistent accounting policies.

2 Significant accounting policies (continued)

Revenue

Revenue consists of income from online activities and income generated from foreign exchange commissions on customer deposit, withdrawals and account fees, which is allocated to each reporting segment.

Casino, Bingo and Sport

The Group's income earned from Casino and Bingo (Gaming) and Sports (Betting) is disclosed as revenue although these are accounted for and meet the definition of a gain under IFRS 9.

For these revenue streams, revenue recognised includes gains and losses arising as a result of the outcome of an event which is not controllable by the group. The amount of the payment the Group may be obliged to pay to the customer is uncertain. The transaction is therefore a derivative financial instrument, initially recognised at fair value and subsequently remeasured with changes recorded in profit and loss.

The initial fair value is the amount staked by the customer and adjusted for the fair value of certain promotions and bonuses granted to customers. This is subsequently remeasured when the result of the transaction is known, and the amount payable is confirmed. This movement may be a gain or a loss which is offset on the basis that they arise from similar transactions.

Poker

Poker (Gaming) represents the commission (rake) charged from each poker hand in ring games and entry fees for participation in Poker tournaments less the fair value of certain promotional bonuses and the value of loyalty points accrued. In Poker tournaments certain promotional costs are accounted for, and entry fee revenue is recognised when the tournament has concluded. Poker revenue is within the scope of IFRS 15 and recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

B2B

Revenue from B2B is mainly comprised of services provided to business partners. B2B also includes fees from the provision of certain gaming related services to partners. Customer advances received are treated as deferred income within current liabilities and released as they are earned.

For services provided to business partners through its B2B unit, the Group examines whether the nature of its promise is a performance obligation to provide the defined goods or services itself, which means the Group is a principal and therefore recognizes revenue in the gross amount of the revenue generated from use of the Group's platform in online gaming activities with the partners' share of the revenue charged to marketing expenses; or to arrange that another party provide the goods or services which means the Group is an agent and therefore recognizes revenue in the amount of the net commission from use of the Group's platform.

The Group is a principal when it controls the promised goods or services before their transfer to the customer. Indicators that the Group controls the goods or services before their transfer to the customer include, inter alia, as follows: The Group is the primary obligor for fulfilling the promises in the contract; the Group has inventory risk before the goods or services are transferred to the customer; and the Group has discretion in setting the prices of the goods or services.

Where the Group is considered to be the principal, income is recognised as the gross revenue generated from use of the Group's platform in online gaming activities with the partners' share of the revenue charged to marketing expenses. In other cases, income is recognised as the Group share of the net revenue generated from use of the Group's platform.

Notes to Consolidated financial statements (continued)

2 Significant accounting policies (continued)

Cost of Sales

Cost of sales consists primarily of gaming duties, payment service providers' commissions, chargebacks, commission and royalties payable to third parties, all of which are recognised on an accruals basis.

Operating expenses

Operating expenses consist primarily of staff costs and corporate professional expenses, both of which are recognised on an accruals basis.

Foreign currency

Monetary assets and liabilities denominated in currencies other than the functional currency of the relevant company are translated into that functional currency using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates prevailing at the dates of the transactions. Exchange rate differences on foreign currency transactions are included in financial income or financial expenses in the consolidated income statement, as appropriate.

The results and financial position of all Group entities that have a functional currency different from US$ are translated into the presentation currency at foreign exchange rates as set out below. Exchange differences arising, if any, are recorded in the consolidated statement of comprehensive income as a component of other comprehensive income.

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and

(ii) income and expenses for each income statement are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Taxation

The tax expense represents tax payable for the year based on currently applicable tax rates.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base. They are accounted for using the balance sheet liability method. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profits will be available against which the difference can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Notes to Consolidated financial statements (continued)

2 Significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the fair value of the consideration in a business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Consideration comprises the fair value of any assets transferred, liabilities assumed and equity instruments issued.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement and not subsequently reversed. Where the fair values of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition. Changes in the fair value of the contingent consideration are charged or credited to the consolidated income statement. In addition, the direct costs of acquisition are charged immediately to the consolidated income statement.

Intangible assets

Acquired intangible assets
Intangible assets acquired separately consist mainly of software licences and domain names and are capitalised at cost. Those acquired as part of a business combination are recognised separately from goodwill if the fair value can be measured reliably. These intangible assets are amortised over the useful life of the assets, which for software licences is between one and five years and for domain names is five years.

Internally generated intangible assets
Expenditure incurred on development activities of gaming platform is capitalised only when the expenditure will lead to new or substantially improved products or processes, the products or processes are technically and commercially feasible and the Group has sufficient resources to complete development. All other development expenditure is expensed. Subsequent expenditure on intangible assets is capitalised only where it clearly increases the economic benefits to be derived from the asset to which it relates. The Group estimates the useful life of these assets as between three and five years, except for certain licence costs which are amortised over either the life of the licence, or up to 20 years, whichever is the shorter period and the sports betting platform which has an estimated useful economic live of 12 years.

Right-of-use assets

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for most leases. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are initially measured at cost and depreciated by the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The cost of right-of-use assets comprises of initial measurement of the lease liabilities, any lease payments made before or at the commencement date and initial direct costs. Right-of-use assets are also subject for impairment losses and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Office lease	1-10 years
Motor vehicles	3 years

2 Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Assets are assessed at each balance sheet date for indicators of impairment.

Depreciation is calculated using the straight-line method, at annual rates estimated to write off the cost of the assets less their estimated residual values over their expected useful lives. The annual depreciation rates are as follows:

IT equipment	33%
Office furniture and equipment	7-15%
Leasehold improvements	Over the shorter of the term of the lease or useful lives

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually and where applicable an impairment loss is recognised immediately in the consolidated income statement. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (being the higher of value in use and fair value less costs to sell), the asset is written down accordingly through the consolidated income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash generating unit (i.e., the smallest group of assets to which the asset belongs for which there are separately identifiable and largely independent cash inflows).

Fair value measurement

The Group measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received or paid in an orderly transaction between market participants at a particular date, either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for that asset or liability accessible to the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value measurement hierarchy is based on the inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels, with the highest level (level 1) given to inputs for which there are unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level (level 3) given to unobservable inputs. Level 2 inputs are directly or indirectly observable inputs other than quoted prices.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal of an asset as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal of an asset classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Notes to Consolidated financial statements (continued)

2 Significant accounting policies (continued)

Cash and cash equivalents

Cash comprises cash in hand and balances with banks and on-demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. They include short-term deposits originally purchased with maturities of three months or less.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost and principally comprise amounts due from credit card companies and from e-payment companies. The Group has applied IFRS 9's simplified approach and has calculated the ECLs based on lifetime of expected credit losses. Bad debts are written off when there is objective evidence that the full amount may not be collected.

Equity

Equity issued by the Company is recorded as the proceeds received from the issue of shares, net of direct issue costs.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium account.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Board of Directors and paid. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

Equity-settled Share benefit charges

Where the Company grants its employees or contractors shares or options, the cost of those awards, recognised in the consolidated income statement over the vesting period with a corresponding increase in equity, is measured with reference to the fair value at the date of grant. Market performance conditions are taken into account in determining the fair value at the date of grant. Non-market performance conditions, including service conditions, are taken into account by adjusting the number of instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of instruments that eventually vest.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

2 Significant accounting policies (continued)

Severance pay schemes

The Group operates two severance pay schemes:

Defined benefit severance pay scheme

The Group operates a defined benefit severance pay scheme pursuant to the Severance Pay Law in Israel. Under this scheme group employees are entitled to severance pay upon redundancy or retirement. The liability for termination of employment is measured using the projected unit credit method.

Severance pay scheme surpluses and deficits are measured as:

- the fair value of plan assets at the reporting date; less
- plan liabilities calculated using the projected unit credit method, discounted to its present value using yields available for the appropriate government bonds that have maturity dates appropriate to the terms of the liabilities.

Remeasurements of the net severance pay scheme assets and liabilities, including actuarial gains and losses on the scheme liabilities due to changes in assumptions or experience within the scheme and any differences between the interest income and the actual return on assets, are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Defined contribution severance pay scheme

In 2017 the Group introduced defined contribution plan pursuant to section 14 to the Severance Pay Law. Under this scheme the Group pays fixed monthly contributions. Payments to defined contribution plans are charged as an expense as they fall due.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease and measured at the present value of lease payments to be made over the lease term.
In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments)

2 Significant accounting policies (continued)

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

Provisions

Provisions are recognised when the Group has a present or constructive obligation as a result of a past event from which it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

Liabilities to customers

Liabilities to customers comprise the amounts that are credited to customers' bankroll (the Group's electronic “wallet”), including provision for bonuses granted by the Group, less fees and charges applied to customer accounts, along with full progressive provision for jackpots. These amounts are repayable in accordance with the applicable terms and conditions.

3 Segment information

Segmental results are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team comprising mainly the Chief Executive Officer and the Chief Financial Officer. The operating segments identified are:

* B2C (Business to Customer): including Gaming and Betting. Whilst B2C revenues had historically been further split out into the component products of Casino, Poker, Sport and Bingo, the internal reporting has been updated to combine Casino, Poker and Bingo revenues under one heading of Gaming and to change the name of Sport to Betting. The combination of revenues into Gaming and the change of name from Sport to Betting better reflects how the business is managed and brings the business in line with peer group of companies presentation.

* B2B (Business to Business): offering Total Gaming Services under the Dragonfish trading brand. Dragonfish offers to its business partners use of technology, software, operations, E-payments and advanced marketing services, through the provision of offline/online marketing, management of affiliates, search engine optimisation (SEO), customer relationship management (CRM) and business analytics.

There has been no aggregation of these two operating segments for reporting purposes. The management team continues to assess the performance of operating segments based on revenue and segment profit, being revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and marketing expenses.

	B2C			B2B	Consolidated
	Gaming	Betting	Total B2C		
2021					
Segment revenue	**814.5**	**127.4**	**941.9**	**38.2**	**980.1**
Segment result[1]			**322.6**	**17.9**	**340.5**
Unallocated corporate expenses[2]					(229.5)
Exceptional items					(24.0)
Operating profit					**87.0**
Finance income					0.1
Finance expenses					(5.8)
Taxation					(12.4)
Net profit for the year					**68.9**
Adjusted net profit for the year[3]					**101.3**
Assets					
Corporate assets					**540.0**
Total assets					**540.0**
Liabilities					
Segment liabilities			**79.8**	**1.3**	**81.1**
Unallocated corporate liabilities					**291.0**
Total liabilities					**372.1**

1 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties, marketing expenses and foreign exchange differences.
2 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.
3 As defined in note 6.

3 Segment information (continued)

	B2C			B2B	Consolidated
	Gaming	Betting	Total B2C		
2020					
Segment revenue	**692.2**	**122.1**	**814.3**	**35.4**	**849.7**
Segment result[1]			**310.0**	**17.5**	**327.5**
Unallocated corporate expenses[2]					(216.5)
Exceptional items			(53.3)	(24.9)	(78.2)
Operating profit					**32.8**
Finance income					0.1
Finance expenses					(6.1)
Share of post-tax loss of equity accounted associate					(0.1)
Taxation					(15.4)
Net profit for the year					**11.3**
Adjusted net profit for the year[3]					**100.6**
Assets					
Corporate assets					**486.7**
Total assets					**486.7**
Liabilities					
Segment liabilities			**72.4**	**1.6**	**74.0**
Unallocated corporate liabilities					**262.3**
Total liabilities					**336.3**

1 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and Marketing expenses.
2 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.
3 As defined in note 6.

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.

3 Segment information (continued)

Geographical information

The Group's performance can also be reviewed by considering the geographical markets and geographical locations within which the Group operates. This information is outlined below:

Revenue by geographical market (based on location of customer)

	2021 US $ million	2020 US $ million
UK	**388.9**	333.5
Italy	**118.3**	86.5
EMEA (excluding the UK and Italy)	**333.5**	320.9
Americas	**125.6**	93.7
Rest of world	**13.8**	15.1
Revenue	**980.1**	**849.7**

Non-current assets by geographical location

	Carrying amount of non-current assets by location	
	2021 US $ million	2020 US $ million
Gibraltar	**79.4**	72.3
Americas	**99.1**	93.5
EMEA (except Gibraltar)	**34.4**	42.7
Total non-current assets by geographical location[1]	**212.9**	**208.5**

1 Excludes deferred tax assets of US$3.0 million (2020: US$3.6 million).

4 Exceptional items

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

	2021 US $ million	2020 US $ million
Restructuring costs[1]	**3.1**	**-**
Exceptional legal and professional costs[2]	**15.1**	**-**
Retroactive duties and associated charges[3]	**5.9**	**-**
Impairment charges[4]	**-**	**79.9**
Other provisions[5]	**(0.1)**	**(0.1)**
Gain from the sale of equity accounted associate[6]	**-**	**(1.6)**
Total exceptional items[7]	**24.0**	**78.2**

The Group paid US$10.3 million during 2021 in respect of exceptional items (2020: US$0.1 million).

1 Restructuring costs, comprises of US$2.6 million employees redundancy costs related to the Group's decision to close its Antigua office, additional US$0.5 million relates to the disposal of property, plant and equipment.

2 The Group incurred legal and professional M&A costs of US$15.1 million associated with the proposed acquisition of the international (non-US) business of William Hill.

3 The Group recorded an exceptional retroactive charge of US$5.9 million following a reassessment of potential gaming duties relating to activity in prior years.

4 The Group recognised impairment of Bingo Goodwill assets during 2020, as described in further detail in note 8.

5 Net change in provision in respect of exceptional matters and legacy customers' activity prior periods.

6 On 22 June 2020, the Company sold its investment in Come2Play Limited, as a result the Company recorded a capital gain of US$1.6 million.

7 Tax effect of the exceptional items is US$3.5 million credit (2020: US$0.1 million tax credit).

5 Taxation

Corporate taxes

	2021 US $ million	2020 US $ million
Current taxation		
Gibraltar taxation	**1.0**	2.1
Other jurisdictions taxation	**11.9**	12.9
Adjustments in respect of prior years	**(0.2)**	1.6
	12.7	**16.6**
Deferred taxation		
Origination and reversal of temporary differences	**(0.3)**	(1.2)
Taxation expense	**12.4**	**15.4**
Deferred taxation related to items recognised in OCI		
Remeasurement of severance pay liability	**(0.3)**	**(1.2)**

The taxation expense for the year differs from the standard Gibraltar rate of tax. The differences are explained below:

	2021 US $ million	2020 US $ million
Profit before taxation	**81.3**	**26.7**
Standard tax rate in Gibraltar (2021: 12.5%, 2020: 10%)	**10.2**	**2.7**
Higher effective tax rate on other jurisdictions	**6.7**	**7.2**
Expenses not allowed for taxation	**1.1**	**8.3**
Deferred tax	**(0.3)**	**(1.2)**
Capital allowances in excess of depreciation	**(2.1)**	**(1.1)**
Non-taxable income	**(3.0)**	**(2.1)**
Adjustments to prior years' tax charges	**(0.2)**	**1.6**
Total tax charge for the year	**12.4**	**15.4**

Current tax is calculated with reference to the profit of the Company and its subsidiaries in their respective countries of operation. Income tax payable as at 31 December 2021 is US$30.7 million (2020: US$20.7 million) which includes a settlement signed with the Israeli Tax Authorities in respect of the years 2016-2020 and current tax charges from various jurisdictions. Set out below are details in respect of the significant jurisdictions where the Group operates and the factors that influenced the current and deferred taxation in those jurisdictions:

Gibraltar

Gibraltar companies are subject to a corporate tax rate of 12.5%, following an increase which came into effect on 1 August 2021. Gibraltar corporate tax expenses for the year are lower compared to 2020, as a result of decrease in expenses not allowed for taxation.

In January 2022, the parent company, 888 Holdings plc, moved its management and control, and as a result its tax residence, to the UK.

Malta

Maltese companies are subject to a corporate tax rate of 35%, with an effective corporate tax rate of 5% achieved through a shareholder tax refund system.

Israel

The domestic corporate tax rate in Israel in 2021 is 23% (2020: 23%). The Company's Israeli subsidiary incurred higher tax expense compared to 2020, as a result of a settlement signed with the Israeli Tax Authorities in respect of 2016-2020, on the basis of the principles of which the tax basis for 2021 was also adjusted.

5 Taxation (continued)

UK

The Group's subsidiary in the UK is subject to a corporate tax rate of 19% (2020: 19%). In March 2021, the UK government announced an increase in the corporate tax rate to 25%, starting April 2023.

Romania

The Group's subsidiary in Romania is subject to a corporate tax rate of 16% (2020: 16%).

US

The Group's subsidiaries in the US are subject to a federal corporate tax rate of 21% (2020: 21%), in addition to state tax rate ranging between 4.55% (Colorado) to 9% (New Jersey).

Sensitivity analysis

The key operating companies in the Group are incorporated, managed and controlled and tax resident mainly in Gibraltar, with several operating companies tax residents in Malta. The Group's subsidiaries are located in different jurisdictions and these subsidiaries are taxed locally on their respective profits which are determined based on transfer pricing rules. An effective tax rate increase of 1% would result in an increase in the tax charge (and associated provision) of US$0.8 million (2020: US$1.0 million).

6 Earnings per share

Basic earnings per share

Basic earnings per share (EPS) has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue and outstanding during the year during the year.

Diluted earnings per share

The weighted average number of shares for diluted earnings per share takes into account all potentially dilutive equity instruments granted, which are not included in the number of shares for basic earnings per share. Certain equity instruments have been excluded from the calculation of diluted EPS as their conditions of being issued were not deemed to satisfy the performance conditions at the end of the period or it will not be advantageous for holders to exercise them into shares, in the case of options. The number of equity instruments included in the diluted EPS calculation consist of 6,315,271 Ordinary Shares (2020: 7,460,665) and no market-value options (2020: nil).

The number of equity instruments excluded from the diluted EPS calculation is 577,979 (2020: 964,207).

	2021	**2020**
Profit for the period attributable to equity holders of the parent (US$ million)	**68.9**	**11.3**
Weighted average number of Ordinary Shares in issue and outstanding	**371,383,109**	368,587,941
Effect of dilutive Ordinary Shares and Share options	**6,315,271**	7,460,665
Weighted average number of dilutive Ordinary Shares	**377,698,380**	376,048,606
Basic earnings per share	**18.6¢**	**3.1¢**
Diluted earnings per share	**18.3¢**	**3.0¢**

Adjusted earnings per share

The Directors believe that EPS excluding exceptional items, share benefit charges, net gain from sale of investment in equity accounted associate and share of post- tax loss of equity accounted associate ("Adjusted EPS") allows for a further understanding of the underlying performance of the business and assists in providing a clearer view of the performance of the Group.

Reconciliation of profit to profit excluding exceptional items, share benefit charges, net gain from sale of investment in equity accounted associate and share of post-tax loss of equity accounted associate ("Adjusted profit"):

	2021 US $ million	**2020 US $ million**
Profit for the period attributable to equity holders of the parent	**68.9**	11.3
Exceptional items (see note 4)	**24.0**	78.2
Share benefit charges	**8.4**	11.0
Share of post-tax loss of equity accounted associate	**-**	0.1
Adjusted profit	**101.3**	**100.6**
Weighted average number of Ordinary Shares in issue	**371,383,109**	**368,587,941**
Weighted average number of dilutive Ordinary Shares	**377,698,380**	**376,048,606**
Adjusted basic earnings per share	**27.3¢**	**27.3¢**
Adjusted diluted earnings per share	**26.8¢**	**26.8¢**

7 Dividends

	2021 US $ million	2020 US $ million
Dividends paid	**61.3**	**33.2**

2020 final dividend of 10.4¢ per share plus an additional one-off 1.6¢ per share was paid on 24 May 2021 (US$44.5 million) and the 2021 interim regular dividend of 4.5¢ per share in accordance with 888's dividend policy was paid on 13 October 2021 (US$16.8 million).

The Board of Directors is not recommending a final dividend to be paid in respect of the year ended 31 December 2021, in light of the potential capital requirements expected as part of the pending William Hill transaction. As a result, the total dividend for the year is 4.5¢ per share (2020: 18.0¢ per share).

During 2020, the 2019 final dividend of 3.0¢ per share was paid on 22 May 2020 (US$11.1 million) and the 2020 interim regular dividend of 3.2¢ per share plus an additional one-off 2.8¢ per share was paid on 4 November 2020 (US$22.1 million).

8 Goodwill and other intangible assets

	Goodwill US $ million	Acquired intangible assets US $ million	Internally generated intangible assets US $ million	Total US $ million
Cost or valuation				
At 1 January 2020	181.2	77.4	104.4	363.0
Additions	-	4.7	17.9	22.6
Disposals	-	(2.2)	-	(2.2)
At 31 December 2020	**181.2**	**79.9**	**122.3**	**383.4**
Additions	-	2.4	22.6	25.0
At 31 December 2021	**181.2**	**82.3**	**144.9**	**408.4**
Amortisation and impairments:				
At 1 January 2020	20.7	29.2	72.7	122.6
Amortisation charge for the year	-	8.7	10.1	18.8
Impairment charge for the year	79.3	-	0.6	79.9
Disposals	-	(2.2)	-	(2.2)
At 31 December 2020	**100.0**	**35.7**	**83.4**	**219.1**
Amortisation charge for the year	-	10.2	11.9	22.1
At 31 December 2021	**100.0**	**45.9**	**95.3**	**241.2**
Carrying amounts				
At 31 December 2021	**81.2**	**36.4**	**49.6**	**167.2**
At 31 December 2020	81.2	44.2	38.9	164.3
At 1 January 2020	160.5	48.2	31.7	240.4

Following a review of fully written down assets, assets no longer in use with a total cost and accumulated amortisation of US$2.2 million were written off in 2020.

8 Goodwill and other intangible assets (continued)

Acquired intangible assets

Acquired intangible assets includes:
The fair value of acquired intangible assets recognised in 2019 on the acquisition of Jet Bingo brands consisting of Customer list of US$19.2 million and Brand name of US$2.3 million. The carrying value of the Customer list and Brand name for 31 December 2021 are US$8.4 million and US$1.6 million, respectively.
The estimated remaining useful life of the Customer list and Brand name is 10 years (using the sliding scale method with 70% of the value to be amortised over 5 years) and 8 years, respectively.

The fair Value of acquired intangible assets recognised on the acquisition of BetBright Sport platform consist of Sport platform of US$18.3 million and the right to access third party customer list of US$0.8 million. The carrying value of the Sport platform and the right to access third party customer list for 31 December 2021 are US$17.5 million and US$0.7 million, respectively.
The estimated remaining useful life of the Sport platform and right to access third party customer list is 11 years and 7 years, respectively.

Internally generated intangible assets

This category of assets includes capitalised development costs in accordance with IAS 38. The material projects as included within the carrying amount above include compliance with local regulatory requirements in certain jurisdictions US$13.5 million (2020: US$5.5 million) and a major upgrade to the gaming systems platform US$36.0 million (2020: $33.4 million). An impairment of certain assets amounted to US$0.6 million was recognised during 2020, additional impairment charges were not considered to be required at 31 December 2021 and the carrying value of internally generated intangible assets is considered to be appropriate. At 31 December 2021 there were projects with carrying value US$12.2 million (2020: US$16.7 million) which were not completed and therefore not being amortised. All of these projects are expected to complete and commence amortisation in 2022.

Goodwill

Analysis of goodwill by cash generating units:

	B2C			B2B	Consolidated
	Bingo	**US**	**Other**	**Bingo**	**Total goodwill**
			US $ million		
Carrying value at 1 January 2020	104.4	30.9	0.3	24.9	160.5
Impairment during 2020	(54.4)	-	-	(24.9)	(79.3)
Carrying value at 31 December 2020	**50.0**	**30.9**	**0.3**	**-**	**81.2**
Impairment during the year	**-**	**-**	**-**	**-**	**-**
Carrying value at 31 December 2021	**50.0**	**30.9**	**0.3**	**-**	**81.2**

Impairment

In accordance with IAS 36 and the Group's stated accounting policy an impairment test is carried out annually on the carrying amounts of goodwill and a review for indicators of impairment is carried out for other non-current assets. Where an impairment test was carried out, the carrying value is compared to the recoverable amount of the asset or the cash generating unit. In each case, the recoverable amount was the value in use of the assets, which was determined by discounting the future cash flows of the relevant asset or cash generating unit to their present value.

8 Goodwill and other intangible assets (continued)

Goodwill and intangible assets – Bingo B2C and B2B business

Goodwill and intangible assets associated with the Bingo online business unit arose following the acquisition of the Bingo online business of Globalcom Limited during 2007, the acquisition of the Wink Bingo business in 2009 and the acquisition of the Jet bingo brands in 2019. The income streams generated from the Bingo online business, comprise the B2C Bingo cash generating unit and the B2B cash generating unit.

During 2020, the Group recognised an impairment charge of US$54.4 million and US$24.9 million in respect of Bingo B2C and B2B against goodwill. The impairment charge was recorded within exceptional items in the income statement.

On 15 December 2021, the Board of Directors announced its decision to sell its entire B2C and B2B bingo businesses for US$50 million. The Board considered that the Bingo business did not meet the criteria to be classified as held for sale at that date or at 31 December 2021 because the business was not available for immediate sale and that completion of the sale required a reorganisation of the Bingo business and that new structure receiving its own UK Gambling Commission ("UKGC") licence. At 31 December 2021, the granting of the licence and its timing was outside the control of the Directors. This licence was subsequently granted on 2 March 2022 and the reorganisation of the Bingo business is currently in progress.

The Group tested the recoverable amount of the Bingo B2C CGU as at 31 December 2021, of US$64.3 million and compared it to the carrying value of US$61.2 million consisting of US$50 million of Goodwill and $11.2 million of other intangible assets. The recoverable amount has been determined based on a value in use calculation using cash flow projections on an ongoing basis and also taking into account the probability of the Bingo business sale completion to create a risk weighted value in use calculation of the cash generating unit. The carrying value exceeds sale price by US$11.2 million. Therefore, should the sale occur, a loss on disposal would be recognised. Key assumptions in performing the value in use calculation are set out below.

Key assumptions and inputs used

Cash flow projections have been prepared for a five year period, following which a long- term growth rate has been assumed. Underlying growth rates, as shown in the table below, have been applied to revenue and are based on past experience, including the results in 2020 and 2021, projections of future changes in the UK online bingo gaming market and Group's strategic decision to increase its focus on other product and geographic opportunities. Key assumptions in preparing these cash flow projections include 1% short-term revenue growth rate, continued optimisation of costs per customer acquisition and the expectation that, should the sale not occur, the Group will continue to operate and be subject to gaming duties in its core jurisdictions.

The pre-tax discount rate that is considered by the Directors to be appropriate is based on the Group's specific Weighted Average Cost of Capital, adjusted for tax, which is considered to be appropriate for the online Bingo B2C cash generating units.

	Pre-tax discount rate applied	Underlying growth rate[1] year 1	Underlying short-term growth rate years 2-5	Long-term growth rate year 6+	Operating expenses increase years 1-5	Operating expenses increase year 6+
At 31 December 2021	**10%**	**0%**	**1%**	**1.5%**	**1%**	**1.5%**
At 31 December 2020	**9%**	**(8%)**	**0%**	**1.5%**	**0%**	**1.5%**

The calculation of value in use for Bingo B2C unit resulted in a low level of headroom compared to the carrying value of assets. The calculation is particularly sensitive to the following assumptions:

(i) Revenue growth rate assumptions – Growth rates are based on past experience and projections of future changes in the online gaming market, the continued highly competitive UK Bingo market as well as the enhanced regulation in the UK market coupled with Group's strategic decision to reduce focus on Bingo business and increase focus on other product and geographic opportunities. A reduction of the long-term growth rate to 0% for Bingo B2C would result in an impairment of US$1.1 million.

(ii) Cash flow forecast – cash flow projections may be affected by changes in the UK gaming market including the continued macroeconomic influence of the COVID-19 pandemic. A reduction of 10% in the cash flow projections for B2C would result in an impairment of US$1.2 million.

8 Goodwill and other intangible assets (continued)

(iii) Discount rate – The pre-tax discount rate is recalculated by taking into account prevailing risk free rates, equity risk premium and company beta and having regard to external data commenting upon the Weighted Average Cost of Capital applied to the Group. An increase of 1% in discount rates applied for B2C would result in an impairment of US$1.8 million.

Goodwill and intangible assets - US

Goodwill and intangible assets associated with the acquisition of the remaining 53% interest in the voting shares of AAPN in December 2018 amount to US$30.9 million and US$5.6 million, respectively. The carrying value of internally generated intangible assets related to the US CGU amounted to US$8.6 million. The recognised goodwill and intangible assets represents the potential revenues from the US, which the Group considers as a single CGU, as the states regulate online gambling and reflects potentially significant opportunities in the US to create additional value for the Group.

The Group tested the recoverable amount of the US CGU as at 31 December 2021. The recoverable amount has been determined based on a value in use calculation using cash flow projections.

Key assumptions and inputs used

Given the early stage of market development, cash flow projections have been prepared for a nine year period, following which a 2% long- term growth rate has been assumed based on the long term GDP growth rate of the states. Underlying growth rates have been applied to revenue and are based on past experience of the Group, including market share forecast for each relevant state. Key assumptions in preparing these cash flow projections include market share assumptions based on current 888 market share in other regulated online gaming jurisdictions, 13% pre-tax discount rate and the expectation that the Group will continue to operate in the US and launch in further states as regulation develops. The states which the Group are forecasted to enter have either already regulated or are in the process of regulating.

The pre-tax discount rate that is considered by the Directors to be appropriate is the Group's specific Weighted Average Cost of Capital, adjusted for tax, and including an addition risk premium which is considered to be appropriate for the US B2C cash generating unit.

The calculation of value in use for US B2C is most sensitive to the following assumptions:

(i) Market share assumptions - A reduction of 5% in market share assumptions for each state would result in zero headroom for US B2C value in use.

(ii) Pre-tax discount rate – An increase of Pre-tax discount rate from 13% to 14% would result in zero headroom for US B2C value in use.

9 Property, plant and equipment

	IT equipment US $ million	Office furniture and equipment US $ million	Leasehold improvements US $ million	Total US $ million
Cost				
At 1 January 2020	54.4	6.3	16.3	77.0
Additions	8.2	0.7	1.7	10.6
Disposals	(9.0)	(0.3)	-	(9.3)
At 31 December 2020	**53.6**	**6.7**	**18.0**	**78.3**
Additions	4.8	0.2	0.6	5.6
Disposals	(16.4)	(0.5)	(0.4)	(17.3)
At 31 December 2021	**42.0**	**6.4**	**18.2**	**66.6**
Accumulated depreciation				
At 1 January 2020	45.1	4.6	14.3	64.0
Charge for the year	7.6	0.5	0.4	8.5
Disposals	(9.0)	(0.3)	-	(9.3)
At 31 December 2020	**43.7**	**4.8**	**14.7**	**63.2**
Charge for the year	6.6	0.4	0.6	7.6
Disposals	(16.2)	(0.4)	(0.2)	(16.8)
At 31 December 2021	**34.1**	**4.8**	**15.1**	**54.0**
Carrying amounts				
At 31 December 2021	**7.9**	**1.6**	**3.1**	**12.6**
At 31 December 2020	**9.9**	**1.9**	**3.3**	**15.1**
At 1 January 2020	**9.3**	**1.7**	**2.0**	**13.0**

Following a review of fully written down assets in 2021, assets no longer in use with a total cost and accumulated depreciation of US$16.3 million (2020: US$9.3 million) were written off. Additional US$0.5 million relates to the disposal of property, plant and equipment in connection with the Group's decision to close its Antigua office.

10 Share capital

Share capital comprises the following:

	Authorised			
	31 December 2021 Number	**31 December 2020 Number**	**31 December 2021 US $ million**	**31 December 2020 US $ million**
Ordinary Shares of £0.005 each	1,026,387,500[1]	1,026,387,500	**8.1**	8.1

[1] including 307,422 treasury shares held by the Group as at 31 December 2021 (2020: 196,488).

	Allotted, called up and fully paid			
	31 December 2021 Number	**31 December 2020 Number**	**31 December 2021 US $ million**	**31 December 2020 US $ million**
Ordinary Shares of £0.005 each at beginning of year	**369,017,422**	368,347,794	**3.3**	3.3
Issue of Ordinary Shares of £0.005 each	3,741,780	669,628	**-**	-
Ordinary Shares of £0.005 each at end of year	372,759,202	369,017,422	**3.3**	3.3

The narrative below includes details on issue of Ordinary Shares of £0.005 each as part of the Group's employee share option plan during 2021 and 2020:

During 2021, the Company issued 3,741,780 shares (2020: 669,628) out of which nil shares (2020: nil) were issued in respect of employees' exercising market value options giving rise to an increase in share premium of nil (2020: nil).

Shares issued are converted into US$ at the exchange rate prevailing on the date of issue. The issued and fully paid share capital of the Group amounts to US$3.3 million (2020: US$3.3 million) and is split into 372,759,202 (2020: 369,017,422) Ordinary Shares. The share capital in UK sterling (GBP) is £1.9 million (2020: £1.8 million).

11 Trade, other payables and provisions

	2021 US $ million	2020 US $ million
Trade payables	**36.2**	26.3
Accrued expenses	**118.3**	108.4
Other payables	**41.6**	43.2
Total trade and other payables	**196.1**	**177.9**
Provisions	**25.7**	19.3
	221.8	**197.2**

The carrying value of trade and other payables approximates to their fair value given the short maturity date of these balances.

Provisions

The Group has recorded a provision in respect of legal and regulatory matters and update it to reflect the Group's revised assessment of these risks in light of developments arising during 2020 and 2021 including with regard to customer claims and other legal and regulatory risks. This amount represents management's best estimate of probable cash outflows related to these matters, which are closely monitored by the Group. The timing and amount of these outflows is ultimately determined by the settlement reached with the relevant authority but would generally be resolved within 24 months of the balance sheet date.

Movement in the provision during the year is as follows:

	Total US $ million
At 1 January 2020	**10.2**
Paid during the year	**(0.1)**
Arising during the period	**12.0**
Released to income statement during the period	**(2.8)**
At 1 January 2021	**19.3**
Paid during the year	**(2.7)**
Arising during the period	**11.0**
Foreign exchange differences	**(0.6)**
Released to income statement during the period	**(1.3)**
At 31 December 2021	**25.7**
Current	**25.7**
Non-current	**-**

The Group has recorded a provision in respect of legal and regulatory matters and update it to reflect the Group's revised assessment of these risks in light of developments arising during 2020 and 2021 including with regard to customer claims and other legal and regulatory risks. This amount represents management's best estimate of probable cash outflows related to these matters, which are closely monitored by the Group. Provisions include US$12.7 million relating to a sanction from the UKGC for which an outflow is expected in March 2022. The timing and amount of other outflows is ultimately determined by the settlement reached with the relevant authority but would generally be resolved within 24 months of the balance sheet date.

12 Related party transactions

The aggregate amounts payable to key management personnel, considered to be the Directors of the Company, as well as their share benefit charges, are set out below:

	2021 US $ million	2020 US $ million
Short-term benefits	**4.9**	**4.6**
Post-employment benefits	**0.2**	**0.2**
Share benefit charges – equity-settled	**1.4**	**2.1**
	6.5	**6.9**

Further details on Directors' remuneration are given in the Directors' Remuneration Report.

13 Provisions, contingent liabilities and regulatory issues

(a) In common with other operators from time to time the Group receives claims relating to losses incurred by customers. Civil claims have been received from customers, principally in Austria, claiming refunds due to lack of local licensing. This trend is backed by case law amongst the higher Austrian courts. In addition, claim-financing bodies are gathering claims against operators. The Group is dealing with these civil claims with help from its local advisors. A similar uptick in civil claims also recently started in Germany, but to a lesser extent.

In estimating the size of the potential outflow, the Directors have assessed claims received to date and the Groups policy for defending these claims. A liability has been recorded to reflect the most likely cash outflow. However, claims continue to be received at an increasing rate and there is an expectation that this trend will persist. The Directors are unable to quantify the outflow of funds associated with future claims. Any potential outflow would then take place over a multi-year period.

(b) The Group have entered into agreements with third parties for a range of fees and expenses in connection with the acquisition of William Hill International. £17-21 million of these fees are only payable contingent on the completion of the transaction and as such are considered a contingent liability given shareholder approval and subsequent completion is expected in Q2 2022.

(c) At 31 December 2021, the Group had a commitment for ongoing operational costs associated with the Group's exclusive partnership with Authentic Brands Group, a brand development, marketing and entertainment company and owner of the Sports Illustrated brand. The commitment includes certain licence fees, employment costs and marketing activities during the course of the agreement.

14 Post balance sheet events

On 1 March 2022, the UKGC published a statement on its website related to its investigation following its 2020 compliance assessment of the Group, which outlined certain shortcomings in respect of former safer gambling and anti-money laundering policies, procedures and controls of the Group and pursuant to which 888 was fined £9.4m. 888 took immediate and appropriate actions to improve the relevant internal policies, procedures and controls to ensure it is fully compliant with its licensing obligations. The fine has been recorded as a provision in note 11 of the financial statements.

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