888 HOLDINGS

888 HOLDINGS PLC

ANNUAL REPORT & ACCOUNTS 2020

A YEAR OF STRONG **GROWTH**

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

888 Holdings plc ("888" or the "Company") and its subsidiaries (together, the "Group") operate leading online gaming brands across four key product verticals (Casino, Sport, Poker and Bingo) with a presence across multiple regulated markets.

888'S MISSION

888's mission is to develop state-of-the-art technology and products that provide fun, fair and safe digital gambling products to players globally.

888 leverages its proprietary technology to provide to players and B2B partners an innovative and world-class online gambling experience. By doing this effectively, **888** is able to succeed in the fast-growing and dynamic online gambling industry and generate value for its shareholders.

888'S FOCUS

888's primary strategic focus is on growing its strong brands in sustainable markets where there are regulatory frameworks that protect customers and provide clarity for operators. To achieve this, we focus on continuous investment in protecting our customers, relentless new product development and effective marketing.

OUR MARKETPLACE

Estimated total global online gambling* market size

	2020* US$ million	2025* US$ million
Sports betting	**36,508**	60,704
Casino	**20,168**	30,503
Poker	**3719**	3,914
Bingo	**2,540**	2,796
Total online gambling	**74,569**	117,368

* Figures reflect gross win (stakes less prizes, without deduction of bonuses) and include sports betting, casino, poker, bingo, skill games, other games and lotteries.

Source: H2 Gambling Capital, February 2021

REVENUE INCREASE BY GEOGRAPHICAL MARKET

UK	Italy	Spain	US and Americas
+63%	+69%	+11%	+81%

FINANCIAL HIGHLIGHTS

Revenue - Our overall revenue[1]
US$ million
+52%

2020	849.7
2019	560.3

Gross profit
US$ million
+49%

2020	562.8
2019	376.7

Revenue - B2C Casino
US$ million
+63%

2020	586.8
2019	359.3

Revenue - B2C Poker
US$ million
+48%

2020	63.1
2019	42.7

Revenue - B2C Sport
US$ million
+36%

2020	122.1
2019	90.0

Adjusted EBITDA
US$ million
+69%

2020	155.6
2019	92.1

Adjusted EBIT
US$ million
+104%

2020	122.0
2019	59.9

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CONTINUED MOMENTUM

888's overarching strategic goal remains to develop as one of the world's leading global online betting and gaming businesses.

BRIAN MATTINGLEY,
Non-Executive Chairman

INTRODUCTION

Whilst 2020 was a year of significant strategic progress and record-breaking growth for 888, there is no doubt the year will long be remembered for the human and economic cost wreaked by COVID-19. On behalf of the Board, I would like to pass on our deepest sympathies to those in 888's global community and beyond who have been impacted by the pandemic.

During 2020, the Group achieved revenue growth of 51.6% and an increase in Adjusted EBITDA of 69.0% to $155.6 million, which all represent record levels, and are significantly ahead of the Board's initial expectations for the year. The Group's strong operational and financial performance during the year reflects several factors including increasing consumer demand for online services that accelerated as a result of COVID-19-related restrictions on people's movements and leisure activities; 888's diversification across product verticals and geographic markets; and the Group's increased vigilance on safe gambling and customer protection. The Board remains confident that, with 888's outstanding product proposition, advanced technology and diversification across global regulated markets, the Group remains well positioned to deliver further progress in the years ahead.

PROTECTING OUR PEOPLE AND CUSTOMERS

During 2020, the pandemic created an unprecedented environment for communities across the world. Against this backdrop, 888's unwavering priority throughout the year remained to ensure the wellbeing of the Group's employees and customers.

I am incredibly proud of how the Group responded to the impact of COVID-19 on the lives of our valued employees. As countries across the world went into lockdown, the Board and 888's management teams were quick to recognise the potential pressures that the new ways of working and living could place on members of the 888 team, as 888 adapted seamlessly to remote working. We prioritised regular communication with employees, ran daily virtual wellbeing sessions for colleagues, and our qualified HR professionals offered one-to-one support to members of the team who were feeling heightened levels of pressure or anxiety. I am delighted to report that despite the significant levels of disruption experienced during the year, our colleagues not only adapted to this unique set of challenges but also delivered further exceptional strategic progress including the launches of several major new product developments, on time and to budget. On behalf of the Board, I would like to thank 888 team members around the world for their flexibility, skill and immense dedication throughout this very challenging period.

The Group's safer gambling strategy, entitled 'Safer. Better. Together.', underpins our commitment to a process of continuous improvement, and we acknowledge the risks that can result from our products. We continue to proactively identify new ways to deploy our technology and analytical expertise to provide a safer gambling environment for customers and we continue to develop new ways to help customers make informed, safe decisions about their gambling activity. Further details on the Group's safe gambling strategy and activity during 2021 can be found on pages 41 to 43 of this Annual Report.

STRATEGIC PROGRESS

888's overarching strategic goal remains to develop as one of the world's leading global online betting and gaming businesses. In order to achieve this, the Group continues to invest in product leadership and technology, expand into new regulated markets, prioritise safe gambling, and appraise attractive acquisition and strategic partnership opportunities. The progress made during 2020 against each of the Group's strategic pillars is described in more detail in the Strategic Review section of this Annual Report.

"ON A PERSONAL NOTE, I WOULD LIKE TO TAKE THIS OPPORTUNITY IN MY FINAL ANNUAL REPORT STATEMENT TO PUT ON RECORD WHAT AN IMMENSE PRIVILEGE IT HAS BEEN TO BE CHAIRMAN OF 888 AND SERVE ITS STAKEHOLDERS DURING MORE THAN 15 YEARS WITH THE GROUP."

DIVIDEND

The Board of Directors is recommending a final dividend of 10.4¢ per share in accordance with 888's dividend policy, plus an additional one-off 1.6¢ per share to acknowledge the record-breaking performance of the Group in 2020, bringing the total for the year to 18.0¢ per share (2019: 6.0¢ per share).

BOARD & TEAM

The 888 Board has undergone significant changes in membership during 2020, and it is a testament to our succession planning that the transitions have been implemented smoothly despite the challenging restrictions imposed by COVID-19.

In January 2020, the Group announced that after more than 15 years with 888, Aviad Kobrine would be stepping down from his role as Chief Financial Officer ('CFO'). Aviad made a truly outstanding contribution during his time with 888 and supported the Group's growth into the global online gaming business it is today. In September, the Board announced the appointment of Yariv Dafna as the Group's new CFO. Yariv previously held several positions at Telit Communications plc including the roles of Group CFO, Chief Corporate Development Officer with responsibility for all M&A activity, and Chief Operating Officer. The Board is very pleased with the positive contributions Yariv has already made since joining the Group.

In July, the Board announced the appointment of Limor Ganot as an Independent Non-Executive Director. The Board is delighted to have Limor as part of the team and I have every confidence that her involvement as a leader in a diverse range of businesses, together with her deep understanding of disruptive technologies, will be of significant benefit to 888 going forward.

In September, the Board announced the appointment of Lord Jonathan (Jon) Mendelsohn as a Non-Executive Director and Chair Designate following a thorough search process. Jon, who will assume the role of Non-Executive Chairman when I step down from the role on 31 March 2021, is a highly experienced gambling sector professional with extensive deal-making experience and fantastic leadership qualities. The 888 Board is already benefiting from Jon's vast understanding of the sector and I am very confident that he will be an excellent Chair to help guide the business through its next phases of long-term development.

I am also delighted that Anne de Kerckhove has been appointed Senior Independent Director from 17 March 2021. Anne has a wealth of experience as an entrepreneur and investor, which together with her strong track record on the Board and its Committees makes her a real asset for the Company as it continues to grow and pursue its strategic objectives.

On a personal note, I would like to take this opportunity in my final Annual Report statement to put on record what an immense privilege it has been to be Chairman of 888 and serve its stakeholders during more than 15 years with the Group. I would also like to thank all my fellow Board members at 888, both past and present, for their help and support over my years with the Group. Whilst 888 has exceptional products and world-class technology, what really makes it stand out are its people who are bound by a unique culture of continuous improvement, passion and, above all, a genuine drive to do what is right for our customers and colleagues. Never has this been more evident than during 2020 when we collectively overcame and successfully navigated an unprecedented set of challenges caused by the COVID-19 pandemic. I am incredibly proud to have been a part of the 888 team in both an executive and non-executive capacity and wish all the Group's stakeholders the very best for the future.

BRIAN MATTINGLEY
Non-Executive Chairman

17 March 2021

ENGAGING WITH STAKEHOLDERS

The Company's key stakeholders are its shareholders, employees, regulators and customers, as well as the communities in which it does business. The Board takes care to engage with its stakeholders, and continually reviews its engagement mechanisms in order to make sure that it is engaging with its stakeholders effectively.

	WHY WE ENGAGE
CUSTOMERS	888's business would cease to exist without customers who trust us to deliver a safe, enjoyable and fair gaming environment. By understanding what our customers think about our brand, products and services, we can focus on continuous improvements that align with their priorities.
EMPLOYEES	The talent, commitment and skill of our employees around the world underpins 888's ability to deliver its strategic imperatives. We value our employees' regular feedback as an important way of improving how we operate.
REGULATORS	Regulators across various territories give 888 a licence to operate and set the terms for providing services in their markets. We need absolute clarity on their regulations to ensure we align with their priorities. Regulators have an important role in promoting a safer gaming environment, which benefits all operators such as 888 that are committed to responsible models of operation. As such, it is valuable for the business to maintain regular dialogue with regulators.
SHAREHOLDERS	Our shareholders are the owners of the Company. The relationship between the Board and its shareholders is based on trust, transparency and the timely disclosure of information. The Board of 888 recognises the importance of demonstrating a high level of openness and engagement with our shareholders to maintain confidence in 888's ability to create value.
COMMUNITIES	We recognise that the local communities where we operate can be a business's greatest advocates, particularly when it comes to recruitment. To maintain a positive relationship, we need to listen to local issues and understand how we can have a positive impact.
PARTNERS	We work with partners in various areas of our business. It is imperative we maintain an open dialogue with our partners in order to operate effectively together and ensure that our interests are aligned.

KEY AREAS OF INTEREST	HOW WE ENGAGE
The priority for our customers is a superior gaming experience. This means playing great products, enjoying quality customer service and having confidence that they are playing in a safe and secure environment.	As well as conducting market research into perceptions of our brands, we operate multiple communications channels with our customers to generate feedback, insight and to understand their preferences and needs. We also use these channels to promote safer gambling.
Our employees want to know they are part of a business that cares about their wellbeing and supports their professional development. Our people care deeply that we treat our customers fairly and operate our business in a responsible manner.	We aim to create a dynamic, caring and inclusive culture. We want our team to be proud of their work and to feel rewarded in the workplace. We have multiple routes for generating feedback from our employees including effective line-management structures and open employee forums. We are committed to proactive, timely and transparent internal communications with our team on an ongoing basis.
Regulators must be reassured that operators are using the full scope of their resources to comply with local market regulations and deliver a safe gaming environment.	We engage in regular and transparent dialogue with regulators across our global markets. We participate in industry events and forums to better understand the requirements of the regulators wherever we operate.
Shareholders seek clear evidence that the Company has a strategy for value-creation across the short, medium and longterm. They demand transparency as the foundation of a trust-based relationship and expect clarity on the Board's approach to maximising opportunities and managing risks.	We ensure an ongoing conversation with shareholders through our financial reporting as well as events such as our Annual General Meeting and Capital Markets events.
The communities around 888's global offices look for the Company to demonstrate its commitment to the local area by being a responsible corporate citizen.	We encourage employees to be involved in community events and participate in local charities. 888's employees dedicate time sponsored by the Company to these causes.
Our partnerships rely on our track record for effective management, value creation and responsible business operations. Our partners want to know that this reputation is secure for the longterm and that they can trust our team to deliver a mutually beneficial partnership.	We pride ourselves on being a partner of choice. Relevant team members within 888 have regular dialogue with our partners to ensure that our visions and, most importantly, values are aligned.

CONTINUOUS GROWTH STRATEGY

I am very proud of how 888 responded to the impact of the pandemic on the lives of our customers and our employees and prioritised their health, wellbeing and safety above all else.

ITAI PAZNER,
Chief Executive Officer

INTRODUCTION

During 2020, the outbreak of COVID-19 resulted in unprecedented challenges for communities and businesses across the world. I am very proud of how 888 responded to the impact of the pandemic on the lives of our customers and our employees and prioritised their health, wellbeing and safety above all else. For our people, we successfully implemented a smooth transition to working from home across the Group and provided additional support for those members of our team who experienced challenges throughout this period. For our customers, we recognised early on that the COVID-19 pandemic would have a material impact on the lives of consumers across the world and knew that this required an appropriate and timely response from 888. We were therefore quick to further increase our vigilance on safer gambling and preventing gambling-related harm.

Against this challenging macro-economic backdrop, 888 performed very well during 2020. We achieved growth in revenue and Adjusted EBITDA of 51.6% and 69.0% respectively with each reaching record highs for 888. This outcome reflects the Group's strong levels of customer acquisition during 2019 and into 2020, 888's relentless focus on developing cutting-edge new products, and an acceleration in the channel shift from retail to online services witnessed across multiple consumer-facing industries over the last 12 months.

A YEAR OF SIGNIFICANT STRATEGIC PROGRESS

888's growth strategy is aimed at achieving the Group's potential across a diverse range of geographic markets by delivering organic growth in a responsible manner as well as evaluating attractive M&A opportunities. Critical to 888's ongoing strategic progress is the Group's advanced online gaming technology and associated platforms. Owning and developing our own technology, products and content, enables 888 to create differentiated gaming products, adapt effectively to regulatory changes, enhance customer safety, and respond to new market opportunities. In addition, multiple areas of 888's operations are directed by highly sophisticated business analytics that are critical to the Group's approach to safer gambling, product development, marketing, and customer relationship management ("CRM"), harnessing big data to ensure our investments deliver strong returns.

During 2020, 888 continued to make progress against each of the following key pillars of its growth strategy:

Putting safer gambling at the heart of the business

At 888, we continue to increase our investment, focus and attention on making our products safer. We acknowledge the potential risks that online gambling can present and are committed to ongoing improvements to make gambling safer, and to continue to work with regulators around the world to demonstrate our policies and our approach.

We use technology as a force for good, giving customers transparency about their activity, and using sophisticated AI to detect and block harmful play.

At the beginning of 2020, 888 launched a new safer gambling strategy called Safer. Better. Together. To achieve our safer gambling goals, we launched 888's eight safer gambling commitments:

1. We are committed to change within our business, creating a culture of responsibility that ensures safer gambling and transparency is a priority for everyone in our business.
2. We are committed to identifying those potentially at risk of harm and restricting and supporting them at the earliest point.
3. We are committed to collaborating with relevant stakeholders to develop a shared knowledge base and stronger overall standards for safer gambling.
4. We are committed to continuous investment in programmes of Research, Education and Treatment ("RET") to address gambling harm, and ways to help prevent it.
5. We are committed to ensuring customers have transparency about their gambling activity, with quick, simple and intuitive ways to monitor their activity in real time.
6. We are committed to providing the most advanced safer gambling tools.
7. We are committed to promoting responsible attitudes, providing information, education and encouragement to our players to gamble safely.

"888'S GROWTH STRATEGY IS AIMED AT ACHIEVING THE GROUP'S POTENTIAL ACROSS A DIVERSE RANGE OF GEOGRAPHIC MARKETS BY DELIVERING ORGANIC GROWTH IN A RESPONSIBLE MANNER AS WELL AS EVALUATING ATTRACTIVE M&A OPPORTUNITIES."

8. We are committed to continuous improvement, building a deeper understanding about the causes and markers of harm, and using this to drive continued positive change.

With the rapid evolution of technology and consumer habits, we know that continuous progress to make gambling safer is essential, and 888 leverages the same unique technology, analytical capabilities and product development expertise that underpin the success of 888's gaming brands. One example of this is 888's in-house developed player behaviour monitoring technology, called the Observer. The Observer system uses sophisticated algorithms to flag unusual or potentially concerning customer activity. We continue to get better at using the data to look for potential harm, and we continue to invest in our highly trained safer gambling team to make the most appropriate interaction with the customer. During 2020, we made further progress developing the Observer, and looking forward we are committed to using our internal data, and collaborating externally, to continue developing the Observer to better identify and predict problematic and potentially problematic gambling before any harm is caused.

One of 888's most significant technology investments during 2020 was the launch of the Group's latest safer gambling innovation called the Control Centre in November. The Control Centre reflects our commitments to provide players with transparency, and to provide the most advanced tools to our customers. The Control Centre is a new customer-focused interface that we are introducing across 888's global websites to provide a "one stop shop" for safer gambling support.

It is designed to enable customers to monitor their gambling activity through intuitively presented data, providing ground-breaking levels of transparency in real-time. In addition to easy to access information, the Control Centre provides a suite of simple and intuitive tools to control their activity. The Control Centre was developed over several months and reflects 888's ambition to go beyond what is merely required by regulation when it comes to safer gambling and to invest in user-friendly and safer gambling tools.

Further details on the Group's Safer. Better. Together safer gambling strategy as well as the progress made by the Group during 2020, and its commitment to ongoing improvement in this area, can be found on pages 41 to 43 of this Annual Report.

Product-leadership

Alongside efficient marketing investment, new product development remains key to the ongoing progress of the Group's B2C business. Creating the best possible online gaming products benefits the Group in many ways: firstly, it differentiates 888 from competitors in the eyes of consumers; secondly, it enables the Group to improve its cost per new customer acquisition by allowing 888 to position its marketing investment around products and content rather than competing on bonuses and customer offers; and thirdly it improves player retention by offering customers the best possible entertainment and content, above all in a safe and secure environment.

R&D INVESTMENT

During 2020, we increased the pace of our new product development, enabling 888 to react quicker to changing customer needs, and invested heavily in R&D to expand products and technology. We continue to apply several important guiding principles to each of our new product investments:

1. **Safety** – All of 888's products must, above all else, keep gambling safe and fun. Meeting regulatory requirements is a bare minimum for 888 and we continually strive to put the same levels of focus on our safer gambling tools, processes and controls as we do on our gaming content.
2. **Usability** – One of the most important principles we apply to all product development is that the products must be quick, simple and intuitive to use. We measure ourselves against the best-of-breed consumer technology products across entertainment, banking, and all other digital services, not just gaming operators.
3. **Rich content** – Our products must also be content rich, thereby enabling customers to access the different types of games and entertainment they want. Today 888 offers its customers more than 1,000 different casino games, over 100 different poker formats and tables, multiple bingo rooms, and a huge variety of sports events to bet on.
4. **Entertainment** – The range of content and events we offer our customers is just half of the story. We must utilise our analytics capabilities and AI to ensure that we serve and make accessible the most relevant gaming content to each customer.
5. **Scalability** – We have customers in dozens of countries, across multiple different brands and languages. We develop new products and deploy these across our brands and multiple territories, all in line with local regulations. This provides 888 with economies of scale and thereby drives superior return on investment.

GROWTH STRATEGY BY PRODUCT

During 2020, we were proud to launch three new flagship products:

1. Our new Control Centre provides customers with a one-stop-shop for safer gambling, providing real time information about activity, and quick and simple tools to limit spend.
2. Our new 888sport was launched, migrating to the first ever in-house Sport product, providing a cutting-edge experience, a quicker and simpler user experience, and offering higher levels of personalisation.
3. Our new Poker8 product provides a mobile-first, portrait poker experience, with a focus on sociable features at the poker table, and quick and simple access to games.

Expansion in regulated markets

888's strategic focus remains on growing in sustainable, regulated markets where the Group can leverage its full marketing expertise to capture new opportunities. Revenue from regulated and taxed markets continued to represent the majority of Group revenue at 73% (2019: 74%), with market share gains in most regulated markets where the Group operates.

In the US market, which remains a critical strategic focus, the Group continued to invest in building the foundations to support its long-term ambitions. In December, the Group was pleased to announce the signing of three strategic market access agreements to launch in the U.S. states of Colorado, Indiana and Iowa with the 888sport brand during 2021, which will increase the number of states where 888 has a presence to seven.

In addition to these market access agreements, 888 is also pleased to have extended two of its established and successful US B2B partnerships. In June, 888 announced a two-year extension to its exclusive B2B contract with the Delaware Lottery and in January 2021, post the year end, the Group was pleased to announce a multi-year extension to its exclusive B2B poker partnership with Caesars Interactive Entertainment ("CIE").

The new agreement with CIE will see 888 continue powering the prestigious World Series of Poker ("WSOP") brand's online poker rooms until 2026, enabling 888 to continue to power the US market's only interstate shared player liquidity poker network across New Jersey, Delaware and Nevada.

Data-driven investments

One of 888's core strengths is its unique, proprietary technology platform, used by millions of customers and providing big data that is used to support efficient product development, marketing and CRM.

The Group's unique marketing expertise remains critical to growing and expanding 888's brands in a responsible, cost-efficient and profitable manner. The efficiency of 888's marketing was again demonstrated in 2020 with a record number of new customers – more than 1.4 million globally – joining 888's brands during the year. Despite this increase of 42% in new customers, the Group's ratio of marketing investment to revenue remained broadly stable at 27.9% (2019: 27.3%), reflecting the Group's diversified marketing channels and efficient marketing investment processes.

These data-driven investments supported strong growth in all of the major product verticals:

Casino

Casino continued to deliver strong growth with a 63.3% increase in revenue to US$586.8 million (2019: US$359.3 million). 888casino continues to differentiate itself in the market by offering a unique range of content that combines a curated selection of popular games from top-quality third-party developers alongside unique games developed by 888's Section8 games studio. Section8 released more than 44 new casino games during 2020, taking the total number of in-house developed games offered exclusively on 888casino to more than 150. We are delighted that our continued product innovation was again recognised during the year with 888casino named winner at the 2020 Gaming Intelligence Awards in the prestigious Casino Operator of the Year category.

Sport

Sport enjoyed another successful year, with year on year growth of 35.7% to US$122.1 million (2019: US$90.0 million). The standout strategic highlight for 888sport during 2020 was undoubtedly the launch of the Group's first ever proprietary sports betting platform in 2020, which the Board believes is a transformational development for 888sport as it now enables the Group to control all aspects of our sports betting proposition for the first time, giving us the ability to innovate more quickly and with the same levels of flexibility and agility that we enjoy in 888's other product verticals. As of the date of the publication of this Annual Report, the majority of 888's sports customers have been transferred to the Group's new platform, enabling customers to enjoy several exciting new product-centric features including the BetFeed, a real-time insight into which events or bets are popular with other 888sport customers, similar to "trending now" features across social media platforms; BetFinder, a bet-building tool that helps customers to identify betting opportunities based on their preferred performance criteria; and personalised recommendations to customers based on their past betting selections.

Poker

Poker revenue increased significantly by 47.8% in 2020 to US$63.1 million (2019: US$42.7 million), with the strong performance underpinned by 888's new poker product, as well as the social entertainment value offered by poker during lockdown periods, 888's efficient marketing, and in the latter part of the year, a strong reaction to 888's new poker product. The roll-out of the Group's Poker8 platform during the second half of the year was a major milestone for the Group, delivering faster loading times, more engaging gameplay, and a mobile portrait interface to provide a customer-friendly experience. Customer reaction to the new platform has been very positive so far and we were delighted to have had our innovation recognised twice at the 2020 Poker Listings Operator Awards in the 'Most Improved Software' and 'Best Beginner Software' categories.

Bingo

B2C Bingo recorded revenue growth of 9.9% to US$42.3 million in 2020 (2019: US$38.5 million), which benefited from the contribution of the enlarged portfolio of acquired brands in mid-March 2019. During the year, 888 launched a new customer interface inspired by 888's successful Orbit Casino platform. The new interface has enhanced the customer experience with simpler navigation, integrated additional marketing functionality, and improved monitoring of safer gambling across the network. However, as detailed in the Chief Financial Officer's Report on pages 14 to 19, in light of the Group's shift of focus in this area, an impairment has been recorded in the value of the Bingo goodwill and other intangible assets.

Focus on talent development, creating a working environment that promotes growth for our people and business

888 has an outstanding team and culture across the business, which is led by a talented and experienced operational management team. During 2020, I was delighted with how the team responded to the challenges of the global pandemic, with a seamless transition to a full work-from-home operational model, while maintaining a high level of employee engagement, safety and wellness. Our workforce planning was dynamic and adaptive to the evolution in the industry, and we continued to invest in expanding our team, and developing our talent.

In addition to our focus on the recruitment, engagement and training of top talent, we pride ourselves in our 'giving back to the community' programmes, which are an important part of our culture and our values. These helped us to maintain high levels of employee satisfaction, and to retain more of our top talent, and I would like to personally thank all of our people for delivering a record year, and making 888 a great place to work.

ITAI PAZNER
Chief Executive Officer

17 March 2021

PRODUCT LAUNCHES

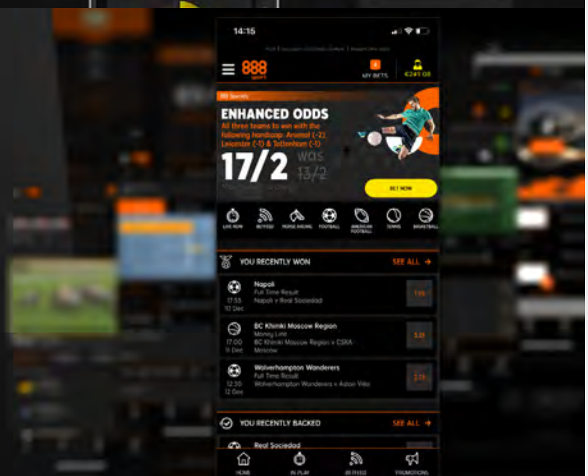
During 2020, we were proud to launch three new flagship products.

1

Our new Control Centre provides customers with a one-stop-shop for safer gambling, providing real time information about activity, and quick and simple tools to limit spend.

2

Our new 888sport was launched, migrating to the first ever in-house Sport product, providing a cutting edge Sport product, a quicker and simpler user experience, and offering higher levels of personalisation.



3

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

ESTABLISHED AND POPULAR ONLINE GAMING BRANDS

CASINO

Our offer
888casino is of the world's leading casino brands, with a multi-award-winning casino experience enjoyed by more than 25 million members. 888casino aims to provide the most enjoyable online experience available by combining exclusive games developed in-house by Section8 alongside branded video slots and 'live' Casino games, which offer high-quality video streamed casino games with a range of professional dealers.

The Group's new Casino platform, which represents the Group's most exciting new product development of recent years, has continued to be recognised with important and high-profile industry awards, including Gaming Intelligence – Casino Operator of the Year 2020.

How we generate revenue
Online casinos replicate the real-life casino experience with players playing against 'the house' across online versions of classic casino table games such as roulette and blackjack as well as slot and video games. In these games, the house has a statistical advantage or 'edge'.

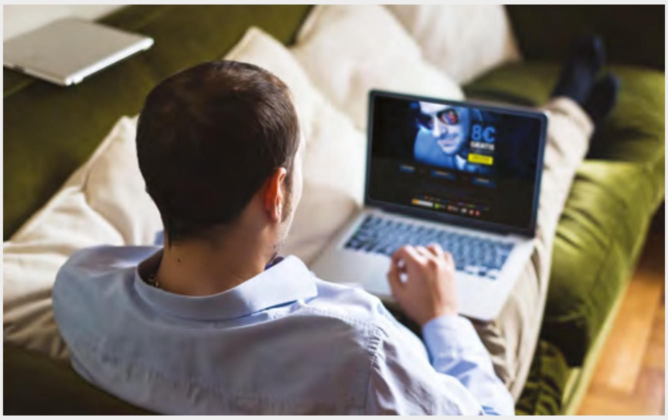
Casino gaming revenue is represented by the difference between the amounts of bets placed by customers less amounts won.

SPORT

Our offer
888sport is an innovative, cutting-edge sports experience. At the heart of the 888sport offer is genuine passion for sport, with thousands of live and pre-event betting markets on offer across hundreds of events, from the obvious to the obscure.

During 2020, 888 began to roll out its own in-house sports betting platform for the first time, thereby giving 888 complete ownership over an end-to-end sports betting solution for the first time.

How we generate revenue
Customers place bets on a variety of events against 'the house', at different odds which are determined by 888sport. The Group attempts to set odds such that there is built-in theoretical margin in each set of odds and each market, which over the long term delivers a fairly stable betting win margin, but given the variance and unpredictability in sporting results, this can be volatile in the short term.



POKER

Our offer
888poker offers a leading poker environment that enables players of all abilities to enjoy the games of their choice whether on mobile or desktop.

During 2020, 888 rolled out its latest poker platform, internally called Poker8, to very positive customer feedback. The new product led to 888 being recognised with two prestigious awards for its poker platform at the 2020 Poker Listings Operator Awards in the Most Improved Software and Best Beginner Software categories.

How we generate revenue
In online poker, the operator acts as the virtual host for the game and provides a platform that enables customers to play various forms of poker against each other.

Poker revenue represents the commission (or 'rake') charged from each poker hand in ring games, and entry fees for participation in poker tournaments.

BINGO

Our offer
888's bingo brands each have engaging themes, a variety of games and a strong sense of community, replicating the experience of traditional bingo halls. The Group's bingo brands also benefit from an extensive range of 888-developed slot games, casino games and scratch cards that are offered alongside traditional bingo formats.

888's portfolio of brands includes 888ladies, Costa Bingo and Wink Bingo.

How we generate revenue
As with traditional bingo halls, online bingo rooms offer customers the chance of winning prizes by purchasing tickets and playing their bingo format of choice.

Bingo online gaming revenue is represented by the difference between the amounts of tickets purchased by customers less amounts won.

A YEAR OF **SIGNIFICANT PRODUCT DEVELOPMENTS**

Q&A WITH ROEE PELED, VP OF PRODUCT

During 2020, 888 continued to focus on developing cutting-edge new products that deliver the best possible online gaming experience for customers. Three of the Group's major product initiatives during the year included the roll-out of 888's newest online poker platform, Poker8, the launch of the Group's first ever proprietary sports betting product, and the introduction of the Control Centre, 888's latest safer gambling innovation. Roee Peled, VP of Product, expands on what was a busy year of new product development for 888.

"WE ARE PROUD OF THE SIGNIFICANT STRIDES FORWARD WE HAVE MADE WITH OUR PRODUCTS DURING 2020, BUT WE KNOW THAT ONLINE GAMBLING – AS WITH ALL OTHER DIGITAL ENTERTAINMENT INDUSTRIES – WILL NOT STAND STILL AND WE MUST CONTINUE TO ENHANCE, EVOLVE AND DEVELOP OUR PRODUCT PROPOSITION."

Why is new product development so important to 888?

New product development and evolution is at the heart of 888's business. Technology businesses in multiple areas of consumers' lives, from media and entertainment to travel and banking, are consistently innovating to raise the standards expected of online and mobile services. For 888, that is reflected in the expectations of our customers who require faster, seamless, and more intuitive products than ever before. To ensure we continue to provide the best possible user experience, we have continued to focus on improving multiple areas of our products including enhancing interfaces, greater personalisation, improving loading times, developing responsible gaming tools, and delivering quality customer support. We are proud of the significant strides forward we have made with our new products during 2020, but we know that online gambling – as with all other digital entertainment industries – will not stand still and we must continue to enhance, evolve and develop our product proposition.

What does 888 aim to achieve when developing new products?

We have clear guiding principles that underpin all our new product development. Every product we make must, first and foremost, keep gambling safe and fun. Products must also be simple and intuitive for customers, content rich and crucially entertaining. From a business perspective, our products must also be made to scale and relevant to all regulations where we operate.

Can you explain a bit about the product development process for Poker8?

Poker8 is one of the most exciting new product developments in the poker vertical in 888's history. When we set out on the product development journey, we recognised that there was a unique opportunity for 888 to create a new kind of online poker experience; one that is highly intuitive, accessible for players of all abilities, and developed from a mobile-first perspective. We took on huge amounts of customer feedback in the development process to ensure that we were creating the best possible poker experience.

Did you take inspiration from the successful Orbit casino platform in the development of Poker8?

In developing Poker8 we knew that we had to at least match the standards that we had set with our multi-award-winning Orbit platform. Customers can clearly see the inspiration from Orbit in multiple areas of Poker8, particularly when it comes to the slicker interface, more intuitive navigation, and enhanced in-game graphics. Orbit raised the bar for customer experience at 888 and I am pleased to say this is something that is now being emulated across our other verticals.

What are some of the most exciting new features in Poker8 from your perspective?

One of the most exciting new features is the option for customers to enjoy tables in portrait mode on their mobile devices. It might sound simple, but this is a game-changing development for 888's poker experience. We are also very excited by new functionality that enables customers to seamlessly play multiple tables at the same time on their mobiles.

We also recognise the social side of poker is very important. So, we're really pleased with new features introduced to boost engagement and interaction amongst players while at the poker table, such as enhanced player avatars and emojis.

Can you describe some of the features that you have been able to introduce on the new 888sport product?

Our new sports betting product, that we initially launched in the Swedish market in April 2020, has been a major product upgrade for the Group. Known internally as Spectate, it has significantly improved the customer experience by enabling 888sport to provide customers with a greater range of events and markets, enhancing the customer experience through increased speed and performance, and greater personalisation features.

We have added a variety of innovative new features into the product, all aimed at providing a more engaging and entertaining experience for customers. These include real time recommendations for customers based on their betting history, our new BetFeed feature, which showcases popular and trending bets, and our innovative BetFinder, which allows customers to filter through events to find markets that fit their preferred criteria.

What's next for 888sport?

At the beginning of 2021 we launched the Spectate platform in the UK market as well as across our global non-regulated markets. At the conclusion of Q1 2021, the majority of 888sport's business was transacting across the Spectate platform. We are looking forward to introducing the platform to several other regulated markets in 2021 including some of our US markets. In addition to rolling out the platform to new customers, we are continuing to invest in developing new product features that will further enhance the customer experience by making it more intuitive, engaging and personalised.

Can you explain what the Control Centre is and how it helps customers to stay clear of potential gambling-related harm?

The Control Centre is a new customer-facing interface that is being deployed across 888's websites to provide all players with improved understanding of their gambling behaviour and further increase the prominence of 888's safer gambling tools.

The Control Centre aims to ensure that safer gambling continues to be front and centre of the 888-user experience by providing a "one stop shop" for customers to monitor their activity through intuitively presented data, as well as encouraging customers to utilise 888's safer gambling tools. Our aim is to normalise the use of these tools and make them a key part of our customers' experiences with 888.

It's a very exciting product development for 888 and is a great illustration of our broader safer gambling strategy. The Control Centre demonstrates our commitment to continually invest in our teams and technology so that we can prevent gambling-related harm. We are confident that this innovative product will offer customers new levels of data and clear, transparent insights that will help them to stay informed and in control.

BUSINESS & FINANCIAL REVIEW

The B2C business represented 96% of total Group revenue in 2020 (2019: 95%). B2C revenue increased by 53% to US$814.3 million (2019: US$530.5 million).

YARIV DAFNA
Chief Financial Officer

FINANCIAL SUMMARY

	2020 US$ million	2019[1] US$ million	Change
Revenue – B2C			
• Casino	**586.8**	359.3	63.3%
• Sport	**122.1**	90.0	35.7%
• Poker	**63.1**	42.7	47.8%
• Bingo	**42.3**	38.5	9.9%
Total B2C	**814.3**	530.5	53.5%
B2B	**35.4**	29.8	18.9%
Revenue	**849.7**	560.3	51.6%
Gaming taxes and duties	**(151.8)**	(95.5)	
Other cost of sales	**(135.1)**	(88.1)	
Gross profit	**562.8**	376.7	49.4%
Marketing expenses	**(237.1)**	(152.9)	
Operating expenses[2]	**(170.1)**	(131.7)	
Adjusted EBITDA[3]	**155.6**	92.1	69.0%
Share based benefit charges	**(11.0)**	(5.4)	
Exceptional items[4]	**(78.2)**	(2.3)	
Depreciation and amortisation	**(33.6)**	(32.2)	
Operating profit	**32.8**	52.2	(37.1%)
Finance income and expenses	**(6.0)**	(6.7)	
Share of equity accounted associate's loss	**(0.1)**	(0.2)	
Profit before tax	**26.7**	45.3	(41.1%)
Adjusted profit before tax	**116.0**	53.2	118.2%
Adjusted basic earnings per share	**27.3¢**	13.5¢	102.6
Basic earnings per share	**3.1¢**	11.3¢	(73.0%)

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

	2020 US$ million	2019 US$ million	Change
Operating profit	**32.8**	52.2	(37.1%)
Exceptional items[4]	**78.2**	2.3	
Share benefit charges	**11.0**	5.4	
Adjusted EBIT[3]	**122.0**	59.9	103.8%
Finance income and expenses	**(6.0)**	(6.7)	
Adjusted profit before tax	**116.0**	53.2	118.2%
Income tax	**(15.4)**	(3.7)	
Adjusted net profit	**100.6**	49.5	103.3%

1 The presentation of the Consolidated Income Statement for the years 2020 and 2019 was changed in a manner that allows for further understanding of the underlying financial performance of the Group and in order to be consistent with how Group management and peers analyse the results of online gambling. Further information is provided in note 2 to the 2020 financial statements.

2 Excluding depreciation of US$14.8 million (2019: US$12.6 million), amortisation of US$18.8 million (2019: US$19.6 million) and share benefit charges of US$11.0 million (2019: US$5.4 million).

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

4 Exceptional charges of US$78.2 million related to US$79.9 million Bingo goodwill impairment charge offset by US$0.1 million change in provision in respect of regulatory matters related to legacy customers' activity in previous years and US$1.6 million gain from the sale of equity accounted associate (2019: US$2.3 million exceptional charges of US$2.3 million in respect of organisational restructuring and legal and professional costs associated with M&A activity).

"DURING 2020, 888 ACQUIRED APPROXIMATELY 1.5 MILLION FIRST-TIME DEPOSITORS ACROSS ITS B2C BRANDS GLOBALLY, REPRESENTING A 42% INCREASE OVER 2019 AND A NEW RECORD FOR THE GROUP."

The B2C business represented 96% of total Group revenue in 2020 (2019: 95%). B2C revenue increased by 53% to US$814.3 million (2019: US$530.5 million). This revenue growth, in part, reflects an increase in new customer acquisition that started at the end of 2019 and continued throughout 2020. The COVID-19 pandemic led to an acceleration in the migration of consumer behaviour toward online services, and our product leadership strategy, together with marketing and organisational flexibility, saw 888 significantly increase its customer base.

B2C – PRODUCT SEGMENTATION

888 continues to focus on developing its B2C business across four key product verticals: Casino, Sport, Poker and Bingo and expanding its brands across those global markets that have regulated frameworks for online gambling. 888 aims to achieve this by investing in developing safe, enjoyable product experiences, leveraging its analytics-driven marketing expertise to attract customers, and applying data-driven customer relationship management ("CRM") to support player retention.

During 2020, 888 acquired approximately 1.5 million first-time depositors ("FTDs") across its B2C brands globally, representing a 42% increase over 2019 and a new record for the Group. The positive trend also included an increase of 32% in funded active players[5] and a 66% increase in year-on-year deposits.

5 Funded active players is defined as B2C players that wagered a positive amount during the period and have placed at least one deposit during their lifetime.

Casino

Casino continued to deliver strong growth across KPIs with a 63% increase in revenue to US$586.8 million (2019: US$359.3 million). Casino FTDs increased by 60%, Casino funded active players increased by 42% and Casino deposits increased by 93%.

888's Casino product was well positioned to achieve strong momentum in the first quarter of the year and capture the increase in demand for digital entertainment following the outbreak of COVID-19. This was as a result of the Group's investment in its Casino product over recent years which resulted in an enhanced suite of content, artificial intelligence ("AI") driven personalised features, improved customer experience and enhanced modelling to supervise players at risk of harm and interact with them.

Sport

Sport revenue increased by 36% to US$122.1 million (2019: US$90.0 million). This encouraging growth was achieved despite the widespread cancellation of sporting events due to the COVID-19 pandemic in the first half of the year, during which Sport revenue was flat compared with 2019. However, with the return of sporting events in the second half of 2020, revenue increased by 72% year-on-year. Sport revenue benefited from a combination of improved margins and a different mix of customer bets, as well as refinement and optimisation to customer promotions and product improvements.

During the year, 888's Sport business was gradually migrated to our proprietary platform, known internally as Spectate, with the majority of bet volumes worldwide being placed on this platform at the time of the publication of this Annual Report. Sport FTDs increased by 14% year-on-year and deposits increased by 40%. In-play betting remained key drivers for 888sport with more than half of bet volumes placed during events in 2020.

Poker

Poker experienced strong revenue growth of 48% to US$63.1 million (2019: $42.7 million). This reflects the success of the Group's new poker product (Poker8), which was launched during the year as well as online poker's increased appeal as an enjoyable and sociable entertainment option during periods of restrictions on social activities due to COVID-19.

Poker remained an important customer acquisition channel, with a significant number of the Group's B2C FTDs acquired through the Poker vertical also playing Casino and Sport.

Bingo

B2C Bingo revenue increased 10% to US$42.3 million (2019: US$38.5 million). This performance benefited from the contribution of the enlarged portfolio of B2C brands integrated in March 2019. Deposits, funded active players, and acquisition of new customers increased during the year, building a solid base for 2021.

While the Bingo business continues to deliver growth, the increasingly strict regulatory atmosphere combined with limited growth opportunity in its main market, the UK, led the Group to increase its focus on other product and geographic opportunities. This change in focus led the Group to reassess the carrying value of the goodwill related to this business. This revaluation of the business resulted in an impairment of US$79.9 million in the value of the related goodwill and other intangible assets. The impairment was recorded as an exceptional item in the income statement.

GEOGRAPHICAL REVENUE

	2020 US$ million	2019 US$ million	Change reported	% of reported revenue
EMEA (excluding the UK, Italy, and Spain)	**253.4**	180.1	41%	30%
UK	**333.5**	204.1	63%	39%
Italy	**86.5**	51.1	69%	10%
Spain	**67.5**	60.9	11%	8%
US and Americas	**93.7**	51.7	81%	11%
Rest of the World	**15.1**	12.4	22%	2%
Total revenue	**849.7**	560.3	52%	100%

B2B REVIEW

Revenue from 888's B2B division increased by 19% to US$35.4 million (2019: US$29.8 million), with both Bingo and US operational segments delivering growth.

The Group's predominantly UK-focused bingo network continued its progress, in part due to the success of its new customer interface inspired by 888's successful Orbit Casino platform. The new interface has enhanced the customer experience, integrated additional marketing functionality, and improved monitoring of safer gambling across the network.

Revenue from 888's B2B business in the US performed well, driven by increases across all states in which the Group's business partners operate.

REVENUE BY GEOGRAPHIC MARKET

Regulated markets

Revenue from regulated markets continued to represent the majority of Group revenue in 2020, with revenue from regulated and taxed markets[6] increasing by 50% and accounting for 73% of revenue (2019: 74%). 888's strategic focus remains on achieving growth in sustainable regulated markets where the Group can leverage its marketing expertise to achieve long-term, profitable growth.

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

EMEA (excluding the UK, Italy and Spain)

Revenue from EMEA excluding the UK, Italy and Spain increased by 41% to US$253.4 million (2019: US$180.1 million). Revenue increases were seen in most markets, with regulated markets such as Romania, Sweden, Ireland and Portugal seeing particularly strong growth trends. Outside these markets, revenue increased by 29% year-on-year primarily reflecting the Group's strong Casino activity during the period.

Germany increased 2% year-on-year for the full year, but following regulatory changes implemented in October 2020, revenues were significantly lower year-on-year. The Group is convinced that while it will face a short-term decline in revenue and profits, the new situation in Germany poses an opportunity for 888 to benefit from long-term growth in this newly regulated market. In the last few years, the Group has decreased its exposure to the German market, which amounts to under 4% of 2020 Group revenue.

The impact of the new regulation and associated tax regime is expected to be approximately a US$15 million reduction to 2021 EBITDA.

UK

The Group delivered revenue growth in the UK of 63% to US$333.5 million (2019: US$204.1 million) reflecting 888's clear and unwavering focus on entertaining recreational customers and providing them value in a safe and secure environment. Increases were driven by strong growth in FTDs of 60%, a doubling of deposit levels and a 48% increase in funded active players.

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

CASINO

Focused on being the global brand leader

Casino revenue

$586.8m

Section8 released more than 44 new casino games during 2020, taking the total number of in-house developed games offered exclusively on 888casino to more than 150.

Increase in revenue

+63.3%

POKER

Delivering product enhancements to return to growth

Poker revenue

$63.1m

888's efficient marketing, and in the latter part of the year, a strong reaction to 888's new poker product.

Increase in revenue

+47.8%

SPORT

Continued delivery against our ambitious growth plans

Sports revenue

$122.1m

The standout strategic highlight for 888sport during 2020 was undoubtedly the launch of the Group's first ever proprietary sports betting platform.

Increase in revenue

+35.7%

BINGO

Launch of a new customer interface inspired by our successful Orbit Casino platform

Bingo revenue

$42.3m

During the year, 888 launched a new customer interface inspired by 888's successful Orbit Casino platform.

Increase in revenue

+9.9%

During the year, the Group continued to implement enhancements to its operating processes in the UK, including increasing customer due diligence, tighter anti-money laundering processes, and developing customer protection tools and protocols. These changes are aimed at providing a safer gambling environment for players and to ensure the Group is aligned with the market's regulatory environment.

888 is committed to continue investing in and enhancing its safer gambling processes and tools across all markets and has enhanced its detection protocols and alerts since the outbreak of COVID-19 to make sure players engage with its products in a responsible manner, as well as developing the Control Centre, giving players increased transparency about their activity as well as quick and simple tools to limit their gameplay.

As part of the Group's commitment to ongoing progress in its safer gambling policy, the thresholds for intervening with players have been further tightened, which is expected to restrict 888's ability to grow its revenues in this market during 2021. Further details on the Group's safer gambling strategy and initiatives are part of the Corporate Social Responsibility section.

Italy

Italy delivered continued strong revenue growth of 69% to US$86.5 million (2019: US$51.1 million), for the first time comprising more than 10% of the Group's total revenue. This strong performance, including increases in FTDs of 43% and in deposits of 44%, reflects the strength of 888's established brands in the Italian market. Casino revenue in Italy increased by 71%, Poker revenue increased by 114% and Sport revenues increased by 38% despite the impact of COVID-19 in the first half of the year.

Spain

In Spain, revenue increased by 11% to US$67.5 million (2019: US$60.9 million), with FTDs increasing by 7%. This performance was delivered against the backdrop of cancelled sporting events during the first half of the year as well as new restrictions on marketing and retention activities, all of which created a more challenging operating environment. Casino revenue increased by 18% and Casino FTDs increased by 28%. Poker revenues increased by 92%, with a strong customer reaction to the launch of Poker8 during the second half of the year.

US and Americas

Revenue from US and Americas increased by 81% to US$93.7 million (2019: US$51.7 million). US revenue increased by 65% to US$20.8 million (2019: US$12.6 million). This was primarily due to New Jersey B2C revenue which increased by 71%, with a 61% increase in FTDs in the state, driven by the enhancements made to 888's product in the US market over recent periods. Non-US revenue increased by 86% year-on-year primarily reflecting the Group's strong B2C Casino activity during the period.

888 remains focused on investing further in the US market in order to deliver significant medium-to-long-term growth opportunities. In December, the Group announced three multi-year market access agreements to launch in the US states of Colorado, Indiana and Iowa, and it is currently assessing additional market access deals and opportunities in the US, with the aim to be active in additional states during 2021.

In January 2021, the Group announced a multi-year extension of its exclusive B2B poker partnership with Caesars Interactive Entertainment. The new agreement will see 888 continue to power the World Series of Poker ("WSOP") brand's online poker rooms as the Company plans its entry into new regulated markets including Michigan and Pennsylvania.

In 2020, the Group signed a multi-year extension of the contract with the Delaware Lottery, and during January 2021, the Group introduced its Orbit platform for the three Delaware online Casino brands.

EXCEPTIONAL ITEMS

	2020 US$ million	2019 US$ million
Impairment charges[1]	79.9	–
Regulatory matters provision[2]	(0.1)	–
Gain from the sale of equity accounted associate[3]	(1.6)	–
Exceptional legal and professional costs[4]	–	1.0
Restructuring costs[5]	–	1.3
Exceptional items	**78.2**	2.3

1 The Group carried out an impairment test for the goodwill and intangible assets of the Bingo business which resulted in impairment charges of US$79.9 million. The projected cash flows used to evaluate the recoverable amount of Bingo goodwill have been updated to reflect 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.

2 During 2020, while assessing the provision in respect of past and current regulatory matters, management concluded that it could be reduced. The net decrease in this provision was accounted for as exceptional income, in line with the treatment when the provision was created.

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

4 Legal and professional costs associated with the acquisitions of the Costa Bingo brands and the BetBright sport platform in 2019.

5 Restructuring costs related to employee redundancies as part of the Group's headcount cost optimisation project during 2019.

RESULTS OVERVIEW

Gaming taxes and duties

Gaming duties levied in regulated and taxed markets substantially increased by 59.0% to US$151.8 million (2019: US$95.5 million). This is a result of the Group's strong revenue growth in regulated and taxed markets including the UK. The proportion of gaming taxes and duties to revenue increased to 17.9% (2019: 17.0%) affected by the UK's Remote Gaming Duty rate increase from 15% to 21% in April 2019, the Portugal gaming tax rate increase from 15% to 25% in April 2020, and a different mix of revenue across regulated markets.

Other cost of sales

Cost of sales, 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 53.4% to US$135.1 million (2019: US$88.1 million). The proportion of cost of sales to revenue increased to 15.9% (2019: 15.7%).

The strong growth in the Group's Casino and Sport offerings resulted in higher commissions and royalty charges payable to third-party providers of games and data feeds, mainly in respect of the Live Casino activity and the Sport third-party platform. It also meant higher commissions payable to PSPs and costs related to stricter regulatory requirements to enhance the scope of customer-related screening.

Gross profit

Gross profit increased by 49.4% to US$562.8 million (2019: US$376.7 million). Gross profit was mainly impacted by the strong increase in activity. Gross margin decreased from 67.2% to 66.2%, mostly as a result of the increased gaming taxes and costs related to operational risk management.

Marketing expenses

One of the key drivers of 888's business is effective and innovative marketing spend. Overall marketing expenses increased by 55.1% to US$237.1 million (2019: US$152.9 million). The marketing ratio increased to 27.9% (2019: 27.3%) and this increase in investment was a major driver behind the strong 42% increase in FTDs in the Group's B2C business.

During the year, the Group also tripled its marketing investment in the US, which resulted in both an increased number of FTDs and increased awareness of the 888 brands in this critical market.

Increased marketing investment is in line with the Group's strategy to build momentum in the business, albeit under restrained marketing messaging, regulatory limitations in certain markets and tighter responsible gaming measures.

Contribution

Contribution, which represents gross profit less marketing expenses, increased by 45.5% to US$325.7 million (2019: US$223.9 million), while contribution margin decreased to 38.3% (2019: 40%), mainly due to the slightly lower gross margin and increased marketing investment during the year to support future growth plans.

Operating expenses

Operating expenses[7] (which mainly comprise employment costs, legal costs, regulatory and tax advice, development costs, IT services and infrastructure maintenance) amounted to US$170.1 million (2019: US$131.7 million). The increase during the year is explained by the following factors: (i) the uplift in trading which resulted in the need to adjust and retain personnel to handle and support this business growth; (ii) increased cost of legal, regulatory and tax advice are directly linked to the growing complexity of the Group's regulatory footprint; and (iii) more R&D investment in the new proprietary Sport platform, as well as investment across our regulated markets and the development of new products, games and features that further enhance customer experience. This year also saw a specific emphasis on increased investment in safer gambling and customer protection.

Adjusted EBITDA

Adjusted EBITDA increased 69.0% to US$155.6 million (2019: US$92.1 million), representing an Adjusted EBITDA margin of 18.3% (2019: 16.4%). Adjusted EBITDA was primarily impacted by the strong increase in contribution, and partly offset by the increased level of operating expenses, as explained above.

7 Excluding depreciation of US$14.8 million (2019: US$12.6 million), amortisation of US$18.8 million (2019: US$19.6 million) and share benefit charges of US$11.0 million (2019: US$5.4 million).

Finance income and expenses

Finance income of US$0.1 million (2019: US$0.5 million) less finance expenses of US$6.1 million (2019: US$7.2 million) resulted in a net expense of US$6.0 million (2019: US$6.7 million). Finance expense mainly comprised US$1.3 million non-cash interest expenses resulting from the implementation of IFRS 16, US$3.3 million non-cash charge relating to currency exchange differences and US$1.4 million interest charge in respect of the revolving credit facility ("RCF") which was fully repaid during 2020.

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 was US$26.7 million (2019: US$45.3 million), reflecting the significant overall improvement in 888's financial performance offset by the impact of one-off goodwill impairment charges.

Adjusted profit before tax was US$116.0 million (2019: US$53.2 million), mainly as a result of higher EBITDA as described above.

Taxation

Taxation for the period increased to US$15.4 million (2019: US$3.7 million), mainly as a result of the higher adjusted profit generated in 2020.

In prior years, the Group took steps to mitigate Brexit-related risks, including the redomiciliation of certain of its licensed entities to Malta and establishment of a data centre in Ireland. As a result, we have not seen any disruption to our ability to continue to serve European markets.

Net profit and adjusted net profit

Net profit was US$11.3 million (2019: US$41.6 million). Adjusted net profit* increased by 103% to US$100.6 million (2019: US$49.5 million).

Earnings per share

Basic earnings per share was 3.1¢ (2019: 11.3¢). Adjusted basic earnings per share increased to 27.3¢ (2019: 13.5¢). The increase is a result of higher Adjusted net profit in 2020 compared to the previous year, as outlined above.

Further information on the reconciliation of Adjusted basic earnings per share is given in note 9 to 2020 financial statements.

Dividend

The Board of Directors is recommending a final dividend of 10.4¢ per share in accordance with 888's dividend policy, plus an additional one-off 1.6¢ per share to acknowledge the record-breaking performance of the Group in 2020, bringing the total for the year to 18.0¢ per share (2019: 6.0¢ per share).

Cash flow

Net cash generated from operating activities increased to US$179.2 million (2019: US$80.5 million), primarily related to US$66.0 million higher Adjusted profit before tax. Changes in working capital contributed US$33.5 million (2019: US$1.7 million) mainly comprising an US$18.0 million increase in customer deposits and a US$44.1 million increase in trade and other payables, offset by a US$34.5 million increase in trade receivables.

Net cash used in investing activities was US$30.9 million, mainly comprising acquisition of property, plant and equipment of US$10.6 million and internally generated intangible assets of US$17.9 million (2019: US$82.9 million, including the acquisition of the BetBright sport platform, Costa Bingo brands and 53% of AAPN Holdings LLC, or US$22.3 million excluding acquisitions).

Net cash used in financing activities was US$58.9 million (2019: US$31.7 million), comprising US$18.0 million repayment of the RCF (2019: proceeds from RCF of US$17.5 million) and dividend payments of US$33.2 million (2019: US$40.4 million). As at 31 December 2020, the RCF remained entirely undrawn.

Balance sheet

Total assets as at 31 December 2020 amounted to US$486.7 million (2019: US$433.1 million).

Current assets as at 31 December 2020 amounted to US$274.6 million (2019: US$142.1 million) and current liabilities were US$298.9 million (2019: US$229.6 million).

888's net cash position as at 31 December 2020 was US$190.0 million (2019: US$96.9 million). Cash and cash equivalents increased by US$93.1 million, primarily a result of the strong cash flow generated from operating activities.

The balance of cash owed to customers as at 31 December 2020 was US$74.0 million (2019: US$54.7 million).

Going concern

Following consideration of the updated base case forecasts and the updated downside scenarios, 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. Further details are provided on note 2 to the financial statements.

YARIV DAFNA
Chief Financial Officer

17 March 2021

* As defined in note 9 of the financial statements.

IDENTIFYING AND MANAGING RISK

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 ongoing process for identifying, evaluating and managing the principal risks faced by 888;
- the systems have been in place during 2020 and up to the date of approval of the Annual Report and Accounts; and
- they are regularly reviewed by the Board (please see page 21 for further details of the review conducted in 2020).

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 2020 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.

888 FACES THE FOLLOWING SIGNIFICANT RISKS:

REGULATORY RISK

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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 and modalities, have a material adverse effect on business volume and financial performance in that jurisdiction. In addition, a number of jurisdictions have regulated online gaming, and in several of those jurisdictions 888 either holds a licence or has applied to obtain one. 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 to 888. 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 of licensing requirements or conversely to attempts to block access to 888's offering to players in certain jurisdictions or to penalise 888 for its offering. A robust understanding of the legal and regulatory position in key locations worldwide is crucial to mitigating this risk.

HOW THE RISK IS MANAGED

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

WHAT HAPPENED IN 2020

In part as a response to the 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 UK Gambling Commission ("UKGC") continued to take a strict approach towards compliance, tightening requirements, adopting more stringent policies and regulations, increasing the level of oversight over licensees and penalising 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 restrictions, e.g. a ban commencing in April 2020 on credit card transactions for gambling and stricter age verification obligations.

↑ Increase ↓ Decrease → Stable

REGULATORY RISK

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WHAT HAPPENED IN 2020 CONTINUED

In November 2020, the UKGC opened a consultation on remote customer interaction, which covered the issues of potential customer affordability checks, vulnerable person identification mechanisms and increased time management control for customers.. 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 to cover the regulator's powers as well as regulation of marketing and restrictions to online offerings. 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. In 2020, the UKGC commenced a compliance assessment of the Group, which looked in detail at a number of specific cases. The Group is engaged in dialogue and is working cooperatively with the UKGC to address all concerns raised with regard to the Group's operations under its UK licence.

In Germany, the regulatory landscape is undergoing the most drastic change in a decade with the introduction of federal sports betting licences (for which 888 has applied) and the adoption of a temporary toleration regime 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 will impact 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 early 2020, it was announced that the German states had reached a consensus that would result in regulatory reform in mid-2021, under which operators would be able to apply for a licence to offer online slots and poker, subject to certain restrictions (e.g. deposit limits, maximum wagers, advertising restrictions, etc.). Some details of this regime have not yet been developed, but this development could significantly impact the Group's casino offering in the German market.

In the Netherlands, where a law was approved in February 2019 to liberalise the market, the local regulator continues to take a proactive and strict approach towards enforcement of existing laws against operators whose operations are conducted in violation of the "prioritisation criteria" for enforcement issued by the authorities, and which were updated with additional criteria during 2019.

Several operators received significant fines due to the conduct of operations in a manner violating these criteria. Operators fined or overtly targeting the market may also be barred from participating in the liberalised market or have their eligibility for licensing delayed. The Group has been studying these developments closely to ensure its offering is in line with the criteria as updated.

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

2020 also saw a rising trend of civil litigation claims in Austria 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 advisers. 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. The case may eventually reach the US Supreme Court, however this may depend on the position of the new Biden administration on the issue. If left unchallenged, this development would help 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 Pennsylvania in September 2020, and continues to seek licensure in other US jurisdictions.

INFORMATION TECHNOLOGY AND CYBER RISKS

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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 PCI DSS security audit and eCOGRA 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 are measured and logged in the IT information systems.

WHAT HAPPENED IN 2020

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 also started the process of migrating its front tier websites to a cloud based solution, together with implementation of leading cloud protection and audit tools; this process will be completed in 2021. The Group further improved its DDoS architecture, including mitigation of device upgrades and moving 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.

↑ Increase ↓ Decrease → Stable

DATA PROTECTION RISK

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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, 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 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.

HOW THE RISK IS MANAGED

888 has undergone a robust and risk-oriented GDPR-preparation project, pursuant to a designated GDPR Gap Analysis that was prepared for that purpose in coordination with its legal advisers. 888 has further mapped the personal data life-cycle within the organisation, including how personal data of its customers and EU employees is collected, stored, secured and shared with third parties. 888 has further appointed a designated internal Data Protection Officer ("DPO") and put in place 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 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 2020

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; 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; ensured that data subject 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 and departments (e.g. customer support and marketing teams); 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 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

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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. During 2020, the OECD/G20 Inclusive Framework on BEPS carried out public consultations regarding Reports on the Pillar One and Pillar Two Blueprints in response to the Tax Challenges arising from Digitalisation. Pillar One addresses the allocation of taxing rights between jurisdictions and considers various proposals for new profit allocation and nexus rules, in particular to market jurisdictions; and Pillar Two (also referred to as the "GloBE" proposal) focuses on the remaining BEPS issues and aspires to a minimum effective rate of taxation for multinational enterprises, by way of a set of rules that provide jurisdictions with a right to "tax back" where other jurisdictions have not exercised their primary taxing rights or the payment is otherwise subject to low levels of effective taxation. .The Pillar One and 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. Some countries, such as the UK, Italy and Spain, have implemented unilateral digital service taxes. The UK also implemented the Offshore Receipts in respect of Intangible Property rules imposing UK tax on the receipt of royalties by offshore companies deriving from business activity in the UK. Gibraltar and Malta transposed the EU Anti Tax Avoidance Directive into domestic law, including changes with respect to exit tax, General Anti-Abuse Rules and Controlled Foreign Corporation rules. Due to pressure from the European Union, many offshore jurisdictions have introduced "substance" requirements including with regard to IP companies. The likelihood of scrutiny of tax practices by tax authorities in relevant jurisdictions and the aggressiveness of tax authorities remains high.

A finding of taxable presence of the Group in one or more jurisdictions (including pursuant to revised interpretations of the permanent establishment concept as mentioned above), 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 or require significant payments by 888 in respect of historical tax liabilities. 888's effective tax burden also increases due to the imposition or increase of gaming duty in markets in which the Group has customers.

The Company believes, based amongst other matters on its Assessment Agreement with the Israeli Tax Authority for years 2013-2015, that the remuneration attributed for tax purposes to its Israeli subsidiary complies with the arm's length standard, and therefore continues to rely on the transfer pricing agreement with regard to tax years following 2015, however, in light of the developments in taxation rules internationally, including in the field of transfer pricing pursuant to which new methodologies are gaining prominence, in the context of the tax audit detailed below, the Israeli Tax Authority may seek to increase the level of remuneration attributed to the Israeli subsidiary for tax purposes commencing from the 2016 tax year, which could have material financial consequences to the Company.

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 2020

888 continues to engage with tax authorities and obtain legal advice in order to regularise its tax position and mitigate exposures. In Israel, the local subsidiary is undergoing a tax audit with respect to years 2016-2018, which primarily focuses on transfer pricing matters. No assessment has yet been issued, and the Company expects these tax assessments to be concluded during 2021.

↑ Increase ↓ Decrease → Stable

RETENTION OF KEY PERSONNEL AND SUCCESSION RISK

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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 2020
During 2020, Yariv Dafna successfully transitioned into his new role as CFO, replacing Aviad Kobrine, who stepped down on 1 November 2020 after a seamless transition of responsibilities. Lord Jon Mendelsohn joined the Board as a Non-Executive Director, designated chairman and member of the Audit and Remuneration Committees, and will replace Brian Mattingley as Chairman of the Board on 31 March 2021.

BUSINESS DISRUPTION DUE TO PANDEMICS SUCH AS COVID-19

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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. In particular, cancellation of sporting events adversely affected our Sport business in the first half of 2020. 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 2020
In light of the COVID-19 outbreak and limitations imposed in various Group locations, including with respect to self-isolation as well as restrictions on travel and conferences, the Company has taken a number of mitigation steps including enabling remote working and rebalancing of responsibilities between sites. These actions enabled the Group to deliver its product development plan and to launch new products despite the restrictions.

REPUTATIONAL RISK

THE RISK

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

RELEVANCE TO STRATEGY

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

HOW THE RISK IS MANAGED

Staff are trained to provide a safer gaming experience to customers and to recognise and take appropriate actions if they identify compulsive or underage activity. 888 also complies with eCOGRA guidelines to protect customers. Web links to professional help agencies are provided on 888's real money gaming sites, and 888 has a dedicated website which provides information regarding responsible gaming. Players can also limit their play pattern or request to be self-excluded. 888 furthermore – directly or via industry bodies – seeks to ensure that legislators and regulators are provided with accurate and useful information regarding protections against problem and underage gaming.

Special customer protections were added during the COVID-19 pandemic, in order to mitigate the increased risks arising from customers remaining at home for long periods under conditions of stress. These included compliance with regulations and guidance issued by various regulators, including the UKGC as well as the Spanish and Swedish regulators, as well as adopting social responsibility guidelines and increasing proactive responsible gaming communications and measures for our customers.

WHAT HAPPENED IN 2020

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. The launch of our Control Centre, a single safer gaming dashboard allowing customers to monitor their gaming activity, was also a major achievement during 2020.

↑ Increase ↓ Decrease → Stable

PARTNERSHIP RISK

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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 remains 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 has reduced its dependency on B2B relationships, following the acquisition of Costa Bingo and other formerly B2B bingo brands. Remaining B2B contracts are 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 2020
In 2019, 888 acquired Costa Bingo and other formerly B2B bingo brands from its former B2B partner Jet Management. In 2020, 888's US B2B partner Caesars announced that it will acquire our competitor William Hill plc, a move that could impact on the relationship with 888. As recently announced, the agreement with Caesars was extended until 2026, removing the risk for the short and mid-term. 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

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THE RISK
888 has made a number of acquisitions in the online gaming and betting space. Acquisitions of gaming companies carry business risks, such as 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 a financial burden and the requirement of management attention and operational resources.

RELEVANCE TO STRATEGY
Ongoing consolidation of the online gaming market has increased the importance of 888 being ready to acquire smaller operators.

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. Generally, 888 prefers 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 seeks to take into account the resources required to integrate acquired entities in its annual budgeting and planning.

WHAT HAPPENED IN 2020
In 2019, 888 acquired Costa Bingo and other formerly B2B bingo brands from its former B2B partner Jet Management. In 2020, 888's US B2B partner Caesars announced that it will acquire William Hill plc, a move that could impact on the relationship with 888. As recently announced, the agreement with Caesars was extended until 2026, removing the risk for the short and mid-term. 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.

LIQUIDITY RISKS

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THE RISK
The RCF taken by 888 from Barclays Bank plc was repaid in full during 2020, and 888 has no third-party debt. In addition, the Company's net cash position improved and business liquidity increased during 2020.

The Strategic Report, from pages 01 to 51, was reviewed, approved by the Board and signed on its behalf on 17 March 2021.

ONLINE GAMBLING **REGULATION**

The most dominant factor influencing the regulation of online gambling in 2020 was, unsurprisingly, the COVID-19 pandemic. With billions of people worldwide sheltering at home for prolonged periods of time, and with the widespread eradication of in-person gambling and other forms of entertainment, the appeal and popularity of online gambling increased significantly.

This development presented commercial opportunities for operators but also posed an increased risk to those potentially prone to problem gambling resulting in a call for enhanced restrictions designed to protect those more vulnerable. With many jurisdictions suffering from economic downturn, attempts intensified to prevent excess spending on gambling. These developments dovetailed into already growing concerns related to responsible gambling and an increased focus on marketing and advertising practices.

During 2020, 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 UKGC imposed various temporary responsible gambling measures in response to the COVID-19 pandemic, to curb the potential for increased spending and gambling addiction during lockdowns or by those sheltering at home. The Spanish Government imposed a prohibition on the offering of incentives or email and social media advertising during the COVID-19 lockdown. In Sweden, operators were subject to temporary deposit limits for betting and online casino gambling, as well as an additional restriction on the maximum amount of bonuses.

The UKGC continued to take a strict approach towards compliance, pursuing intensive oversight over licensees and penalising operators for failing to meet regulatory requirements and standards. The primary areas of focus for the UKGC continue to be responsible gambling and prevention of underage gambling, consumer protection, anti-money laundering, the use of proceeds of crime for gambling and the provision of full disclosure to the UKGC regarding ownership interests and holding structures. The UKGC adopted additional restrictions, e.g. a ban commencing in April 2020 on credit card transactions for gambling, stricter age verification obligations, restrictions related to the treatment of VIP players and the offering of inducements to high-rollers. The Commission also proposed additional restrictions on online slots, as well as standards applicable to player withdrawal requests. The Group continued to work closely with the UKGC on compliance matters, 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. There continued to be calls, particularly within Parliament, for the imposition of stricter limitations on the advertising of gambling services, as well as ongoing criticism of the Gambling Commission's treatment of the industry. The Gambling Related Harm All Party Parliamentary Group continued to call for imposition of a GBP 2 staking limit for online gambling games (in line with the limit imposed on FOBTs) and advocated a ban on credit card gambling, a measure adopted by the UKGC in early 2020.

In July 2020, the House of Lords Select Committee on the Social and Economic Impact of the Gambling Industry published a report containing various recommendations to reduce potential harm from gambling. These included testing of new games for the potential of addiction, imposition of restrictions on the speed of online games, imposition of affordability testing for players and the restriction of sports sponsorships. The House of Commons Public Accounts Committee also published a report criticising the Gambling Commission and DCMS for its oversight of the gambling industry and measures adopted for protection of players and prevention of problem gambling.

In November 2020, the UKGC opened a consultation on remote customer interaction, which covered the issues of potential customer affordability checks, vulnerable person identification mechanisms and increased time management control for customers. 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 to cover the regulator's powers as well as regulation of marketing and restrictions to online offerings.

Germany experienced the most dramatic changes in its regulatory landscape in a decade. In early 2020, the country adopted a federal licensing regime for online sports betting. Though the rollout of the licensing process was delayed due to court order, licences were eventually issued and the Group has been awarded a licence and is operating under this regime. Furthermore, the German states reached a consensus that would result in regulatory reform in mid-2021, under which operators would be able to apply for a licence to offer online slots and poker, subject to certain restrictions (e.g. deposit limits, maximum wagers, advertising restrictions, etc.). This reform is conditional on its ratification by 13 of the 16 German states, and would represent a departure from the historical ban on online casinos. As presently worded, the amended Treaty would allow operators to offer "arcade-style" online slot machines, which would be subject to 1 euro stake limits and restricted play options. Other types of casino games (e.g. table games) would be regulated on a state by state basis and remain within the state lottery's monopoly or subject to a restrictive concession model.

"WE ALSO LOOK TO BUILD 888 ON AGILE AND ADAPTIVE FOUNDATIONS, CAPABLE OF ACCOMMODATING RAPID AND REGULAR CHANGES TO THE LANDSCAPE WITHIN WHICH WE OPERATE."

The new Treaty would also impose a EUR 1,000 monthly deposit limit that would apply across all operators, though it is not clear yet how this would be implemented in practice. Some details of this regime have not yet been developed, but this development will significantly impact the Group's casino offering in the German market. As an interim measure, the German states adopted a temporary toleration regime 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 will impact the profitability of its operations in that jurisdiction.

Notwithstanding, these developments constitute a significant departure from many years of prohibition orders and enforcement attempts. As a result of these developments, 888 has been successful in having certain prohibition orders previously issued against it withdrawn, and in having the effect of 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. More pressingly, the Group hopes that the introduction of the new and more accommodating regimes will encourage payment processors to renew processing of payments in this market.

In the Netherlands, where a law was approved in February 2019 to liberalise the market, the local regulator continues to take a proactive and strict approach towards enforcement of existing laws against operators whose operations are conducted in violation of the "prioritisation criteria" for enforcement issued by the authorities, and which were updated with additional criteria during 2019. Several operators received significant fines due to the conduct of operations in a manner violating these criteria.

"WE ARE CONSCIOUS THAT AS LOCAL REGULATION OF OUR BUSINESS IS BECOMING INCREASINGLY MORE COMMON, AND AS THE REGIMES GOVERNING OUR BUSINESS CONTINUE TO UNDERGO RAPID CHANGE, WE MUST CONTINUE TO ADAPT TO SHIFTING REGULATORY ENVIRONMENTS, WHILE STRIVING CONSTANTLY TO MAINTAIN THE HIGHEST COMPLIANCE STANDARDS AND TO SUPPORT THE MOVE TOWARDS CLEARER REGULATION IN THE ONLINE GAMING INDUSTRY."

Ambiguity lingers regarding the application of "bad actor" language in the new law, both in terms of timeline and in terms of scope. Operators who offered their services in the market prior to the licensing regime may be barred from participating in the liberalized market or have their eligibility for licensing delayed under a so-called "cool off" regime. Due to various delays in the legislative process, the actual launch of the licensing regime continues to be postponed. 888 continues to adhere to the regulator's criteria, as updated from time to time, and to follow developments on the regulatory front.

In Sweden, the Group began operating under a local licence in 2019. The Swedish regulator has shown itself to be strict and proactive in enforcing regulatory standards and has on occasion informed the industry of its position on compliance by penalising operators it perceived as non-compliant. 888 has studied the regulator's position and enforcement action closely to ensure that its operations are in-line with local requirements.

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. The case may eventually reach the US Supreme Court, however this may depend on the position of the new Biden administration on the issue. More generally, the US continued to move towards increased regulation of various forms of online gambling. The Group was licensed in Pennsylvania in September 2020, and continues to seek licences and market access agreements in other US jurisdictions. Reports in early 2021 suggest that the state of New York may be on the verge of adopting a sports betting regime, and the Group is following these reports closely. Other large states (California, Florida and Illinois) made no substantive progress on online gambling regulation, as attention was focused on combating the pandemic and on the 2020 election cycle. It is unclear what position the new Biden administration will take towards gambling and whether the newly appointed Attorney General will reverse his predecessors' positions on this matter.

However, with the new administration focused on issues such as the pandemic, the economy, etc. it would appear unlikely that gambling will be a central focus in the coming year. We believe that the US is developing into a significant regulated online gambling market, and we continue to follow these developments with a view to capitalising on our capabilities in this market.

In contrast, in November 2020, Spain implemented sweeping restrictions on advertising and promotion of gambling, which are now the subject of a challenge by various media groups who have attacked the measures before the Spanish Supreme Court.

In Greece, progress appeared to be made with respect to adoption of the necessary regulations for implementation of the regulatory regime adopted in 2019. However, an actual licensing process has not yet commenced.

Brazil adopted framework legislation late in 2018 which would bring commercial online gambling to this significant jurisdiction. However, by the beginning of 2021, it had not yet adopted the necessary regulatory instruments to implement the regime. With the country ravaged by COVID-19, it is unclear when this matter will progress.

From time to time, the Group is the target of claims or litigation from customers in various jurisdictions where it operates under its Gibraltar or Malta licences, seeking to recover losses based on arguments pertaining to the legality of the Group's offering in their jurisdiction. The Group is currently seeing a growing trend of such claims, particularly in Austria.

888 continues to follow these and other developments to assess their impact on our business and to identify potential opportunities for growth. We are conscious that as local regulation of our business is becoming increasingly more common, and as the regimes governing our business continue to undergo rapid change, we must continue to adapt to shifting regulatory environments, while striving constantly to maintain the highest compliance standards and to support the move towards clearer regulation in the online gaming industry. We also look to build 888 on agile and adaptive foundations, capable of accommodating rapid and regular changes to the landscape within which we operate. We see the increasing regulation of our industry as a welcome trend, as evidenced by the constantly growing proportion of our revenue derived from locally regulated markets.

The Directors have re-examined the time-frame for the viability analysis of 888 pursuant to a two-stage process. The Directors have first considered the prospects of the Company taking into account its current position and principal risks. Second, they have considered whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

In this light, the Directors note that the Company operates in the online gaming sector, which has matured substantially since the early days of the internet and is now focused on predominantly regulated markets, meaning that there is now more stability and ability to assess future scenarios than ever before. Having said that, the online gaming industry remains fast-moving and dynamic, with change ongoing in the global regulatory and competitive landscape, and the industry is subject to greater consolidation than ever before, meaning that it still remains difficult to forecast a period longer than three years with any significant level of certainty. Current market volatility and the uncertainty caused by COVID-19 only serve to reinforce this view.

Management currently forecasts as part of the business planning process and capital investment cycle over a varying period. A detailed bottom up model is used to budget the business for a period of one year in advance and a top down model for a period of three years.

The Company will have the ability to forecast a longer period should this become useful or necessary for planning purposes.

On the basis that the top down model is sufficiently detailed for the Directors to review, the Directors consider that a reasonable period on which it can and should forecast is three years. Notwithstanding that, the Board acknowledges that the Company's prospects should persist into the longer term.

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

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

The severe but plausible scenarios considered by the Directors included:

- The impact of a general macro-economic downturn, including due to COVID-19 or other pandemics;
- Exit/closure of major markets due to regulatory or legal events and risks;
- A major cyber-attack and/or data protection violation;
- Anticipated tax developments together with the crystallisation of tax risks; and
- Loss of key personnel.

In addition, a "reverse stress test" was carried out, in order to analyse the factors which, in the absence of mitigating actions, could bring about insolvency of the Company unless capital were raised; in such cases it is anticipated that mitigation actions such as a reduction in dividends and operating costs could be implemented in order to forestall such an outcome.

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

In light of the foregoing, the Directors confirm they have a reasonable expectation that 888 will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2023.

Furthermore, after careful review of the Group's budget for 2021, its medium-term plans, liquid resources and all relevant matters, the Directors are confident that the Company and the Group have adequate financial resources to continue in operational existence for the 18 months to 30 June 2022. They have therefore continued to adopt the going concern basis in preparing the financial statements.

Details of 888's risk management strategy and how it manages and mitigates its risks are set out in the Risk Management Strategy on page 21.

COMMITTED TO RESPONSIBLE BUSINESS

"EVER SINCE 888'S FOUNDATION WE HAVE CONSTANTLY STRIVED TO CREATE AN ENVIRONMENT THAT OFFERS THE MOST ENJOYABLE EXPERIENCE FOR CUSTOMERS. OVER RECENT YEARS, WE HAVE INCREASINGLY RECOGNISED THAT BEING UNCOMPROMISING ON SAFER GAMBLING LIES AT THE HEART OF THIS. OUR INTERNAL CULTURE HAS TRANSFORMED TO PUT PLAYER SAFETY AT THE CENTRE OF EVERYTHING WE DO. AS A RESULT, WE ARE INVESTING MORE RESOURCES THAN EVER BEFORE IN HELPING TO PROTECT CUSTOMERS AND PROVIDING A GREAT, SAFE ENVIRONMENT."

EVOLVING OUR CSR FRAMEWORK

In recognition of 888's transparent management and clearly-defined environmental, social and governance criteria, 888 has been admitted to the FTSE4Good index. 888 is proud to have been recognised for its efforts to-date in these areas and we are committed to ongoing progress.

Building on our efforts to date, we have refined and expanded a new corporate social responsibility ("CSR") framework that will help 888 to deliver against its broader responsibilities and commitments as a business whilst also supporting the Group's long-term, sustainable growth. Conducting business responsibly is fundamental to the future success of 888, and we are absolutely committed to a proactive policy of corporate and social responsibility that reflects the high professional and ethical standards we set for ourselves across the business.

This framework covers three key focus areas:

SAFER. BETTER. TOGETHER.

We acknowledge the potential risks that online gambling can present. We are committed to continuous improvements to make gambling safe, enjoyable and not a cause of harm.

Safer. Better. Together. 37

A GR8 WORKPLACE

The talent, commitment and skill of our global teams make our business what it is. We are committed to promoting a working environment that enables our people – and our business – to flourish.

A GR8 workplace 42

MORE THAN AN OFFICE

We are supportive of the communities where we operate and – although we have a relatively low environmental impact – we recognise and strive to mitigate the effects our operations have on the planet.

More than an office 48

DEFINING PRINCIPLES

Underpinning this framework are our defining principles that guide activity across the business:

We care
No ifs, no buts. We care for our customers, our colleagues and the communities where we operate.

We respect
We act with respect and fairness. We do the right thing because it's the right thing to do.

We work together
We collaborate. Together we are safer, better and stronger.

We commit
We're bold, proactive, ambitious and challenging. We don't do things by halves. We enjoy what we do.

SAFER. BETTER. TOGETHER.

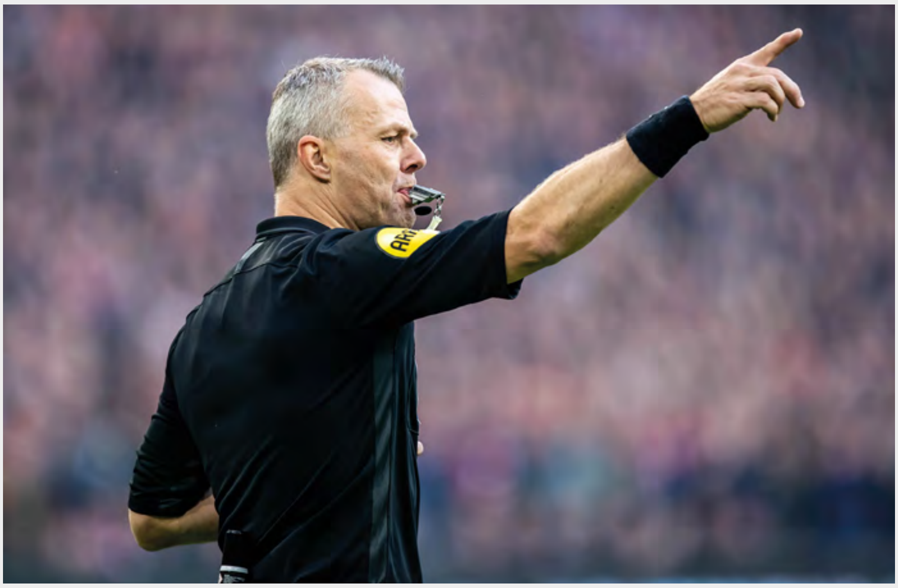
888's objective, above all else, remains to ensure that all those who download the Group's apps and visit our websites can do so in safety. We acknowledge the potential risks that online gambling can present and are committed to ongoing improvements to make gambling safer. We use technology as a force for good, giving customers transparency about their activity, and using sophisticated algorithms to detect potentially problematic gambling, and achieving scale in interacting efficiently with customers to prevent harmful play.

SAFER. BETTER. TOGETHER.

COMMITMENTS

At the beginning of 2020, 888 launched a new safer gambling strategy called Safer. Better. Together. To achieve our safer gambling goals, we launched 888's eight safer gambling commitments:

1. We are committed to change within our business, creating a culture of responsibility that ensures safer gambling and transparency is a priority for everyone in our business.
2. We are committed to identifying those potentially at risk of harm and restricting and supporting them at the earliest point.
3. We are committed to collaborating with relevant stakeholders to develop a shared knowledge base and stronger overall standards for safer gambling.
4. We are committed to continuous investment in programmes of Research, Education and Treatment ("RET") to address gambling harm, and ways to help prevent it.
5. We are committed to ensuring customers have transparency about their gambling activity, with quick, simple and intuitive ways to monitor their activity in real time.
6. We are committed to providing the most advanced safer gambling tools.
7. We are committed to promoting responsible attitudes, providing information, education and encouragement to our players to gamble safely.
8. We are committed to continuous improvement, building a deeper understanding about the causes and markers of harm, and using this to drive continued positive change.



DELIVERING OUR COMMITMENTS:
888 is constantly developing new and innovative ways to deliver a safer gaming environment. During 2020, we made significant progress against each of our eight commitments:

Commitment 1:
We are committed to change within our business, creating a culture of responsibility that ensures safer gambling and transparency is a priority for everyone in our business.

Central to 888's strategy to deliver a safe place to play is ensuring we nurture and strengthen our culture of care throughout the business, thereby ensuring that safer gambling always remains a priority for all of our people.

Each 888 customer-facing employee is trained from day one of joining our Company to recognise problematic gambling behaviours and interact with customers in order to ensure their wellbeing. This training also highlights to all relevant joiners the importance of safer gambling as a core value of 888's business. Our customer-facing employees also attend annual courses in order to update and refresh understanding of behaviour patterns, interactions and tools available to customers.

In 2020, 888 continued the highly successful EPIC Risk Management training for Group employees, which were well attended across the Group including by senior and mid-level management. These training sessions are conducted by someone with first-hand experience of harm, and helped to empower the 888 team to better identify and interact with potentially vulnerable customers.

Nine employees from different departments completed a Gibraltar University Course on Responsible Gambling, and relevant staff members attended Level 3 GamCare training which focused on Social Responsibility, Communication, and Motivating Behavioural Change.

The Group has established a specialised and dedicated product team for regulatory compliance projects, including safer gambling, thereby allowing the Safer Gambling team to be less dependent on the overall technology pipeline of the business and focus on delivering its critical agenda. The Safer Gambling team is establishing a Knowledge Management System for documenting and distributing regulatory knowledge and know-how.

During the year, 888's Compliance Forum comprising members of the Group's senior management across different departments met periodically to help drive 888's focus on compliance and support the Group's progress against its safer gambling objectives.

888's Internal Escalation and Reporting Policy makes clear to all employees that any compliance-related cases should be flagged and escalated promptly. The Policy emphasises cultural aspects which apply all the way to the highest levels of Group management, including in particular a culture of self-monitoring and self-criticism. 888 also drives a culture of safer gambling across the business through its Social Responsibility Policy, Responsible Gambling Team Support Manual, and Guidelines for Handling Sensitive Phone Calls.

Commitment 2:
We are committed to identifying those potentially at risk of harm and restricting and supporting them at the earliest point.

A critical pillar of being a safe place to play is knowing our customers ("KYC"). This helps us achieve our goals of preventing underage gambling and protecting customers by identifying those potentially at risk of harm and interacting with them at the earliest point.

888's proprietary technology and, more specifically, our unique Observer software system, is a key component of our KYC. The Observer software was first launched in 2008 and, since then, has been continuously fine-tuned and developed to become the sophisticated and effective tool it is today. Being an online company with its own technology, we are able to capture and record every transaction from customers, helping us to monitor their behaviour and ensure they are given all the tools they need to stay in control.

Observer uses sophisticated algorithms to measure and analyse changes in an individual customer's behaviour and playing patterns – such as unexpected increases in time or money spent on the site – to better predict and identify problematic or potentially problematic gambling in its early stages. The system is programmed to identify several core behavioural triggers which, combined, can create possible red flags indicating possible problematic behaviour. Observer flags up any potentially problematic behaviour for our highly specialised Safer Gambling team to investigate and interact with customers to prevent gambling harm. The objective of the interaction is to provide the customer with an understanding of their gambling, thereby helping them to maintain a healthy relationship with gambling; or to close customer accounts, in high-risk cases.

888 continues to invest in analysis of problematic gambling behaviours, which results in continuous modifications and enhancements to the Observer's algorithms. This constantly evolving process enables the 888 team to increasingly interact with customers who might be at risk of harm at an earlier stage and encourage safer gambling practices including the usage of our safer gambling tools.

"888 CONTINUES TO INVEST IN ANALYSIS OF PROBLEMATIC GAMBLING BEHAVIOURS, WHICH RESULTS IN CONTINUOUS MODIFICATIONS AND ENHANCEMENTS TO THE OBSERVER'S ALGORITHMS."

Understanding each customer's "affordability" to gamble is a key part of 888's customer due diligences. During 2020, 888 enhanced its processes and procedures, including through integrating with, third-party service provider in the UK market, to assess a customer's level of financial risk that will enable 888 to apply enhanced measures of customer due diligence. In conjunction with the Betting and Gaming Council, 888 and a number of third-party solution providers have progressed during 2020 with launching different methodologies of assessing customers' affordability. 888 is already integrated with open banking, which provides 888 with full visibility to a customer's bank account subject to the customer's prior consent.

888 continues to recognise that there is no simple fix to safer gambling, however we remain committed to utilising the leading external solutions alongside our proprietary technology and internal processes to achieve an accurate, holistic view of a customer, therefore providing better customer protection.

888 and its employees are committed to its strict policies around anti-money laundering ("AML") which is enforced through a combination of robust operational procedures, ongoing employee assessment and training, development in its propriety technology and partnerships with leading third-party providers.

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

Commitment 3:
We are committed to collaborating with relevant stakeholders to develop a shared knowledge base and stronger overall standards for safer gambling.

888 is committed to further developing safer gambling initiatives and contributing to the continuous improvement of standards across the industry. To achieve this, we maintain a close dialogue and collaborate with relevant stakeholders, including regulators, industry bodies, peers and charities.

During 2020, members of 888's team participated in various research programmes and workshops organised by the UKGC, industry bodies and charities with the aim of sharing knowledge and best practices, further developing safe gambling initiatives and contributing to the continuous improvement of standards across the industry. During 2020, 888 implemented the marker of harm model that was developed by the BGC Affordability Working Group. In addition, 888 attended the Game Design Working Group, Patterns of Play Research Programme and Revealing Reality's Safer Messaging workshops. In addition, 888 also, began working with GAMCARE to provide its customers with a call transfer system to a designated line staffed by National Gambling Helpline staff to seek immediate support for any gambling related harm they may have experienced. 888 also participated in the UKGC's Tech Sprint event, which focused on developing a holistic, cross-operator view of a consumer's gambling activity.

In addition, the Group is participating in ongoing cross-industry efforts to improve overall operating standards in the UK market and enhance safer gambling, as encouraged by the UKGC.

SAFER. BETTER. TOGETHER.

CUSTOMER JOURNEY

CUSTOMER REGISTRATION

- Our safer gambling process starts as soon as a customer lands on our website
- At registration, we assess customer affordability (in the UK market) and set appropriate thresholds
- Before a single wager has been placed, we take measures to protect the customer

ACTIVITY

- An advantage of owning our own technology and being a purely online business is that we can capture and record every transaction including deposits, withdrawals, bets, wins, playing time
- This allows us to formulate a level of risk using our propriety technology conducting behavioural analytics

Commitment 4:
We are committed to continuous investment in programmes of Research, Education and Treatment ("RET") to address gambling harm, and ways to help prevent it.

During 2020, 888 participated in the Patterns of Play Research Programme, an exploratory research project in collaboration with independent social research agency NatCen, with the purpose to improve understanding of the characteristics and patterns of online play and how these may relate to the potential for harm. This is part of a broader programme of research designed to provide insights into patterns of online gambling. 888 also concluded its participation in the Revealing Reality research project, which tested new safer gaming interactions to assess effectiveness. This project helped to shape the communications within the Control Centre, making the language as accessible as possible. This project also contributed to new techniques to encourage deposit limits to be set during the registration process.

888 is committed to ongoing investment in RET, and continues to spend in line with its commitments with the BGC, with donations to non-profit authorities in several countries.

Commitment 5:
We are committed to ensuring customers have transparency about their gambling activity, with quick, simple and intuitive ways to monitor their activity in real time.

Empowering our customers and providing transparency about their activity is a core component of our safer gambling strategy. During 2020, 888 launched its Control Centre, a dedicated one-stop-shop for responsible gambling information and tools across all 888's websites and apps. The aim of the Control Centre is to provide an area on the 888 site and app where players can access a series of responsible gambling tools as well as seeing other data about their play over time. The intention behind this is to give players even greater access to their data, aiming to increase awareness of their actual behaviour, and creating an open and transparent way for customers to monitor their spend.

888's commitment to transparency goes beyond providing clear, accessible data. The Group has evaluated all marketing materials across each 888 brand to align significant terms and conditions to the most recent regulatory requirements in each market and ensure that these are prominently and clearly displayed to players. In the UK, 888's marketing teams are committed to comply with the Gambling Commission's Licence Conditions and Codes of Practice (LCCP) as well as the CAP code, BCAP code, consumer protection laws, fair marketing rules and Industry Group for Responsible Gambling Code, as well as operating in line with Advertising Standards Authority guidance for social influencers. In line with our marketing supplier standards pursuant to which 888 aims to ensure that third parties are fully committed to their legal obligations, our teams carefully select partners, and are instructed to ensure that all third-party advertisements are in adherence with and clearly marked as advertisements, and our marketing partners including affiliates have also been notified and are regularly reminded of their compliance obligations, with a zero tolerance approach to those that don't comply. In addition to regular monitoring by our teams, we deploy technology to monitor marketing affiliates' advertisements of our brands. This helps us ensure that any marketing materials are verified and updated to prevent exposure to individuals who are underage, as well as refreshing excluded keywords for online searches that we do not target due to their association with the underage population. During 2020, 888 incorporated in its marketing strategy and processes the commitments from the industry ad-tech challenge, which explores and quickly accelerates opportunities to reduce the amount of advertising seen by children, young people and vulnerable adults.888 also conducts periodic training sessions for B2C and Acquisition teams on UK advertising guidelines, making sure all stakeholders are up to date and aligned with our strict policy.

BEHAVIOURAL ANALYTICS

- Our unique Observer technology identifies problematic gambling behaviour
- Risks are flagged to our specialist Safer Gambling team

INTERACTIONS

We are able to interact with customers in a number of ways, including popups, questionnaires, phone and email

- Our safer gambling systems are integrated with our CRM tools to ensure that during interactions customers do not receive promotional emails or bonuses

Commitment 6:
We are committed to providing advanced safer gambling tools.

As well as a commitment to transparency, 888 is committed to empowering our customers with the tools needed to ensure that they play safely. 888 provides its customers with a range of Safer Gambling Tools which include:

- self-deposit limits;
- “take-a-break” restrictions;
- self-exclusion facilities;
- game time reminders;
- auto-play limits;
- a tool to cancel the option to reverse pending withdrawal requests.

Empowering our customers is a core component of our new product development initiatives. During 2020, 888 launched its Control Centre, a dedicated zone for Responsible Gambling tools across all 888's offerings. The aim of the Control Centre is to provide an area on the 888 site and app where players can access a series of responsible gambling tools as well as seeing other data about their play over time. The intention behind this is to give players even greater access to their data, aiming to increase awareness of their actual behaviour.

Commitment 7:
We are committed to promoting responsible attitudes, providing information, education and encouragement to our players to gamble safely.

At the beginning of 2020, 888 launched an offline and online advertising campaign in the UK to help raise awareness of potentially problematic gambling. With the slogan “Too much is too much”, the advertisements used three everyday themes to encourage moderation in gambling by highlighting the dangers of excess and build awareness of gambling-related harm. The advertising campaign went live on TV and in the national press in the UK from January 2020 as well as being published across Facebook, Twitter, YouTube and other online channels. The campaign was developed following research and consultation with customers.

Commitment 8:
We are committed to continuous improvement, building a deeper understanding about the causes and markers of harm, and using this to drive continued positive change.

We remain committed to building a deeper understanding about the causes and markers of harm, and maintaining continued progress to create a safer environment. 2020 was a strong year of delivery against our commitments, with a further example being the roll-out of a new customer journey that is outlined below. We are determined that progress across all aspects of safer gambling will continue.

A GR8 WORKPLACE

Being a responsible company means being a responsible employer. In a year of turbulence and unpredictability, the talent, commitment and skill of our global teams have made our business what it is. At the same time, the pandemic has underlined to all businesses the vital role we must play to ensure the health and wellbeing of our employees.

At 888, we have continued to invest in a unique working environment that enables our people – and our business – to flourish. We believe in talent development and investing in our people to give us "ROR" which, for us, means "Returns On Relationships". Whether our dedicated customer service teams or world-leading tech developers, our 8sters give us the edge in an ever more competitive marketplace.

Our workforce is continuing to grow. At the year-end, 888 employed more than 1,600 people across eight global offices. As part of our global talent distribution strategy, we expanded our Bucharest office to nearly 500 employees. This move was an important step for ensuring we have strong leaders and exciting talent across all of our offices able to contribute diverse views to the advancement of the business.

Across our global operations, it is our job to make sure that all employees act as a team – bringing together diverse thinking, cultures and backgrounds to drive a single corporate vision. We do so through consistent messaging and open communication between sites, and by utilising global activities to connect all our people to our shared goals. 8sters have regular opportunities to engage with senior management, whether through video messages, roundtable events or employee forums. Our annual "8sters Pulse" survey again added to this two-way flow of communication, giving us actionable insights into employee satisfaction and specific needs related to the COVID-19 pandemic. Throughout the year, we continued to see considerable value from the rich interaction between employees and management, giving 8sters a clear picture of how they fit into the 888 vision while knowing that their voice contributes to how that vision is realised.

During 2020, most 8sters across all sites smoothly transitioned to full remote work format while maintaining an exceptional level of productivity and delivery. The primary focus of human resources management was employee safety, engagement and wellbeing. To support our employees' transition to home office, the Company purchased home office equipment from local vendors in our site locations.

"ACROSS OUR GLOBAL OPERATIONS, IT IS OUR JOB TO MAKE SURE THAT ALL EMPLOYEES ACT AS A TEAM – BRINGING TOGETHER DIVERSE THINKING, CULTURES AND BACKGROUNDS TO DRIVE A SINGLE CORPORATE VISION."

BOARD RESPONSIBILITY FOR HUMAN RESOURCES MATTERS

The Board takes a keen interest in the welfare of 888 employees and embraces its overall responsibility for human resources issues within the Company. This includes:

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

During 2021, the Board intends to establish a designated committee to oversee Corporate Social Responsibility matters, including workforce-related matters, which will work hand in hand with the relevant management committees.

During 2020, there were no material labour disputes, litigation, or health and safety related fines or sanctions imposed on 888. 888 has adopted a written Board diversity policy, in addition to statutory requirements in this respect in certain of its locations. This policy is publicly available on the Company's corporate website.

The Board recognises that a low voluntary staff turnover (attrition rate) provides considerable value by keeping expertise within the business and maximising the returns on our investment in training and nurturing talent. Historically, our attrition rate is comparable to industry levels at all sites. In 2020, our attrition rate was relatively low (12%), influenced by the financial instability of the COVID-19 period. We are taking proactive measures to keep this indicator low in future years.

To deliver our priority of being a "GR8 Workplace", the Group has key three focus areas:

1. ENSURING A CARING AND REWARDING ENVIRONMENT
2. ENCOURAGING FAIRNESS AND EMBRACING DIVERSITY
3. INVESTING IN TALENT – RETURN ON RELATIONSHIPS

A GR8 WORKPLACE

1. ENSURING A CARING AND REWARDING ENVIRONMENT

It is vital that our employees across the world feel fairly treated and that they come to work each day in a caring and professional environment. We continue to invest a great deal of time, resources and creative energy making sure that our employees feel inspired, supported and motivated to excel. As a leading organisation in the online gambling industry, the Group is committed to growing its professional talent and providing each employee with a great working environment and personal development opportunities that enhance their pride and engagement.

Leveraging our experience in technology development and deployment, our approach to employee welfare and development is enhanced through our HR information system and dedicated business intelligence analytics tools. Our analytics expertise enables us to identify and proactively address emerging trends, implement necessary changes, and optimise employee management on an ongoing basis.

Our 360° approach to welfare

Our responsibility for employees does not end at the office door. For people to reach their full potential at 888 they need to feel respected, supported and fulfilled at work and in their personal lives.

On an individual level, 888 cares for each of its employees and provides special support in cases of personal hardship, as well as helping employees celebrate their significant life events. Our Code of Practice emphasises equal opportunity and diversity to all new employees and is regularly reiterated to existing staff. Discrimination, bullying or harassment of any kind are not tolerated in any aspect of the business, including recruitment, pay, promotions, training and dismissals. To enforce these rules, 888 clearly communicates a confidential grievance procedure and whistle-blowing policy to all employees, guaranteeing that the complainant will not face recrimination and committing to thoroughly investigate any concerns.

Acknowledging the significant economic impact of COVID-19, 888 leveraged its in-house capabilities in providing support to employees' families and friends in need, including assistance with job search and preparation for job interviews. We opened our e-Learning platform "Juno" to employees' families, and established a dedicated internal social group, aiming to promote friends' and families' businesses to 888 employees. The experience of these initiatives during the pandemic has strengthened our understanding of how the business can support employees in their personal lives so that they are able to get the most out of their work with 888. We will be applying these learnings going forward, including continuing support for employees' families beyond the end of the pandemic.

Health & Safety

The health, safety and wellness of our employees is a priority for the Group. This extends beyond just ensuring that employees feel safe at work, we also recognise that we must promote an environment that supports their mental and physical wellbeing.

The COVID-19 outbreak and subsequent decline in the global economy raised challenges across the Group, and we are proud to have put our staff's health, safety and wellbeing first. We rolled out management training on effective remote work and teaming, clarified guidelines for HR processes in these unique circumstances, and provided employees with a detailed work-from-home guide including ideas and guidance for healthy and effective remote work. We also offered online sports activities such as yoga, pilates and gymnastics to our employees across all sites, providing an easy and accessible way to stay fit, connect with others and maintain mental health.

When employees needed to be in our offices, all spaces were thoroughly cleaned and sanitised. We built on our existing occupational health and safety measures by aligning all our facilities to even higher safety, health, comfort and environmental standards. At the same time, we have sought to ensure lessons from the pandemic are integrated into our business continuity plan by documenting all crisis-mode activities and processes.

Human rights

We believe our duty of care extends to a constructive role in supporting fundamental human rights and ensures relationships with our employees, customers, suppliers, and communities reflects these values. We set clear standards of behaviour for Group personnel and are guided by the United Nations Global Compact's principles on human rights and labour standards, as well as the International Labour Organization's core conventions and UNICEF's Children's Rights and Business Principles.

We have adopted an Anti-Modern Slavery Policy, in the context of which the Group monitors its operations and supply chain with a view to preventing modern slavery practices. The Group's Anti-Modern Slavery and Human Trafficking Statement can be found in full on 888's corporate website along with a Human Rights & Labour Standards Statement.

During 2020, no red flag events were reported under the Anti-Modern Slavery Policy.

Temporary & outsourced staff

Of all our employees, only 2% are in temporary positions, and 4% of the total workforce are hired through outsourcing, meaning most of our personnel are permanent employees with full employment benefits.

For temporary and outsourced staff, we remain fully committed to the principles of welfare, employment rights and non-discrimination. Temporary employees receive most of the benefits and protections offered to permanent employees; we assist all good performers in finding other positions within the Company before the end of their employment term. Where possible we seek to insource outsourced employees who are good performers and offer them a fair compensation package upon hire. In 2020, we insourced close to 50% of outsourced staff.

"IN A YEAR OF TURBULENCE AND UNPREDICTABILITY, THE TALENT, COMMITMENT AND SKILL OF OUR GLOBAL TEAMS HAVE MADE OUR BUSINESS WHAT IT IS."

2. ENCOURAGING FAIRNESS AND EMBRACING DIVERSITY

As a global business serving a wide range of customers, we believe 888 is made stronger through the diverse experiences, perspectives, and abilities that its employees bring to work each day. We are committed to equal opportunity and will not tolerate discrimination, harassment or retaliation.

As an equal opportunity employer, we base all decisions about employment, training, and promotion solely on an individual's merit and the Company's operational needs, not on an individual's protected characteristics. In line with our Equal Opportunity & Diversity Statement, which can be found on the 888 corporate website, we are committed to providing an accessible and inclusive environment for individuals across our workforce, including those who have a disability – both as employees and as applicants.

Currently, 40% of our employees are women and, across different levels of the business, the breakdown of men and women as of 31 December 2020 is shown in the gender diversity charts.

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

Board diversity

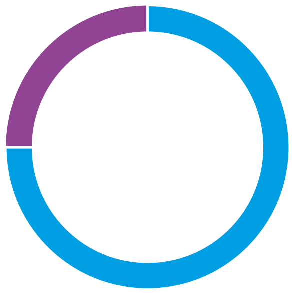
888 has adopted a written Board diversity policy, which is available publicly on the 888 corporate website and sets clear objectives for diversity across age, gender and professional backgrounds. The Board believes a rich variety of viewpoints is vital for it to effectively carry out its duties. When seeking to recruit new Non-Executive Directors, the Nominations Committee considers the benefits of all aspects of diversity. It ensures appointments are made on merit by assessing candidates against objective criteria in the context of the overall balance of skills and backgrounds that it needs to remain effective. Where appropriate, steps are taken to identify and remove unnecessary or unjustifiable barriers.

During 2020 and into 2021, the Board grew and its composition changed. The number of women on the Board grew from one to two, with female Directors comprising almost 30% of Board members after Brian Mattingley steps down as Chairman on 31 March 2021. Whilst the Board has not yet reached the target of 33% for women's representation on the Board set by the Hampton-Alexander Review, the Board sees this as an ongoing journey of improvement and will continue to take steps to achieve its diversity objectives. Amongst other matters, the Board is proud of the geographical diversity represented on the Board, which includes British, Israeli and European background Directors bringing diversity of thought and approach to the boardroom. Having said that, we are cognisant of the Parker Review recommendations regarding ethnic diversity and will also take these considerations into account in our future appointments.

In appointing Jon Mendelsohn as Chairman Designate, Yariv Dafna as CFO, and Limor Ganot as a Non-Executive Director, diversity considerations formed a key part of the Nominations Committee and Board's thinking, and strong female candidates were included in all short-lists. The key considerations which led to Jon Mendelsohn's selection were his established leadership and presence, his deep knowledge of the gaming industry and his insights on the regulatory environment in the UK. The key considerations which led to Yariv Dafna's selection were his established experience as CFO of a London listed e-commerce technology company with a market capitalisation similar to the Company's. The key considerations which led to Limor Ganot's selection were her diverse skill-set which helps broaden the existing finance-focused skill-set previously dominating the Board. We see this as improving thought diversity on the Board.

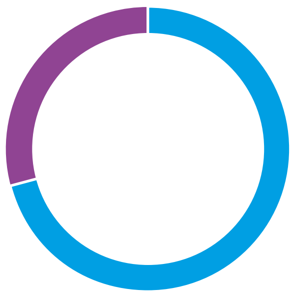
GENDER DIVERSITY

Board of Directors



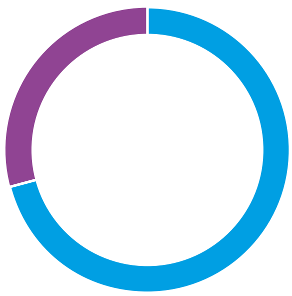
- Male: 6 (75%)
- Female: 2 (25%)

Senior Vice Presidents



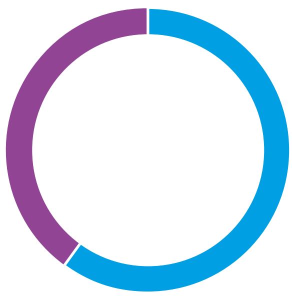
- Male: 5 (71%)
- Female: 2 (29%)

Vice Presidents



- Male: 17 (71%)
- Female: 7 (29%)

Employees



- Male: 988 (60%)
- Female: 669 (40%)

A GR8 WORKPLACE

3. INVESTING IN TALENT – RETURN ON RELATIONSHIPS

Nurturing and developing outstanding talent are key pillars of our success. We aim to attract and retain the best people by providing a rewarding environment with ample opportunities for personal development. Over the years, 888 has continued to develop a unique culture and spirit built on values of fairness, collaboration and continuous progress. The Group's mission is to remain an employee-centric organisation with a reputation as one of the most sought-after employers of choice in the online gambling industry.

Employee performance and development

A clear growth trajectory and fair recognition for personal progress are vital for a motivated and effective workforce. We offer employees across all global sites a full spectrum of opportunities for personal development and career growth. We are proud to report that 10% of the Group's employees were promoted or made an internal transfer to a different role during 2020.

A key tool for supporting employee performance and development is our approach to remuneration and recognition. Our pay is strongly tied to individual performance and contribution to 888's long-term strategy for value creation. Benchmarking is in place across the business to ensure our practices are competitive against competitors and align with our objectives for internal equity. We provide managers with the tools to recognise individual efforts and successes throughout the year, while ensuring recognition is reflective of our commitments to equal opportunities and anti-discrimination.

As in every year, in 2020 888 conducted an employee performance evaluation process to support the Group's goals and business priorities by fostering a more agile and goal-oriented dialogue between managers and employees and strengthening the link between compensation and performance. 888's evaluation process provides a platform for individual career planning; it also helps align the Group's teams and inspire employees to personal and team excellence.

During 2020, 888 launched a new career development path for carefully selected 888's best professionals – **888pro**. This initiative created a new career progress path for the ongoing development of 49 our top professionals across sites. The 888pro programme includes learning and development sessions from a variety of disciplines, including personal coaching and personal career planning. This programme has three professional levels for participants to grow into. An annual process will evaluate and select candidates to enter the programme going forward. All participants are expected to present an innovation project in their domain.

Training

Knowledge sharing and development remained one of 888's main human resources focuses in 2020. We aim to create tailored learning solutions that are aligned with our business needs and advance personal development for our employees.

At the core of our approach to training is a commitment to championing independent learning. During 2020, all employees had unlimited access to our new eLearning system, which offers a wealth of cutting-edge training content supplied by more than 50 top eLearning vendors. Over 95% of employees made use of the professional content over the course of the year, demonstrating the strong motivation among our workforce for personal development.

We also launched our internal on-demand company catalogue within the learning system where we uploaded specific learning paths and programmes for our employees. This enabled employees to follow clear trajectories with their training, ensuring they develop a curated toolkit of skills that are directly relevant to success within the business. The first internal content was 888's onboarding orientation learning path – a full solution that provides new employees with a structured learning programme for their first week in the Company. In addition, we offer organized Zoom courses for core business groups, involving at least 10 learning hours per employee in 2020.

Adding to our tailored training approach, we built professional focused programmes to address specific business needs like Product Management, Customer Support, Responsible Gaming and more. These programmes were shaped by Group management, who identified knowledge gaps within the business and integrated training into our broader capacity, building strategies for key skill areas.

To help managers face the unique challenges of the pandemic, we arranged online sessions designed to equip them with the tools they needed to guide their teams through the transition to remote working and a period of unprecedented uncertainty.

We also recognise that rounded personal development is a valuable way to improve employee welfare and help people stay motivated in their roles. During 2020, we created our global virtual enrichment programme, "Bits in Bites". This offered 888 employees and managers an opportunity to expand their horizons by joining a monthly keynote speaker session on a variety of disciplines and industries.

Talent acquisition

With the cost of employee turnover increasing and the "war for talent" intensifying, the acquisition of high-quality technological and online marketing talent remained a key factor enabling our business to continue to innovate and grow. Even during the COVID-19 outbreak – mainly due to the success and expansion of online and technology companies – talent acquisition has remained a crucial and challenging issue.

To stand out from the competition as an employer, a significant part of our human resources efforts during 2020 were focused on positioning 888 as an employer of choice. While marketing has been an important part of this programme, it is testament to the positive experience of our 8sters that referrals by existing employees remain our most effective recruitment sources.

We conducted recruitment marketing campaigns in social media to strengthen our positioning, increase our employer brand awareness, and improve our recruitment capacity. These efforts resulted in social media becoming one of the most significant recruitment sources.

At 888, we take a local approach to driving talent acquisition. In 2020, we invested significantly in ensuring local leadership teams in all of our offices had the tools they needed to attract skilled employees in areas vital for business value.

We utilise a variety of resources to recruit talent while placing great emphasis on proactive efforts, such as headhunting and sourcing. In addition, we implemented a mass recruitment drive in establishing our customer support operation in Romania – hiring, onboarding and training over 200 support representatives.

We improved candidate experience by implementing a variety of engagement activities.

Our local talent acquisition teams work closely with the hiring managers, providing them tools and knowledge for effective recruitment.

In addition, our Romania office runs a rolling 12-months internship programme to provide students from local universities the opportunity to learn and develop their professional skills to be ready to integrate within the Company, or the local tech market. Out of five interns recruited in July 2019, three completed the program and in 2020 were hired into permanent positions; the new programme was launched in 2020 with five interns currently on staff.

"IN 2020, WE INVESTED SIGNIFICANTLY IN ENSURING LOCAL LEADERSHIP TEAMS IN ALL OF OUR OFFICES HAD THE TOOLS THEY NEEDED TO ATTRACT SKILLED EMPLOYEES IN AREAS VITAL FOR BUSINESS VALUE."

MORE THAN AN OFFICE

Every day we go to work as members of a wider community. At 888 we embrace our responsibility to our communities, local environments and the planet through proactive engagement with the issues that matter most to our business and the people around us.

1. EMBRACING OUR RESPONSIBILITIES TO THE PLANET

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. This enables us to focus on the specific areas in which our operations do have an effect on the climate and ecosystems local to our operations.

Recognising that climate change poses a significant 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. To that end, in March 2020, the Group revised its Environmental Policy in order to clearly state 888's Company-wide environmental values and targets and commitment to a thriving environment.

As a part of its new Environmental Policy, the Group has made the following commitments:

- The Group has a responsibility for the environmental impact of its operations on the environment and is committed to reducing this;
- The Group is committed to implementing environmental considerations in its daily and long-term decisions and activities;
- The Group is committed to helping all employees to understand their personal environmental responsibilities, and how they can improve the Group's environmental performance.

Our priority areas of focus:

To manage our environmental impact, we must effectively track our performance. During 2020, the Group engaged AVIV AMCG, a specialist consultancy, to conduct a Greenhouse Gas (GHG) report covering the Group's GHG emissions for the period from 1 January, 2020 through to 31 December, 2020. The report was published publicly on the 888 corporate website, with full details of the methodology, findings and recommendations.

TABLE A – GROUP GHG EMISSIONS

Scope	Emission subcategory	GHG emissions (metric ton CO_2 eq)	Contribution to scope (%)
1	Direct GHG emissions	436.1	11.9
2	Indirect GHG emissions associated with energy	2,915	79.6
3	Other indirect GHG emissions	309.28	8.5
Total		3,660.38	100

Corporate metric	Ratio performance indicators (per Scope 1 and Scope 2)	
Emissions per headcount	2.00	tCO_2e/employee
Emission per square metres area of offices*	0.17	tCO_2e/m2 office area
Emissions per turnover	3.94	tCO_2e/ M US $

TABLE B – RATIO PERFORMANCE INDICATORS (PER SCOPE 1 AND SCOPE 2)

	2020		2019	
Corporate metric/year	Ratio	Parameter amount	Ratio	Parameter amount
Emissions per headcount tCO_2e/employee	2.00	1,673 emp	3.00	1,417 emp
Emission per square metres area of offices* tCO_2e/m^2 office area	0.17	20,160 sqm	0.25	17,314 sqm
Emission per turnover tCO_2e/ M US$m	3.94	$850m	7.88	$560m

* Calculation according to square metres area includes offices that "contribute" to Scopes 1+2 (according to table 2-1).

AVIV AMCG found that fuel consumption, use of Company-owned vehicles and use of cooling agents in air conditioning units were the main source of direct GHG emissions for the business. Indirect emissions come mainly from office energy consumption for lighting, heating, and cooling, as well as transport-related activities, such as air travel, and waste disposal.

Table A shows the Group's GHG emissions for the period of 1 January, 2020 through to 31 December, 2020.

We were pleased to report that the Group's emissions ratio performance indicators had reduced since the Group's previous report in 2019, in part due to increased awareness and investment across the Group in relation to energy efficiency.

Table B shows the total Scope 1 and 2 emissions against corporate metrics to present an intensity ratio for benchmarking purposes.

Reductions in CO_2 emissions for 2020 were the result of two factors. Firstly, COVID-19 led to a significant decrease in energy usage and travel, affecting both direct and indirect emissions.

Additional reductions came through proactive implementation of the Company's environmental strategy. This involved targeted actions that addressed the key environmental impacts identified by AVIV AMCG in previous audits, including:

MORE THAN AN OFFICE

Energy and water usage

The energy involved in running our offices is among our largest climate impact as well as being a significant cost to the business. In 2020, we continued to install energy saving devices across our global offices.

We also recognise that the water used by our offices is a precious resource, particularly in regions facing drought risks as the impacts of climate change become more acute. The business has therefore implemented a range of measures to reduce water consumption.

Travel-related emissions

As a global business with eight worldwide offices, air travel that enables our people to share knowledge and operate across different offices is a necessary part of how we conduct business efficiently and effectively.

That said, we are mindful of the emissions produced by air travel and have taken several steps to reduce emissions produced by the Group's activities and employees. Key to this has been investment in state-of-the-art video conferencing systems that have significantly reduced the need for international travel.

We are also addressing travel-related emissions at a local level by providing buses for employees to reach the office, thereby reducing the use of cars.

Waste management

Whilst 888 is not a resource intensive business, as a significant employer with eight offices worldwide, the Group is committed to taking steps to reduce and minimise the consumption of materials such as paper and other office supplies.

During 2019-2020, the Group has implemented recycling schemes for plastics, glass and other recyclable materials across all its offices. Looking ahead, a key focus will be the phase out of single-use plastics across our global offices, which began this year with an end to the use of plastic cups and cutlery in five out of our eight offices.

Following the findings of the AVIV AMCG report, we have identified a series of actions to strengthen our environmental performance and reduce our impact on the climate crisis:

- Based on the 2020 AVIV AMCG findings, we will set a five-year strategy for reducing our environmental impact
- We will conduct an independent GHG emissions report on an annual basis, using a consistent methodology to track the efficacy of this environmental strategy
- We will also conduct a robust assessment of our broader environmental impacts, including waste disposal, water consumption and recycling rates, to ensure our strategy addresses the myriad ways the Company impacts both local ecosystems and the global climate
- We will explore ways in which flexible working and hot desking can be used to reduce our need for office space, reducing both costs to the business and our consumption of energy, water and other resources
- We will seek to improve the energy efficiency of our offices by upgrading to modern appliances with lower energy consumption. We will also explore the use of reflective coatings on the outside of our office buildings to limit solar radiation and reduce the need for air conditioning
- Where emissions cannot be reduced in the shortterm, we will engage with certified carbon offsetting schemes

2. ENGAGING & SUPPORTING OUR LOCAL COMMUNITIES

Engagement with our communities is an important part of our DNA. Being able to engage in rich community life both at and outside of work is an important factor in our employees' wellbeing. We recognise that as a global employer with eight offices, our local communities can be our greatest advocates, particularly when sourcing the best talent. To maintain a positive relationship with our local communities across sites, we need to be attentive to local issues and understand how to create a positive impact.

Being a responsible actor in our communities also means upholding the highest standards of integrity to protect against the issues of bribery and corruption which undermine the ability of society to function effectively. A lack of respect for common rules and standards of behaviour impacts all our stakeholders, as well as being a critical business risk.

CHARITABLE DONATIONS

Our GR8 People programme encourages employees to be involved in community events, promote minority rights, participate in local charities, and volunteer their time to support the underprivileged. Our employees dedicate hundreds of working hours sponsored by the Group to sharing their unique knowledge, whether in the field of online marketing, technology or other areas, with charitable organisations.

We believe that especially during these challenging times of uncertainty and adversity, we can and should contribute to support worthy causes. Besides being a business, we are people, we are 8sters, conscious and caring for our communities.

Donations were made during 2020 to several non-profit organisations, hospitals and the National Health Service across our global locations – in Israel, UK, Romania, Spain, Gibraltar, Ireland, Antigua and New Jersey. In addition, we organised local volunteering opportunities for 8sters to support our communities during the crisis.

But COVID-19 related volunteering and donations were not all – in 2020, we continued our social involvement activities, and our employees invested a great deal of time and professional effort in supporting local charities and non-profit organisations.

Political involvement and anti-corruption activities

Bribery and corruption are a significant risk to the business, its stakeholders and the effective functioning of the communities on which we rely. We have a zero-tolerance approach to bribery and corruption and comply strictly with all relevant laws.

We have adopted an Anti-Bribery Policy which applies to all 888 employers and is overseen by the Board. The policy includes 888's rules with regard to the giving and receiving of gifts, business hospitality and other payments, with particular focus on transactions with government-related entities and intermediaries. The policy can be read in full on the 888 corporate website.

In addition to notifying all business partners of its zero-tolerance policy for bribery and corruption, 888 carries out a comprehensive due diligence process of potential high-risk business associates, which includes certain government-related transactions and certain intermediaries. 888 also communicates its policy to its employees and carries out staff training on the topic.

During 2020, no instances of non-compliance with the policy arose, and no fines, penalties or settlements were received or entered into in connection with bribery and corruption matters.

We have also adopted a political involvement policy, which is also publicly available on the 888 corporate website. Under this policy, we do not generally engage in political matters other than lawful lobbying in connection with our business. 888 was not involved in political matters and did not make fiscal contributions

Respecting local tax regimes and paying our fair share is a fundamental responsibility of the Company to the communities on which we rely. During the year the Group made fiscal contributions totalling US$172.3 million (2019: US$104.6 million) comprising corporation tax of US$15.4 million (2019: US$3.7 million), VAT of US$5.1 million (2019: US$5.4 million) and gaming duties of US$151.8 million (2019: US$95.5 million).

On behalf of the Board:

BRIAN MATTINGLEY
Chairman

17 March 2021

EXPERT LEADERSHIP

BRIAN MATTINGLEY

AGE: 69

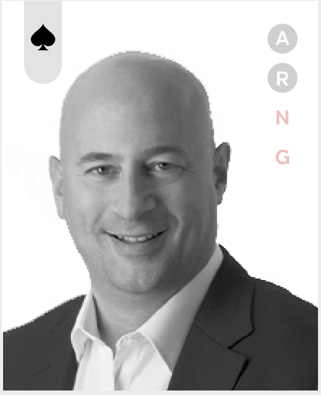
CHAIRMAN

Brian Mattingley joined the Board in August 2005 and was Deputy Chairman of the Company and Senior Independent Non-Executive Director from March 2006 until March 2012, and was then Chief Executive Officer until March 2016. He was previously Chief Executive of Gala Regional Developments Limited until 2005. From 1997 to 2003 he was Group Finance and Strategy Director of Gala Group Plc, prior to which he was Chief Executive of Ritz Bingo Limited. He has held senior executive positions with Kingfisher Plc and Dee Corporation Plc.

In his capacity as Chairman of the UK Bingo Association, Mr. Mattingley spent a great deal of time with regulators, which has assisted in the Board's understanding of UK gaming regulation and laws. Mr Mattingley has been in the gaming industry since 1993, and launched one of the UK's first online bingo sites whilst at Gala.

More information

Read more from Brian 02



LORD JON MENDELSOHN

AGE: 55

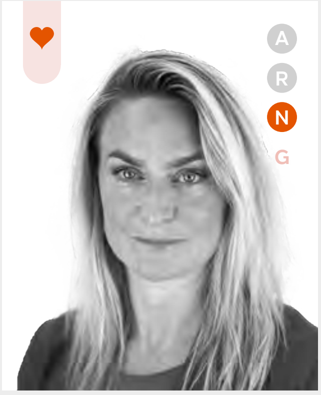
INDEPENDENT NON-EXECUTIVE DIRECTOR

Chair Designate from 1 April 2021, joined the Board in September 2020

Lord Jon Mendelsohn is a highly experienced gambling sector professional with more than 20 years' industry experience that includes co-founding Oakvale Capital LLP, a leading M&A and strategic advisory boutique focusing on the gaming, gambling and sports sectors. He is a Senior Adviser to Value Retail, the developer and operator of luxury outlet shopping villages. He co-founded LLM Communications, a corporate and public affairs consultancy which was acquired by Financial Dynamics to create one of the largest global financial and business communications companies. He served as a Managing Director and later as Chairman of the Global Issues Division, including after it was acquired by FTI Consulting. He is also an investor in early stage and start-up companies in areas ranging from technology to energy.

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

Lord Mendelsohn has been appointed as a member of the Audit and Remuneration Committees where he will continue to serve until his appointment as Chairman of the Board in April 2021.



ANNE DE KERCKHOVE

AGE: 48

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF NOMINATIONS COMMITTEE

Senior Independent Director from March 2021

Anne de Kerckhove is currently the CEO of Freespee – a fast growing company in the conversational commerce space. Previously, she was the CEO of Iron Capital and the Managing Director EMEA for Videology, Global Director of Reed Elsevier, and COO and International Managing Director at Inspired Gaming Group. Ms. de Kerckhove is an angel investor and mentor for early-stage start-ups and entrepreneurial funds including CRE and Daphni. She holds a Bachelor of Commerce from McGill University and an MBA from INSEAD. Ms. de Kerckhove has been appointed Senior Independent Director from 17 March 2021, and is Chair of the Company's Nominations Committee and a member of the Company's Remuneration Committee and Audit Committee.

ITAI PAZNER

AGE: 48

CHIEF EXECUTIVE OFFICER

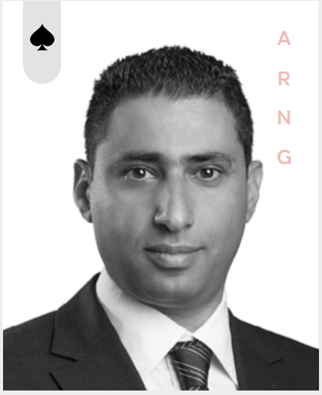
Itai Pazner was appointed as COO of the Company in November 2017 and as CEO in January 2019. He was appointed to the Board in March 2019.

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

Prior to joining the Group, Mr. Pazner held managerial positions at Internet Gold, a leading ISP.

More information

Read more from Itai 06



YARIV DAFNA

AGE: 47

CHIEF FINANCIAL OFFICER

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

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

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

More information

Read more from Yariv 14

MARK SUMMERFIELD

AGE: 54

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF AUDIT COMMITTEE

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

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

Mr. Summerfield was appointed as Non-Executive Director and Chair of the Audit Committee in September 2019. In December 2019, he was appointed as a member of the Gaming Compliance Committee, and in March 2020, as a member of the Remuneration and Nominations Committees.

More information

Read more from Mark 92

ZVIKA ZIVLIN

AGE: 55

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIR OF REMUNERATION COMMITTEE

Zvika Zivlin is the Founder and Managing Partner of Tulip Capital, the exclusive partner firm of Wells Fargo Securities in Israel, is a strategic partner to Alias Tech (JB Capital), and currently serves on the advisory board of Infinidat Ltd. and as a non-executive director on the board of Afcon Holdings Ltd.

Mr. Zivlin has been engaged in projects covering the fields of insurance, banking, real estate, technology and communications, and was previously Chief Executive Officer of Trans4u Ltd and Chief Financial Officer of GSI Group. Mr. Zivlin holds an MSc in Economics from the London School of Economics, an MBA from Tel Aviv University (1st year, with distinction) and a BA in Economics and Management from Tel Aviv University (with distinction). Mr Zivlin is the Chair of the Company's Remuneration Committee and a member of the Audit Committee

More information

Read more from Zvika 70

LIMOR GANOT

AGE: 48

INDEPENDENT NON-EXECUTIVE DIRECTOR

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

COMMITTEE KEY

A Audit
R Remuneration
N Nominations
G Gaming Compliance

● Chair of Committee
● Member of Committee

TENURE KEY

♠ < 1 year
♥ 1-5 years
♣ 5-10 years
♦ >10 years

The Directors submit to the members their Annual Report & Accounts of the Group for the year ended 31 December 2020. The Strategic Report, Corporate Governance Statement and Directors' Remuneration Report on pages 06, 60 and 70 respectively, form part of this Directors' Report.

RESULTS

The Group's profit after tax for the financial year of US$11.3 million (2019: US$41.6 million) is reported in the consolidated income statement on page 111. The Board is recommending a final dividend of 10.4¢ per share in accordance with 888's dividend policy, plus an additional one-off 1.6¢ per share, which together with the interim dividend of 6.0¢ per share equals 18.0¢ per share for the year (2019: 6.0¢ per share).

DIRECTORS AND THEIR INTERESTS

Biographical details of the current Board of Directors, setting out their relevant skills and experience and their professional commitments, are shown on pages 52 and 53. The Directors who served during the year are shown below. In line with the UK Corporate Governance Code and as required by the Company's Memorandum & Articles of Association ("Articles"), all Directors retire at each Annual General Meeting and those who wish to continue to serve offer themselves for re-election.

- Brian Mattingley (first appointed 30 August 2005, stepping down as of 20 May 2021).
- Jon Mendelsohn (first appointed 23 September 2020).
- Itai Pazner (first appointed 8 March 2019).
- Aviad Kobrine (first appointed 30 August 2005, stepped down 1 November 2020).
- Yariv Dafna (first appointed 1 November 2020).
- Mark Summerfield (first appointed 5 September 2019).
- Zvika Zivlin (first appointed 9 May 2017).
- Anne de Kerckhove (first appointed 28 November 2017).
- Limor Ganot (first appointed 1 August 2020).
- Itai Frieberger (first appointed 13 May 2015, stepped down 23 January 2020).

The beneficial and non-beneficial interests of the Directors and their closely associated persons (pursuant to Article 19 of the European Market Abuse Regulation) in shares of the Company are set out in the Directors' Remuneration Report on pages 70 to 91. There has been no change in the interests of Directors in shares of the Company between 31 December 2020 and the date of this Report.

Except as noted above, none of the Directors had any interests in the shares of the Company or in any material contract or arrangement with the Company or any of its subsidiaries.

SHARE CAPITAL

Changes in share capital of the Company during the financial year are given in the Consolidated Statement of Changes in Equity. As at 31 December 2020, the issued share capital of the Company comprised 369,017,422 ordinary shares of GBP £0.005 each ("Ordinary Shares").

At the Annual General Meeting held in May 2020, the Board was empowered to allot securities of a value up to 66.66% of the Company's ordinary share capital in issue as at 31 March 2020, provided that, in accordance with institutional guidelines issued by the Investment Association, this would permit up to a maximum nominal value of £1,227,703.20 (66.66%) to be allotted pursuant to a rights issue and up to a maximum nominal value of £613,851.60 (33.33%) to be allotted otherwise. Furthermore, the Board was empowered to allot equity securities of the Company for cash without application of pre-emptive rights under the Articles, provided that such power is limited:

(a) to the allotment of equity securities in connection with an offer or issue of equity securities to or in favour of: (i) Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them; and (ii) holders of other equity securities if this is required by the rights of those securities, or if the Directors consider it necessary, as permitted by the rights of those securities; so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter;

(b) to the allotment (otherwise than pursuant to sub-paragraphs (a) above and (c) below) of equity securities up to an aggregate nominal value of £92,086.95; and

(c) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities in connection with an acquisition or specified capital investment up to an aggregate nominal value of £92,086.95;

and shall expire upon the earlier of: (i) the conclusion of the next Annual General Meeting of the Company after passing the resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired; and (ii) 30 June 2021.

In paragraph (c) "specified capital investment" means one or more specific capital investments in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to those assets is made available to shareholders to enable them to reach an assessment of the potential return.

In 2020, the Company did not exercise any of the foregoing powers and authorities.

SHARE BUY BACK AUTHORITY

At the Annual General Meeting held in May 2020, the Board was authorised to make market purchases of up to 36,834,779 of its Ordinary Shares at a minimum price per share (exclusive of expenses) of £0.005 and a maximum price per share (exclusive of expenses) of the highest of 105% of the average of the middle market quotations of an ordinary share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased, the price of the last independent trade of an ordinary share, and the highest current independent bid for an ordinary share in the Company as derived from the London Stock Exchange Trading System.

The authority expires upon the earlier of: (i) the conclusion of the Annual General Meeting of the Company to be held on 20 May 2021; and (ii) 30 June 2021, unless previously renewed, varied or revoked by the Company at a general meeting; and a contract to purchase shares under the authority may be made prior to the expiry of the authority, and concluded in whole or in part after the expiry of the authority, and the Company may purchase its Ordinary Shares in pursuance of any such contract. In 2020, the Company did not seek exercise any of the foregoing powers and authorities.

RIGHTS ATTACHING TO ORDINARY SHARES IN THE COMPANY

The rights and obligations attaching to Ordinary Shares are set out in the Articles.

Holders of Ordinary Shares are entitled to attend and speak at general meetings, to appoint one or more proxies and to exercise voting rights. Holders of Ordinary Shares may receive a dividend and on liquidation may share in the Company's assets. Holders of Ordinary Shares are entitled to receive the Annual Report. Subject to meeting certain thresholds, holders of Ordinary Shares may requisition a general meeting or the proposal of resolutions at general meetings.

MEMORANDUM & ARTICLES OF ASSOCIATION

The Articles can only be amended by a special resolution at a general meeting of shareholders. There were no changes to the Articles during 2020.

DEADLINES FOR EXERCISING VOTING RIGHTS AT THE 2021 ANNUAL GENERAL MEETING

Electronic and paper proxy appointment and voting instructions must be received by the Company's registrars not later than 9.00am CET (8.00am GMT) on 18 May 2021. Forms of Direction from persons holding depository interests in the Company in uncertificated form through CREST must be received by the Company's registrars not later than 9.00am CET (8.00am GMT) on 17 May 2021.

RESTRICTIONS ON TRANSFER OF SHARES AND LIMITATIONS ON HOLDINGS

There are no restrictions on transfer or limitations on the holding of Ordinary Shares other than under restrictions imposed by law or regulation (for example, insider trading laws) or pursuant to the Company's share dealing code.

REQUIREMENTS OF GAMING REGULATIONS

Amongst others, the Group:

(i) holds a licence from the Nevada Gaming Commission as the sole shareholder of an Interactive Gaming Service Provider licensee, and as such is subject to the Nevada Gaming Control Act and to the licensing and regulatory control of the Nevada State Gaming Control Board and the Nevada Gaming Commission;

(ii) holds a Casino Service Industry Enterprise licence in New Jersey, and as such is subject to the New Jersey Casino Control Act and to the licensing and regulatory control of the New Jersey Division of Gaming Enforcement;

(iii) holds a Gaming Vendor Licence from the Delaware Department of Finance, State Lottery Office, and as such is subject to Title 29 of the Delaware Code and to the licensing and regulatory control of the Delaware Department of Finance, State Lottery Office; and

(iv) holds an Interactive Gaming Manufacturer licence from the Pennsylvania Gaming Control Board and as such is subject to Title 4 of the Pennsylvania Consolidated Statutes and to the licensing and regulatory control of the Pennsylvania Gaming Control Board.

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

The criteria used by relevant regulatory authorities to make determinations as to suitability of an applicant for licensure varies from jurisdiction to jurisdiction, but generally require the submission of detailed personal and financial information followed by a thorough investigation. Gaming authorities have very broad discretion in determining whether an applicant (corporate or individual) qualifies for licensing or should be found suitable.

Many jurisdictions require any person who acquires beneficial ownership of more than a certain percentage (typically 5%, and in some cases a smaller percentage) of the Company's securities, to report the acquisition to the gaming authorities and apply for a finding of suitability. Many gaming authorities allow an "institutional investor" to apply for a waiver that allows such institutional investor to acquire up to a certain percentage of securities without applying for a finding of suitability, subject to the fulfilment of certain conditions. In some jurisdictions, suitability investigations may require extensive personal and financial disclosure. The failure of any such individuals or entities to submit to such background checks and provide the required disclosure could jeopardise the Group's eligibility for a required licence or approval.

Any person who is found unsuitable by a relevant gaming authority may be prohibited by applicable gaming laws or regulations from holding, directly or indirectly, the beneficial ownership of any of the Company's securities.

The Articles include provisions to ensure that 888 has the required powers to continue to comply with applicable gaming regulations.

These provisions include providing the Company, in the event of a Shareholder Regulatory Event (as defined in the Articles), with the right to:

(a) suspend certain rights of its members who do not comply with the provisions of the gaming regulations (the Affected Members);

(b) require such Affected Members to dispose of their Ordinary Shares; and

(c) subject to (b) above, dispose of the Ordinary Shares of such Affected Members.

The Company considers that these rights are required in order to mitigate the risk that an interest in Ordinary Shares held by a particular person could lead to action being taken by a relevant Regulatory Authority (as defined in the Articles) which in turn could lead to the withdrawal of existing licences held by the Group or the exclusion of being awarded further licences in other jurisdictions that the Group seeks to pursue. This potential Regulatory Authority action could therefore cause substantial damage to the Group's business or prospects.

ENTITIES HOLDING COMPANY SHARES ON BEHALF OF GROUP EMPLOYEES

At 31 December 2020, Virtual Share Services Limited (a wholly owned subsidiary of the Company) held 230,802 Ordinary Shares in its administrative capacity in connection with the 888 Holdings plc Long Term Incentive Plan 2015 and Deferred Share Bonus Plan. Full details are set out on page 76.

SUBSTANTIAL SHAREHOLDINGS

The Company has been notified of the following interests in 5% or more of its share capital under Disclosure Guidance and Transparency Rules (DTR) Rule 5 of the UK Financial Conduct Authority:

Principal shareholders	Number of shares/applicable financial instruments	% issued share capital	Nature of Holding
As at 31 December 2020			
Sinitus Nominees Limited in trust on behalf of Dalia Shaked	86,283,534	23.42%	Indirect
Standard Life Aberdeen plc	28,240,578	7.65%	Indirect
Blackrock, Inc.	22,569,860	6.12%	Indirect
Following 31 December 2020 and prior to publication of this Annual Report			
JPMorgan Asset Management (UK) Limited	21,027,506	5.7%	Indirect
BlackRock, Inc.		Below 5%	

Other than as stated above, between 31 December 2020 and the date of this Annual Report, no further notifications were received regarding holdings comprising 5.0% of the Company's issued share capital. Information provided to the Company pursuant to the DTRs is publicly available via the regulatory information services and the Company's corporate website corporate.888.com.

SHAREHOLDER AGREEMENTS AND CONSENT REQUIREMENTS

There are no known arrangements under which financial rights are held by a person other than the holder of the shares.

Relationship Agreement

The Company is a party to a relationship agreement with, among others, Sinitus Nominees Limited as trustee for Dalia Shaked ("DS Trust") dated 14 September 2005 which was amended on 16 July 2015 (the **"Amended Relationship Agreement"**). The O Shaked Shares Trust and the Ben Yitzhak Family Shares Trust (together with Dalia Shaked Bare Trust, the **"Principal Shareholder Trusts"**) are also party to the Amended Relationship Agreement but are no longer bound by certain material provisions since they are no longer shareholders of the Company.

The Amended Relationship Agreement includes the following provisions in respect of the independence of the Company (in accordance with the UK Listing Rules) which provide that DS Trust shall, and shall procure as far as it is legally able, that its respective associates:

- conduct all transactions and relationships with 888 Holdings plc and any member of the Group on an arm's length basis and on a normal commercial basis;
- not take any action which precludes or inhibits 888 Holdings plc, or any member of the Group, from carrying on its business independently of it;
- not take any action that would have the effect of preventing the Company, or any member of the Group, from complying with its obligations under the UK Listing Rules; and
- not propose or procure the proposal of any shareholder resolution which is intended, or appears to be intended, to circumvent any proper application of the UK Listing Rules.

It further provides that the DS Trust will not solicit Group employees without consent, that only independent Directors can vote on proposals to further amend the Amended Relationship Agreement, that the DS Trust will consult the Company prior to disposing of a significant number of shares in order to maintain an orderly market and shall not disclose confidential information unless required to do so by law or relevant regulation or having first received the Company's consent.

The Amended Relationship Agreement also includes restrictions on the DS Trust's power to appoint Directors and includes obligations on the DS Trust to exercise its voting rights to ensure that the majority of the Board, excluding the Chairman, is independent.

The DS Trust can nominate a Non-Executive Director for appointment to the Board. In the event that this right is exercised and it results in fewer than half the Board (excluding the Chairman of the Board) being Independent Directors, such appointment shall only become effective upon the appointment to the Board of an additional Independent Director acceptable to the Nominations Committee. There are no such nominated Directors at present.

Such restrictions and obligations apply in respect of the DS Trust whilst it holds not less than 7.5% of the issued share capital of the Company.

The obligations of the parties to the Amended Relationship Agreement are at all times subject to all relevant legal and regulatory requirements and obligations of the parties thereto in the United Kingdom, Gibraltar or elsewhere.

Confirmation of independence

The Board confirms that as of the date of this Annual Report, and during the entirety of 2020, the Company had no controlling shareholder. Therefore, no confirmation of independence is required pursuant to UK Listing Rule 9.8.4 R (14).

Shareholders' Agreements

There are no known Shareholders' Agreements in force between shareholders of the Company.

CHANGE OF CONTROL

A change of control in the Company may, in the event of failure to fulfil any applicable consent requirement, give rise to certain revocation or termination rights under the Group's gaming licences or certain contracts to which Group companies are a party.

POLITICAL DONATIONS

In accordance with its Political Involvement Policy, the Group did not make any donations to any political party (including any non-EU political party) or organisation or independent election candidate or incur any political expenditure during the year.

FINANCIAL INSTRUMENTS

The Company considers the Group's exposure to financial risks, including exposure to specific countries and trading counterparties, to be low. Whilst the Company is exposed to multiple currencies both in regards to its revenue and costs, it enjoys a partial natural hedge where the same currencies appear both in its revenues and costs. The Board reviews the Company's exposure to currency risk on an ongoing basis with a view to taking such action as required from time to time. Further information on the Group's use of financial instruments is set out in note 25 to the annual accounts on page 141.

DIRECTORS' INDEMNITIES

The Articles permit the Company to indemnify its Directors in certain circumstances, as well as to provide insurance for the benefit of its Directors. The Company has entered into qualifying third-party indemnity arrangements for the benefit of all of its Directors in a form and scope which comply with the requirements of the UK Companies Act 2006 and the Gibraltar Companies Act 2014 which were in force from 1 November 2017 (or subsequently, with respect to subsequently appointed Directors) and remain in force.

CORPORATE GOVERNANCE

The corporate governance statement is on pages 60 to 69 and is incorporated in this Directors' Report by reference.

GOING CONCERN AND VIABILITY STATEMENTS

The going concern and viability statements required to be included in the Annual Report pursuant to the UK Corporate Governance Code are on page 34, and are incorporated in this Directors' Report by reference.

PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings are listed in note 22.

RESEARCH AND DEVELOPMENT ACTIVITIES

In 2020, the Group maintained its focus on product excellence, with an emphasis on providing a safe, engaging and fun customer experience. Our major achievements during the year in the field of research and development include the following:

The "Control Centre" – a key part of our holistic Safer Gambling strategy

The Control Centre is intended to be a "one stop shop" for our customers to obtain insights into their gambling activity, use industry-leading tools to exercise more effective control over their spending, and receive our recommendations as to how they can gamble more safely.

We first launched the Control Centre during 2020 for a limited number of customers in order to allow us to test and optimise its effectiveness, with roll out in additional markets scheduled for the first half of 2021.

With the Control Centre, 888 leads the industry in Safer Gambling visibility and transparency for the benefit of our customers.

Poker8
Our new Poker8 product is now live in all markets across PC, iOS and Android platforms. Poker8 provides our customers with richer gameplay, making the poker experience even more fun and engaging.

Germany
In light of regulatory changes in Germany, during 2020, the Group launched 888slots and Poker8 under the brand 888.de, with the addition of our Sport offering during early 2021. As part of this process, 888 is integrating with the German Safer Gambling scheme OASIS.

Spectate
We launched our new Sport platform in certain markets during 2020, with full roll-out to all markets during early 2021. The new platform allows our customers to enjoy a better user experience, with a higher level of personalisation allowing us to further engage with our customers. New and improved Native iOS and Android Sports Apps have also been launched to coincide with the release of our new platform.

Improved content in our Casino offering
During 2020, the Group greatly increased the volume and quality of games and game providers, deployed across multiple markets, with an emphasis on greater localisation in key markets and standardised integration with key providers. Our live casino offering also grew, despite the challenges of operating under COVID-19, with diversification of our provider base and the roll-out of a new live casino lobby in all markets, allowing our customers to easily acquaint themselves with our new providers, and the addition of successful new titles, as well as dedicated tables including our first scalable blackjack and our first roulette game for the Spanish market.

Along with the improved third-party content, our in-house studio, Section8, which provides the Group with high-performance exclusive content, continued to produce highly popular games throughout 2020, with leading new titles including Safari Riches, Santa's Double Surprise and Doctor Jackpot & Mister Wild, and Section8's Daily Jackpot rolled out as an exclusive product in several key markets. We also improved functionality on mobile devices of legacy blockbusters Millionaire Genie and Irish Riches.

New Jersey
During 2020, the Group launched a new on-boarding user experience in New Jersey, involving a complete redesign of the "know your customer" process across all products. Customers now receive better clarity as to where they are in the on-boarding process, which is also simpler and more efficient. Improvements have also been made in "behind the scenes" customer verification, as well as customer password security.

GREENHOUSE GAS EMISSIONS
Details of 888's greenhouse gas emissions are set out in the Corporate Social Responsibility section of the Strategic Report on page 49.

POST-PERIOD EVENTS
No important events affecting the Group have occurred since 31 December 2020.

FUTURE DEVELOPMENTS
Likely future developments in the business of the Group are set out in the Market Overview on page 6.

AUDITORS
A resolution for the reappointment of Ernst and Young LLP and EY Limited, Gibraltar, (together, EY), as auditors of the Company will be proposed at the 2021 Annual General Meeting.

During the year ended 31 December 2020, Ernst and Young LLP were reappointed as auditors for the purposes of the Company preparing financial statements as required pursuant to the UK Listing Rules and the DTRs. EY Limited, Gibraltar, which is approved as a registered auditor under the Gibraltar Financial Services (Auditors) Act 2009, is the statutory auditor of the Company including for the purposes of issuing an audit report pursuant to the Gibraltar Companies Act 2014.

Details of audit and non-audit fees charged by EY to the Company are set out on page 98 of the Audit Committee Report.

DIRECTORS' STATEMENT OF RESPONSIBILITIES
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Gibraltar law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the Group and parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with international financial reporting standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the Company and/or the Group will not continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

DIRECTORS' RESPONSIBILITY STATEMENT (DTR 4.1)

The Directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Gibraltar Companies Act 2014 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union), give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- that the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

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

On behalf of the Board:

ITAI PAZNER
Chief Executive Officer
17 March 2021

The Company's Ordinary Shares are admitted to the premium segment of the UK Official List and to trading on the London Stock Exchange's main market for listed securities. As such, despite being incorporated in Gibraltar, the UK Corporate Governance Code (the **"Code"** or "UK Corporate Governance Code") applies to the Company pursuant to the UK Listing Rules and is available at www.frc.org.uk. The version of the Code published in July 2018 applied to the financial year under review.

The Board remains committed to the principles of corporate governance in the UK Corporate Governance Code which it considers to be central to the effective management of the business and to maintaining the confidence of investors. This report explains how the Company has applied the main principles of the UK Corporate Governance Code.

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

This statement also includes items required by the UK Listing Rules and the Disclosure Guidance and Transparency Rules, including how the "Main Principles" of the UK Corporate Governance Code have been applied. The Board remains committed to the principles of corporate governance in the UK Corporate Governance Code, which it considers to be central to the effective and efficient management of 888's business and to maintaining the confidence of investors for its long-term success. This report explains how the Company has applied the main principles of the UK Corporate Governance Code.

STATEMENT OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

During 2020, the Company was in compliance with the UK Corporate Governance Code 2018, other than as regards the following:

- Code Section 9: The Chairman of the Board, Brian Mattingley, has been a member of the Board since August 2005 as the Board believes Mr. Mattingley's continued tenure as Non-Executive Chairman has benefited all shareholders. Mr. Mattingley will step down on 31 March 2021, and will be succeeded in his role by Lord Jon Mendelsohn.
- Code Section 32: Until 17 March 2020, the Remuneration Committee comprised two members (Zvika Zivlin and Anne de Kerckhove) rather than three, until this was rectified by Mark Summerfield's appointment to the Remuneration Committee. As at the date of this report, the Remuneration Committee comprises three independent Non-Executive Directors.
- Code Section 12: There was not a Senior Independent Director on the Board during 2020. On 17 March 2021, Anne de Kerckhove was appointed Senior Independent Director.

LEADERSHIP

The Directors consider it essential that the Company should be both led and controlled by an effective Board.

BOARD RESPONSIBILITIES AND PROCEDURES

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

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

The Board has an established calendar of business. This covers the financial calendar, strategic planning, annual budgets and performance self-assessments, as well as the conduct of standing business. The calendar forms the basis for effective integration of business activities as between the Board and its principal committees (see pages 65 and 69), which individually consider their own operating frameworks against the Board's business programme.

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

BOARD ACTIVITIES

During 2020, the Board assessed and monitored 888's culture, including in particular the further implementation of the Group's across-the-board compliance culture in the field of responsible gaming. Where the Board is not satisfied that policy, practices or behaviour throughout the business are aligned with the Company's purpose, values and strategy, the Board seeks assurance that management has taken corrective action. In 2020, the Board was satisfied in this respect. The Board assessed the basis on which 888 generates and preserves value over the longterm, including by way of growing and developing the business in regulated markets.

INVESTING IN AND REWARDING THE WORKFORCE

The Company's approach to investing in and rewarding its workforce is set out under "Corporate Social Responsibility" on pages 36 to 51.

KEY STAKEHOLDERS

The Company's key stakeholders are its shareholders, employees and customers as well as the communities in which it does business. The Board takes care to engage with its stakeholders, as detailed in the Corporate Social Responsibility section on page 36 and the Remuneration Report on page 70. The interests of the Company's key stakeholders are considered in Board discussions and decision-making. Whilst as a Gibraltar company, the UK Companies Act 2006 does not apply to the Company, the matters set out in section 172 thereof, which include the likely consequences of any decision in the long term, the interests of the Company's employees, the need to foster the Company's business relationships with suppliers, customers and others, the impact of the Company's operations on the community and the environment (for further details, see page 49), the desirability of the Company maintaining a reputation for high standards of business conduct (for further details, see page 28), and the need to act fairly as between members of the Company, are taken into account by the Board in its decision-making to the extent permitted under Gibraltar law.

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

ENGAGEMENT WITH STAKEHOLDERS

Details of the Company's engagement with its stakeholders are set out on page 4.

SHAREHOLDER ENGAGEMENT

During 2020, 888's Chairman Brian Mattingley met with the Company's major shareholders in order to discuss the Company's performance and to address any concerns.

At the Company's Annual General Meeting held on 20 May 2020, 22.77%. of total votes cast were voted against the amendment of the Company's Memorandum & Articles of Association in order to allow general meetings to be held electronically ("Resolution 16").

Further to discussions with major shareholders, pursuant to which the Company received their concerns that the Company would seek to use electronic or hybrid electronic/physical general meetings without proper justification, the Company issued a statement that the sole reason for the proposal contained in Resolution 16 was to enable shareholders to join meetings remotely, where there may be exceptional circumstances that would constrain or prevent physical public gatherings, such as the COVID-19 outbreak.

All other resolutions were passed with a high level of shareholder approval at the 2020 Annual General Meeting, and there was no other resolution recommended by the Board which garnered 20% or more votes cast against.

During 2020, the Board took steps to ensure that its members (in particular, the Chairman and Non-Executive Directors) develop an understanding of the major shareholders' views about the Company. This included meetings between the Chairman and institutional investors, as well as engagement by the Remuneration Committee Chair with institutional investors regarding remuneration matters.

ENGAGEMENT WITH THE WORKFORCE

None of the three specific workforce engagement mechanisms listed in Provision 5 of the UK Corporate Governance Code have been implemented at present. The arrangements for how the Board engages with the Group's workforce on policies and practices and more broadly on the business are set out in the Directors' Remuneration Report on page 70 and the Corporate Social Responsibility section on page 36 The feedback to the Board is that this approach has been received favourably by the workforce and as such the Board is satisfied that engagement is effective.

RESERVED POWERS AND DELEGATION

A schedule of matters reserved to the Board has been adopted and its content is reviewed to align it with operational needs and the Board's preference to monitor and, where appropriate, approve matters of substance to 888 as a whole. Senior executives have given written undertakings to ensure compliance within their business operations with the Board's formal schedule of matters reserved to it for decision or approval.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman, Mr Mattingley, and the Chief Executive Officer, Mr Pazner, have a close working relationship to ensure the integrity of the decision-making process of the Board and the successful delivery of 888's strategy. Lord Mendelsohn joined the Board as a Non-Executive Director in September 2020, in order to have adequate time to build his relationship with the Chief Executive Officer and other executives prior to his appointment as Chair of the Board in May 2021. There is a clear division of responsibilities between the Chairman and the CEO, which the Board considers an important part of its corporate governance.

Mr. Mattingley was not independent on his appointment as Executive Chairman in March 2015 as he had previously held the role of Chief Executive Officer. Mr. Mattingley's appointment at the time as Executive Chairman was approved by the Board in light of the benefits to the Company in terms of his experience of the gaming industry, extensive knowledge of the business, and in maintaining and developing relationships with regulators.

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

NON-EXECUTIVE DIRECTORS' INDEPENDENCE

The Board is confident that Independent Non-Executive Directors Mark Summerfield, Zvika Zivlin, and Limor Ganot, and Senior Independent Director Anne de Kerckhove, are and remain independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

DIRECTORS' INSURANCE COVER

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

BOARD DIVERSITY POLICY

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

The Board was satisfied that during 2020, steps were taken to promote the diversity objectives of the policy. The Group's activities detailed in the Corporate Social Responsibility section on page 45 support the Group's diversity objectives.

Details of the Company's diversity position and involvement of women in management of the Group are set out in the Corporate Social Responsibility section of the Strategic Report on page 45.

EFFECTIVENESS

BOARD COMPOSITION

During 2020, the Board comprised the following Directors: Chairman Brian Mattingley, independent Non-Executive Directors Zvika Zivlin, Anne de Kerckhove (Senior Independent Director from 17 March 2021), Mark Summerfield, Limor Ganot (from August 2020), Jon Mendelsohn (from September 2020) and Itai Frieberger (until January 2020), as well as Executive Directors Itai Pazner as Chief Executive Officer, and Yariv Dafna as Chief Financial Officer (from November 2020, prior to which Aviad Kobrine was Chief Financial Officer).

The biographical details of all of the Directors, setting out their relevant skills and experience and their professional commitments, are given on page 52.

INDEPENDENT DIRECTORS

Currently, half of the Directors, excluding the Chairman, are Non-Executive Directors determined by the Board to be independent for the purposes of the UK Corporate Governance Code. In 2020, at least half of the Directors, excluding the Chairman, were independent Non-Executive Directors (as required by the UK Corporate Governance Code).

The role of the Senior Independent Director is to provide a sounding board for the Chairman, to evaluate the Chairman's performance and lead the Board's succession planning, and to serve as an intermediary for the other Directors where necessary. Anne de Kerckhove was appointed Senior Independent Director on 17 March 2021. Ms. de Kerckhove also led the Nominations Committee's work on succession planning and coordinated the process of evaluating the Chairman.

NOMINATIONS COMMITTEE

The Board has established a nominations committee to lead the process for Board appointments and to make recommendations to the Board (the "Nominations Committee").

The Board considers succession planning matters on an ongoing basis, with particular focus on succession planning for the CEO role as well as for senior management. The Nominations Committee had a central role in succession planning for the Chairman and CFO roles, as well as for recruitment of additional Non-Executive Directors. Over the course of 2020, the alternatives were carefully considered and the Board ultimately decided to appoint Yariv Dafna as CFO in November 2020 and Jon Mendelsohn as Chair Designate in September 2020. In order to ensure a smooth transition, Brian Mattingley will remain as Chairman until 31 March 2021. Limor Ganot furthermore joined the Board as a Non-Executive Director in August 2020.

During the year, the Nominations Committee comprised Independent Non-Executive Directors Anne de Kerckhove (Chair), Zvika Zivlin and Mark Summerfield, and Chairman of the Board Brian Mattingley.

The Nominations Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nominations Committee is responsible for reviewing, from time to time, the structure of the Board, determining succession plans for the Chairman and Chief Executive Officer, and identifying and recommending suitable candidates for appointment as Directors. In accordance with the Nominations Committee's terms of reference, the Chairman may not chair the Nominations Committee when it is dealing with the appointment of a successor to the chairmanship. The Nominations Committee is tasked with preparing a description of the role and the capabilities required for particular roles.

The Nominations Committee's terms of reference are available on the Company's website, corporate.888.com.

The Nominations Committee is also responsible for pursuing diversity within the scope of its mandate, including setting measurable objectives and monitoring progress on achieving such objectives. In considering new Board appointments, diversity (including of gender, age and professional and educational background) is one of the criteria considered by the Nominations Committee in accordance with the Board's Diversity Policy. The Company's statement regarding diversity is set out in the Corporate Social Responsibility section of the Strategic Report on page 45.

During 2020, the Nominations Committee's work included the following:

- Succession planning for the CFO role. In general, the Nominations Committee acknowledges its role in supporting the development of a diverse pipeline of candidates for senior management.
- Recruitment of Non-Executive Directors, including a Chair Designate.
- Monitoring the Board evaluation process which is described on page 65.
- Implementing the Board's diversity policy which is described on page 45 (including considering the gender balance of senior management and their direct reports).

The Board has appointed the search firm Tyzack Partners to assist the Nominations Committee's work. The search firm is independent and has no other connection with the Company.

RE-ELECTION AND APPOINTMENT OF DIRECTORS

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

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

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

COMMITMENT

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

The Chairman has disclosed details of his other significant commitments to the Board during 2020 and these are detailed in his biography on page 52.

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

The Board considers that Brian Mattingley's other commitments do not, and Jon Mendelsohn's other commitments will not, interfere with the discharge of their respective responsibilities to the Group and is satisfied that they respectively make sufficient time available to serve 888 effectively.

The terms of appointment for each Non-Executive Director, including expected time commitment, are available for inspection at the Company's registered office during normal business hours and at the AGM.

MEETINGS AND ATTENDANCE

The Board plans to meet six times a year. When urgent decision-making is required between meetings on matters reserved for the Board, there is a process in place to facilitate discussion and decision making. The Directors regularly communicate and exchange information irrespective of the timing of meetings.

During 2020, the Board met six times. Set out below are details of the Directors' attendance record at Board and Committee meetings in 2020.

	Total number of meetings held during the year ended 31 December 2020 and the number of meetings attended by each Director				
	Board	Audit Committee	Remuneration Committee	Nominations Committee	Gaming Compliance Committee[4]
Total held in year	8	3	3	1	3
Brian Mattingley	8	–	–	1	–
Itai Pazner	8	–	–	–	–
Yariv Dafna[1]	1	–	–	–	–
Aviad Kobrine[1]	7				
Zvika Zivlin	8	3	3	1	3
Anne de Kerckhove	8	3	3	1	
Mark Summerfield	8	3	1	1	3
Limor Ganot[2]	3	–	–	–	–
Jon Mendelsohn[3]	1	1	1	–	–
Itai Frieberger[5]	0	–	–	–	–

1 Yariv Dafna replaced Aviad Kobrine as Chief Financial Officer and as a Board member on 1 November 2020, and attended all Board meetings thereafter.
2 Limor Ganot was appointed as a Non-Executive Director on 1 August 2020, and attended all Board meetings thereafter.
3 Jon Mendelsohn was appointed as a Non-Executive Director and Chair Designate on 23 September 2020, and attended all Board meetings thereafter.
4 Mr. Michael Alonso is an additional member of the Gaming Compliance Committee, but is not a Board member.
5 There were no meetings of the Board during the period in 2020 when Itai Frieberger was a Director.

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

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

MEETINGS WITH NON-EXECUTIVE DIRECTORS

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

The Non-Executive Directors meet once per year without the Chairman present in order to appraise the performance of the Chairman and take into account the views of the Executive Directors. Under the UK Corporate Governance Code, it is part of the role of the Senior Independent Director to lead this process. This took place in March 2021.

BOARD EVALUATION

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

With regard to 2020, the Board carried out an internal evaluation facilitated by the Company Secretary.

Following the evaluation, the Board was satisfied that each of the Non-Executive Directors continues to be effective and to demonstrate commitment to their respective roles, and proposes them for re-election or election at the 2021 Annual General Meeting. The next Board evaluation is scheduled to be held in 2022.

DEVELOPMENT AND ADVICE

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

All Directors have access to the advice and services of the Company Secretary[1] and the Company's nominated advisers, who are responsible for ensuring that Board procedures are followed. Directors are able to seek independent professional advice, if required, at the Company's expense provided that they have first notified the Company of their intention to do so.

During 2020, Yariv Dafna was appointed as Chief Financial Officer, Limor Ganot was appointed as a Non-executive Director and Jon Mendelsohn was appointed as a Non-executive Director and Chair Designate. The process of appointing Jon Mendelsohn was led independently by the Nominations Committee; Brian Mattingley was involved in that process in his capacity as a member of that Committee. The new directors are being provided with ongoing corporate governance training by the Group's external UK counsel, Latham & Watkins (London) LLP.

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

INFORMATION AND SUPPORT

Each of the Directors has access to the advice and services of the Company Secretary. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring information flows within and between the Board, its Committees and senior management, as well as facilitating induction, evaluation and professional development activities, and advising the Board on corporate governance, legal and procedural matters.

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

CONFLICTS OF INTEREST

Conflicts of interest of the Directors are dealt with in accordance with the procedures set out in the Articles and are monitored by the Chairman. Specifically, a Director does not vote on Board or Committee resolutions in which he or she or persons connected with him / her have an interest (other than by virtue of a shareholding in the Company) which is to his or her knowledge material, except in specific limited circumstances. Such procedures operated effectively during the year.

1 References in this Annual Report to Company Secretary refer to Herzog Fox & Neeman. The Company Secretary for Gibraltar corporate purposes is Straits Secretaries (Gibraltar) Limited.

ACCOUNTABILITY

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they are responsible for the Company's system of internal control, for setting policy on internal control and risk management, and for reviewing the effectiveness of internal control and risk management.

The Directors monitor the Company's systems of internal control and risk management on an ongoing basis, including identifying, evaluating and managing the significant risks faced by the Company. The Board believes that its risk management process accords with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and carries out an annual review of its effectiveness covering all material controls, including financial, operational and compliance controls.

The annual review considers individual risk control responsibilities, reporting lines and qualitative assessments of residual risks. Such a review was carried out in respect of the processes that were in place throughout 2020 up until the date of approval of the Annual Report & Accounts. No significant failings or weaknesses were identified in the review.

It is management's role to implement Board policies on risk and control, including reporting. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Audit Committee also reviews the appropriateness and adequacy of systems of internal control and risk management in relation to the financial reporting process on an ongoing basis and makes recommendations to the Board based on its findings.

888's internal control and risk management systems in relation to the process of preparing consolidated accounts include the following:

- identification of significant risk and control areas of relevance to Group-wide accounting processes;
- controls to monitor the consolidated accounting process and its results at the level of the Board and at the level of the companies included in the consolidated financial statements;
- preventative control measures in the finance and accounting systems of the Company and of the companies included in the consolidated financial statements and in the operative, performance-oriented processes that generate significant information for the preparation of the consolidated financial statements including the Strategic Report, including a separation of functions and pre-defined approval processes in relevant areas;
- measures that safeguard proper IT-based processing of matters and data relevant to accounting; and
- reporting information of companies around the Group which enable the Company to prepare consolidated financial statements including management accounts.

The reporting structure relating to all the companies included in the consolidated financial statements requires that significant risks are to be reported immediately to the Board on identification.

AUDIT COMMITTEE AND AUDITORS

The Board has established an Audit Committee. Details of the Audit Committee's functions, together with its specific activities in 2020, are set out in the Audit Committee Report on page 92.

During the year the Company's Audit Committee comprised Mark Summerfield (Chair) and Independent Non-Executive Directors Zvika Zivlin, Anne de Kerckhove, and Jon Mendelsohn (from September 2020).

During 2020, Deloitte carried out the Company's internal audit function, reporting to the Audit Committee; during 2020, the internal auditor provided ten reports to the Audit Committee and discussed the internal audit working plan for 2021.

888's payment risk management team, based in Gibraltar, has developed stringent payment risk management and fraud control procedures. The team makes use of external and internal systems to manage the payment risks. Detailed procedures exist throughout the Company's operations and compliance is monitored by operational management and the internal audit function.

Details of the Company's risk management strategy and the Board's assessment of the Company's viability in light of its risks are set out on pages 20 and 34 respectively.

REMUNERATION COMMITTEE

The Board has overall responsibility for determining the framework of executive remuneration and its cost. It is required to take account of any recommendation made by the Remuneration Committee in determining the remuneration, benefits and employment packages of the Executive Directors and senior management and the fees of the Chairman.

During the year the Company's Remuneration Committee comprised Independent Non-Executive Director Zvika Zivlin (Chair), and Independent Non-Executive Directors Anne de Kerckhove, Mark Summerfield (from March 2020) and Jon Mendelsohn (from September 2020, until his appointment as Chairman of the Board on 31 March 2021).

The Remuneration Committee determines the Chairman's and Executive Directors' fees, whilst the Chairman and the Executive Directors determine the fees paid to the Non-Executive Directors. Further details are provided on page 83.

The Remuneration Committee was advised during 2020 by Korn Ferry. The remuneration consultant has no other connection with 888 or any of the Directors. Further details are provided on page 91.

All new long-term incentive schemes and significant changes to existing long-term incentive schemes are put to the shareholders of the Company for approval before they are adopted (save for certain circumstances as set out in the Listing Rules).

The Directors' Remuneration Report, which outlines the Remuneration Committee's work and details of Directors' remuneration, is on pages 70 to 91. The Remuneration Committee's terms of reference are available on the Company's website, corporate.888.com.

GAMING COMPLIANCE COMMITTEE

In accordance with Nevada Gaming Control Board requirements, the Board has appointed a Gaming Compliance Committee. Its current members are Mark Summerfield and Zvika Zivlin, in addition to an external consultant and leading Nevada lawyer, Michael Alonso, who chairs the Committee.

The Gaming Compliance Committee is entrusted with making sure that the Group's licensed gaming activity is carried out with honesty and integrity, in accordance with high moral, legal and ethical standards, and free from criminal and corruptive elements. As such, the Committee is responsible and has the power to identify and evaluate situations arising in the course of the Company's and its Affiliates' business that may adversely affect the objectives of gaming control.

The Committee is not intended to displace the Board or the Company's executive officers with decision-making authority but is intended to serve as an advisory body to better ensure achievement of the Company's goals of avoiding unsuitable situations and in entering into relationships exclusively with suitable persons.

The Committee's work is being done independently and impartially. To this end, its members are appointed by and report directly to the Board of Directors.

WHISTLE-BLOWING POLICY

The Company's whistle-blowing policy sets out the overall responsibility of the Board (through its Audit Committee) for implementation of the policy, but notes that the Board has delegated day-to-day responsibility for overseeing and implementing it to the compliance officer who is also Head of Regulatory Affairs and Group Compliance Officer. The policy provides that where an employee is not comfortable making an identified disclosure in the standard manner (i.e. to his/her respective direct line manager, another manager in his/her subsidiary, the human resources department or the compliance manager), disclosure can be made anonymously through a designated portal on the Company's website. Whilst employees are permitted to make disclosures anonymously, disclosing employees are encouraged to reveal their identity to the compliance officer in order to allow a full and proper investigation to take place. Where a disclosing employee's identity is revealed, the Company will make its best effort, considering the circumstances and applicable law, to preserve confidentiality of such disclosure. The Board commits to investigating all disclosures fully, fairly, quickly and, where circumstances permit, confidentially. Undertakings are made to employees who raise genuinely held concerns in good faith under the procedure that they will not be dismissed or subject to any discrimination or victimisation as a result of their action. Employees of the Group are regularly sent reminders regarding the whistle-blowing policy as part of general refreshers of various Group policies.

No whistle-blowing incidents were internally reported by the Company's employees during 2020 and up to the date of this Annual Report.

RELATIONS WITH SHAREHOLDERS AND KEY FINANCIAL AUDIENCES

The Company maintains an active and regular dialogue with principal and institutional shareholders and sell-side analysts through a planned programme of investor relations and financial PR activity. The Board also keeps up to date with the views of major shareholders through meetings and discussions with shareholder representatives throughout the year.

The outcome of this dialogue and these meetings is reported to the Board. The programme includes formal presentations of full year and interim results, analysts' conference calls and periodic roadshows and discussion of the Company's strategy and governance. Details of engagement with shareholders during 2020 are set out on page 91.

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

Subject to any COVID-19 related restrictions set out in the Notice of Annual General Meeting, all shareholders are welcome to attend the 2021 Annual General Meeting (scheduled to be held on 20 May 2021) and private investors are encouraged to take advantage of the opportunity given to ask questions; and all Board members (including the Chairs of the Audit, Remuneration and Nominations Committees) will attend the meeting and be available to answer questions.

COMPLIANCE WITH STATUTORY PROVISIONS

As the Company is registered in Gibraltar, it is subject to compliance with Gibraltar statutory requirements. The main corporate legislation relevant to the Company in Gibraltar is the Gibraltar Companies Act 2014. The Company is in full compliance with the Gibraltar Companies Act.

GOING CONCERN AND VIABILITY STATEMENTS

The going concern and viability statements required to be included in the Annual Report pursuant to the UK Corporate Governance Code are on page 34, and are incorporated in this Directors' Report by reference.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group are disclosed in the Risk Management Strategy report on page 20.

DIVIDEND POLICY

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

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The CEO is the Director responsible for monitoring corporate social responsibility within 888. The Board receives periodic reports on the Group's activities in this area from the Chief Executive Officer. Further details are set out in the Corporate Social Responsibility section on page 36.

OTHER DISCLOSURES

The following matters can be found in this report on the following pages:

Applicable sub-paragraph within LR 9.8.4	Disclosure provided
(1) Interest capitalised by the Group	N/A
(2) Publication of unaudited financial information	N/A
(3) Details of long-term incentive schemes only involving a Director	N/A
(4) Waiver of emoluments by a Director	N/A
(5) Waiver of future emoluments by a Director	N/A
(6) Non pro-rata allotments for cash (issuer)	N/A
(7) Non pro-rata allotments for cash by major subsidiaries	N/A
(8) Parent participation in a placing by a listed subsidiary	N/A
(9) Contracts of significance	N/A
(10) Provision of services by a controlling shareholder	N/A
(11) Shareholder waivers of dividends	N/A
(12) Shareholder waivers of future dividends	N/A
(13) Agreements with controlling shareholders	N/A

On behalf of the Board:

BRIAN MATTINGLEY
Chairman
17 March 2021

ANNUAL STATEMENT

DEAR SHAREHOLDER,

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2020.

As a company incorporated in Gibraltar, 888 Holdings plc is not bound by UK law or regulation in the area of Directors' remuneration to the same extent that it applies to UK incorporated companies. However, by virtue of 888's Premium Listing on the London Stock Exchange and reflecting the Committee's approach to good governance, we have adopted in full the disclosure and shareholder voting requirements of a UK incorporated company.

PERFORMANCE IN 2020 AND THE IMPACT OF COVID-19

2020 performance has been extremely strong with record revenues of nearly 50% growth on 2019, gains in market share in most of our markets and adjusted EBITDA performance which was above Board expectations. There has been significant growth in our US business with increased revenue and progress in our strategic plan to expand in the market. As a business, we have been less directly impacted by COVID-19 than other businesses, however the pandemic nevertheless has presented challenges for the business. We were able to continue to operate throughout the pandemic, with over 90% of our staff working from home across all our locations and no staff were furloughed. The focus throughout the pandemic has been ensuring staff wellbeing and providing support to those who needed it. We did not receive government support in any of the markets in which we operate, and we have continued to pay regular dividends with an additional special dividend with respect to H1 2020. In addition, the Board has been very mindful of the potential negative impact our business could have on customers as a result of increased periods of time at home as a result of the pandemic and oversaw during the year an enhanced focus on customer protection and safer gambling with the implementation of voluntary COVID-19 policies across multiple regulations as well as raising awareness to customers and the public in order to help prevent gambling-related harm.

The Board has noted the exceptional performance of the CEO throughout the year. He has taken great care to manage his people and their wellbeing, when volumes of trade were significantly higher and product and strategic updates were needed to our software and method of operation, all carried out to time and to budget while avoiding undue pressure on staff. In addition, enhancements were developed during this period to our user experience which contributed to further growth. The Board cannot speak highly enough of the way the business was managed by our CEO from both a people wellbeing and business performance perspective.

PAY OUTCOMES FOR 2020

No amendments have been made to performance targets for our incentives with respect to 2020. The annual bonus for 2020 was based 70% on adjusted EBITDA and 30% on the achievement of strategic objectives. Exceptional adjusted EBITDA performance of US$157.2m during the year resulted in full pay-out of the adjusted EBITDA part of the bonus. The strategic objectives were based on five key strategic areas of focus. The Committee carefully assessed performance against these objectives for each focus area and determined 22.5% of the 30% was payable reflecting the strong performance of our management team. As a result, 92.5% of the maximum bonus is payable.

For full details of Executive Directors' bonuses and the associated performance delivered see page 83.

The LTIP awards granted in 2018 were based on EPS growth targets for 50% of the award and for the other 50% relative TSR measured over three financial years to 31 December 2020. Adjusted EPS growth over this period was 23.6% p.a. compounded, against a target range of 5% p.a. to 20% p.a. compounded which results in maximum vesting of this element. The Company's TSR was 17.0%, which was between the median TSR of the peer group, and the maximum target of median + 10% p.a., resulting in the TSR part of the award vesting at 79.8% of maximum. Therefore, 89.9% of the 2018 award will vest in 2021.

Taking account of the excellent business results and significant value creation achieved in a challenging environment, the Committee is comfortable that the Executive Directors delivered exceptional performance and that the remuneration outcomes with an annual bonus payment of 92.5% of maximum and LTIP vesting of 89.9% of maximum provide a robust link between performance and reward. The Committee has noted that our wider employee population have also received bonuses aligned to the excellent performance achieved for the year. The Committee is also comfortable that the Policy has operated as intended and that the exercise of discretion is not necessary.

BOARD CHANGES

We welcomed Jon Mendelsohn to our Board on 23 September 2020 as Chairman Designate and as announced he assumes the role as Chairman when Brian Mattingley steps down on 31 March 2021. The Chairman fee is unchanged.

Following the announcement last year that Aviad Kobrine would stand down as Chief Financial Officer when a successor had been appointed, we were pleased to welcome Yariv Dafna to the Board as the new CFO on 1 November 2020. His remuneration arrangements are in line with the shareholder approved remuneration policy. His salary on joining is £320,000 and he is eligible to receive benefits in line with the policy. He will receive a pension contribution of 15% of base salary. Mr Dafna has a maximum bonus opportunity of 150% of salary and a maximum LTIP opportunity of 150% of salary. He is eligible to receive a pro-rated bonus and LTIP award for 2020.

Aviad Kobrine, former CFO, stepped down from the Board on 1 November 2020. In line with his remuneration arrangements, Mr Kobrine is paid salary and benefits for his 12 month notice period which commenced on 14 January 2020 and is eligible, under his contract, to receive a bonus award for 2020. His LTIP awards will vest at the normal time subject to performance and prorating for service. He was not granted an LTIP award for 2020.

Itai Frieberger, former CEO, stepped down from the Board as a Director on 23 January 2020. Mr Frieberger is eligible for a pro-rated bonus award for the period 1 January to 23 January 2020.

Further details of Mr Kobrine's and Mr Frieberger's remuneration for 2020 are set out in this report.

REVIEW OF CEO REMUNERATION AND NEW REMUNERATION POLICY

As mentioned in last year's report, the Committee considered and consulted with investors on the CEO's remuneration package during 2019 but concluded it was not an appropriate time to make a change to his remuneration given the market environment at the time. Since the review in 2019, there has been significant development in the Group's strategy, the CEO's role and responsibilities as well as a stepped increase in the Group's performance as evidenced by our strong performance for 2020. Our business, and the CEO's role and responsibilities with it, has increased in both scale and complexity following growth in overall market share, entry into new markets, product development and growth in our US business. Since his appointment in January 2019, the Company's market capitalisation has almost doubled and the share price increased by 75% to approximately £3.00. The Committee considered how the increased role and complexity should be reflected in the CEO's remuneration package and furthermore how to provide the right remuneration structure to drive and reward further growth over the next few years as we seek to strengthen our position in the US market. The Committee has consulted with over 80% of our shareholder base regarding a proposal to increase the CEO's salary by approximately 9% from £595,918 (ILS 2,620,800) to £650,000 (ILS 2,858,640) effective from 1 January 2021, with an increase to annual bonus maximum opportunity from 150% of salary to 200% of salary. The Committee believes the increase to the CEO's salary is appropriate to recognise the increased complexity and size of his role going forward and reflect his skills, experience and performance in role. The increase in annual bonus opportunity is also an important part of the package to drive and reward achievement of future growth for 888, in particular in the US, being a significant growth opportunity identified for the business. The annual bonus will continue to be weighted 70% on financial measures and 30% on strategic objectives. However, a significant part of the strategic element will be focused on the US, to drive and reward achievement of key milestones critical to the growth of the US business, and 10% of the 70% financial element will be focussed on US revenue growth, with the remaining 60% on Group EBITDA. Any bonus paid in excess of 100% of salary will continue to be deferred into shares, in three tranches for one, two and three years.

The feedback from the majority of our investors has been positive, understanding and supportive of the rationale for our approach and noting the exceptional performance of the business. A small number of our investors have raised concerns about the increase in quantum and have felt unable to support the proposal as a result of this. The Committee understands investor concerns regarding increases in quantum. The Committee and overall Group approach to remuneration is to ensure that remuneration is aligned to the performance of the business and the individual taking into account their role, experience, skills and responsibilities and to ensure that it drives and rewards future growth. The Committee believes that the approach being taken to increase the CEO's package and to focus the increased annual bonus opportunity on the US business is the right approach for the business and for shareholders. The Committee has considered whether as an alternative the long-term incentive should be increased. To develop and continue to grow both the 888 business overall and the US opportunity, the immediate focus is on achieving growth and strategic milestones over the short term which will build into longer-term sustainable growth. The Committee therefore believes that it is the right approach to increase the annual bonus rather than long-term incentive. The proposed increase to annual bonus provides an equal weighting to annual bonus and long-term incentive and the Committee is therefore comfortable that there is no undue weighting to short-term performance.

As the increased bonus opportunity is above the limit of 150% of salary permitted under our current policy, we will be bringing a new Directors' Remuneration Policy, a year earlier than the normal three-year cycle, to shareholder vote at the Annual General Meeting to be held in May 2021. The Committee has also reviewed the Policy in its entirety to consider whether any other changes are required and following investor feedback has determined to introduce a post-employment shareholding policy. This policy will require the Executive Directors to retain on cessation of employment shares to the value of 100% of salary for the first year following cessation reducing to 50% of salary for the second year. This policy will apply to shares acquired from future incentive awards but will not apply to shares acquired by the executives with their own funds. The Committee will have the discretion in exceptional circumstances to amend the requirement. The Committee has concluded that, with the exception of the annual bonus maximum opportunity and the introduction of a post-employment shareholding policy, the policy remains fit for purpose, supports the Group's business strategy and that no other changes are required except for an administrative addition to ensure that remuneration agreed under a previous approved policy can be honoured under the new policy. The Committee has, as part of the Policy review, considered the annual bonus deferral structure where bonus over 100% of salary is deferred in shares. The Committee understands that some investors would prefer a portion of the bonus earned to be deferred, rather than over a threshold as is current practice at 888. The Committee reviewed the annual bonus deferral structure against market practice, as part of the policy review, and noted that in the FTSE 250 practice is mixed between deferral over a threshold and deferral of part of the bonus paid. The Committee is comfortable therefore that the current operation at 888 of deferral over a threshold, remains aligned to FTSE 250 market practice.

The Committee is comfortable that the current bonus deferral arrangements provide sufficient alignment to investors and the longer-term performance of the Company when taken together with the shares beneficially owned by the CEO, and the LTIP structure with post vesting holding periods. It is also comfortable that these taken with future bonus and LTIP opportunity provide a sufficient mechanism for the operation of clawback and malus, should this be needed. The Committee will, of course, keep this matter under review.

No further increases to salary, above workforce aligned, are envisaged for the CEO for the new policy period.

APPLICATION OF POLICY FOR 2021

As part of the remuneration package changes set out above, the CEO will receive a salary increase of approximately 9%. Due to the CFO's recent appointment on 1 November 2020, he will not receive a salary increase for 2021.

The annual bonus opportunity is 200% of salary for the CEO and 150% of salary for the CFO. The annual bonus performance measures will continue to be 70% based on financial metrics and 30% strategic objectives. For the CEO, 60% will be based on Group adjusted EBITDA and 10% US revenue, and for the CFO 70% on Group adjusted EBITDA. The strategic objectives will reward the Executives for driving and developing specific strategic priorities that are critical for the business with a significant element of these focused on the development and growth of the US business. Further detail about the specific areas of focus for the 2021 strategic objectives is included in the Annual Report on Remuneration.

The LTIP award level for 2021 will remain at 200% of salary for the CEO and the CFO will receive an award of 150% of salary. Performance will continue to be determined 50% by relative TSR performance and 50% to stretching adjusted earnings per share growth targets which are coming off an exceptionally high EPS base for 2020. The TSR peer group has been reviewed for 2021 to take into account M&A activity within the group and ensure a robust peer group to assess performance.

CONCLUSION

The Committee is comfortable that the operation of the Policy for 2020 has provided a robust link between performance and reward and that the Policy proposal and operation of the Policy for 2021 will continue to incentivise and reward management to achieve further long-term sustainable growth of the business. The Committee is committed to maintaining an open and constructive dialogue with our shareholders on remuneration matters and is grateful for the feedback received as it has formulated its proposals ahead of our AGM. I look forward to shareholders' support at our Annual General Meeting to be held in May 2021, where we will present two shareholder resolutions, one to approve our new Directors' Remuneration Policy and the other to approve this Annual Statement and the Annual Report on Remuneration.

ZVIKA ZIVLIN
Chair of the Remuneration Committee
17 March 2021

REMUNERATION POLICY TABLE

As a company incorporated in Gibraltar, 888 Holdings plc is not bound by UK law or regulation in the area of Directors' remuneration to the same extent that it applies to UK incorporated companies. However, by virtue of 888's Premium Listing on the London Stock Exchange and reflecting the Committee's approach to good governance, we have adopted in full the disclosure and shareholder voting requirements of a UK incorporated company.

The table below sets out the remuneration policy which will be put to shareholder vote at the 2021 Annual General Meeting. If approved, the policy will take effect from the date of the Annual General Meeting and is intended to operate for a three-year period.

The policy being brought to shareholders for approval contains the following two changes which are referred to in more detail in the Annual Statement of the Chairman of the Remuneration Committee:

- An increase in maximum annual bonus opportunity from 150% of salary to 200% of salary
- The introduction of a post-employment shareholding policy.

Also included is a standard provision for legacy arrangements made under a prior shareholder approved policy to be honoured.

Approach and considerations in reviewing the Directors' Remuneration Policy

The review of the Policy was carried out by the Remuneration Committee, in the absence of the Executive Directors where necessary to manage potential conflicts of interest, and with the advice of remuneration consultant Korn Ferry. The Committee's review process includes consideration of how the current policy aligns to and supports the business strategy. The Committee considers market, regulation and governance developments as well as wider pay context, such as pay ratios and Group reward arrangements. The Committee also considers the guidelines of shareholder representative bodies and proxy agencies and investor expectations. The Committee has consulted with shareholders in advance of our 2021 Annual General Meeting and carefully considered feedback received.

Factors considered in reviewing the Policy

The Committee has considered as part of its review, and is comfortable that, the Remuneration Policy and its implementation are fully consistent with the factors set out in Provision 40 of the UK Corporate Governance Code (set out below):

- Clarity: The Policy and the way it is implemented is clearly disclosed in this policy section of the Remuneration Report and the Annual Statement and supporting reports.
- Simplicity: The Policy is simple and straightforward, based on a mix of fixed and variable pay. The annual bonus and LTIP include performance conditions which are aligned with key strategic objectives of the business.
- Risk: Performance targets for the incentive schemes provide appropriate rewards for stretching levels of performance without driving behaviour which is inconsistent with the Company's risk profile. Reputational risk from a perception of "excessive" pay-outs is limited by the maximum award levels set out in the Policy and the Committee's discretion to adjust formulaic remuneration outcomes. To avoid conflicts of interest, no Executive Director or other member of management is present when their own remuneration is under discussion.
- Predictability: The Policy includes full details of the individual limits in place for the incentive schemes as well as "scenario charts" which set out potential pay-outs in the event of different levels of performance, based on a number of reasonable assumptions.
- Proportionality: There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay and the presence of malus and clawback provisions ensures that poor performance is not rewarded.
- Alignment to culture: The approach to Directors' remuneration is consistent with the Group's culture and values.

REMUNERATION POLICY TABLE CONTINUED

BASE SALARY

PURPOSE AND LINK TO STRATEGY	To recruit, motivate and retain high-calibre Executive Directors by offering salaries at market competitive levels. Reflects individual experience and role.
OPERATION	Reviewed annually with any changes normally effective from 1 January. Positioning and annual increases are influenced by: • our sector, where the market for executive talent is intense; • the experience and performance of the individual; • changes in responsibility or position; • changes in broader workforce salary; and • the performance of 888 as a whole. Benchmarking is carried out on a total remuneration basis and takes into account pay levels for comparable roles at a range of organisations of similar size and sector – including pay practices in other UK listed companies and in the international gaming industry.
OPPORTUNITY	Any increase to Directors' salaries will generally be no higher than the average increase for other employees. However, a higher increase may be proposed in the event of a role change or promotion, or in other exceptional circumstances.

BENEFITS

PURPOSE AND LINK TO STRATEGY	Market competitive structure to support recruitment and retention. Medical cover aims to ensure minimal business interruption as a result of illness.
OPERATION	Executive Directors may receive various benefits in kind as part of their employment terms. These may include an accommodation allowance (where 888 has required the executive to relocate), use of a company car (or car allowance), health insurance (or a contribution towards a health insurance scheme), "study fund" (a common savings benefit in Israel), disability and life assurance, relocation expenses, directors' indemnities and directors' and officers' insurances to the extent permitted by law and other ad hoc benefits at the discretion of the Committee.
OPPORTUNITY	The value of benefits is based on the cost to 888 and there is no pre-determined maximum limit. The range and value of the benefits offered is reviewed periodically.

REMUNERATION POLICY TABLE CONTINUED

PENSION

PURPOSE AND LINK TO STRATEGY	Contribution towards the funding of post-retirement life.
OPERATION	888 offers a defined contribution pension scheme (via outsourced pension providers) or cash in lieu of pension.
OPPORTUNITY	Up to 15% of base salary. The Committee will align pension to the workforce average taking into account market practice and legal requirements in the country of the executive and the wider workforce pension.

ANNUAL BONUS

PURPOSE AND LINK TO STRATEGY	Rewards the achievement of annual financial and non-financial strategic targets.
OPERATION	Bonus targets (percentage of salary) are based on objective and disclosable calculations where possible. The precise weightings between metrics may differ each year, although there will always be a greater focus on financial as opposed to non-financial performance. Any bonus payment in excess of 100% of salary is deferred into shares which vest in equal tranches after one, two and three years. The deferral period continues on cessation of employment. The Committee may adjust the formula-driven outturn of the annual bonus calculation in the event that the Committee considers that it does not reflect underlying performance, overall shareholder experience or employee reward outcome. Any such use of discretion would be detailed in the Chairman's annual statement and Annual Report on Remuneration. A dividend equivalent provision operates enabling dividends to be accrued (in shares) on unvested deferred bonus shares or options and only in truly exceptional circumstances cash. The bonus is subject to recovery and withholding provisions which may be applied if the financial statements of 888 were materially misstated, an error occurred in assessing the performance conditions of a bonus, if the Executive ceased to be a Director or employee due to gross misconduct, or in an event of corporate failure, failure of risk management or reputational damage.
OPPORTUNITY	The maximum opportunity is 200% of base salary. The level of pay-out for the achievement of target performance, as set by the Committee, is 50% of the maximum amount. The threshold level of payment may be up to 25% of the maximum.
PERFORMANCE METRICS	**Financial performance** The financial component is based on 888's key financial measures of performance. A sliding scale of targets applies for financial performance targets which are measured annually. The degree of stretch in targets may vary each year depending on the business aims and the broader economic or industry environment at the start of the relevant year. **Non-financial performance** Non-financial performance conditions will be based on KPIs in line with the business plan which the Committee considers will enhance future financial performance, the long-term sustainability of the business and shareholder value.

REMUNERATION POLICY TABLE CONTINUED

LONG TERM INCENTIVES (LTIP)

PURPOSE AND LINK TO STRATEGY	Rewards Executive Directors for achieving superior returns and sustainable growth for shareholders over a longer-term timeframe. Enables Executive Directors to build a meaningful shareholding over time and align goals with shareholders.
OPERATION	LTIP awards are made annually in the form of nil cost options or conditional awards with vesting dependent on the achievement of performance conditions over at least three financial years, commencing with the year of grant. A post-vesting holding period applies to awards granted in or after 2019, which requires vested shares (or shares acquired on the exercise of vested options) to be retained for two years post-vesting (except for any earlier sale of shares to meet any tax liabilities triggered on vesting). This holding period continues on cessation of employment. The Committee may adjust the formula-driven outturn of an LTIP award in the event that the Committee considers that it does not reflect underlying performance, overall shareholder experience or employee reward outcome. Any such use of discretion would be detailed in the Chairman's Annual Statement and Annual Report on Remuneration. Awards are subject to recovery and withholding provisions which may be applied if there is a material misstatement in 888's financial statements, an error in the calculation of any performance conditions, if the Executive Director ceases to be a Director or employee due to gross misconduct or in an event of a failure of risk management, corporate failure or reputational damage. A dividend equivalent provision operates enabling dividends to be accrued (in shares) on LTIP awards to the extent they vest and only in truly exceptional circumstances cash.
OPPORTUNITY	Award levels are determined primarily by seniority. A maximum individual grant limit of 200% of salary applies, based on the face value of shares at the date of grant.
PERFORMANCE METRICS	Awards vest at the end of a three-year performance period based on performance measures reflecting the outputs of the long-term strategy of the business at the time of grant. Awards will vest based on a range of challenging financial, total shareholder return (TSR), or strategic measures. Strategic measures, if used, will represent a minority of the award. The Committee will review the weightings between measures and the target ranges prior to each LTIP grant to ensure that the overall balance and level of stretch remains appropriate. A sliding scale of targets applies for financial or TSR metrics with no more than 25% of the award vesting at threshold performance.

SHARE OWNERSHIP GUIDELINES

Executive Directors are expected to build and maintain an interest equivalent in value to no less than two times salary. Beneficially owned shares, fully vested unexercised nil-cost options (valued on a net of tax basis) and unvested awards subject to a service requirement for vesting only (valued on a net of tax basis) will be included when determining the extent to which the guideline holding is achieved. Until such time as the guideline threshold is achieved, Executive Directors are required to retain 50% of the net of tax value of awards that vest under the LTIP or deferred annual bonus.

Post cessation of employment, Executive Directors will be required to retain shares from FY21 and future incentive awards equal to 100% of salary for one year post cessation and 50% of salary for the second year post cessation subject to the Committee amending this requirement in exceptional circumstances.

REMUNERATION POLICY TABLE CONTINUED

CHAIRMAN AND NON-EXECUTIVE DIRECTORS' (NEDS) FEES	
PURPOSE AND LINK TO STRATEGY	To recruit, motivate and retain a Chairman and Non-Executive Directors of a high calibre by offering a market competitive fee level and which takes account of the specific circumstances of 888.
OPERATION	The Chairman and the Executive Directors determine the fees paid to the Non-Executive Directors. The Chairman's fees are determined by the Remuneration Committee with reference to prevailing fee rates amongst other gaming companies. Fees paid to the Non-Executive Directors are set by reference to an assessment of the time commitment and responsibility associated with each role, and prevailing fee rates amongst other gaming companies. Levels take account of additional demands placed upon individual Non-Executive Directors by virtue of their holding particular offices, such as Committee Chair and/or Senior Independent Director, and travel time to Board meetings (which are held outside the UK). Additional fees may be paid as appropriate to reflect increased time commitments of the role. The Chairman and the Non-Executive Directors are not eligible to participate in any bonus plan, pension plan, share plan, or long-term incentive plan of 888. The Chairman and Non-Executive Directors are entitled to be reimbursed for any reasonable travel and accommodation and other expenses incurred in the performance of their duties (including any tax incurred thereon) including any expense deemed a taxable benefit in kind and the tax payable thereon.
OPPORTUNITY	No maximum.

DISCRETIONS RETAINED BY THE COMMITTEE IN OPERATING ITS INCENTIVE PLANS

The Committee will operate the annual bonus plan, deferred share bonus plan and LTIP according to their respective rules. The Committee retains discretion in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following:

- the determination of vesting and the extent to which performance targets have been met;
- the determination of the treatment of leavers;
- determination of the extent of vesting in the event of a change of control; and
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends).

APPROACH TO SETTING REMUNERATION FOR A NEW RECRUIT

The remuneration package for a new Executive Director would take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual. Salary would be provided at such a level as is required to attract the most appropriate candidate while paying no more than is necessary. The annual bonus and LTIP award would be in line with the Policy with a maximum of 200% of salary annual bonus opportunity and a maximum 200% of salary LTIP award level. In addition, the Committee may offer additional cash and/or share based elements to replace benefits, deferred or incentive pay forfeited by an executive leaving a previous employer. It would ensure that these awards would be consistent with awards forfeited in terms of delivery mechanism (cash or shares), vesting periods, expected value and performance conditions. For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms or adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. The Committee may agree that 888 will meet relocation expenses or match other benefits received by the Executive Director in his previous employment, as appropriate.

REMUNERATION AWARDED PRIOR TO THE EFFECTIVE DATE

For the avoidance of doubt, authority is given to the Company to honour any commitments entered into with current or former Directors under a previous shareholder approved policy that have been disclosed to shareholders in previous remuneration reports.

SERVICE CONTRACTS AND LOSS OF OFFICE PAYMENT POLICY FOR EXECUTIVE DIRECTORS

Executive Directors have service contracts with up to 12-month notice periods. In the event of termination, the Executive Directors' contracts provide for compensation up to a maximum of base salary plus the value of any benefits (including pension). 888 seeks to apply the principle of mitigation in the payment of compensation on the termination of the service contract of any Executive Director. There are no special provisions in the service contracts for payments to Executive Directors on a change of control of 888. In the event of an exit of an Executive Director, the overriding principle will be to honour contractual remuneration entitlements and determine on an equitable basis the appropriate treatment of deferred and performance linked elements of the package, taking account of the circumstances. Failure will not be rewarded. If an Executive Director resigns or is summarily dismissed, salary, pension and benefits will cease on the last day of employment and there will be no further payments. There are no other obligations to pay remuneration, or which could impact remuneration, contained in any service contract other than the terms of the Executive Directors' service agreements described herein. Directors' service agreements are available for inspection at 888's registered office and at each annual general meeting.

REMUNERATION FOR LEAVERS

Fixed pay

Salary, pension and benefits will be paid up to the length of the agreed notice period or agreed period of gardening leave.

Variable pay

Where a Director leaves for certain specified reasons such as retirement, as a result of injury, illness or disability or otherwise with the agreement of the Committee (sometimes referred to as "good leaver" reasons) the following will apply:

Annual bonus and annual bonus deferred shares

Subject to performance, a bonus may be payable at the discretion of the Committee pro-rata for the portion of the financial year worked. Unvested deferred bonus shares will ordinarily vest in full at the end of the normal vesting period. The Committee has discretion to permit in exceptional circumstances such unvested awards to vest early rather than continue on the normal vesting timetable, taking into account the Company's policy for bonuses from 2019, for Executive Directors to retain an interest in shares in the Company for two years post-employment.

LTIPs

Unvested awards under the 888 Long Term Incentive Plan 2015 would normally vest on the normal vesting date unless the Committee determines that such awards shall instead exceptionally vest at the time of cessation, taking into account the Company's policy for awards granted from 2019 for Executive Directors to retain an interest in shares in the Company for two years post-employment. Unvested awards will only vest to the extent that the performance conditions have been satisfied (over the full or curtailed period as relevant). A pro-rata reduction in the size of awards would normally apply, based upon the period of time after the grant date and ending on the date of cessation of employment relative to the normal vesting period.

Where a Director leaves for any other reason, all annual bonus, annual bonus deferred shares and LTIP awards will lapse immediately on cessation.

Depending upon circumstances, the Committee may consider other payments to settle statutory entitlements, legal claims or potential legal claims, in respect of an unfair dismissal award, outplacement support and assistance with legal fees, including the statutory obligation in Israel to make a severance payment on cessation for any reason equal to one month's gross salary for every year of service.

TERMS OF APPOINTMENT FOR NON-EXECUTIVE DIRECTORS

The Non-Executive Directors serve subject to letters of appointment and are appointed subject to re-election at each annual general meeting. The Non-Executive Directors are typically expected to serve for three years, although the Board may invite a Non-Executive Director to serve for an additional period. Their letters of appointment are available for inspection at 888's registered office and at each annual general meeting.

DIRECTORS' SERVICE CONTRACTS

The unexpired term of the directors' service contracts or appointment letters are as follows:

NAME	POSITION	UNEXPIRED TERM OF SERVICE CONTRACT
BRIAN MATTINGLEY	Chairman until 31 March 2021	Mr. Mattingley will step down as Chairman on 31 March 2021.
JON MENDELSOHN	Non-Executive Director and Chairman Designate Chairman from 1 April 2021	Until 23 September 2023. No remuneration is payable in respect of any unexpired portion of the term of the Chairman's appointment, including if the Chairman is asked to step down from the Board.
ITAI PAZNER	Chief Executive Officer	Indefinite subject to termination provisions set out in his agreement. Loss of office provisions are detailed above.
YARIV DAFNA	Chief Financial Officer (from 1 November 2020)	Indefinite subject to termination provisions set out in his agreement. Loss of office provisions are detailed above.
AVIAD KOBRINE	Chief Financial Officer (until 1 November 2020)	12 month notice period expires on 24 January 2021. Loss of office provisions are detailed above.
ZVIKA ZIVLIN	Non-Executive Director	No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.
ANNE DE KERCKHOVE	Non-Executive Director	Until 27 November 2023. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.
MARK SUMMERFIELD	Non-Executive Director	Until 5 September 2022. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.
LIMOR GANOT	Non-Executive Director	Until 1 August 2023. No remuneration is payable in respect of any unexpired portion of the term of the Director's appointment, including if the Director is asked to step down from the Board.

HOW THE VIEWS OF SHAREHOLDERS ARE TAKEN INTO ACCOUNT WHEN DETERMINING DIRECTORS' PAY

888 engages with investors regarding remuneration issues and in respect of any proposed changes to the Directors' Remuneration Policy and significant changes to operation of that policy and intends to continue doing so. Views of shareholders and their representative bodies expressed at the annual general meeting and feedback received at other times will be considered by the Committee. The Annual Report on Remuneration sets out specific engagement for any one year.

HOW THE VIEWS OF EMPLOYEES ARE TAKEN INTO ACCOUNT WHEN DETERMINING DIRECTORS' PAY

888 has not consulted with employees regarding the Directors' Remuneration Policy that is being brought to shareholders for approval. The Annual Report on Remuneration sets out engagement activities with stakeholders during the year of report.

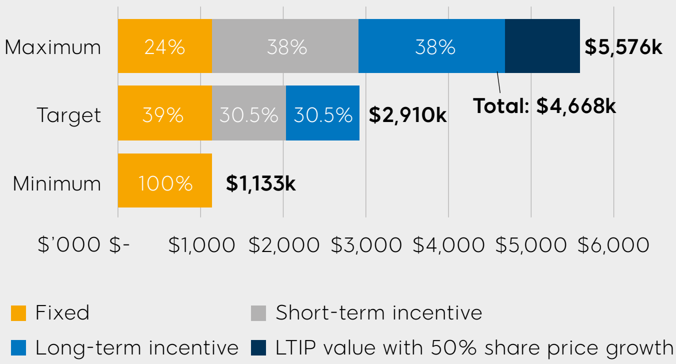
In determining the remuneration policy for Executive Directors, the Committee takes account of the policy for employees across the workforce. In particular, when setting base salaries for executives, the Committee takes into account the salary increases being offered to the workforce as a whole. The overall structure of the remuneration policy for Executive Directors is broadly consistent with that for other senior employees, but reflects the additional risks and responsibilities borne by the Executive Directors as well as market practice in competitor businesses and the locations within which it operates. Executive remuneration and remuneration of senior employees has a significant focus on performance-related pay. 888's Senior Vice Presidents all participate in the same annual bonus arrangements and with 888's Business Leadership Forum also participate in a long-term equity plan.

ILLUSTRATION OF APPLICATION OF CURRENT REMUNERATION POLICY

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

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

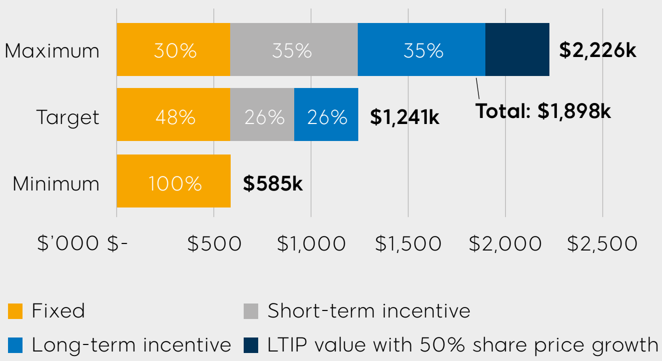
CEO – Itai Pazner



Assumptions:

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

CFO – Yariv Dafna



ANNUAL REPORT ON REMUNERATION

This Annual Report on Remuneration together with the Chairman's Annual Statement, will be subject to an advisory vote at the Annual General Meeting to be held in May 2021. The information on page 83 with respect to Directors' emoluments and onwards through page 91 has been audited.

OPERATION OF REMUNERATION POLICY FOR 2021

Set out below is the proposed application of the Remuneration Policy for 2021 with the changes to annual bonus quantum and targets for the CEO subject to approval of the new Remuneration Policy at the 2021 AGM.

BASE SALARIES

As set out in the Chairman's letter, the CEO's salary is increased to ILS 2,858,640. There is no increase in the salary of the CFO given his recent appointment.

Director	**2021**	2020	Increase
CEO	**ILS 2,858,640**	ILS 2,620,800	9.1%
CFO	**£320,000**	£320,000	0%

ANNUAL BONUS

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

The annual bonus performance measures and weightings for 2021 are as follows:

	Group adjusted EBITDA % maximum	US revenue % maximum	Strategic objectives % maximum
CEO	60%	10%	30%
CFO	70%		30%

The key focus areas for the strategic objectives are as follows and have a significant focus on the US to drive and reward achievement of key milestones critical to the growth of the US business.

- Business expansion in the US (40%)
- Regulatory compliance and safer gambling (35%)
- Growing products and markets (15%)
- Operational excellence and people agenda (10%)

The actual strategic objectives and targets for the financial measures are considered commercially sensitive at this time. Full retrospective disclosure of targets and performance against these will be disclosed in next year's report.

The Committee has the discretion under the Directors' Remuneration Policy to review and scale back the formulaic annual bonus outcome if it does not consider that it is appropriate in all the circumstances including taking into account the underlying performance of the Company.

Any bonus above 100% of salary will be deferred into shares in 888 which will vest in equal annual tranches over three years.

LONG TERM INCENTIVE PLAN

Award levels

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

Performance conditions

For 2021 the performance conditions will continue to be based 50% on adjusted earnings per share growth targets and 50% on relative TSR.

Target ranges

The targets for the 2021 awards are set out below. Straight line vesting will occur between target points.

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

* The TSR peer group for 2021 has been reviewed and William Hill plc and Sportech plc have been removed due to M&A activity. These two companies will be replaced by Kambi Group plc and LeoVegas AB. The 2021 peer group comprises Betsson AB, Flutter Entertainment plc, Gamesys Group plc (which was acquired by JPJ Group plc), Entain plc (formerly GVC Holdings plc), Kambi Group plc, Kindred Group plc, LeoVegas AB, Playtech plc and Rank Group plc.

The Committee is comfortable that the EPS targets of 3% to 9% CAGR are appropriately stretching taking into account market expectations and the very high base year that they are based from.

The 2021 awards will be subject to a two-year post vesting holding period.

PENSION AND BENEFITS

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

Benefits will continue as for 2020, in line with our policy.

Chairman and Non-Executive Directors' fees

The Non-Executive Director fees will remain unchanged from 2020:

- Chairman's fee: £320,000;
- Non-Executive Director fee: £90,000;
- Senior Independent Director fee: £20,000;
- Chair of a Board committee (inclusive of membership fee): £15,000; and
- Membership of Audit or Remuneration Committee: £5,000.

REMUNERATION PAID TO EXECUTIVE DIRECTORS FOR SERVICE IN 2020

The following table presents the Executive Directors' emoluments in respect of the year ended 31 December 2020 (all amounts are in US$'000).

Executive Directors		Salary[2] $'000	Taxable benefits[3] $'000	Annual bonus[4] $'000	Long-Term incentives[5] $'000	Pension[6] $'000	Total $'000	Total fixed pay $'000	Total variable pay $'000
Itai Pazner, CEO	**2020**	**762**	**103**	**1,132**	**456**	**114**	**2,567**	**979**	**1,588**
	2019	681	99	766	64	101	1,711	881	830
Yariv Dafna, CFO (1 Nov 2020 onwards)[7]	**2020**	**71**	**9**	**98**	**0**	**11**	**189**	**91**	**98**
	2019	0	0	0	0	0	0	0	0
Aviad Kobrine[8], CFO (Stepped down 1 Nov 2020)	**2020**	**488**	**64**	**705**	**684**	**73**	**2,014**	**625**	**1,389**
	2019	588	71	683	119	88	1,549	747	802
Itai Frieberger[9], CEO (Stepped down 23 Jan 2019 but remained as a Director until 23 Jan 2020)	**2020**	**61**	**17**	**91**	**957**	**9**	**1,135**	**87**	**1,048**
	2019	919	154	1,061	255	137	2,526	1,210	1,316

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

2. Salaries for 2020 were ILS 2,620,800 for Itai Pazner, £53,333 for Yariv Dafna, £383,333 for Aviad Kobrine and ILS 210,890 for Itai Frieberger.

3. Benefits for Itai Pazner include convalescence and health insurance (for Mr. Pazner and his family), contribution to "study fund" up to the Israeli tax-free ceiling, car allowance and meals allowance; for Yariv Dafna include car allowance and health, disability and life insurance; for Aviad Kobrine include car allowance and health, disability and life insurance; and for Itai Frieberger include convalescence and health insurance (for Mr. Frieberger and his family), contribution to "study fund" up to the Israeli tax-free ceiling with the excess up to 7.5% of Itai Frieberger's salary paid in cash, car allowance, as well as gross-up of car allowance, and meals allowance.

4. A breakdown of the 2020 annual bonus targets and the extent of their achievement is set out overleaf.

   (i) The total bonus payment made to Itai Pazner is ILS 3,636,360, of which an amount equal to 100% of salary (ILS 2,620,800) is paid in cash, and the excess portion above 100% of salary (ILS 1,015,560) is to be deferred into shares under the DSBP.

   (ii) The total bonus payment made to Yariv Dafna is GBP 74,000, of which an amount equal to 100% of salary (GBP 53,333) is paid in cash, and the excess portion above 100% of salary (GBP 20,667) is to be deferred into shares under the DSBP.

   (iii) The total bonus payment made to Aviad Kobrine is GBP 531,875 payable in cash. Please refer to the Payments to Past Directors section for details of the bonus Mr Kobrine received for the remainder of 2020, after he stepped down on 1 November 2020.

   (iv) The total bonus payment made to Itai Frieberger is ILS 292,610, payable in cash.

5. Performance-based long-term incentives are disclosed in the financial year in which the performance period ends. LTIPs for the Single Total Figure in 2020 are the value of the 2018 LTIP awards, for which the performance period ended on 31 December 2020, and will vest in 2021. The value is based on the average share price for the last three months of 2020 of US$3.56, compared to a share price on the date of grant of US$3.87 (£2.76). The value will be restated in the 2021 Annual Report on Remuneration using the actual share price on vesting. The long-term incentive for Itai Pazner was awarded to him in 2018 prior to his appointment as CEO. The full vesting value is shown in the table above (and not a time apportioned amount). 2020 LTIP values for Aviad Kobrine and Itai Frieberger were pro-rated to the date each Director stepped down from the Board. The 2019 LTIP value has been restated to reflect the actual share price on vesting of $1.62 (£1.29).

6. 888 offers a defined contribution pension scheme (via outsourced pension providers) or cash in lieu of pension. In accordance with standard practice in Israel, Itai Pazner is granted personal pension scheme contributions in an amount of 14.10% of base salary, in addition to 0.8% of base salary contribution. Itai Frieberger is granted personal pension scheme contributions in an amount of 14.01% of base salary, in addition to 0.9% of base salary contribution for loss of working capacity. Yariv Dafna and Aviad Kobrine receive a cash payment in lieu of pension in the amount of 15% of base salary.

7. Yariv Dafna was appointed CFO on 1 November 2020.

8. Aviad Kobrine stepped down as CFO on 1 November 2020.

9. Itai Frieberger stepped down as CEO on 23 Jan 2019 but remained on the Board for the remainder of 2019 and stepped down 23 January 2020.

NON-EXECUTIVE DIRECTORS' AND CHAIRMAN'S FEES

Non-Executive Directors		Fee $'000	Other $'000	Total $'000
Zvika Zivlin	**2020**	**153**	**–**	**153**
	2019	153	–	153
Anne de Kerckhove	**2020**	**144**	**–**	**144**
	2019	128	–	128
Mark Summerfield	**2020**	**140**	**–**	**140**
	2019	43	–	43
Limor Granot	**2020**	**49**	**–**	**49**
	2019	–	–	–
Jonathan (Jon) Mendelsohn	**2020**	**36**	**–**	**36**
	2019	–	–	–
Brian Mattingley (Executive Chairman)	**2020**	**411**	**23**	**434**
	2019	409	23	432

1. "Other" for Brian Mattingley reflects reimbursement of expenses connected with his role.
2. Mark Summerfield was appointed as a Non-Executive Director on 5 September 2019.
3. Limor Ganot was appointed as a Non-Executive Director on 1 August 2020.
4. Jon Mendelsohn was appointed as a Non-Executive Director and Chairman Designate on 23 September 2020..

ANNUAL BONUS PAYMENTS IN RESPECT OF 2020 PERFORMANCE

The annual bonus opportunity was 150% of base salary with 70% of the bonus determined by reference to challenging adjusted EBITDA targets based around budget and 30% strategic objectives. Based on performance against these performance measures in 2020, 92.5% of maximum is payable. Annual bonus in excess of 100% of salary is deferred into shares in one-third tranches for one, two and three years. Annual bonus in excess of 100% of salary is deferred into shares in one-third tranches for one, two and three years.

EBITDA PERFORMANCE

The extent to which the EBITDA performance condition in respect of 2020 performance was achieved is as follows:

Performance measures	Threshold (25% pay-out)	Target (50% pay-out)	Max (100% pay-out)	Actual performance	Bonus awarded for that element
70% Adjusted EBITDA	$92.0m	$94.0m	$97.0m	$157.2m	100% of maximum
30% Strategic objectives		See performance table below			75% of maximum

EBITDA PERFORMANCE

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

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

The Committee agreed the following adjustments to the 2020 reported adjusted EBITDA for bonus purposes.

	2020 Reported (US$ million)	Adjustments (US$ million)	Adjusted EBITDA (US$ million)
Adjusted EBITDA	**155.7**		
– Constant currency adjustment		(0.7)	155.4
– Impact of exit from certain markets		0.7	156.0
– New/increased gaming taxes		1.2	157,2
Like-for-like Adjusted EBITDA			**157.2**

STRATEGIC PERFORMANCE

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

Objective & weighting	Performance achieved	Score
20% Growing existing business across and within the US focusing on FTDs and new access deals	• FTD targets not achieved • New access deals in Colorado, Indiana and Iowa	10% out of 20%
20% Developing product growth opportunities (new business) outside of the US	• Localised offerings launched where possible. Additional markets were fully explored including due diligence but launch not commercially viable • 888 Sport Platform in Sweden, the UK and .com. • Poker8 launched in all markets except US	20% out of 20%
20% Progressing with our M&A strategy to identify, develop and grow new business opportunities	• Significant M&A activity in identifying, pursuing and undertaking due diligence on significant strategic deals with final decision not to progress. • CSO recruitment process completed with deferred start date. • Bingo strategic plan completed with implementation in progress.	20% out of 20%
20% Continuing delivery on our RG proposition, relationships with our regulators and compliance requirements	• Progress on delivery which has not completed as yet. • Launch of Control Centre in key markets.	5% out of 20%
20% Workforce operational efficiencies	• Workforce reorganisation and cost reduction programme achieved with adaptation to accommodate and support unprecedented increase in business volume • Effective COVID-19 business continuity plan	20% out of 20%

LONG-TERM INCENTIVE AWARDS WITH PERFORMANCE PERIOD ENDING IN THE YEAR ENDED 31 DECEMBER 2020

Long Term Incentive Plan

The 2018 LTIP awards have a performance period that ended on 31 December 2020 and the awards are due to vest in 2021. The table below sets out the achievement against the performance conditions attached to the award, resulting in total vesting of 89.9% of maximum.

	TSR (relative to a comparator group of 5 gaming companies – GVC Holdings, Sportech, Flutter Entertainment, William Hill, Playtech)[1]		Like-for-like EPS growth[2]	
Performance level	Performance required	% vesting	Performance required	% vesting
Below threshold	Below median	0%	Below 15.7%	0%
Threshold	Median = -7%	25%	15.7%	25%
Stretch or above	33% above median = 24%	100%	72.8% or above	100%
Actual achieved	17.0%	79.8%	86.1%	100%

1 15.76% aggregate EPS growth is the equivalent of 5% EPS growth compounded annually. 72.8% aggregate EPS growth is the equivalent of 20% EPS growth compounded annually. Like-for-like EPS growth is calculated as the growth in adjusted EPS between 2017 (the base year) and 2020 (the final year of the performance period). To ensure that the comparison is made on a like-for-like basis, adjustments have been made to exclude the impact of the Group's withdrawal from certain markets and new gaming duties and taxes introduced during the period.

Details of the level of vesting for the Chief Executive Officer, Mr Kobrine and Mr Frieberger and the actual number of shares and estimated value in respect of their awards granted under the 2018 LTIP, based on the above, are shown in the table below:

Executive	Number of awards at grant	Number of awards to vest	Dividend accrual on vested awards value[2] US$	Value of awards excluding dividend accrual[1] US$
Itai Pazner	142,488	128,061	0	456,360
Aviad Kobrine	244,388	191,815	0	683,557
Itai Frieberger	485,957	268,509	0	956,863

1 The value of the vested shares is based on the share price of US$3.564 (based on the exchange rate of 1.32) being the average share price for the last three months of 2020.

2 Dividends accrue on awards at the date of a dividend payment to the date of vesting and upon exercise the value of the accrued dividends is paid to the employee on the number of vested awards.

3 2020 LTIP values for Aviad Kobrine and Itai Frieberger were pro-rated to the date each Director stepped down from the Board.

SCHEME INTERESTS AWARDED DURING THE YEAR

The table below sets out the grants under the 888 Holdings plc Long Term Incentive Plan in 2020 and the Deferred Share Bonus Plan awards made in relation to the 2019 bonus.

Executive	Award type	Grant date	Number of awards granted	Face value of awards granted	Face value of awards as % salary	% vesting at threshold performance
Itai Pazner	LTIP	15-Apr-20	898,332[2]	$1,453,035	200%	25%
	Deferred share bonus	16-Apr-20	21,544[3]	$34,868	N/A	N/A
Aviad Kobrine	Deferred share bonus	16-Apr-20	42,368[3]	$68,570	N/A	N/A

1 Face value was calculated using share price on the date of grant, which was £1.292 (15 April 2020). The awards to Itai Pazner were awards of Ordinary Shares.

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

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

A pro-rated 2020 LTIP award will be granted to the CFO in 2021 subject to the same performance conditions above and will vest three years from the date of grant and will be subjected to a two year post vesting holding period.

LOSS OF OFFICE PAYMENTS AND PAYMENTS TO PAST DIRECTORS

Aviad Kobrine stepped down from his role as CFO on 1 November 2020. Mr Kobrine received the following remuneration in respect of the period 1 November 2020 to 31 December 2020 after he had stepped down from the Board but remained an employee of the Company:

- Salary of $102,000, benefits of $14,000 and pension contributions of $15,000.
- Annual bonus of $141,000. Aviad has an exceptional contractual entitlement to annual bonus for his 12-month notice period (which was carved out in the shareholder approved policy).
- Mr Kobrine was treated as a good leaver with respect to his unvested long-term incentive awards. The vested value of the remainder of Mr Kobrine's 2018 LTIP award for the period after he stepped down from the Board is $52,196, valued based on the average share price for the last three months of 2020 of $3.564. The awards will vest on the normal vesting date in line with Mr Kobrine's leaving arrangements.

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

The Executive Directors are required to build and maintain a shareholding in 888 worth two times their annual salary as set out in the Remuneration Policy. The CEO has met the requirement and the CFO, only appointed on 1 November 2020, has yet to meet the requirement.

Details of the Directors' interests (and of their connected persons) in shares as at 31 December 2020 are shown in the table below. There were no changes in the Directors' interests in shares between 31 December 2020 and the date of this Report.

	Number of Ordinary Shares								
	At 31 December 2020								
Director	Legally owned	Unvested shares with performance conditions	Unvested shares without performance conditions	Unvested options[1] with performance conditions	Unvested options[1] without performance conditions	Vested unexercised options[1]	Total	Total for shareholding guideline	% achievement against shareholding guideline[2]
Itai Pazner	519,796	1,679,112	–	–	21,544	–	2,220,452	541,340	259%
Yariv Dafna	–	–	–	–	–	–	–	–	0%
Aviad Kobrine	–	–	–	658,305	68,738	1,762,912	2,489,955	1,831,50	N/A
Itai Frieberger	3,697,957	485,957	–	–	106,206	122,281	4,412,401	3926,444	N/A
Brian Mattingley	142,857	–	–	–	–	–	142,857	–	N/A
Mark Summerfield	31,480	–	–	–	–	–	31,480	–	N/A
Zvika Zivlin	–	–	–	–	–	–	–	–	N/A
Anne de Kerckhove	–	–	–	–	–	–	–	–	N/A
Lord Jonathan (Jon) Mendelsohn	–	–	–	–	–	–	–	–	N/A
Limor Ganot	–	–	–	–	–	–	–	–	N/A

1 Nil Cost Options.

2 The Executive Directors are required to build and maintain a shareholding equivalent to 200% of base salary. Shares counting towards this guideline include legally owned shares and fully vested but unexercised nil-cost options (valued on a net of tax basis). Achievement against the guideline holding is calculated using the share price at 31 December 2020.

3 Share price at 31.12.2020 was £2.855.

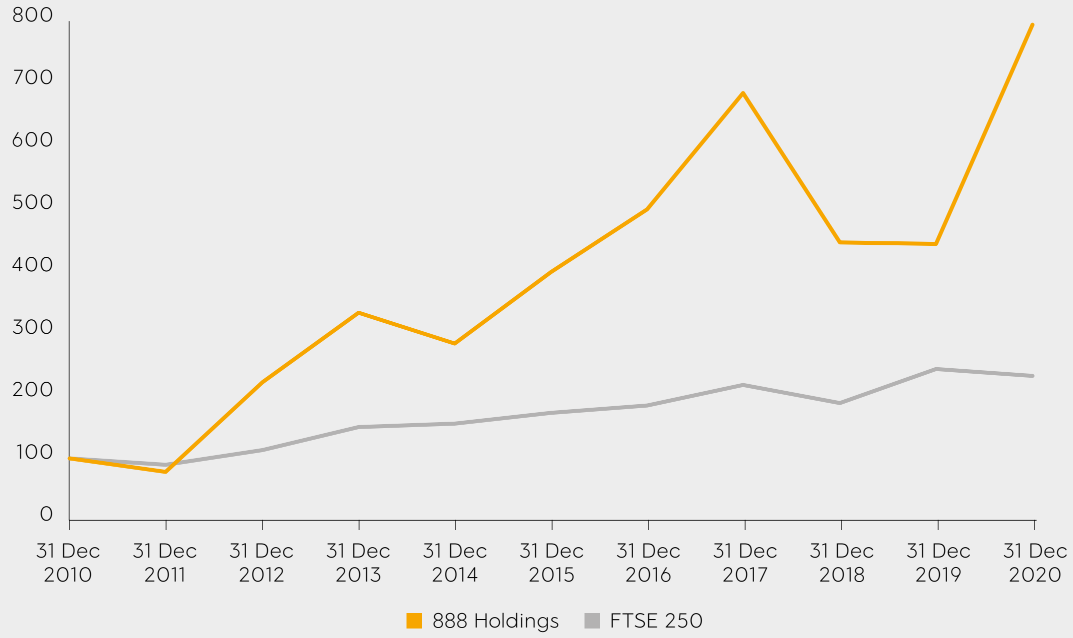
4 FX ILS/GBP =4.40.

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

PERFORMANCE GRAPH

The following graph shows 888's performance*, measured by TSR, compared with the performance of the FTSE 250 Index. The Directors consider that the FTSE 250 Index is the most appropriate comparator benchmark as it has been a member of this index for a significant period of the time covered by the chart.

Value of £100 Sterling in 888 1/1/2011 – 31/12/2020 vs FTSE 250



* 888 Holdings plc Ordinary Shares of GBP 0.005 each, being the shares of the Company's equity share capital whose listing or admission to dealing has resulted in the Company falling within the definition of "quoted company".

TOTAL REMUNERATION HISTORY FOR CEO

The table below sets out the total single figure remuneration for the CEOs over the last ten years with the annual bonus paid as a percentage of the maximum and the percentage of long-term share awards where the performance period determining vesting ended in the year.

	2011[1]	2012[2]	2013	2014	2015[3,4]	2016[5]	2017	2018	2019 Itai Frieberger	2019[6] Itai Pazner	**2020**
Total remuneration ($000s)	3,783	1,060	1,275	1,331	5,415	1,855	10,771	2,518	465	1,728	**2,567**
Annual bonus (%)	100%	100%	100%	100%	100%	100%	100%	29.2%	74.6%	74.6%	**92.5%**
LTIP vesting (%)	100%	0%	0%	0%	59%	100%	100%	73.8%	30.6%	30.6%	**89.9%**

1 Gigi Levy was the CEO of 888 in 2010. Mr Levy resigned as CEO of 888 as of 30 April 2011.
2 Brian Mattingley was appointed as CEO on 27 March 2012.
3 Brian Mattingley's total remuneration in 2015 included a phantom award granted to him on 27 March 2012 and which vested on 27 March 2015.
4 Reflects Brian Mattingley's tenure as CEO until 13 May 2015.
5 Itai Frieberger was appointed as CEO on 2 March 2016 and stepped down as CEO on 23 January 2019. Remuneration is salary, benefits, pension and annual bonus for the period as CEO and the total LTIP value for 2019.
6 Itai Pazner was appointed as CEO on 24 January 2019. Remuneration is salary, benefits, pension and annual bonus for the period as CEO and the total LTIP value for 2019.

PERCENTAGE CHANGE IN DIRECTOR REMUNERATION COMPARED TO THE AVERAGE FOR OTHER EMPLOYEES

The following table sets out the percentage change in salary, taxable benefits and annual bonus from financial year 2019 to financial year 2020, for Directors and employees of the Group, taken as a whole. Exchange rates were normalised for 2020 in order to neutralise foreign exchange effects.

	Change 2020 vs 2019		
	Base salary	Benefits	Bonus
Itai Pazner	4%	-2%	29%
Yariv Dafna	N/A	N/A	N/A
Aviad Kobrine	N/A	N/A	N/A
Brian Mattingley	0%	N/A	N/A
Mark Summerfield	N/A	N/A	N/A
Zvika Zivlin	0%	N/A	N/A
Anne de Kerckhove	12%	N/A	N/A
Jon Mendelsohn	N/A	N/A	N/A
Limor Ganot	N/A	N/A	N/A
Employees	0%	-7%	88%

The salary figure includes base salary together with other payments made to the employees (e.g. sick pay, vacation pay), but excluding discretionary bonuses. The benefits figure includes benefits granted to employees which are not part of salary (e.g. medical insurance, meals, further education funds). Pension amounts are not included in benefits. The short-term incentives figure solely includes bonuses, which are based on an estimation by the Company based on the bonus accrual, since bonuses are generally paid to Group employees in April in respect of the previous financial year. Exchange rates were normalised for 2019 in order to neutralise foreign exchange effects. Annual bonus is the bonus averaged across all employees.

(1) Employee numbers were calculated on a per average head count basis.

(2) Yariv Dafna, Jon Mendelsohn and Limor Ganot joined during the year and therefore there is no comparable data for 2019

(3) Aviad Kobrine stepped down from the Board on 1 November 2021 and there is not a full year for 2020 of comparable data.

(3) Mark Summerfield was appointed in 5 September 2019 and there is not therefore a full year of comparable data.

CEO PAY RATIO

	Method	25th percentile	50th percentile	75th percentile
2020	**A**	**1:33**	**1:26**	**1:19**
2019	A	1:25	1:19	1:15

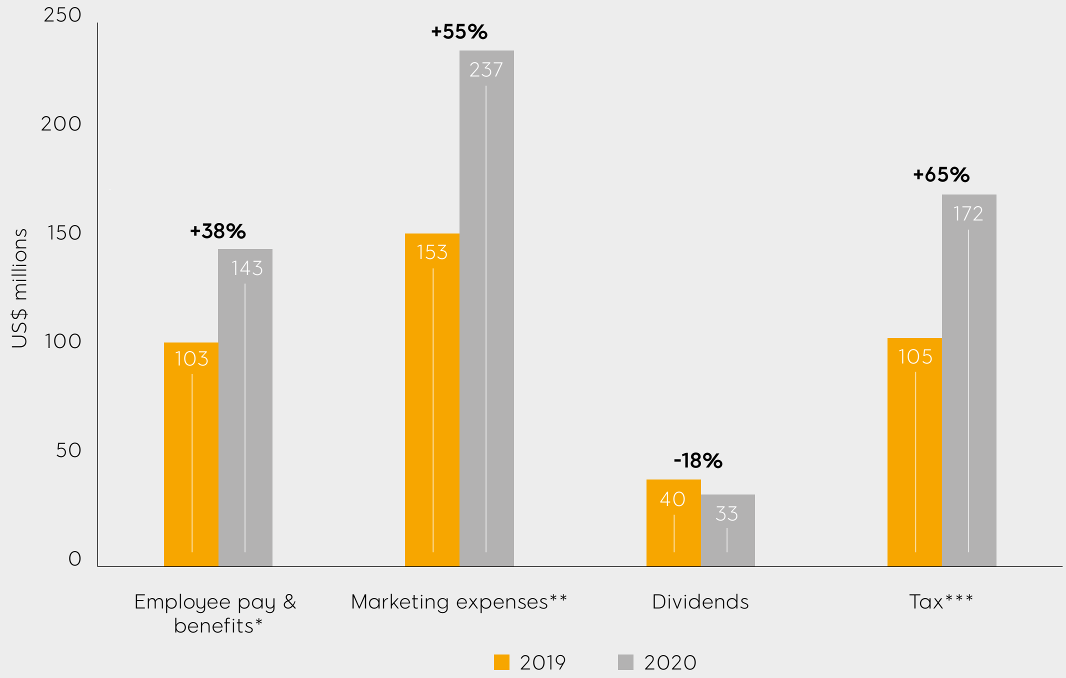
	CEO	25th percentile	50th percentile	75th percentile
Salary ($000s)	$762.0	$53.9	$70.8	$94.4
Total pay and benefits ($000s)	$2,567.0	$77.0	$100.0	$134.0

The table above sets out the CEO pay ratio for 2020. The ratios have been calculated as far as practicable following the methodology in Option A, as this is the most accurate method of calculation. The CEO pay is compared to the pay of our Israeli employees at the 25th, 50th and 75th percentile.

The reward policies and practices for our employees are aligned to those set for the Executive Directors, including the CEO and on this basis the Committee is satisfied that the median pay ratio is consistent with the pay, reward and progression policies across the 888 Group employees. Performance in 2020 has been stronger than 2019 resulting in increased levels of variable pay. This is reflected in the higher pay ratio due to the CEO having the greatest potential to influence Group-level performance and therefore a greater weighting to variable pay (as well as the impact of increased share price on the value of LTIP awards vesting).

RELATIVE IMPORTANCE OF SPEND ON PAY

The following graph sets out the actual expenditure by 888 in financial years 2019 and 2020 on items that were the most significant outgoings for 888 in the last financial year, including on remuneration to Group employees.



The comparables chosen were the following:

- the employee pay figure includes employee benefits in accordance with the financial statements (including both staff costs and share benefit charges);
- marketing expenses – This reflects the amount invested in development of the future revenue stream of 888 driven by customer acquisition;
- dividends – This reflects amounts distributed to shareholders;
- taxes and duties – This is a necessary cost of doing business in a regulated business environment.

Calculation of the comparables is as set out in the 2020 Consolidated Income Statement and notes to the financial statements.

COMMITTEE MEMBERS, ATTENDEES AND ADVICE

The Remuneration Committee consists solely of Non-Executive Directors, Zvika Zivlin (Chair), Anne de Kerckhove and Mark Summerfield (from 16 March 2020), together with Jon Mendelsohn from 23 September 2020 until his appointment as Chairman of the Board on 31 March 2021. Details of attendances at Committee meetings are contained in the statement on Corporate Governance on page 60. The Chairman of the Board attends meetings by invitation. Members of the management team attend meetings by invitation, and where appropriate, but no individual is present when their own specific remuneration arrangements are determined.

The Remuneration Committee's remit is set out in its terms of reference which are available at https://corporate.888.com/investor-relations/corporate-governance/board-committees. The Committee's remit has been updated to take into account the updated UK Corporate Governance Code.

REMUNERATION COMMITTEE ADVISER

Korn Ferry was appointed Remuneration Committee adviser to 888 on 30 November 2018 following a tender process.

The primary role of the adviser to the Committee is to provide independent and objective advice and support to the Committee's Chair and members. Korn Ferry has discussions with the Committee Chair on a regular basis to discuss executive and wider Group remuneration matters, reporting, regulation, investor views and process. Korn Ferry does not provide any other services to 888. The Committee undertakes due diligence periodically to ensure that its advisers remain independent and is satisfied that the advice that it receives from Korn Ferry is objective and independent. Korn Ferry also is a signatory to the Remuneration Consultants Group Code of Conduct which sets out guidelines for managing conflicts of interest and has confirmed to the Committee its compliance with the Remuneration Consultants Group Code.

The total fees paid to Korn Ferry in respect of its services to the Committee for the year ending 31 December 2020 were £60,000 (2019: £71,350). Fees are charged on a "time spent" basis.

ENGAGEMENT WITH STAKEHOLDERS

The Committee includes as part of its annual agenda consideration and review of workforce policies and practices and invites members of the management team to attend Committee meetings to provide input into the Committee's considerations. A key part of the Group's SVP for Human Resources and Chief Operating Officer's roles supported by the CEO are to engage with the wider workforce and views and feedback on remuneration are provided to the Committee and wider Board. The Company engages with its workforce through a number of different channels (as set out in more detail on pages 42 to 47). Engagement with the workforce to explain broader pay policies and practices and the alignment to the Executive Directors' Remuneration Policy is carried out throughout the year focusing on different elements of pay at different times in line with the Group's annual performance, strategy and reward agenda, through a variety of existing engagement channels including town halls and the cascade of Group communication by the Chief Executive Officer to his key team and then throughout the organisation.

The Committee is committed to having a transparent and constructive dialogue with our investors and consults with its investors to seek feedback on any proposed policy changes and significant operation of policy changes. As set out in the Committee Chair's Annual Statement the Committee has in advance of the 2021 AGM written to investors representing over 80% of our share capital to see feedback on the remuneration proposals for the CEO. The Committee Chair has had a number of follow up calls and the Committee has reviewed written feedback. Following feedback from investors the Committee has revised its Policy proposals to include a post cessation of employment shareholding policy. The Committee is grateful to investors for their feedback and the support shown for the Company, performance during 2020 and remuneration proposals that will be brought to the 2021 AGM.

STATEMENT OF SHAREHOLDER VOTING AT AGM

Details of votes cast for and against the resolution to approve last year's Chairman's Annual Statement and the Annual Report on Remuneration and separately the Remuneration Policy in 2019 are shown below.

	Advisory vote to approve Annual Report on Remuneration (at 2020 Annual General Meeting)		Advisory vote to approve Remuneration Policy (at 2019 Annual General Meeting)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	235,697,073	99.79%	248,249,462	98.93%
Against	492,426	0.21%	2,696,883	1.07%
Vote Withheld	5,771		873,630	

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

ZVIKA ZIVLIN
Chair of the Remuneration Committee
17 March 2021

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

The additional challenges posed by operating during a global pandemic meant that over the year certain changes were made to the timing, composition and order of business of the Committee, with a view to ensuring adequate time and attention were given to the key risks facing the Company. In particular, I was pleased to welcome Jon Mendelsohn to the Committee. Jon brings a wealth of business and financial experience and will remain on the Committee until he takes up the position of Chairman of the Board.

I would also like to thank my colleagues Zvika Zivlin and Anne de Kerckhove for their ongoing support and constructive discussion. I continue to be satisfied the Committee has the right mix of skills and experience to provide constructive, yet independent and robust, challenge and support to both management and our auditors.

In this letter I explain to shareholders the responsibilities of the Committee, highlighting those of particular importance this year. The pages following contain more detail on the matters considered.

During the year, the Audit Committee has continued to carry out a key role within the Group's governance framework, supporting the Board in monitoring and reviewing the systems for risk management, internal control and financial reporting.

The Committee monitored the integrity of the financial statements, exercising oversight of 888's financial reporting policies and reviewing, and where necessary challenging, the significant financial reporting judgments applied in preparing the half-year and annual financial statements. It has made recommendations to the Board concerning the need for new or amended accounting policies. It has also ensured that disclosures in the financial statements are appropriate, obtaining from the external auditors an independent view of the key matters for disclosure.

At the request of the Board, the Committee reviewed this Annual Report and advised it considers sufficient information has been provided to give shareholders a fair, balanced and understandable account of the business and allow them to assess its position and performance, business model and strategy. It also assessed the Group's viability, in line with the Code requirements, prior to reporting to the Board for approval. Further, the Committee ensured that the financial performance aspects of all communications with shareholders were carefully considered, which has been particularly important given the need to issue additional trading updates during the year.

While risk management is a Board responsibility, the Committee has worked with the Board and Group management to ensure that significant risks are considered on an ongoing basis and that appropriate responsibilities and accountabilities for the related controls have been set.

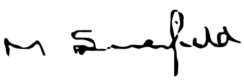
An associated Committee responsibility is to review the scope, nature and effectiveness of the work of the internal audit team, as well as ensuring that the business responds to the recommendations made. Internal audit work is conducted by Deloitte and the scope of their plan is agreed with both management and the Committee to ensure it helps the Board consider the effectiveness of controls over certain of the significant risks disclosed in these accounts. In light of the challenges of COVID-19, additional time was allocated to the review and discussion of internal audit reports, with a particular focus on the risks arising as a consequence of the majority of our colleagues working from home. I commend both Deloitte and management for ensuring that, despite the operational constraints, the majority of the planned work for the year was completed.

The Committee monitors and reviews the effectiveness and key aspects of the external audit process, including the annual audit plan and audit findings, as well as the auditors independence and objectivity. It also recommends the audit fee to the Board and sets the Company's policy on the provision of non-audit services by the external auditor. EY Gibraltar is the Company's statutory auditor including for the purposes of issuing an audit report pursuant to the Gibraltar Companies Act 2014. EY UK are the auditors for the purposes of the Company preparing financial statements as required pursuant to the UK Listing Rules and the Disclosure and Transparency Rules.

Further information on the Committee's responsibilities and the way they were discharged are available on 888's corporate website: corporate.888.com.

We seek to respond to shareholders expectations in our reporting and would welcome feedback. I am available to speak with shareholders at any time and shall also be available at the Annual General Meeting on 20 May 2021 to answer any questions.

Sincerely,



MARK SUMMERFIELD
Chair of the Audit Committee
17 March 2021

Key work of the Committee during the year comprised the following:

TOPIC	CHALLENGES RAISED
The impact of changes to the complex legal and regulatory environment in which 888 operates on its business, sector and market, together with the Group's ongoing engagement with regulatory bodies.	The Committee examined management's assessment of legal and regulatory risks in key markets, focusing on any changes in the environment and communication with regulators, together with the appropriateness of the Group's response. While satisfied with management's response to regulatory changes, the Committee determined it needed to better understand changes in US regulatory risk and has asked Internal Audit to report on this area in 2021.
888's exposure to corporation tax, gaming duties, VAT and similar taxes.	The Committee considered the advice received and challenged the appropriateness of the conclusions reached by management on key tax and gaming duty matters. It also considered the analysis and conclusions reached by EY on the same matters as part of their audit work. While supportive of management's overall assessment, as a result of these considerations certain provisions were adjusted to reflect changes in the Group's risk profile.
The carrying value (including goodwill) of the US and the Bingo businesses.	The Committee carefully considered the decision to impair the carrying value of the Bingo business and the timing of the impairment. The Group's decision in the second half of the year to increase its focus on other product and geographic opportunities was a significant shift in strategy. When taken together with the increase in Bingo related regulation, the Committee considered management's conclusion to write down the carrying value of the goodwill and the timing of that decision to be appropriate. The considerable opportunities provided by the regulation of certain US states and the Group's plans to address them meant the Committee concurred with management's view that no impairment of the AAPN business was required.
The adequacy of 888's IT systems and controls together with a review of management's response to cyber-attack and incidents of attempted fraud.	The Committee examined management's and the internal auditors' reports on cyber security and fraud. Discussions with management led to support for a proposal to further strengthen the Group's defences, including the decision to outsource certain functions.
The assessment of the risks facing the business.	The Committee reviewed the risk register and risk appetite statement to ensure that it remains an accurate and relevant reflection of the Board's approach to risk management, particularly given the Company's growing business and COVID-19 challenges.
The viability statement and going concern statement prepared by management.	The Committee reviewed management's analysis of the Company's going concern and viability statement, including updated forecasts and downside scenarios that better reflected the anticipated operating and economic environment. It concluded that the Company has adequate resources to continue in operational existence for the foreseeable future.
888's anti-bribery, anti-money laundering and whistle-blowing obligations.	The Committee reviewed the Company's policies to ensure they remain relevant to the Company's business and the regulatory environment in which it operates.

COMMITTEE COMPOSITION

During 2020, the Committee comprised three independent Non-Executive Directors, being Mark Summerfield, Zvika Zivlin and Anne de Kerckhove, joined by Jon Mendelsohn in September 2020.

Two members constitute a quorum. The Committee requires the inclusion of at least one financially qualified member with recent and relevant financial experience. The Committee Chair fulfilled that requirement. The Committee as a whole has competence relevant to the online gaming sector and all members of the Committee have an understanding of financial reporting, 888's internal control environment, relevant corporate legislation, the functions of internal and external audit and the regulatory and compliance framework of the business. Specifically, Mr. Zivlin has extensive business experience through his various roles, Mr. Summerfield was both an auditor and worked within the sector, Ms. de Kerckhove has extensive strategy, entrepreneurial and sector experience, and Lord Mendelsohn has extensive experience as a financial and strategic adviser in the gambling sector. Details of meetings of the Audit Committee are set out in the Corporate Governance Report on page 60.

The timing of Audit Committee meetings was re-set during the year to better accommodate the dates of release of financial information at the half year and full year ends and the approval of scope and outputs from work programmes executed by the internal and external auditors, as well as to allow adequate time for discussion and consideration of the key risks of the business.

In addition to scheduled meetings, the Committee Chair met with the Chief Financial Officer and the internal and external auditors on a number of occasions. Although not members of the Committee, the Chairman of the Board, Chief Executive Officer and Chief Financial Officer normally attend meetings, together with the other Non-Executive Director and representatives from the internal and external auditors.

OUR WORK IN 2020

In planning its work, the Committee has reference to the significant risks that may have an impact on the financial statements. During the year there were no matters where there was significant disagreement between management, the external auditor and the Committee, or unresolved issues that required referring to the Board. The key matters discussed by the Committee during the year were as follows:

Legal and regulatory environment

888 operates within an increasingly regulated marketplace and is challenged by regulatory requirements across all areas of its business. This creates risk for the Company as non-compliance can lead to financial penalties, reputational damage and the loss of licences to operate. As part of this process, the Board and Audit Committee received updates from management and discussed follow-up actions in response to regulatory matters relating to customer activity in prior periods. The Group manages its regulatory risk with input from its legal advisers in order to operate its business in compliance with relevant regulatory requirements. The Group works with its lawyers to produce regular updates so that the Board and Audit Committee understand what is happening in the regulatory landscape.

During 2020, the Board and Audit Committee received regulatory briefings from the Company's lawyers and reviewed updates on the management of regulatory risk from management, as well as reviewing the status of litigation involving 888 and the related accounting for 888's obligations in the financial statements. This included examination of the changing regulatory landscape in Germany and defence of the Company's position in that market, as well as changes to compliance and quality assurance controls in other markets where the regulatory regime has evolved.

Based on legal advice, the Audit Committee considers whether it can quantify reliably the outflow of funds that may result from any regulatory actions. For matters where an outflow of funds is probable and can be measured reliably, amounts are recognised in the financial statements within provisions.

The Committee was also involved in revising the Group's whistle-blowing policy, with a view to making reporting mechanisms more visible and accessible to Group personnel, business partners and third parties.

Taxation

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

In 2020, the Board and Audit Committee discussed the Group's tax related matters including the Group's tax and intellectual property holding structure. Furthermore, the Committee received detailed updates regarding the progress of the tax audit in Israel. The Committee noted that the Group registered for taxes in relevant jurisdictions in order to ensure timely reporting and payment on the correct basis, while reserving its position concerning contesting possible existence of a liability in appropriate cases. For further information, see notes 8 and 27 to the financial statements.

Goodwill and intangible assets

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

The Audit Committee reviewed the cash flow forecasts supporting the carrying value of goodwill and other intangible assets including the key assumptions and estimates as well as the impact of the recent regulatory developments on the business, and satisfied itself that the impairment of the Bingo business is appropriate and that no impairment is required in relation to the carrying value of the AAPN business.

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

Revenue recognition and development costs capitalisation
Revenue recognition and the capitalisation of development costs are areas of material risk in relation to the preparation of the financial statements. The Committee has considered the Group's accounting policies in these areas and the internal controls which are in place and has concluded that the Group's recognition of income and capitalisation of development costs is appropriate.

IT systems
888's IT systems are complex and predominantly developed in-house. The success of the business relies on the development of IT platforms that are innovative and appealing to customers. In addition, the integrity and security of the IT systems are vital from a commercial standpoint as well as to ensuring a robust control environment.

During the year, the Audit Committee reviewed a report from internal audit on the Group's Security Operations Centre and cyber incident response capability and discussed the findings with management.

Internal controls and risk management
The Board has overall responsibility for ensuring that the Group maintains a sound system of internal control. There are inherent limitations in any system of internal control and no system can provide absolute assurance against material misstatements, loss or failure. Equally, no system can guarantee elimination of the risk of failure to meet the objectives of the business. Against this background, the Committee has together with the Board developed and maintained an approach to risk management that incorporates risk appetite and tolerance, the framework within which risk is managed and the responsibility and procedures pertaining to application of the policy.

The Group is proactive in ensuring that corporate and operational risks are identified, assessed and managed by identifying suitable controls. A corporate risk register is maintained which details

1. The risks and impact they may have;
2. Actions to mitigate risks;
3. Risk scores to highlight the likelihood and implications of occurrence;
4. The owners of risks; and
5. Target dates for actions to mitigate.

A description of the principal risks is set out on pages 20 to 29.

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

In addition to the matters described above, the work of the Committee during the year included:

- Reviewing the draft interim and annual reports and considering:
  1. The accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports;
  2. Application of IAS 36;
  3. The significant accounting issues, estimates and judgements of management in relation to financial reporting, including impairment;
  4. Whether any significant adjustments were required arising from the audit;
  5. Compliance with statutory tax obligations and the Company's tax policy;
  6. Whether the information set out in the Strategic Report was balanced, comprehensive, clear and concise and covered both positive and negative aspects of performance; and
  7. Whether the use of "alternative performance measures" obscured IFRS measures.
- Meeting with internal and external auditors, both with and in the absence of the Executive Directors.
- Reporting to the Board on how it has discharged its responsibilities.
- Making recommendations to the Board in respect of its findings in respect of all of the above matters.
- Review and approval of the external audit fee.

The Board considers that the processes undertaken by the Audit Committee continue to be appropriately robust and effective and in compliance with the guidance issued by the FRC. During the year, the Board has not been advised by the Audit Committee of, nor identified itself, any failings, frauds or weaknesses in internal control which it has determined to be material in the context of the financial statements.

The Committee believes that appropriate internal controls are in place through the Group, that 888 has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system. The Committee also believes that the Company complies with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

GOING CONCERN AND FINANCIAL VIABILITY

In March 2020, following the outbreak of COVID-19, the Committee reviewed the appropriateness of adopting the going concern basis of accounting in preparing the full year financial statements, and assessed whether the business was viable in accordance with the Code. As part of the assessment, the Committee closely scrutinised the Group's major risks, both individually and how they might occur in combination, their financial impact, how they are managed, the availability of finance and the appropriate period for assessment. In March 2021, the Committee revisited the going concern and viability analysis in light of the Company's progress during 2020 and potential developments post-COVID. This included detailed modelling of the Company's assumptions underlying its forecast. While there were no immediate or anticipated issues, the Committee challenged the identification of these significant risks and the assumptions comprising the viability analysis carried out by management, and deemed appropriate the disclosure around both going concern and the viability statement. The Group's viability statement is on page 34.

FAIR, BALANCED AND UNDERSTANDABLE

The Committee considered whether the 2020 Annual Report is fair, balanced and understandable, and whether it provides the necessary information to shareholders to assess the Group's performance, business model and strategy. The Committee considered management's assessment of items included in the financial statements and the prominence given to them. The Committee and subsequently the Board were satisfied that, taken as a whole, the 2020 Annual Report & Accounts are fair, balanced and understandable.

ANNUAL REPORT APPROVAL PROCESS

The Group's Finance Department and Company Secretary initiate the process in coordination with the Group's public relations advisers, focusing on main themes and financial trends which primarily inform the Chairman's Statement, Strategic Report and Business & Financial Review. The draft statements are then reviewed and comments provided by Group senior management.

The Group's Company Secretary leads the process of compiling the relevant legal and corporate governance sections, and obtains input from Group legal advisers, senior management and Board members as required.

The Group's legal advisers draft the regulatory review and risk report in line with the legal advice received by the Group, regulatory developments and developments in relevant risks and risk discussions held by the Board.

The Group's remuneration consultant drafts the Directors' Remuneration Report (including the Remuneration Policy) which is then reviewed by the Group's Finance Department and the Remuneration Committee.

The Group's Finance Department prepares the accounts. These are reviewed by the Company's auditors, who check amongst other matters that the Group has given appropriate attention to any relevant changes in accounting policies.

The Group's CFO and SVP Finance review the entire Annual Report & Accounts and lead an iterative process pursuant to which the relevant internal and external stakeholders review and provide comments.

The draft Annual Report & Accounts is presented to the Committee, which is also in possession of a detailed report from the external auditor, where a detailed discussion is held regarding key disclosures and the Committee's recommendations are provided to the Board.

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

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

PERFORMANCE OF AUDIT COMMITTEE

The Audit Committee's performance was evaluated as part of the Board evaluation carried out in March 2021, as detailed on page 65. The overall conclusion of the review was that the Committee remains effective in discharging its functions and reporting to the Board.

INTERNAL AUDITORS

The Group's internal audit function is outsourced to Deloitte Israel. The Audit Committee reviewed and monitored the internal audit plan in accordance with the principal risks to 888's business as set out in the Risk Register. It has also reviewed reports from Deloitte Israel in relation to all internal audit work carried out during the year and monitored response and follow up by management to internal audit findings. In the past three years, the internal auditors have reviewed various aspects of 888's customer services and business operations, finance, B2B and B2C activities, product technologies, human resources and regulation. In 2020, Deloitte Israel issued reports on Personal Limits, Billing of Affiliates, Cloud Migration, Quality Assurance, implementation of Board resolutions, and follow up of previous internal audit recommendations, as well as presenting the 2020 internal audit plan. Certain matters were identified which required modifications to procedures and improved controls, which either have been or are being implemented by management. The Committee has evaluated the performance of Deloitte Israel, and has concluded that they provide constructive challenge and consistently demonstrate a realistic and commercial view of the business.

EXTERNAL AUDITORS

EY has been the Company's external auditor since their appointment in 2014. The partners responsible for the external audit are Angelique Linares, a partner in EY's Gibraltar office, and Philip Young, a partner in EY's London office. Angelique and Philip been responsible for the 888 audit since 2018 and 2019 respectively.

The Committee has reviewed the performance of EY in relation to the 888 audit, a process which involved all Board members and senior members of 888's finance function. Specific consideration was given to:

- Ensuring that safeguards put in place by the incumbent auditor against independence threats are sufficient and comprehensive;
- Ensuring that the quality and transparency of communications with the external auditors are timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive;
- Determining whether they had exercised professional scepticism, with regards to the reliability of evidence provided, the appropriateness and accuracy of management responses to questions, considering potential fraud and the need for additional procedures and the willingness of the auditor to challenge management assumptions;
- Considering if the quality of the audit engagement team is sufficient and appropriate – including the continuity of appropriate industry, sector and technical expertise.

Feedback is provided to the external auditor by the Audit Committee through one-to-one discussions between the Chair of the Audit Committee and the audit firm partner. A specific example of this was the creation of a plan, at the request of the Committee, to demonstrate how EY were dealing with both certain matters raised by the audit regulator following review of their work. Each year, the results of the review of the EY audit practice by the regulator are discussed with the audit team to determine the relevance to the 888 audit and how the team needs to respond. The Committee is encouraged by the way with which EY has engaged with this process.

The conclusions reached were that EY had performed the external audit in a professional manner, and it was therefore the Committee's recommendation that the reappointment of EY be proposed to shareholders at the Annual General Meeting to be held in May 2021. If reappointed, EY will hold office until the conclusion of the next Annual General Meeting at which accounts are laid.

The audit contract was last tendered for the year ending 31 December 2014 and no contractual obligations existed that acted to restrict the Audit Committee's choice of external auditors. Under the EU Audit Regulation and the Competition and Markets Authority "The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities)" Order 2014, the Company is required to run a competitive tender process in respect of auditor appointment no later than the 31 December 2023 year end. The Board has no present plans to consider an audit tender process but further consideration will be given to timing during the course of the year and a timeline provided to shareholders at the 2022 AGM. The Committee notes and confirms compliance with the other provisions of the Competition and Markets Authority Order 2014 in respect of statutory audit services for large companies.

The Committee reviewed the reports prepared by the external auditors on key audit findings and any significant deficiencies in the financial control environment, as well as the recommendations made by EY to improve processes and controls together with management's responses to those recommendations. EY did not highlight any material internal control weaknesses and management has committed to making appropriate changes to controls in areas highlighted by EY.

AUDIT AND NON-AUDIT WORK

The Audit Committee remains mindful of the attitude investors have to the auditors performing non-audit services. The Committee has clear policies relating to the auditors undertaking non-audit work and monitors the appointment of the auditors for any non-audit work involving fees above US$0.1 million, with a view to ensuring that non-audit work does not compromise the Company's auditors' objectiveness and independence. The Committee is committed to ensuring that fees for non-audit services performed by the auditors will not exceed 70% of aggregate audit fees measured over a three-year period.

Minor non-audit work carried out by the external auditors for the Group in 2020 amounted to £41,500 (2019: £55,000). In 2020, the Company paid the external auditors for the statutory audit of the consolidated financial statements an amount of US$0.9 million (2019: US$0.8 million).

OPINION

In our opinion:.

- 888 Holdings plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Gibraltar Companies Act 2014 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Gibraltar Companies Act 2014 as applied in accordance with the provisions of the Gibraltar Companies Act 2014; and
- the financial statements have been prepared in accordance with the requirements of the Gibraltar Companies Act 2014, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of 888 Holdings plc ("the parent company") and its subsidiaries ("the Group") which comprise:

GROUP	PARENT COMPANY
Consolidated balance sheet as at 31 December 2020	Balance sheet as at 31 December 2020
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 10 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	–
Related notes 1 to 27 to the financial statements, including a summary of significant accounting policies	–

The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Gibraltar Companies Act 2014 and, as regards the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union, and, as regards the parent company financial statements, as applied in accordance with the provisions of the Gibraltar Companies Act 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of 888's going concern assessment process as well as the review controls in place for the going concern model and management's Board memoranda and compared cash on hand, and forecast cash generation, to forecast liability settlement including committed dividends, to assess liquidity risk.
- We obtained management's going concern assessment, including the cash flow forecast for the going concern period which extends to 30 June 2022. The Group has modelled a number of adverse scenarios in cash forecast in order to incorporate unexpected changes to the forecasted liquidity of the Group, including the impact of potential regulatory intervention and ongoing macroeconomic uncertainty.
- We assessed the flexibility of the business model to respond to reduced revenues; Performed procedures to test the reasonableness of all key assumptions, namely each revenue stream, gaming duties, marketing expenses and overheads through reconciliation to the budget approved by the Board and comparison with recent performance, as well as their consistency with other areas of the audit including impairment assessments.
- We have performed reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity during the going concern period.
- We reviewed the Group's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards. The Group has no external debt and generated cash from operating activities of US$185.7m in the year ending 31 December 2020.

In the prior year 'Going concern assessment and covenant compliance' was included as a key audit matter due to the early stages of the COVID-19 pandemic and the increased uncertainties on the business. At the time the disclosures noted the business had not been significantly affected and this trend has continued. Since the prior year, the company has repaid its revolving credit facility, and with ongoing trading continuing at historically high levels we have concluded that Going concern is no longer a Key Audit Matter.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period which extends to 30 June 2022.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

OVERVIEW OF AUDIT APPROACH	
Key audit matters	• Regulatory and legal risks • Taxation • Revenue recognition • Impairment of Bingo and AAPN cash-generating units
Audit scope	• We performed an audit of the complete financial information of two components, one being a subsidiary in Israel and the other being the remainder of the Group. • The components where we performed full audit procedures accounted for 100% of Profit before tax, Revenue and Total assets.
Materiality	• Overall Group materiality of US$4.25 million which represents 3.8% of Profit before tax adjusted for the impairment charge.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Internal Audit results when assessing the level of work to be performed at each entity.

The Group operates from a small number of locations and the Group's accounting is centrally managed. In assessing the risk of material misstatement to the Group financial statements, we determined that there were two components, one being a subsidiary in Israel and the other being the remainder of the Group.

We performed an audit of the complete financial information of both of these components ("full scope"). The components we audited therefore account for the entirety of the Group's revenue, profit before tax and total assets. This is consistent with our approach in the prior year.

INVOLVEMENT WITH COMPONENT TEAMS

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors from other EY global network firms operating under our instruction.

The Israeli subsidiary was subject to a full scope audit of which specific key areas were audited by a component team in Israel and the remainder of the subsidiary was audited by the Group audit team. The remainder of the Group was audited directly, as a full scope audit, by the Group audit team.

In previous years, the Group audit team performed the majority of its audit fieldwork in Israel and to a lesser extent Gibraltar, including auditing all of the significant judgements. Non-statutory and statutory audit partners visited Israel at the year-end phase of the audit. These visits involved conducting and reviewing audit work performed by the component audit team and attending audit closing meetings.

In the current year, due to the COVID-19 pandemic, travel to Israel was not possible. As a result, the Group audit team performed the majority of its audit fieldwork remotely from London and to a lesser extent from Gibraltar, including auditing all of the significant judgements. Non-statutory and statutory audit partners held virtual meetings remotely with management based in UK, Gibraltar and Israel throughout the audit. During these interactions they attended audit closing meetings.

For the Israeli subsidiary, the Group audit team interacted with the component audit team regularly during the various stages of the audit, reviewed key working papers, participated in the component audit team's planning, including its discussion of fraud and error and were responsible for the scope and direction of the audit process. The review of relevant audit work papers was facilitated by the EY electronic audit file platform, screen sharing or the provision of copies of work papers directly to the Group audit team. Given the nature of our engagement, some of these measures had been implemented, albeit to a lesser extent, in previous years, providing an appropriate base from which to expand these forms of interactions and facilitate our oversight of the component audit team. The allocation of responsibilities between the Group audit team and the Israeli component team was such that the audit work on each of the areas of risk described as 'key audit matters' was led by the Group audit team. This gave us sufficient and appropriate evidence for our opinion on the Group financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
REGULATORY AND LEGAL RISKS At 31 December 2020, the Group has provided US$19.3 million (2019: US$10.2 million) in respect of ongoing legal and regulatory matters. Refer to the significant accounting policies (Note 2 on page 115); and Note 19 page 136 and Note 27 page 145 to the Consolidated Financial Statements. Given the industry and jurisdictions in which the Group operates, as described in the Principal Risks and Uncertainties on pages 22 to 23, there is a risk that the Group will operate without an appropriate licence, have an existing licence adversely affected, or be subject to other regulatory sanctions and gaming duties, and in certain jurisdictions VAT or equivalent taxes. Judgement is also applied in estimating amounts payable to regulatory authorities in certain jurisdictions. This gives rise to a risk over the accuracy of accruals and disclosure of contingent liabilities. There is also a risk that management may influence these significant estimates and judgements in order to meet market expectations or bonus targets. The legal and regulatory risk increased during 2020. Refer to the Risk Management Strategy (on page 20);	• Inquired about the Group's processes and related controls in respect of regulatory and legal risks, obtained support to confirm our understanding and assessed whether the design of the controls effectively mitigates the risk. • Challenged the appropriateness of the Group's assumptions and estimates in relation to provisions and contingent liabilities by obtaining supporting evidence for a sample of underlying data to which these assumptions are applied and comparing against historical payments made by the Group and by competitors, emerging industry practice and factoring in the period to which any provision amounts relate, including with respect to anti-money laundering and responsible gaming in the UK and other markets. • In respect of the regulatory provisions, we discussed any updates to the fact patterns with management and the Group's external legal advisers and read their legal confirmations. The Group's external legal advisers confirmed that they consider the quantum of the provisions for regulatory matters are reasonable. • Assessed the competence, integrity and expertise of the Group's external legal advisers and concluded they were appropriate, and we therefore relied on their opinions. • Inquired of management and the Group's external legal advisers, HFN and external local legal counsels involved, where appropriate, about any known instances of material breaches in regulatory or licence compliance that need to be disclosed or required provisions to be recorded. • Discussed with management its interpretation and application of relevant laws and regulations as well as analysis of the risks in respect of the Group's operations in unregulated markets. • Inspected the Group's correspondence with regulators and tax authorities to identify any legal or regulatory concerns and assess the completeness of matters evaluated by the Group. • Circularised confirmations to management significant external legal experts to inform us of any/all outstanding legal or regulatory issues as at 31 December 2020. • Tested the completeness of the Group's legal expenses, in coordination with the discussions with Group's legal advisers, to ensure the completeness of circularised confirmations. • Engaged EY gaming tax and legal specialists to assist us in understanding the risks in respect of gaming duties and fines in jurisdictions where the appropriate tax treatment is uncertain. • Assessed appropriateness of disclosures in the Annual Report & Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the Companies Act of Gibraltar 2014.	• Based on our audit procedures on the Group's accounting conclusions in each of its major jurisdictions, we concluded that the provision and accruals in respect of probable amounts payable to regulatory authorities are appropriate and are at the midpoint of an acceptable range and that the disclosures in the financial statements are appropriate.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
TAXATION The Group recognised a taxation charge of US$15.4 million in 2020 (2019: US$3.7 million) and had income tax payable of US$20.7 million at 31 December 2020 (2019: US$10.1 million). Refer to the Audit Committee Report (page 92); significant accounting policies (Note 2 on page 115); and Notes 8 and 14 to the Consolidated Financial Statements (pages 128 and 134). The Group operates in a number of jurisdictions, resulting in complexities in the payment of and accounting for tax, particularly related to Transfer Pricing and Tax Residency. The Group faces a risk that given the international nature of its operations, material tax exposures may not be appropriately provided or disclosed in the financial statements. The taxation risk increased during 2020. Refer to the Risk Management Strategy (on page 20);	• Inquired about the Group's processes and related controls to confirm our understanding of how the Group identifies and mitigates taxation risks. • Obtained and read the results of the third-party tax advice and studies obtained by the Group and reviewed its correspondence with the relevant tax authorities, in order to support the tax position of the Group as recorded in the financial statements. • We read the Group Transfer Pricing policy and Permanent Establishment (PE) risk assessment prepared by management and its external legal adviser (HFN) to understand the context of the Group's international tax strategy. • With support from our international tax and transfer pricing specialists, we discussed management's interpretation and application of relevant tax law and formed our own view in relation to provisions and contingent liabilities. • Assessed appropriateness of disclosures of tax estimates and judgements in the Annual Report & Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the Companies Act of Gibraltar 2014. • Inquired about the Group's processes and related controls in respect of revenue recognition and obtained support to confirm our understanding. We tested the key application and certain manual controls over the Group's principal gaming systems. • We have performed a correlation analysis between cash receipts and revenue to confirm that in aggregate, the revenues recognised were equivalent to the cash receipts adjusted for known timing differences. • We applied IT-based auditing techniques to re-perform the monthly reconciliation between the Group's gaming revenue, cash and customer accounts. • We performed procedures using "test accounts" in the live gaming environment for each revenue stream to test the interface between gaming servers, production systems and cash processing system with the Datawarehouse. • We performed detailed substantive testing on a sample of revenue transactions, including validation of bets/wins and deposits/withdrawals. • We read the Group's contractual arrangements and observed how they operate in practice to evaluate management's judgement as to whether the Group was operating as a principal or an agent in its B2B contracts with customers, in accordance with the requirements of IFRS. • We audited other material manual adjustments and ensured the appropriate classification of prizes within the income statement by testing a sample of executed marketing Letters of Understanding. • Assessed appropriateness of disclosures in the Annual Report & Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the Companies Act of Gibraltar 2014.	• With assistance from tax specialists in each major jurisdiction, we have concluded that management's judgements in relation to the taxation charge and provisions are materially correct and the related disclosures are appropriate.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
REVENUE RECOGNITION The Group recognised revenue of US$849.7 million in 2020 (2019: US$560.3 million). The Group's revenue recognition process is highly dependent on the Group systems, including the Gaming servers and Datawarehouse. Systematic errors in calculations could result in incorrect reporting of revenue. The Group also makes a number of judgements in recognising revenue, principally in respect of whether the Group is acting as a principal or an agent with its B2B customers and whether certain customer prizes are treated as a deduction from revenue or as a cost. Any inappropriate judgements could result in a material misstatement of revenue and operating expenses. There is also a risk that management may override controls to influence the significant judgements in respect of revenue recognition in order to meet market expectations. Refer to the significant accounting policies (Note 2 on page 115); and Note 3 to the Consolidated Financial Statements (page 123).	• Inquired about the Group's processes and related controls in respect of revenue recognition and obtained support to confirm our understanding. We tested the key application and certain manual controls over the Group's principal gaming systems. • We have performed a correlation analysis between cash receipts and revenue to confirm that in aggregate, the revenues recognised were equivalent to the cash receipts adjusted for known timing differences. • We applied IT-based auditing techniques to re-perform the monthly reconciliation between the Group's gaming revenue, cash and customer accounts. • We performed procedures using "test accounts" in the live gaming environment for each revenue stream to test the interface between gaming servers, production systems and cash processing system with the Datawarehouse. • We performed detailed substantive testing on a sample of revenue transactions, including validation of bets/wins and deposits/withdrawals. • We read the Group's contractual arrangements and observed how they operate in practice to evaluate management's judgement as to whether the Group was operating as a principal or an agent in its B2B contracts with customers, in accordance with the requirements of IFRS. • We audited other material manual adjustments and ensured the appropriate classification of prizes within the income statement by testing a sample of executed marketing Letters of Understanding. • Assessed appropriateness of disclosures in the Annual Report & Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the Companies Act of Gibraltar 2014.	• Based on our audit work we conclude that the accounting for revenue is appropriate.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE
IMPAIRMENT OF BINGO AND AAPN CASH-GENERATING UNITS The Group has goodwill relating to AAPN (US sports betting) of US$30.9 million and intangible assets of US$7.0 million arising from the acquisition in December 2018. The Group has goodwill relating to Bingo B2C of US$50.0 million (2019: US$104.4 million) and Bingo B2B of US$0.0 million (2019: US$24.9 million). An impairment charge of $54.4 million has been recorded in respect of Bingo B2C and $24.9 million in respect of Bingo B2B. The Bingo CGU's goodwill arises from the acquisitions Globalcom (2007), Wink (2009) and Jet (2019). Also included in the carrying value of the Bingo cash-generating units is intangible assets of US$13.8 million (2019: US$24.6 million). The majority of which relates to the value associated with the Jet customer list. There is a risk that these assets are not supported by either the future cash flows they are expected to generate or their fair value, resulting in an impairment charge that has not been recognised by management. Refer to the significant accounting policies (Note 2 on page 115); and Note 11 to the Consolidated Financial Statements (page 130).	• We reviewed management's assessment of indicators of impairment by comparing it with other information obtained during our audit and inquired further in cases where the performance of certain products is below management's and external expectations. • We read the guidance of IAS 36 to determine that an appropriate valuation method is value in use. • We assessed whether the allocation of goodwill to CGU's wash based on our understanding of the business and guidance in IAS 36. In particular with relation to AAPN, we reassessed whether it continued to be appropriate to treat the US as one CGU. • We compared the model inputs to current trading conditions and revised forecasts. • We involved valuation specialists to assess the discount rates used in the value-in-use calculations by performing an independent calculation of a range of acceptable discount rates and comparing this with the rate calculated by the Group. • We corroborated the assumptions used by management to budgets and historically observed inputs, particularly in respect of forecast growth rates, and in the case of AAPN the duration of the forecast period, and we performed sensitivity analysis on the key assumptions including short-term and long-term growth rates and the discount rate. • In respect of AAPN we corroborated assumptions to third party data and assessed any evidence obtained contra to management judgements. We noted that the states which 888 are forecasting to enter have either already regulated or are in the process of regulating. • In respect of Bingo B2C and B2B we determined an independent view of forecast growth rates and compared this to management's assumptions around patterns of growth. Our independent view was constructed with reference to historically observed growth rates, external market size data, and growth rates used by industry peers and searched for contra evidence to management judgements. • Assessed appropriateness of disclosures in the Annual Report & Accounts by comparing the disclosures against the requirements under International Financial Reporting Standards and the Companies Act of Gibraltar 2014.	• Based on our audit work, including the sensitivities applied, we are satisfied that that the carrying value of goodwill is materially correct and no additional impairment is required at 31 December 2020. • The disclosures in the ARA, in relation to market share, growth rates and discount rate, appropriately describe the sensitivity to key assumptions.

In the prior year 'Going concern assessment and covenant compliance' was included as a key audit matter due to the early stages of the COVID-19 pandemic and the increased uncertainties on the business. At the time the disclosures noted the business had not been significantly affected and this trend has continued. Since the prior year, the company has repaid its revolving credit facility, and with ongoing trading continuing at historically high levels we have assessed that Going concern is no longer a Key Audit Matter.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be US$4.25 million (2019: US$2.2 million), which is 3.8% (2019: 5%) of profit before tax adjusted for the impairment charge. In the prior year we used profit before tax.

We believe that profit before tax adjusted for the impairment charge provides us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the Group. The increase from the prior year primarily reflects the significant increase in Group revenue during the year and the resulting impact on profit. We have used professional judgement in normalising materiality for the potential one-off positive effect of the COVID-19 pandemic on earnings for the year ending 31 December 2020. Materiality in current year reflects 3.8% (2019: 5%) of profit before tax adjusted for the impairment charge.

STARTING BASIS	Profit before tax of US$26.7 million (2019: US$45.3 million)
ADJUSTMENTS	Adjusted for the impairment charge of US$79.9 million (2019: nil)
MATERIALITY	Materiality of US$4.25 million (2019: US$2.25 million), representing 3.8% of materiality basis adjusted for the impairment charge (2019: 5%)

We determined materiality for the parent company to be US$0.9 million (2019: US$1.2 million), which is 2% (2019: 2%) of net assets.

During the course of our audit, we reassessed initial materiality and did not identify the need for any significant changes.

PERFORMANCE MATERIALITY

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely US$3.1 million (2019: US$1.7 million). We have set performance materiality at this percentage due to our past experience of the audit, low number of misstatements and overall effective internal controls.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the performance materiality allocated to Israeli component was US$1.4 million (2019: US$0.8 million). The audit work on the remainder of the Group was undertaken using Group materiality.

REPORTING THRESHOLD

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US$213,000 (2019: US$113,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the Annual Report set out on pages 1 to 34, including the Strategic Report, the Directors' Report and the Corporate Governance Report set out on page 60, other than the financial statements and our auditor's report on page 54. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE GIBRALTAR COMPANIES ACT 2014

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been properly prepared in accordance with the Act.

OPINIONS ON OTHER MATTERS AS PER THE TERMS OF OUR ENGAGEMENT LETTER WITH THE COMPANY

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Gibraltar Companies Act 2014.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION AS PRESCRIBED BY THE GIBRALTAR COMPANIES ACT 2014

We have nothing to report in respect of the following matters where the Gibraltar Companies Act 2014 requires us to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- there are material misstatements in the Directors' Report based on our knowledge and understanding of the Company and its environment obtained in the course of the audit.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION AS PER THE TERMS OF OUR ENGAGEMENT LETTER WITH THE COMPANY

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules

We have nothing to report in respect of the following matters which we have been instructed to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- a Corporate Governance Statement has not been prepared by the company

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 57
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 58
- Directors' statement on fair, balanced and understandable set out on page 58
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 60
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems [set out on page 20]; and;
- The section describing the work of the Audit Committee set out on page 92

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 58, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those related to Gambling Regulations and related gaming and indirect taxes in different countries where the Group is operating, including the UK, Spain and Germany and other countries, those related to relevant tax compliance regulations in Gibraltar, Malta and Israel and related to the financial reporting framework (International Accounting Standards in conformity with the requirements of the Gibraltar Companies Act 2014 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union, UK Corporate Governance Code, Gibraltar Companies Act 2014 the Listing Rules of the London Stock Exchange and the Bribery Act 2010).
- We understood how 888 Holdings plc is complying with those frameworks by making enquiries of management and the company's external legal counsel (HFN). We corroborated our enquiries through our review of Board minutes, discussion with the Audit Committee and any correspondence with regulatory bodies, our audit procedures in respect of "Regulatory and legal risk" and "Taxation" significant risks, as described above.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud, including in respect of revenue recognition. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journal entries.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations, including anti-money laundering. Our procedures involved audit procedures in respect of "Regulatory and legal risk" and "Taxation" significant risks (as described above), as well as review of Board minutes to identify non-compliance with such laws and regulations, review of reporting to the Audit Committee on compliance with regulations and enquiries of the management and HFN.
- In respect to the Israeli component, any instances of non-compliance with laws and regulations were communicated to the Primary team as they arose and were followed up with management by the Primary team.
- The Group operates in the gaming industry which is a highly regulated environment. The non-statutory audit partner has experience serving clients in the gaming industry and has served a variety of public UK-listed companies, including those with the majority of their operations overseas. He reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of a specialist where appropriate. The team had discussions during planning and throughout the audit in respect of the evolving gaming regulatory environment.
- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved discussions with management and external legal counsel to assess and understand the implications on our audit procedures. Our audit procedures in respect of the "Regulatory and Legal risk" are described above in the "Key audit matters" section. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- We were appointed by the company on 30 June 2014 to audit the financial statements for the year ending 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 7 years, covering the years ending 31 December 2014 to 31 December 2020. Our audit engagement letter was refreshed on 19 March 2020. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

USE OF OUR REPORT

- This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

PHILIP YOUNG
Non-statutory Auditor

For and on behalf of
Ernst & Young LLP
London
17 March 2021

ANGELIQUE LINARES
Statutory Auditor

For and on behalf of
EY Limited, Registered Auditors
Gibraltar
17 March 2021

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$ million	2019[1] US$ million
Revenue	3	**849.7**	560.3
Gaming duties		**(151.8)**	(95.5)
Other cost of sales		**(135.1)**	(88.1)
Cost of sales		**(286.9)**	(183.6)
Gross profit		**562.8**	376.7
Marketing expenses		**(237.1)**	(152.9)
Operating expenses		**(214.7)**	(169.3)
Exceptional items	5	**(78.2)**	(2.3)
Operating profit	4	**32.8**	52.2
Adjusted EBITDA[2]		**155.6**	92.1
Exceptional items	5	**(78.2)**	(2.3)
Share benefit charge	23	**(11.0)**	(5.4)
Depreciation and amortisation	11,12,13	**(33.6)**	(32.2)
Operating profit	4	**32.8**	52.2
Finance income	7	**0.1**	0.5
Finance expenses	7	**(6.1)**	(7.2)
Share of post-tax loss of equity accounted associate	14	**(0.1)**	(0.2)
Profit before tax		**26.7**	45.3
Taxation	8	**(15.4)**	(3.7)
Net profit for the year attributable to equity holders of the parent		**11.3**	41.6
Earnings per share	9		
Basic		**3.1¢**	11.3¢
Diluted		**3.0¢**	11.3¢

1 The presentation of the consolidated income statements was changed, as described in further detail in note 2.

2 Adjusted EBITDA is an Alternative Performance Measure ("APM") which does not have an IFRS standardised meaning. The Group presents 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$ million	2019 US$ million
Profit for the year		**11.3**	41.6
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**0.8**	(0.1)
Items that will not be reclassified to profit or loss			
Remeasurement of severance pay liability, net of tax	6	**(0.3)**	(2.2)
Revaluation of equity investment designated at fair value through OCI		**(0.2)**	—
Total other comprehensive income (expense) for the year		**0.3**	(2.3)
Total comprehensive income for the year attributable to equity holders of the parent		**11.7**	39.3

The notes on pages 115 to 145 form part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2020

	Note	**2020 US$ million**	2019 US$ million
Assets			
Non-current assets			
Goodwill and other intangible assets	11	**164.3**	240.4
Right-of-use assets	13	**28.5**	33.3
Property, plant and equipment	12	**15.1**	13.0
Investments	14	**—**	0.9
Non-current receivables	17	**0.6**	0.6
Deferred tax assets	15	**3.6**	2.8
		212.1	291.0
Current assets			
Cash and cash equivalents[1]	16	**190.0**	96.9
Trade and other receivables	17	**84.6**	45.2
		274.6	142.1
Total assets		**486.7**	433.1
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	18	**3.3**	3.3
Share premium	18	**3.7**	3.7
Foreign currency translation reserve		**(1.3)**	(2.1)
Treasury shares	23	**(0.5)**	(0.7)
Retained earnings		**145.2**	160.5
Total equity attributable to equity holders of the parent		**150.4**	164.7
Liabilities			
Non-current liabilities			
Severance pay liability[2]	6	**7.4**	6.0
Deferred tax liability	15	**3.3**	4.0
Lease liabilities	20	**26.7**	28.8
		37.4	38.8
Current liabilities			
Trade and other payables	19	**177.9**	130.9
Provisions	19	**19.3**	10.2
Income tax payable	15	**20.7**	10.1
Lease liabilities and interest-bearing loans	20	**7.0**	23.7
Customer deposits	21	**74.0**	54.7
		298.9	229.6
Total equity and liabilities		**486.7**	433.1

1 Cash and cash equivalents excludes restricted short-term deposits of US$3.2 million (31 December 2019: US$2.6 million). The nature of the restrictions on these deposits resulted in this balance being reclassified in 2020 to other receivables and the comparative restated.

2 The severance pay liability of US$7.6 million (31 December 2019: US$6.0 million) has been reclassified to non-current in 2020 and the comparative restated as the net accounting deficit will be settled over the long term and is measured on a discounted basis.

The consolidated financial statements on pages 115 to 145 were approved and authorised for issue by the Board of Directors on 17 March 2021 and were signed on its behalf by:

ITAI PAZNER
Chief Executive Officer

YARIV DAFNA
Chief Financial Officer

The notes on pages 115 to 145 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital US$ million	Share premium US$ million	Treasury shares US$ million	Retained earnings US$ million	Foreign currency translation reserve US$ million	Total US$ million
Balance at 1 January 2019	3.3	3.6	(1.2)	156.6	(2.0)	160.3
Profit after tax for the year attributable to equity holders of the parent	—	—	—	41.6	—	41.6
Other comprehensive expense for the year	—	—	—	(2.2)	(0.1)	(2.3)
Total comprehensive income	—	—	—	39.4	(0.1)	39.3
Dividend paid (note 10)	—	—	—	(40.4)	—	(40.4)
Equity settled share benefit charges (note 23)	—	—	—	5.4	—	5.4
Exercise of deferred share bonus plan	—	—	0.5	(0.5)	—	—
Issue of shares to cover employee share schemes (note 18)	—	0.1	—	—	—	0.1
Balance at 31 December 2019	**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) income for the year	—	—	—	(0.5)	0.8	0.3
Total comprehensive income	—	—	—	10.8	0.8	11.6
Dividend paid (note 10)	—	—	—	(33.2)	—	(33.2)
Equity settled share benefit charges (note 23)	—	—	—	7.6	—	7.6
Acquisition of treasury shares	—	—	(0.3)	—	—	(0.3)
Exercise of deferred share bonus plan	—	—	0.5	(0.5)	—	—
Balance at 31 December 2020	**3.3**	**3.7**	**(0.5)**	**145.2**	**(1.3)**	**150.4**

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

Share capital – represents the nominal value of shares allotted, called-up and fully paid.

Share premium – represents the amount subscribed for share capital in excess of nominal value.

Treasury shares – represent reacquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.

Retained earnings – represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.

Foreign currency translation reserve – represents exchange differences arising from the translation of all Group entities that have functional currency different from US$.

The notes on pages 115 to 145 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US$ million	2019 US$ million
Cash flows from operating activities			
Profit before income tax		**26.7**	45.3
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	12,13	**14.8**	12.6
Amortisation	11	**18.8**	19.6
Interest income	7	**(0.1)**	(0.5)
Interest expenses	7	**2.7**	2.9
Share of post-tax loss of equity accounted associate		**0.1**	0.2
Exceptional items		**78.2**	—
Share benefit charges	23	**11.0**	5.4
Profit before income tax after adjustments		**152.2**	85.5
Increase in trade receivables		**(34.5)**	(7.6)
Increase in other receivables		**(3.3)**	(3.8)
Increase (decrease) in customer deposits		**18.0**	(1.4)
Increase in trade and other payables		**44.1**	15.6
Increase (decrease) in provisions		**9.2**	(1.1)
Cash generated from operating activities		**185.7**	87.2
Income tax paid		**(6.5)**	(6.7)
Net cash generated from operating activities		**179.2**	80.5
Cash flows from investing activities			
Acquisition of property, plant and equipment	12	**(10.6)**	(8.4)
Investment in BetBright		**—**	(19.3)
Investment in Costa Bingo		**—**	(22.9)
Investment in AAPN Holdings LLC		**—**	(18.4)
Proceeds from sale of investment in equity accounted associate	14	**2.0**	—
Interest received	7	**0.1**	0.5
Acquisition of intangible assets	11	**(4.5)**	(2.6)
Internally generated intangible assets	11	**(17.9)**	(11.8)
Net cash used in investing activities		**(30.9)**	(82.9)
Cash flows from financing activities			
Issue of shares to cover employee share schemes	18	**—**	0.1
Payment of lease liabilities	20	**(6.4)**	(7.5)
Interest paid		**(1.0)**	(1.4)
Proceeds from loans, net of transaction fee	20	**32.0**	32.5
Repayment of loans	20	**(50.0)**	(15.0)
Acquisition of treasury shares	23	**(0.3)**	—
Dividends paid	10	**(33.2)**	(40.4)
Net cash used in financing activities		**(58.9)**	(31.7)
Net Increase (decrease) in cash and cash equivalents		**89.4**	(34.1)
Net foreign exchange difference		**3.7**	(0.5)
Cash and cash equivalents at the beginning of the year	16	**96.9**	131.5
Cash and cash equivalents at the end of the year	16	**190.0**	96.9

Net cash generated from operating activities is presented after deduction of US$0.1 million paid during 2020 in respect of exceptional items (2019: US$1.1 million).

Trade and other payables include non-cash movement of US$2.9 million related to remeasurement of severance pay scheme liability (2019: US$3.2 million).

The notes on pages 115 to 145 form part of these consolidated financial statements.

1 GENERAL INFORMATION

COMPANY DESCRIPTION AND ACTIVITIES

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

The Group is the owner of innovative proprietary software solutions providing a range of virtual online gaming services over the internet, including Casino and games, Poker, Sport and Bingo. 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 and prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRS"). The consolidated financial statements have been prepared on a historical cost basis, except for equity investments which have been measured at fair value.

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 2020 and representation of expenses analysis in the income statement. These are described in more detail bellow.

Changes to consolidated income statement presentation

As of 31 December 2020, the Group management decided to change the presentation of the consolidated income statement, in a manner that allows for a further understanding of the underlying financial performance of the Group and be consistent with its peers.

The consolidated income statement re-organised into four main parts: Gaming duties, Other cost of sales, Marketing expenses and Operating expenses.

- Cost of sales includes Gaming duties and Other cost of sales which includes mainly commissions and royalties payable to third parties, chargebacks, payment service providers ("PSPs") commissions and costs related to operational risk management and customer due diligence services which were previously presented in Operating expenses. Accordingly, US$79.2 million in the prior year's Operating expenses were reclassified to Other cost of sales.
- Marketing expenses relating to B2B arrangements where 888 are considered to be the principal, previously included in marketing expenses, are now included in Other cost of Sales. Accordingly, US$8.9 million of the prior year's marketing expenses are now included in Other cost of sales.
- Administrative expenses and Research and development expenses, previously presented in separate lines, are now included in Operating expenses.

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

2.1 BASIS OF PREPARATION CONTINUED

Changes to consolidated income statement presentation

	2020 as reported in the consolidated income statement US$ million	2020 in format of 2019 ARA US$ million	2019 as reported in the consolidated income statement US$ million	2019 in format of 2019 ARA US$ million
Revenue	**849.7**	**849.7**	560.3	560.3
Operating expenses	—	(242.3)	—	(175.9)
Gaming duties	(151.8)	(151.8)	(95.5)	(95.5)
Other cost of sales	(135.1)	—	(88.1)	—
Cost of sales	(286.9)	—	(183.6)	—
Gross profit	562.8	—	376.7	—
Research and development expenses	—	(40.0)	—	(33.6)
Marketing expenses	(237.1)	(248.5)	(152.9)	(161.8)
Administrative expenses	—	(56.1)	—	(39.0)
Operating expenses	(214.7)	—	(169.3)	—
Exceptional items	(78.2)	(78.2)	(2.3)	(2.3)
Operating profit	**32.8**	**32.8**	52.2	52.2

Going concern

The Group closely monitors and carefully manages its liquidity risk. Base case cash flow forecasts are regularly produced which indicate that it will continue to have significant liquidity throughout a going concern period until 30 June 2022. Group management have run a downside scenario and sensitivities for different scenarios including but not limited to global economic slowdown, market closures, anticipated tax developments together with the crystallisation of tax risks, a major cyber-attack, tighter regulation and loss of key personnel. In the downside scenario, Group management have assumed variable cost savings proportional to the revenue reduction.

Trading during the financial year to date has been in line with recent trends supporting online consumption with average daily revenue significantly higher year on year and therefore the Directors consider the downside scenario to be remote. Following consideration of the base case forecast, the downside scenario and the Group's cash position, the Directors have a reasonable expectation that the Group 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.

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 and adopted by the EU, were effective from 1 January 2020 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, by the EU, will be effective from 1 January 2021, 2022 and 2023 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 as adopted by the EU 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.

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:

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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. In making these judgements the Group considers, by examining each contract with its business partners, which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly. This is described in further detail in the revenue accounting policy set out below.

Internally generated intangible assets

Costs relating to internally generated intangible assets, are capitalised if the criteria for recognition as assets are met. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility criteria are met. In making this judgement, management considers the progress made in each development project and its latest forecasts for each project. Other expenditure is charged to the consolidated income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. For further information see note 11.

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 and share of post-tax loss of equity associates.

The Group also seeks to present a measure of underlying performance which is not impacted by exceptional items. The Group considers any items of income and expense for classification as exceptional by virtue of their nature and size. The items classified as exceptional (and excluded from the adjusted measures) are described in further detail in note 5.

KEY ACCOUNTING ESTIMATES

Taxation

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

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

The Group believes that its accruals or, where applicable, provisions for tax liabilities are appropriate. For further information see note 8.

Impairment of goodwill and other intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Cash flows are typically forecast for periods up to five years. For some cash-generating units it is appropriate to use forecasts extending beyond five years where future investment in the business is expected to result in a long-term growth being achieved outside of five years. For further information see note 11.

Provisions, contingent liabilities and regulatory matters

The Group makes a number of estimates in respect of the accounting for and disclosure of expenses and contingent liabilities for regulatory matters, including gaming duties. These are described in further detail in note 27.

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

REVENUE

Revenue consists of income from online activities and income generated from foreign exchange commissions on customer deposit and withdrawals and account fees, which is allocated to each reporting segment. Revenue is recognised in the accounting periods in which the performance obligations associated with the transactions are satisfied after the deduction of certain promotional bonuses granted to customers and VAT, and after adding the fees and charges applied to customer accounts, and is measured at the fair value of the consideration received or receivable.

The Group's income earned from Casino, Bingo and Sports does not fall within the scope of IFRS 15. Income from these online activities is disclosed as revenue although these are accounted for and meet the definition of a gain under IFRS 9.

Poker and B2B revenue are 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.

Revenue from online activities comprises:

Casino and Bingo (IFRS 9)
Casino and Bingo online gaming revenue is represented by the difference between the amounts of bets placed by customers less amounts won, adjusted for the fair value of certain promotional bonuses granted to customers and the value of loyalty points accrued.

Sport (IFRS 9)
Sport online gaming revenue comprises bets placed less pay-outs to customers, adjusted for the fair value of open betting positions and the fair value of bonuses and promotions.

Poker (IFRS 15)
Poker online gaming revenue 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.

B2B (IFRS 15)
Revenue from B2B is mainly comprised of services provided to business partners.

- For services provided to business partners through its B2B unit, the Group considers whether for each customer it is acting as a principal or as an agent by considering which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly:
  - 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.
  - 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.

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.

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 the 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.

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

RIGHT-OF-USE ASSETS

The Group has adopted IFRS 16 Leases from 1 January 2019. 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 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 to impairment losses and adjusted for any remeasurement of lease liabilities.

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

Office lease	1-10 years
Motor vehicles	3 years

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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).

BUSINESS COMBINATION

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Business combination achieved in stages refers to transactions which the Group obtains control in entities which it held an equity interest immediately before the acquisition date. The Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in the income statement.

2 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES

Associates are those businesses in which the Group has a long-term interest and is able to exercise significant influence over the financial and operational policies but does not have control or joint control over those policies.

Associates are accounted for using the equity method and are recognised initially at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated income statement, except that losses in excess of the Group's investment in the associates are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associates. The investor's share in the profits and losses of the investment resulting from these transactions is eliminated against the carrying value of the investment.

Any premium paid above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment. Where there is objective evidence that the investment has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets, and any charge or reversal of previous impairments is taken to the consolidated income statement.

Where amounts paid for an investment in associates are in excess of the Group's share of the fair value of net assets acquired, the excess is recognised as negative goodwill and released to the consolidated income statement immediately.

FAIR VALUE MEASUREMENT

The Group measures certain financial instruments, including derivatives and equity investments, at fair value at each balance sheet date. The fair value related disclosures are included in notes 25 and 26. Fair value is the price that would be received or paid in an orderly transaction between market participants at a particular date, either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for that asset or liability accessible to the Group.

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

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

CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and balances with banks. 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.

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

LEASES

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

LEASE LIABILITIES

Lease liabilities are recognised at the commencement date of the lease and measured at the present value of lease payments to be made over the lease term.

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

TRADE AND OTHER PAYABLES

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

PROVISIONS

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

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.

LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognised initially at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

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 Casino and games, Poker, Sport, Bingo; and
- 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[1]	Consolidated
2020	**Casino US$ million**	**Poker[1] US$ million**	**Sport US$ million**	**Bingo US$ million**	**Total B2C US$ million**	**US$ million**	**US$ million**
Segment revenue	586.8	63.1	122.1	42.3	814.3	35.4	849.7
Segment result[2]					310.0	17.5	327.5
Unallocated corporate expenses[3]							(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[4]							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 recognised in accordance with IFRS 15 – Revenue from contracts with customers.

2 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and marketing expenses.

3 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.

4 As defined in note 9.

3 SEGMENT INFORMATION CONTINUED

	B2C					B2B[1]	Consolidated
2019	Casino US$ million	Poker[1] US$ million	Sport US$ million	Bingo US$ million	Total B2C US$ million	US$ million	US$ million
Segment revenue	359.3	42.7	90.0	38.5	530.5	29.8[1]	560.3
Segment result[2]					210.2	13.7	223.9
Unallocated corporate expenses[3]							(169.4)
Exceptional items							(2.3)
Operating profit							52.2
Finance income							0.5
Finance expenses							(7.2)
Share of post-tax loss of equity accounted associate							(0.2)
Taxation							(3.7)
Profit after tax for the year							41.6
Adjusted profit after tax for the year[4]							49.5
Assets							
Unallocated corporate assets							433.1
Total assets							433.1
Liabilities							
Segment liabilities					53.8	0.9	54.7
Unallocated corporate liabilities							213.7
Total liabilities							268.4

1 Revenue recognised in accordance with IFRS 15 – Revenue from contracts with customers.
2 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and marketing expenses.
3 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.
4 As defined in note 9.

Other than where amounts are allocated specifically to the B2C and B2B segments above, the expenses, assets and liabilities relate jointly to all segments. These amounts are not discretely analysed between the two operating segments as any allocation would be arbitrary.

GEOGRAPHICAL INFORMATION

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

REVENUE BY GEOGRAPHICAL MARKET (BASED ON LOCATION OF CUSTOMER)

	2020 US$ million	2019 US$ million
EMEA (excluding the UK, Italy and Spain)	**253.4**	180.1
UK	**333.5**	204.1
Italy	**86.5**	51.1
Spain	**67.5**	60.9
US and Americas	**93.7**	51.7
Rest of world	**15.1**	12.4
Revenue	**849.7**	560.3

3 SEGMENT INFORMATION CONTINUED

NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION

	Carrying amount of non-current assets by location	
	2020 US$ million	2019 US$ million
Gibraltar	**72.3**	158.5
Rest of world	**136.2**	129.7
Total non-current assets by geographical location[1]	**208.5**	288.2

1 Excludes deferred tax assets of US$3.6 million (2019: US$2.8 million).

4 OPERATING PROFIT

	Note	**2020 US$ million**	2019 US$ million
Operating profit is stated after charging:			
Payment of service providers' commissions		**34.6**	23.6
Gaming duties		**151.8**	95.5
Marketing expenses[1]		**237.1**	152.9
Staff costs (including Executive Directors)	6	**132.1**	98.0
Fees payable to EY Limited, Ernst & Young LLP and its affiliates:			
Statutory audit of the consolidated financial statements		**0.9**	0.8
Exceptional items	5	**78.2**	2.3
Depreciation (within operating expenses)	12,13	**14.8**	12.6
Amortisation (within operating expenses)	11	**18.8**	19.6

1 Marketing expenses in the previous year included US$8.9 million relating to B2B arrangements where the Group is considered to be the principal, as described in further detail in note 2.

5 EXCEPTIONAL ITEMS

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

	2020 US$ million	2019 US$ million
Impairment charges[1]	**79.9**	–
Provision – regulatory matters	**(0.1)**	–
Gain from the sale of equity accounted associate[2]	**(1.6)**	–
Exceptional legal and professional costs[3]	**–**	1.0
Restructuring costs[4]	**–**	1.3
Total exceptional items[5]	**78.2**	2.3

1 The Group recognised impairment of Bingo goodwill assets during the year as described in further detail in note 11.

2 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. See also note 14.

3 In 2019, the Group incurred legal and professional costs of US$1.0 million associated with the acquisitions of Jet Bingo brands and BetBright's sports betting platform.

4 Restructuring costs in 2019 comprises employee's redundancy costs mainly in Israel, part of the Group cost optimisation project, shifting workforce from high cost locations to low cost locations.

5 Tax effect of the exceptional items is US$0.1 million credit (2019: US$0.3 million tax charge).

6 EMPLOYEE BENEFITS

Staff costs, including Executive Directors' remuneration, comprises the following elements:

	2020 US$ million	2019 US$ million
Wages and salaries	**133.5**	97.4
Social security	**7.8**	5.1
Employee benefits and severance pay scheme costs	**8.0**	7.8
	149.3	110.3
Staff costs capitalised in respect of internally generated intangible assets	**(17.2)**	(12.3)
	132.1	98.0

In the consolidated income statement total staff costs, excluding share benefit charges of US$11.0 million (2019: US$5.4 million), are included within Operating expenses.

The average number of employees during the year was 1,547 (2019: 1,413).

At 31 December 2020 the Group employed 1,669 (2019: 1,413) staff.

At 31 December 2020 the Group used the services of 62 chat moderators (2019: 62) and 86 contractors (2019: 153).

SEVERANCE PAY SCHEME – ISRAEL

The Group has defined contribution plan pursuant to section 14 to the Severance Pay Law under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service at the date of their departure. The Group recognised an expense in respect of contribution to the defined contribution plan during the year of US$1.5 million (2019: US$1.1 million).

The Group's employees in Israel, which are not subject to section 14 to the Severance Pay Law, are eligible to receive certain benefits from the Group in specific circumstances on leaving the Group. As such the Group operates a defined benefit severance pay plan which requires contributions to be made to separately administered funds. The funds are held by an independent third-party company.

The current service cost and the present value of the defined benefit obligation are measured using the projected unit credit method. Under this schedule, the Company contributes on a monthly basis at the rate of 8.3% of the aggregate of members' salaries.

The disclosures set out below are based on calculations carried out as at 31 December 2020 by a qualified independent actuary.

The following table summarises the employee benefits figures as included in the consolidated financial statements:

	2020 US$ million	2019 US$ million
Included in the balance sheet:		
Severance pay liability	**7.4**	6.0
Included in the income statement:		
Current service costs (within Operating expenses)	**3.1**	3.6
Included in the statement of comprehensive income:		
Loss on remeasurement of severance pay scheme liability	**0.3**	2.2

Movement in severance pay scheme asset and liability:

Severance pay scheme assets	2020 US$ million	2019 US$ million
At beginning of year	**21.8**	21.9
Interest income	0.6	1.0
Contributions by the Group	2.7	3.1
Benefits paid	(1.6)	(6.0)
Return on assets less interest income already recorded	(0.6)	0.1
Exchange differences	1.7	1.7
At end of year	**24.6**	21.8

6 EMPLOYEE BENEFITS CONTINUED

SEVERANCE PAY SCHEME – ISRAEL CONTINUED

Severance pay plan liabilities	2020 US$ million	2019 US$ million
At beginning of year	**27.8**	24.1
Interest expense	0.8	1.0
Current service costs	**3.1**	3.6
Benefits paid	**(1.7)**	(6.1)
Actuarial gain on past experience	**–**	(0.2)
Actuarial loss on changes in financial assumptions	**(0.2)**	3.4
Exchange differences	2.2	2.0
At end of year	**32.0**	27.8

As at 31 December 2020 the net accounting deficit of the defined benefit severance pay plan was US$7.4 million (2019: US$6.0 million). The Scheme is backed by substantial assets amounting to US$24.6 million at 31 December 2020 (2019: US$21.8 million). The net accounting deficit of defined benefit severance plan is a result of two elements:

- Potential liability to pay further contributions to employees who will be made redundant, if the fund does not hold sufficient assets to pay all benefits relating to employee service at the date of their departure.
- Volatility of Israeli government bond rates may have substantial impact in absolute terms on the net liability. An increase in the discount rate from 2.88% in 2019 to 2.93% in 2020 resulted in a US$0.2 million decrease in the plan liabilities.
- A further decrease in the discount rate by 0.25% per annum (i.e. 2.93% to 2.68%) would increase the plan liabilities by US$0.8 million (2019: US$0.7 million).

The impact of the severance deficit on the level of distributable reserves is monitored on an ongoing basis. Monitoring enables planning for any potential adverse volatility and helps the Group to assess the likely impact on distributable reserves.

Employees can determine individually into which type of investment their share of the plan assets are invested and therefore the Group is unable to accurately disclose the proportions of the plan assets invested in each class of asset.

The expected contribution for 2021 is US$4.6 million.

The main actuarial assumptions used in determining the fair value of the Group's severance pay plan are shown below:

	2020 %	2019 %
Discount rate (nominal)	**2.93**	2.88
Estimated increase in employee benefits costs	**5.14**	5.14
Voluntary termination rate	**75**	75
Inflation rates based on Israeli bonds	**1.53**	1.52

SENSITIVITY OF BALANCE SHEET AT 31 DECEMBER 2020

The results of the calculations are sensitive to the assumptions used. The balance sheet position revealed by IAS 19 calculations must be expected to be volatile, principally because the market value of assets (with significant exposure to equities) is being compared with a liability assessment derived from corporate bond yields.

The table below shows the sensitivity of the IAS 19 balance sheet position to small changes in some of the assumptions. Where one assumption has been changed all the other assumptions are kept as disclosed above.

	Resulted (surplus)/ deficit US$ million	Change from disclosed US$ million
Discount rate less 0.25%	**(8.2)**	**(0.8)**
Estimated increase in employee benefits costs plus 1%	**(10.3)**	**(2.9)**
Voluntary termination rate decrease 5%	**(7.6)**	**(0.2)**
Inflation rates up 0.25%	**(6.8)**	**0.6**

7 FINANCE INCOME AND FINANCE EXPENSES

Finance income:

	2020 US$ million	2019 US$ million
Interest income	**0.1**	0.5
Finance income	**0.1**	0.5

Finance expenses:

	2020 US$ million	2019 US$ million
Foreign exchange losses	**3.4**	4.3
Interest expenses related to lease liabilities	**1.4**	1.3
Interest-bearing credit facility	**1.3**	1.6
Finance expenses	**6.1**	7.2

8 TAXATION

CORPORATE TAXES

	2020 US$ million	2019 US$ million
Current taxation		
Gibraltar taxation	**2.1**	0.4
Other jurisdictions taxation	**12.9**	2.3
Adjustments in respect of prior years	**1.6**	1.7
	16.6	4.4
Deferred taxation		
Origination and reversal of temporary differences	**(1.2)**	(0.7)
Taxation expense	**15.4**	3.7
Deferred taxation related to items recognised in OCI		
Remeasurement of severance pay liability	**(1.2)**	(1.1)

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

	2020 US$ million	2019 US$ million
Profit before taxation	**26.7**	45.3
Standard tax rate in Gibraltar (2020: 10%, 2019: 10%)	**2.7**	4.5
Higher effective tax rate in other jurisdictions	**7.2**	1.9
Expenses not allowed for taxation	**8.3**	0.2
Deferred tax	**(1.2)**	(0.7)
Capital allowances in excess of depreciation	**(1.1)**	(0.5)
Non-taxable income	**(2.1)**	(1.8)
Adjustments to prior years' tax charges	**1.6**	0.1
Total tax charge for the year	**15.4**	3.7

Current tax is calculated with reference to the profit of the Company and its subsidiaries in their respective countries of operation. 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 10%. Gibraltar corporate tax expenses for the year are higher compared to 2019, as a result of higher profit before tax.

MALTA

Maltese companies are subject to a corporate tax rate of 35%. However, during 2020 the Maltese companies within the Group formed a Fiscal Unit in Malta, and the consolidated taxable income of the Fiscal Unit is subject to a corporate tax rate of 5%.

ISRAEL

The domestic corporate tax rate in Israel in 2020 is 23% (2019: 23%). The Company's Israeli subsidiary incurred higher tax expense compared to 2019, as a result of higher operational costs.

8 TAXATION CONTINUED

UK

The Group's subsidiary in the UK is subject to a corporate tax rate of 19% (2019: 19%). During late 2019, the UK government announced that the reduction in corporate tax rate to 17% (planned to come into effect on April 2020) will not go ahead, and that the tax rate will remain at 19%. Furthermore, in March 2021 the government announced a further increase in the corporate tax rate to 25%, starting 2023.

ROMANIA

The Group's subsidiary in Romania is subject to a corporate tax rate of 16% (2019: 16%).

US

The Group's subsidiaries in US are subject to federal corporate tax rate of 21% (2019: 21%), and state (New Jersey) tax rate of 9% (2019: 9%).

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 studies. An effective tax rate increase of 1% would result in an increase in the tax charge (and associated provision) of US$1 million (2019: US$0.5 million).

9 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

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

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 7,460,665 Ordinary Shares (2019: 2,128,947) and no market-value options (2019: nil).

The number of equity instruments excluded from the diluted EPS calculation is 964,207 (2019: 3,802,458).

	2020	2019
Profit for the period attributable to equity holders of the parent (US$ million)	**11.3**	41.6
Weighted average number of Ordinary Shares in issue and outstanding	**368,587,941**	367,173,313
Effect of dilutive Ordinary Shares and Share options	**7,460,665**	2,128,947
Weighted average number of dilutive Ordinary Shares	**376,048,606**	369,302,260
Basic earnings per share	**3.1¢**	11.3¢
Diluted earnings per share	**3.0¢**	11.3¢

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"):

	2020 US$ million	2019 US$ million
Profit for the period attributable to equity holders of the parent	**11.3**	41.6
Exceptional items (see note 5)	**78.2**	2.3
Share benefit charges (see note 23)	**11.0**	5.4
Share of post-tax loss of equity accounted associate	**0.1**	0.2
Adjusted profit	**100.6**	49.5
Weighted average number of Ordinary Shares in issue	**368,587,941**	367,173,313
Weighted average number of dilutive Ordinary Shares	**376,048,606**	369,302,260
Adjusted basic earnings per share	**27.3¢**	13.5¢
Adjusted diluted earnings per share	**26.8¢**	13.4¢

10 DIVIDENDS

	2020 US$ million	2019 US$ million
Dividends paid	**33.2**	40.4

An 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). The Board of Directors will recommend to the shareholders a final dividend in respect of the year ended 31 December 2020 of 10.4¢ per share plus an additional one-off 1.6¢ per share, bringing the total for the year to 18.0¢ per share, which will be recognised in the 2021 financial statements once approved.

In 2019 an interim dividend of 3.0¢ per share was paid on 18 October 2019 (US$11.0 million) and a final dividend of 3.0¢ per share was paid on 22 May 2020 (US$11.1 million).

11 GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill US$ million	Acquired intangible assets US$ million	Internally generated intangible assets US$ million	Total US$ million
Cost or valuation				
At 1 January 2019	177.0	34.2	92.6	303.8
Additions[1]	—	3.1	11.8	14.9
Acquisition of BetBright Sport platform	—	19.1	—	19.1
Acquisition of Jet Bingo brands	4.2	21.5	—	25.7
Disposals	—	(0.5)	—	(0.5)
At 31 December 2019	181.2	77.4	104.4	363.0
Additions[1]	—	4.7	17.9	22.6
Disposals	—	(2.2)	—	(2.2)
At 31 December 2020	**181.2**	**79.9**	**122.3**	**383.4**
Amortisation and impairments:				
At 1 January 2019	20.7	19.4	63.4	103.5
Amortisation charge for the year	—	10.3	9.3	19.6
Disposals	—	(0.5)	—	(0.5)
At 31 December 2019	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**
Carrying amounts				
At 31 December 2020	**81.2**	**44.2**	**38.9**	**164.3**
At 31 December 2019	160.5	48.2	31.7	240.4
At 1 January 2019	156.3	14.8	29.2	200.3

1 Acquired intangible assets includes US$0.2 million (2019: US$0.5 million) capitalisation of finance costs relating to the acquisition of BetBright's sports betting platform.

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 (2019: US$0.5 million).

11 GOODWILL AND OTHER INTANGIBLE ASSETS CONTINUED

ACQUIRED INTANGIBLE ASSETS

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 estimated remaining useful life of the Customer list and Brand name is 12 years (using the sliding scale method with 70% of the value to be amortised over five years) and 10 years, respectively.

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 estimated remaining useful life of the Sport platform and right to access third-party customer list is 12 years and eight years, respectively.

SOFTWARE LICENCES

No impairment tests were considered to be required at 31 December 2020 and the carrying value of licences is considered to be appropriate.

OTHER INTANGIBLE ASSETS

No impairment tests were considered to be required at 31 December 2020 and the carrying value of other intangible assets is considered to be appropriate.

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$5.5 million (2019: US$5.4 million) and a major upgrade to the gaming systems platform US$33.4 million (2019: $26.3 million). An impairment of certain assets amounting to US$0.6 million was recognised during the year, additional impairment charges were not considered to be required at 31 December 2020 and the carrying value of internally generated intangible assets is considered to be appropriate. At 31 December 2020 there were projects with carrying value US$16.7 million (2019: US$8.4 million), including US$14.4 million (2019: US$5.8 million) related to the new Sports platform, which were not completed and therefore not being amortised. All of these projects are expected to complete and commence amortisation in 2021.

GOODWILL

Analysis of goodwill by cash-generating units:

	B2C			B2B	Consolidated
	Bingo US$ million	AAPN US$ million	Other US$ million	Bingo US$ million	Total goodwill US$ million
Carrying value at 31 December 2019	104.4	30.9	0.3	24.9	160.5
Impairment during the year	(54.4)	—	—	(24.9)	(79.3)
Carrying value at 31 December 2020	**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.

The recoverable amount of the Bingo B2C and B2B CGUs as at 31 December 2020, of US$63.8 million and nil, respectively, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Directors. The projected cash flows have been updated to reflect the increasingly strict regulatory atmosphere combined with limited growth opportunity in the UK market coupled with the Group's strategic decision to reduce focus on the Bingo business and increase focus on other product and geographic opportunities. Key assumptions in performing the value in use calculation are set out below. It was concluded that the recoverable amount of the Bingo B2C and B2B CGUs did not exceed the carrying value. As a result, the Group has recognised an impairment charge of US$54.4 million and US$24.9 million in respect of Bingo B2C and B2B in the current year against goodwill. The impairment charge is recorded within exceptional items in the income statement (see note 5).

GOODWILL – 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.

11 GOODWILL AND OTHER INTANGIBLE ASSETS CONTINUED

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 for each of B2B and B2C, have been applied to revenue and are based on past experience, including the results in 2019 and 2020, projections of future changes in the UK online bingo gaming market and the Group's strategic decision to increase its focus on other product and geographic opportunities. Key assumptions in preparing these cash flow projections include zero short-term revenue growth rate, continued optimisation of costs per customer acquisition and the expectation that 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 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 2020	**9%**	**(8%)**	**0%**	**1.5%**	**0%**	**1.5%**
At 31 December 2019	9%	2%	0%	2%	0%	2%

1 The underlying growth rates of Bingo B2C and Bingo B2B units are (10%) and (3%), respectively. This outcome is a direct result of normalising growth considered attributable to one-off increases in customer acquisition in 2020.

The calculation of value in use for the Bingo B2C unit is most 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 by 1.5% for Bingo B2C would result in an additional impairment of US$8.1 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 additional impairment of US$6.3 million.

(iii) Discount rate – The pre-tax discount rate is recalculated by taking into account prevailing risk free rates, equity risk premium and company beta and having regard to external data commenting upon the Weighted Average Cost of Capital applied to the Group. An increase of 1% in discount rates applied for B2C would result in an additional impairment of US$5.3 million.

GOODWILL – AAPN

The Group recognised goodwill of US$30.9 million following the acquisition of the remaining 53% interest in the voting shares of AAPN in December 2018. The recognised goodwill 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.

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 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, 15% 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 is 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 12% 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 15% to 17% would result in zero headroom for US B2C value in use.

12 PROPERTY, PLANT AND EQUIPMENT

	IT equipment US$ million	Office furniture and equipment US$ million	Leasehold improvements US$ million	Total US$ million
Cost				
At 1 January 2019	47.0	6.1	15.5	68.6
Additions	7.5	0.3	0.8	8.6
Disposals	(0.1)	(0.1)	—	(0.2)
At 31 December 2019	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**
Accumulated depreciation				
At 1 January 2019	39.5	4.1	14.0	57.6
Charge for the year	5.7	0.5	0.3	6.5
Disposals	(0.1)	—	—	(0.1)
At 31 December 2019	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**
Carrying amounts				
At 31 December 2020	**9.9**	**1.9**	**3.3**	**15.1**
At 31 December 2019	9.3	1.7	2.0	13.0
At 1 January 2019	7.5	2.0	1.5	11.0

Following a review of fully written down assets in 2020, assets no longer in use with a total cost and accumulated depreciation of US$9.3 million were written off.

13 LEASES

The Group has adopted IFRS 16 Leases from 1 January 2019. 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 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 to impairment losses and adjusted for any remeasurement of lease liabilities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and subsequently measured at amortised cost with the interest expense recognised within finance income (expense) in the consolidated statement of income. For further information see note 20.

Leases are mainly comprised of offices in the period between one to ten years.

13 LEASES CONTINUED

RIGHT-OF-USE ASSETS

	Right-of-use assets US$ million
Cost	
At 1 January 2019	26.8
Additions	12.6
At 31 December 2019	39.4
Additions	1.5
At 31 December 2020	**40.9**
Accumulated depreciation	
At 1 January 2019	—
Depreciation	6.1
At 31 December 2019	6.1
Depreciation	6.3
At 31 December 2020	**12.4**
Carrying amounts	
At 31 December 2020	**28.5**
At 31 December 2019	33.3

14 INVESTMENTS

INVESTMENTS IN ASSOCIATE

The following entities meet the definition of an associate and have been equity accounted in the consolidated financial statements:

Name	Relationship	Country of incorporation	**Effective interest 31 December 2020**	Effective interest 31 December 2019
Come2Play Limited	Associate	Israel	**0%**	20%

On 15 April 2015 the Group acquired 20% of the Ordinary Shares of Come2Play Limited for a cash payment of US$1.5 million.

On 22 June 2020, the Company sold its investment in Come2Play Limited for consideration of US$2.4 million, of which US$0.4 million is to be received on 22 September 2021. The carrying value of the investment at the date of the sale was $0.5 million, as a result the Company recorded a gain of US$1.6 million.

OTHER INVESTMENTS

The Group equity instruments designated at fair value through OCI of US$0.2 million were written off during 2020 (31 December 2019: US$0.2 million).

15 DEFERRED TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Group's deferred tax assets and liabilities resulting from temporary differences, some of which are expected to be settled on a net basis, are as follows:

	2020 US$ million	2019 US$ million
Deferred tax relates to the following:		
Accrued severance pay	**1.7**	1.4
Vacation pay accrual	**0.7**	0.5
Property, plant and equipment	**1.4**	1.2
Intangible assets	**(3.5)**	(4.3)
	0.3	(1.2)
Reflected in the statement of financial position as follows:		
Deferred tax assets	**3.6**	2.8
Deferred tax liabilities	**(3.3)**	(4.0)

The Group did not record deferred taxes on taxable losses of its US subsidiaries due to uncertainty of utilisation of those losses. The Group did not have taxable losses in other subsidiaries at 31 December 2020 (2019: nil) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

16 CASH AND CASH EQUIVALENTS

	2020 US$ million	2019 US$ million
Cash and short-term deposits	**116.0**	42.2
Customer funds	**74.0**	54.7
	190.0	96.9

Customer funds represent bank deposits matched by liabilities to customers and progressive prize pools of an equal value (see note 21).

17 TRADE AND OTHER RECEIVABLES

	2020 US$ million	2019 US$ million
Trade receivables	**61.3**	26.5
Other receivables	**13.0**	10.9
Prepayments	**7.1**	5.2
Restricted short-term deposits	**3.2**	2.6
Current trade and other receivables	**84.6**	45.2
Non-current prepayments	**0.6**	0.6
	85.2	45.8

Restricted short-term deposits represent amounts held by banks primarily to support guarantees in respect of regulated markets licence requirements and office leases.

The carrying value of trade receivables and other receivables approximates to their fair value as the credit risk has been addressed as part of impairment provisioning and, due to the short-term nature of the receivables they are not subject to ongoing fluctuations in market rates. Note 25 provides credit risk disclosures on trade and other receivables.

18 SHARE CAPITAL

Share capital comprises the following:

	Authorised			
	31 December 2020 Number	31 December 2019 Number	**31 December 2020 US$ million**	31 December 2019 US$ million
Ordinary Shares of £0.005 each	**1,026,387,500**[1]	1,026,387,500	**8.1**	8.1

1 including 196,488 treasury shares held by the Group as at 31 December 2020.

	Allotted, called up and fully paid			
	31 December 2020 Number	31 December 2019 Number	**31 December 2020 US$ million**	31 December 2019 US$ million
Ordinary Shares of £0.005 each at beginning of year	**368,347,794**	364,284,539	**3.3**	3.3
Issue of Ordinary Shares of £0.005 each	**669,628**	4,063,255	**—**	—
Ordinary Shares of £0.005 each at end of year	**369,017,422**	368,347,794	**3.3**	3.3

The narrative below includes details on issue of Ordinary Shares of £0.005 each as part of the Group's employee share option plan (see note 23) during 2020 and 2019:

During 2020, the Company issued 669,628 shares (2019: 4,063,255) out of which nil shares (2019: 32,440) were issued in respect of employees exercising market value options giving rise to an increase in share premium of nil (2019: US$0.1 million).

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 (2019: US$3.3 million) and is split into 369,017,422 (2019: 368,347,794) Ordinary Shares. The share capital in UK sterling (GBP) is £1.8 million (2019: £1.8 million).

19 TRADE, OTHER PAYABLES AND PROVISIONS

	2020 US$ million	2019 US$ million
Trade payables	**26.3**	28.4
Accrued expenses	**108.4**	79.9
Other payables	**43.2**	22.6
Total trade and other payables	**177.9**	130.9
Provisions	**19.3**	10.2
	197.2	141.1

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 updates it to reflect the Group's revised assessment of these risks in light of developments arising during 2020 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 2019	11.3
Paid during the year	(1.1)
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 31 December 2020	**19.3**
Current	19.3
Non-current	—

20 INTEREST-BEARING LOANS AND BORROWINGS

	2020 US$ million	2019 US$ million
Lease liabilities[1]	**33.7**	34.8
Interest-bearing loan – RCF	**—**	17.7
Total interest-bearing loans and borrowings	**33.7**	52.5

1 Discounted using a weighted average incremental borrowing rate of 3.9%.

	Lease liabilities US$ million	RCF US$ million	Total US$ million
At 1 January 2019	26.8	—	26.8
Arising during the period	12.6	32.5	45.1
Paid during the period	(7.5)	(15.0)	(22.5)
Interest expenses	1.3	1.3	2.6
Interest paid	—	(1.1)	(1.1)
Exchange rate	1.6	—	1.6
At 1 January 2020	**34.8**	**17.7**	**52.5**
Arising during the period	1.6	32.0	33.6
Paid during the period	(6.4)	(50.0)	(56.4)
Interest expenses	1.4	1.3	2.7
Interest paid	—	(1.0)	(1.0)
Exchange rate	2.3	—	2.3
At 31 December 2020	**33.7**	**—**	**33.7**
Current	7.0	—	7.0
Non-current	26.7	—	26.7

Further information in respect of right of use assets is in note 13 and contractual maturity analysis of lease liabilities in note 25.

21 LIABILITIES TO CUSTOMERS AND PROGRESSIVE PRIZE POOLS

	2020 US$ million	2019 US$ million
Liabilities to customers	**68.0**	48.3
Progressive prize pools	**6.0**	6.4
	74.0	54.7

22 INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

The consolidated financial statements include the following principal subsidiaries of 888 Holdings plc:

Name	Country of incorporation	Percentage of equity interest 2020 %	Percentage of equity interest 2019 %	Nature of business
VHL Financing Limited	Gibraltar	**100**	100	Holding company
VHL Financing (Malta) Limited	Malta	**100**	100	Holding company
Virtual Global Digital Services Limited	Gibraltar	**100**	100	Holder of gaming licences in Gibraltar
Cassava Enterprises (Gibraltar) Limited	Gibraltar	**100**	100	Holder of gaming licences in Gibraltar during 2019
Virtual Digital Services Limited	Malta	**100**	100	Holder of gaming licences in Malta for European markets which are not locally regulated
Brigend Limited	Gibraltar	**100**	100	Bingo business operator
Fordart Limited	Gibraltar	**100**	100	B2B business operator (except Bingo)
888 UK Limited	Gibraltar	**100**	100	Holder of UK remote gaming licence
888 Italia Limited	Malta	**100**	100	Holder of Italian online gaming licence

22 INVESTMENTS IN SIGNIFICANT SUBSIDIARIES CONTINUED

Name	Country of incorporation	Percentage of equity interest 2020 %	Percentage of equity interest 2019 %	Nature of business
888 Online Games España S.A.	Ceuta, Spain	**100**	100	Holder of Spanish online gaming licence
888 US Limited	Gibraltar	**100**	100	Holder of Interactive Gaming Service Provider and Manufacturer licence in the state of Nevada
888 Atlantic Limited	Gibraltar	**100**	100	Provider of software and services to US licensed entities
888 Liberty Limited	Gibraltar	**100**	100	Holder of Gaming Vendor Licence in the state of Delaware
888 Romania Limited	Malta	**100**	100	Holder of Romanian online gaming licence
888 (Ireland) Limited	Malta	**100**	100	Holder of Irish online betting licence
888 Denmark Limited	Malta	**100**	100	Holder of Danish online gaming licence
888 Portugal Limited	Malta	**100**	100	Holder of Portuguese online gaming licence
888 Sweden Limited	Malta	**100**	100	Holder of Swedish online gaming licence
888 Germany Limited	Malta	**100**	100	Holder of Schleswig-Holstein online gaming licence
Virtual Emerging Entertainment Limited	Gibraltar	**100**	100	Trademark licensor
Gisland Limited	Gibraltar	**100**	100	Payment transmission
Virtual IP Assets Limited[1]	Antigua	**100**	100	Holder of group IP assets
Virtual Marketing Services (Gibraltar) Limited	Gibraltar	**100**	100	Marketing acquisition
Virtual Marketing Services (UK) Limited	UK	**100**	100	Advertising services
888 US Services Inc.	New Jersey, USA	**100**	100	Provider of US-based services for US operations
Dixie Operations Limited	Antigua	**100**	100	Customer call centre operator
Random Logic Limited	Israel	**100**	100	Research, development and marketing support
Random Logic Ventures Limited	Israel	**100**	100	Investment holding company
Sparkware Technologies SRL	Romania	**100**	100	Software development
Virtual Internet Services Limited	Gibraltar	**100**	100	Data hosting and development services
Virtual Internet Services (Ireland) Limited[2]	Ireland	**100**	100	Data hosting services
Virtual Share Services Limited	Gibraltar	**100**	100	Administration of employee equity schemes
888 US Inc.	Delaware, USA	**100**	100	Holding company
888 US Holdings Inc.	Delaware, USA	**100**	100	Holding company
AAPN Holdings, LLC	Delaware, USA	**100**	100	Holding company
AAPN New Jersey LLC	New Jersey, USA	**100**	100	Holder of Casino Service Industry Enterprise licence in New Jersey
VHL America, LLC	VHL Iowa, LLC	**100**	N/A	Holding company
VHL Colorado, LLC	Colorado, USA	**100**	N/A	Colorado temporary Internet Sports Betting Operator licence holder
VHL Indiana, LLC	Indiana, USA	**100**	N/A	Indiana licence applicant
VHL Iowa, LLC	Iowa, USA	**100**	N/A	Iowa licence applicant
Spectate Limited	Ireland	**100**	100	Software development
Gaming Ventures Europe 2019 Limited	Malta	**100**	100	Holder of gaming licences in Malta for European markets which are not locally regulated
Entertainment Ventures Europe 2019 Limited	Malta	**100**	100	Holder of gaming licences in Malta for European markets which are not locally regulated

1 Virtual IP Assets Limited has been redomiciled to Antigua with effect from 22 November 2019.

2 Merged with and into Spectate Limited on 31 December 2020.

23 SHARE BENEFIT CHARGES

EQUITY-SETTLED SHARE BENEFIT CHARGES

As at 31 December 2020 the Group has equity-settled employee shares and share options granted under two equity-settled employee share incentive plans – the 888 All-Employee Share Plan ("AEP"), which expired according to its terms in August 2015, and the 888 LongTerm Incentive Plan 2015 ("LTIP") which was adopted at the Extraordinary General Meeting on 29 September 2015. The 888 LongTerm Incentive Plan 2015 is open to employees (including Executive Directors) and full-time consultants of the Group, at the discretion of the Remuneration Committee. Awards under this scheme will vest in instalments over a fixed period of at least three years subject to the relevant individuals remaining in service. Certain of these awards are subject to additional performance conditions imposed by the Remuneration Committee at the dates of grant, further details of which are given in the Directors' Remuneration Report.

In addition, on 8 May 2017, the Board adopted a Deferred Share Bonus Plan ("DSBP") in order to allow the Company to comply with the requirement contained in its Remuneration Policy pursuant to which any annual bonus payment made to an Executive Director in excess of 100% of such Executive Director's annual salary is deferred into equity awards of the Company in the form of nil cost options or share awards.

The Company grants equity awards under which shares of the Company are issued to employees at nil consideration. The nominal value of such shares is covered internally. Details of equity settled shares and share options granted as part of the AEP, the LTIP and the DSBP are set out below.

SHARE OPTIONS GRANTED

	2020		2019	
	Weighted average exercise price	**Number**	Weighted average exercise price	Number
Outstanding at the beginning of the year	**–**	**–**	£1.08	33,092
Market value options lapsed during the year	**–**	**–**	£1.02	(652)
Market value options exercised during the year	**–**	**–**	£1.08	32,440
Outstanding at the end of the year	**–**	**–**	—	—

ORDINARY SHARES GRANTED (WITHOUT PERFORMANCE CONDITIONS)

	2020 Number	2019 Number
Outstanding future vesting equity awards at the beginning of the year	**1,911,982**	3,578,276
Future vesting equity awards granted during the year	**4,075,732**	1,702,870
Future vesting equity awards lapsed during the year	**(146,611)**	(398,981)
Shares issued upon vesting during the year	**(299,534)**	(2,970,183)
Outstanding future vesting equity awards at the end of the year	**5,541,569**	1,911,982
Averaged remaining life until vesting	**1.15 years**	1.45 years

DEFERRED SHARE BONUS PLAN

	2020 Number	2019 Number
Outstanding future vesting equity awards at the beginning of the year	**201,947**	338,201
Future vesting equity awards granted during the year	**130,796**	—
Shares exercised during the year	**(136,255)**	(136,254)
Outstanding future vesting equity awards at the end of the year	**196,488**	201,947
Averaged remaining life until vesting	**0.93 years**	0.54 years

The aforementioned grants under the DSBP were approved by the Board as part of the annual bonus award to the Executive Directors for 2016-2020, pursuant to which an amount equal to 100% of salary was granted in cash, with the additional 50% of salary deferred into shares of the Company. These grants were made on (i) 16 April 2020 to the CEO (21,544 Shares), the then CFO (42,368 Shares) and former CEO (66,884 Shares), (ii) 21 March 2018 to the CEO (117,965 Shares) and the then CFO (79,109 Shares) and (iii) 28 June 2017 to the CEO (130,914 Shares) and the then CFO (80,777 Shares), with the shares vesting in equal tranches over three years. Ordinary Shares granted for future vesting are valued at the share price at grant date, which the Group considers approximates to the fair value. On (i) 29 April 2020, the Group purchased 130,796 shares, (ii) 28 March 2018, the Group purchased 197,074 shares and (iii) on 29-30 June 2017 the Group purchased 211,691 shares on the open market at an average price of 143.7¢ per share, 277.9¢ per share and 255.31¢ per share, respectively, all of which were recognised as treasury shares as of 31 December 2020.

23 SHARE BENEFIT CHARGES CONTINUED

ORDINARY SHARES GRANTED (SUBJECT TO PERFORMANCE CONDITIONS)

	2020 Number	2019 Number
Outstanding at the beginning of the year	4,172,249	4,142,129
Shares granted during the year	973,563	1,703,845
Lapsed future vesting shares	(839,364)	(613,093)
Shares issued during the year	(370,094)	(1,060,632)
Outstanding at the end of the year	3,936,354	4,172,249
Averaged remaining life until vesting	1.13 years	1.34 years

Shares granted during the year 973,563 (2019: 1,703,845) out of which 75,231 shares are 100% dependent on total shareholder return (TSR) compared to a peer group of companies. The share price at the grant date for the shares with an EPS growth target was £1.29. Other shares outstanding at the end of the year consist of (i) 1,258,946 shares subject to 50% EPS growth target, and 50% total shareholder return (TSR) compared to a peer group of companies (ii) 1,703,845 shares are 100% dependent on total shareholder return (TSR) compared to a peer group of companies. Further details of performance conditions that have to be satisfied on these awards are set out in the Directors' Remuneration Report. The EPS growth target is taken into account when determining the number of shares expected to vest at each reporting date, and the TSR target is taken into account when calculating the fair value of the share grant.

VALUATION INFORMATION – SHARES GRANTED UNDER TSR CONDITION:

Shares granted during the year:	2020	2019
Share pricing model used	Monte Carlo	Monte Carlo
Determined fair value	£0.86	£1.74
Number of shares granted	449,166	1,703,845
Average risk-free interest rate	0.05%	0.75%
Average standard deviation	42%	27%
Average standard deviation of peer group	45%	30%

VALUATION INFORMATION – SHARES GRANTED

	2020		2019	
	Without performance conditions	With performance conditions	Without performance conditions	With performance conditions
Weighted average share price at grant date	£1.33	£1.30	£1.62	£1.67
Weighted average share price at issue of shares	£2.54	£1.29	£1.61	£1.56

Ordinary shares granted for future vesting with EPS growth performance conditions are valued at the share price at grant date, which the Group considers approximates to the fair value. The restrictions on the shares during the vesting period, primarily relating to non-receipt of dividends, are considered to have an immaterial effect on the share option charge.

In accordance with IFRS 2 a charge to the consolidated income statement in respect of any shares or options granted under the above schemes is recognised and spread over the vesting period of the shares or options based on the fair value of the shares or options at the grant date, adjusted for changes in vesting conditions at each balance sheet date. These charges have no cash impact.

SHARE BENEFIT CHARGES

	2020 US$ million	2019 US$ million
Equity-settled charge for the year	7.6	5.4
Cash-settled charge for the year	3.4	—
Total share benefit charges	11.0	5.4

24 RELATED PARTY TRANSACTIONS

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

	2020 US$ million	2019 US$ million
Short-term benefits	**4.6**	5.9
Post-employment benefits	**0.2**	0.3
Share benefit charges – equity-settled	**2.1**	1.9
	6.9	8.1

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

25 FINANCIAL RISK MANAGEMENT

The Group is exposed through its operations to risks that arise from use of its financial instruments. Policies and procedures for managing these risks are set by the Board following recommendations from the Chief Financial Officer. The Board reviews the effectiveness of these procedures and, if required, approves specific policies and procedures in order to mitigate these risks.

The main financial instruments used by the Group, on which financial risk arises, are as follows:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables;
- Customer deposits;
- Lease liabilities.

Detailed analysis of these financial instruments is as follows:

Financial assets	2020 US$ million	2019 US$ million
Trade and other receivables[1] (note 17)	**77.5**	40.0
Cash and cash equivalents (note 16)	**190.0**	96.9
Equity instruments designated at fair value through OCI (note 14)	**—**	0.2
	267.5	137.1

1 Excludes prepayments and non-current other receivables.

Trade and other receivables and cash and cash equivalents are classified as financial assets at amortised cost. Equity investments are measured at fair value through other comprehensive income (FVOCI) without subsequent recycling to the income statement.

Financial liabilities	2020 US$ million	2019 US$ million
Trade and other payables[1] (note 19)	**140.2**	102.5
Customer deposits (note 21)	**74.0**	54.7
Lease liabilities – IFRS 16 (note 20)	**33.7**	34.8
Interest-bearing loan – RCF (note 20)	**—**	17.7
	247.9	209.7

1 Excludes taxes payable.

All financial liabilities are held at amortised cost.

25 FINANCIAL RISK MANAGEMENT CONTINUED

CAPITAL

The capital employed by the Group is composed of equity attributable to shareholders. The primary objective of the Group is maximising shareholders' value, which, from the capital perspective, is achieved by maintaining the capital structure most suited to the Group's size, strategy, and underlying business risk. There are no demands or restrictions on the Group's capital.

The main financial risk areas are as follows:

CREDIT RISK

Trade receivables

The Group's credit risk is primarily attributable to trade receivables, most of which are due from the Group's payment service providers (PSP). These are third-party companies that facilitate deposits and withdrawals of funds to and from customers' virtual wallets with the Group. These are mainly intermediaries that transact on behalf of credit card companies.

The risk is that a PSP would fail to discharge its obligation with regard to the balance owed to the Group. The Group reduces this credit risk by:

- Monitoring balances with PSPs on a regular basis.
- Arranging for the shortest possible cash settlement intervals.
- Replacing rolling reserve requirements, where they exist, with a Letter of Credit by a reputable financial institution.
- Ensuring a new PSP is only contracted following various due diligence and "Know Your Customer" procedures.
- Ensuring policies are in place to reduce dependency on any specific PSP and as a limit on any concentration of risk.

The Group considers that based on the factors above and on extensive past experience, the PSP receivables are of good credit quality and there is a low level of potential bad debt as at year end amounting to US$0.6 million arising from a PSP failing to discharge its obligation (2019: US$0.1 million). This has been charged to the consolidated income statement.

An additional credit risk the Group faces relates to customers disputing charges made to their credit cards ("chargebacks") or any other funding method they have used in respect of the services provided by the Group. Customers may fail to fulfil their obligation to pay, which will result in funds not being collected. These chargebacks and uncollected deposits, when occurring, will be deducted at source by the PSPs from any amount due to the Group. As such the Group provides for these eventualities by way of an impairment provision based on analysis of past transactions. This provision is set off against trade receivables and at 31 December 2020 was US$1.5 million (2019: US$1.0 million).

The Group's in-house Fraud and Risk Management department carefully monitors deposits and withdrawals by following prevention and verification procedures using internally-developed bespoke systems integrated with commercially-available third-party measures.

Cash and cash equivalents

The Group controls its cash position from its Gibraltar headquarters. Subsidiaries in its other main locations maintain minimal cash balances as required for their operations. Cash settlement proceeds from PSPs, as described above, are paid into bank accounts controlled by the Treasury function in Gibraltar.

The Group holds the majority of its funds with highly reputable financial institutions and will not hold funds with financial institutions with a low credit rating save for limited balances for specific operational needs. The Group maintains its cash reserves in highly liquid deposits and regularly monitors interest rates in order to maximise yield.

Customer funds

Customer funds are matched by customer liabilities and progressive prize pools of an equal value.

Restricted short-term deposits

Restricted short-term deposits are short-term deposits held by banks primarily to support guarantees in respect of regulated markets licence requirements and office leases.

The Group's maximum exposure to credit risk is the amount of financial assets presented above, totalling US$267.5 million (2019: US$137.1 million).

25 FINANCIAL RISK MANAGEMENT CONTINUED

LIQUIDITY RISK

Liquidity risk exists where the Group might encounter difficulties in meeting its financial obligations as they become due. The Group monitors its liquidity in order to ensure that sufficient liquid resources are available to allow it to meet its obligations.

The following table details the contractual maturity analysis of the Group's financial liabilities (undiscounted payments):

	2020				
	On demand US$ million	**In 3 months US$ million**	**Between 3 months and 1 year US$ million**	**More than 1 year US$ million**	**Total US$ million**
Trade and other payables[1]	**12.3**	**106.5**	**21.4**	**—**	**140.2**
Customer deposits	**74.0**	**—**	**—**	**—**	**74.0**
Lease liabilities	**—**	**1.7**	**5.3**	**31.5**	**38.5**
	86.3	**108.2**	**26.7**	**31.5**	**252.7**

1 Excludes taxes payable.

	2019				
	On demand US$ million	In 3 months US$ million	Between 3 months and 1 year US$ million	More than 1 year US$ million	Total US$ million
Trade and other payables[1]	15.8	73.7	13.0	—	102.5
Customer deposits	54.7	—	—	—	54.7
Lease liabilities	—	1.7	4.3	34.5	40.5
Interest-bearing loan – RCF	—	—	18.0	—	18.0
	70.5	75.4	35.3	34.5	215.7

1 Excludes taxes payable.

MARKET RISK

Currency risk

The Group's financial risk arising from exchange rate fluctuations is mainly attributed to:

- Mismatches between customer deposits, which are predominantly denominated in US$, and the net receipts from customers, which are settled in the currency of the customer's choice and of which Pounds Sterling (GBP) and Euros (EUR) are the most significant.
- Mismatches between reported revenue, which is mainly generated in US$ (the Group's reporting currency and the functional currency of the majority of its subsidiaries), and a significant portion of deposits settled in local currencies.
- Expenses, the majority of which are denominated in foreign currencies including Pounds Sterling (GBP), Euros (EUR) and New Israeli Shekels (ILS).

The Group continually monitors the foreign currency risk and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level. This includes the potential use of foreign exchange forward contracts designed to fix the economic impact of known liabilities when considered appropriate.

At 31 December 2020 the Group does not have any open foreign exchange forward contracts.

25 FINANCIAL RISK MANAGEMENT CONTINUED

MARKET RISK CONTINUED

Currency risk continued

The tables below detail the monetary assets and liabilities by currency:

	2020					
	GBP US$ million	EUR US$ million	ILS US$ million	USD US$ million	Other US$ million	Total US$ million
Cash and cash equivalents	63.0	45.1	17.8	53.7	10.4	190.0
Trade and other receivables	21.4	33.3	0.7	6.9	15.2	77.5
Monetary assets	84.4	78.4	18.5	60.6	25.6	267.5
Trade and other payables	(38.6)	(21.9)	(23.0)	(49.7)	(7.0)	(140.2)
Customer deposits	(17.1)	(22.1)	–	(29.1)	(5.7)	(74.0)
Lease liabilities	(3.4)	(11.0)	(18.8)	(0.3)	(0.2)	(33.7)
Monetary liabilities	(59.1)	(55.0)	(41.8)	(79.1)	(12.9)	(247.9)
Net financial position	25.3	23.4	(23.3)	(18.5)	12.7	19.6

	2019					
	GBP US$ million	EUR US$ million	ILS US$ million	USD US$ million	Other US$ million	Total US$ million
Cash and cash equivalents	27.7	34.4	5.0	27.4	5.0	99.5
Trade and other receivables	9.2	19.6	0.3	2.1	6.2	37.4
Equity instruments designated at fair value through OCI	–	–	–	0.2	–	0.2
Monetary assets	36.9	54.0	5.3	29.7	11.2	137.1
Trade and other payables	(18.0)	(24.7)	(16.3)	(41.1)	(2.4)	(102.5)
Customer deposits	(9.3)	(14.4)	–	(27.9)	(3.1)	(54.7)
Lease liabilities	(3.3)	(10.4)	(20.2)	(0.4)	(0.5)	(34.8)
Interest-bearing loan – RCF	–	–	–	(17.7)	–	(17.7)
Monetary liabilities	(30.6)	(49.5)	(36.5)	(87.1)	(6.0)	(209.7)
Net financial position	6.3	4.5	(31.2)	(57.4)	5.2	(72.6)

SENSITIVITY ANALYSIS

The table below details the effect on profit before tax of a 10% strengthening (and weakening) in the US$ exchange rate at the balance sheet date for balance sheet items denominated in Pounds Sterling, Euros and New Israeli Shekels:

	Year ended 31 December 2020		
	GBP US$ million	EUR US$ million	ILS US$ million
10% strengthening	(2.5)	(2.3)	2.3
10% weakening	2.5	2.3	(2.3)

	Year ended 31 December 2019		
	GBP US$ million	EUR US$ million	ILS US$ million
10% strengthening	(0.6)	(0.5)	3.1
10% weakening	0.6	0.5	(3.1)

25 FINANCIAL RISK MANAGEMENT CONTINUED

INTEREST RATE RISK

The Group's exposure to interest rate risk is limited to the interest-bearing deposits in which the Group invests surplus funds.

The Group's policy is to invest surplus funds in low risk money market funds and in interest-bearing bank accounts. The Group arranges for excess funds to be placed in these interest-bearing accounts with its principal bankers in order to maximise availability of funds for investments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Effect on profit before tax

	2020	2019	
	Interest-bearing deposits US$ million	Interest-bearing deposits US$ million	Debt obligations (RCF) US$ million
50bp increase	**0.1**	0.1	(0.1)
50bp decrease	**(0.1)**	(0.1)	0.1

26 FAIR VALUE MEASUREMENTS

The Group's equity investment of US$0.2 million was written off during 2020. This investment was measured at fair value (level 2). For the remaining financial assets and liabilities, the Group considers that the book value approximates to fair value.

There were no changes in valuation techniques or transfers between categories in the period.

27 PROVISIONS, CONTINGENT LIABILITIES AND REGULATORY ISSUES

(a) The Group operates in numerous jurisdictions. Accordingly, the Group files tax returns, provides for and pays all taxes and duties it believes are due based on local tax laws, transfer pricing agreements 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.

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

Given the nature of the legal and regulatory landscape of the industry, from time to time the Group has received notices, communications and legal actions from regulatory authorities and other parties in respect of its activities. The Group is furthermore subject to regular compliance assessments of its licensed activities, from time to time. The Group's policy is to engage in dialogue with regulators and address any concerns raised in such assessments, to work cooperatively with the regulator and to take action to address any concerns raised as part of the assessment as soon as possible. The Group has taken legal advice as to the manner in which it should respond and the likelihood of success of such actions. Based on this advice and the nature of the actions, for the majority of these matters the Board is unable to quantify reliably the outflow of funds that may result, if any. For matters where an outflow of funds is probable and can be measured reliably, amounts have been recognised in the financial statements within Provisions. Except for the regulatory matters described in note 19, these amounts are not material at 31 December 2020.

COMPANY BALANCE SHEET
AT 31 DECEMBER 2020

	Note	2020 US$ million	2019 US$ million
Assets			
Non-current assets			
Investments in subsidiaries	2	**47.5**	46.1
Deferred tax assets	10	**0.5**	0.7
		48.0	46.8
Current assets			
Trade and other receivables	3	**131.3**	90.9
Cash and cash equivalents		**—**	—
		131.3	90.9
Total assets		**179.3**	137.7
Equity and liabilities			
Equity			
Share capital	4	**3.3**	3.3
Share premium	4	**3.7**	3.7
Treasury shares	4	**(0.5)**	(0.7)
Retained earnings[1]		**91.9**	54.9
Total equity		**98.4**	61.2
Liabilities			
Current liabilities			
Trade and other payables	5	**23.2**	4.3
Income tax payable		**18.3**	7.8
Interest-bearing loans and borrowings	6	**—**	17.7
		41.5	29.8
Non-current liabilities			
Loan payable to subsidiaries	9	**39.4**	46.7
		39.4	46.7
Total liabilities		**80.9**	76.5
Total equity and liabilities		**179.3**	137.7

1 Includes net profit of the Company for the year ended 31 December 2020 of US$63.1 million (31 December 2019: US$28.6 million).

The financial statements on pages 146 to 150 were approved and authorised for issue by the Board of Directors on 17 March 2021 and were signed on its behalf by:

ITAI PAZNER
Chief Executive Officer

YARIV DAFNA
Chief Financial Officer

The notes on pages 149 to 150 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital US$ million	Share premium US$ million	Treasury shares US$ million	Retained earnings US$ million	Total US$ million
Balance at 1 January 2019	3.3	3.6	(1.2)	61.8	67.5
Profit and total comprehensive income for the year	—	—	—	28.6	28.6
Dividend paid (note 9)	—	—	—	(40.4)	(40.4)
Issue of shares (note 4)	—	0.1	—	—	0.1
Exercise of deferred share bonus plan	—	—	0.5	(0.5)	—
Equity settled share benefit charges (note 8)	—	—	—	5.4	5.4
Balance at 31 December 2019	3.3	3.7	(0.7)	54.9	61.2
Profit and total comprehensive income for the year	—	—	—	63.1	63.1
Dividend paid (note 9)	—	—	—	(33.2)	(33.2)
Acquisition of treasury shares	—	—	(0.3)	—	(0.3)
Exercise of deferred share bonus plan	—	—	0.5	(0.5)	—
Equity settled share benefit charges (note 8)	—	—	—	7.6	7.6
Balance at 31 December 2020	**3.3**	**3.7**	**(0.5)**	**91.9**	**98.4**

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

Share capital – represents the nominal value of shares allotted, called-up and fully paid for.

Share premium – represents the amount subscribed for share capital in excess of nominal value.

Treasury shares – represent reacquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.

Retained earnings – represents the cumulative net gains and losses recognised in the parent company statement of comprehensive income and other transactions with equity holders

The notes on pages 149 to 150 form part of these financial statements

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**2020 US$ million**	2019 US$ million
Cash flows from operating activities:			
Profit before tax		**73.8**	26.7
Adjustments for:			
Share benefit charges	8	**0.7**	0.7
Dividends received		**(74.5)**	(27.2)
Increase in net amounts owed by subsidiaries	3,5	**(18.2)**	(20.1)
(Increase) decrease in other receivables	3	**(0.8)**	(0.2)
Increase (decrease) in trade and other payables	5	**6.1**	0.1
Cash generated from operations		**(12.9)**	(18.0)
Income tax paid		**(0.1)**	(0.8)
Net cash generated from operating activities		**(13.0)**	(18.8)
Cash flows from investing activities			
Dividends received	9	**74.5**	27.2
Net cash generated from investing activities		**74.5**	27.2
Cash flows from financing activities:			
Issue of shares	4	**—**	0.1
Acquisition of treasury shares	4	**(0.3)**	—
Loan received from subsidiaries		**—**	15.8
Repayment of loans to subsidiaries	9	**(9.0)**	—
Interest paid	9	**(1.0)**	(1.4)
Proceeds from loans, net of transaction fee		**32.0**	32.5
Repayment of loans		**(50.0)**	(15.0)
Dividends paid	9	**(33.2)**	(40.4)
Net cash used in financing activities		**(61.5)**	(8.4)
Net decrease in cash and cash equivalents		**—**	—
Cash and cash equivalents at the beginning of the year		**—**	—
Cash and cash equivalents at the end of the year		**—**	—

The notes on pages 149 to 150 form part of these financial statements.

1 GENERAL INFORMATION AND ACCOUNTING POLICIES

A description of the Company, its activities and definitions is included in note 1 to the consolidated financial statements.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and on an historical cost basis.

The Company applies consistent accounting policies, as applied by the Group. To the extent that an accounting policy is relevant to both Group and Company financial statements, refer to the Group financial statements for disclosure of the accounting policy (see note 2 to the consolidated financial statements). Material policies that apply to the Company only are included as appropriate.

Under Section 288 of the Gibraltar Companies Act 2014, the Company is exempt from the requirement to present its own income statement.

INVESTMENT IN SUBSIDIARIES

The Company's investments in subsidiaries are carried at cost less provisions resulting from impairment.

SHARE-BASED PAYMENTS

The financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings is recognised by the Company in its individual financial statements as an adjustment to its investment in subsidiaries with an opposite adjustment to equity. The subsidiary, in turn, will recognise the IFRS 2 adjustment in its income statement with a credit (debit) to equity to reflect the deemed capital contribution from (dividend to) the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – IMPAIRMENT TESTING OF INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES

The Company's investments in and amounts due from subsidiaries have been tested for impairment by comparison against the underlying value of the subsidiaries' assets.

2 INVESTMENTS IN SUBSIDIARIES

The Company's principal subsidiaries are listed in note 22 to the consolidated financial statements. In the Company's financial statements, investments in subsidiaries are held at cost less provision for any impairment. The Group applies IFRS 2 – Share-based Payment. Consequently, the Company recognises as a cost of investment the value of its own shares that it makes available for the purpose of granting share options to employees or contractors of its subsidiaries. The net movement in investment in subsidiaries during the year was US$1.4 million (2019: US$2.2 million); included within this were share-based payment charges of US$6.9 million in 2020 (2019: US$4.7 million), which is net of US$5.5 million intragroup recharges related to share based payment schemes (2019: US$6.9 million). There was no capital contribution during the year (2019: nil) in respect of incorporation of new subsidiaries.

3 TRADE AND OTHER RECEIVABLES

	2020 US$ million	2019 US$ million
Amounts due from subsidiaries	**130.1**	90.5
Other receivables and prepayments	**1.2**	0.4
	131.3	90.9

The carrying value of trade and other receivables approximates to their fair value. An expected credit loss assessment for material balances has been performed. None of the balances included within trade and other receivables are past due and no material expected credit loss provision is required. Amounts due from subsidiaries are payable on demand.

4 SHARE CAPITAL

The disclosures in note 18 to the consolidated financial statements are consistent with those for the Company, including capital management in note 25 to the consolidated financial statements.

5 TRADE AND OTHER PAYABLES

	2020 US$ million	2019 US$ million
Trade payables	–	0.1
Amounts due to subsidiaries	13.3	1.0
Other payables and accrued expenses	9.9	3.2
	23.2	4.3

The carrying value of trade and other payables approximates to their fair value. All balances included within trade and other payables are repayable on demand.

6 FINANCIAL RISK MANAGEMENT

To the extent relevant to Company's financial assets and liabilities (see notes 3 and 5), the Company's financial risk management objectives and policies are consistent with those of the Group as disclosed in note 25 to the consolidated financial statements.

Interest-bearing loans and borrowings are disclosed in note 20 to the consolidated financial statements.

Loans payable to subsidiaries are made on terms equivalent to those that prevail in arm's length transactions.

7 CONTINGENT LIABILITIES

The disclosures in note 27 to the consolidated financial statements are consistent with those for the Company.

8 SHARE BENEFIT CHARGES

The disclosures in note 23 to the consolidated financial statements are consistent with those for the Company except that the charge for the year is partly taken to investment in subsidiaries, as set out in note 2.

9 RELATED PARTY TRANSACTIONS

The aggregate amounts payable to key management personnel, considered to be the Directors of the Company, as well as their share benefit charges is detailed in note 23 to the consolidated financial statements.

During the year the Company received dividends from its subsidiaries through intercompany accounts (to be paid subsequently in cash), totalling US$74.5 million (2019: US$27.2 million) and paid to its shareholders dividends totalling US$33.2 million (2019: US$40.4 million). See note 10 to the consolidated financial statements.

Share benefit charges in respect of options and shares of the Company awarded to employees of subsidiaries totalled US$6.9 million (2019: US$4.7 million). During the year the Company charged its subsidiary for cost of awards for US$5.5 million (2019: US$6.9 million).

During the year the Company repaid US$9.0 million to its subsidiaries (2019: The Company borrowed US$15.8 million) and recorded a US$1.7 million (2019: US$1.8 million) interest expense in respect of the loan which was recharged to other Group entities. At 31 December 2020, the net amounts owed by subsidiaries to the Company were US$116.8 million (2019: US$89.5 million).

10 DEFERRED TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As at 31 December 2020, the Company has a deferred tax asset of US$0.9 million (2019: US$0.9 million) partially offset by deferred tax liabilities of US$0.4 million (2019: US$0.2 million).

SHAREHOLDER INFORMATION

GROUP WEBSITES

A range of shareholder information is available in the Investor Relations area of the Group's website, corporate.888.com, including:

- Latest information on the Group's share price
- Information on the Group's financial performance
- News and events

The following websites can also be accessed through the Group's main website www.888.com or are available directly.

CASINO

888's Casino games are offered through its 888casino, live casino and Costacasino:

- www.888casino.com
- www.777.com
- live-casino.888casino.com
- www.888vipcasinoclub.com
- www.costagames.com
- www.slotcrazy.com
- www.fantasticspins.com
- www.skyhighslots.com
- www.costagames.com
- www.slotcrazy.com
- www.fantasticspins.com
- www.skyhighslots.com
- www.slotsforce.com
- www.winkslots.com

POKER

888's Poker offering is through 888poker

- www.888poker.com

BINGO

888's Bingo offering is through 888ladies, Wink and Costabingo and others:

- www.888ladies.com
- www.winkbingo.com
- www.poshbingo.co.uk
- www.tastybingo.com
- www.redbusbingo.com
- www.bingostreet.com
- www.daisybingo.com
- www.888bingo.com
- www.bingofabulous.com
- www.deepseabingo.com
- www.sweetshopbingo.com
- www.costabingo.com
- www.realdealbingo.com
- www.singbingo.com
- www.citybingo.com
- www.riobingo.com
- www.wishbingo.com
- www.angrybingo.com
- www.treasurebingo.com
- www.monkeybingo.com
- www.giantbingo.com
- www.dinobingo.com
- www.sparklybingo.com
- www.frozenbingo.com
- www.farmyardbingo.com
- www.seasonbingo.com
- www.crocodilebingo.com
- www.kingdomofbingo.com
- www.rewindbingo.com
- www.bringobingo.com
- www.fancybingo.com
- www.bingohearts.com
- www.celebbingo.com
- www.snowybingo.com
- www.bingoballroom.com
- www.easterbingo.com
- www.scarybingo.com
- www.beatlebingo.com
- www.trexbingo.com
- www.bbqbingo.com
- www.jinglebingo.com
- www.bingohollywood.com
- www.spybingo.com
- www.bingoloft.com

SPORTSBOOK

888's Sportsbook offering is through 888sport

- www.888sport.com

USA

888's New Jersey Poker and Casino games are offered through its US regulated website

- US.888Poker.com
- US.888Casino.com
- US.888.com
- US.888Sport.com

SPAIN

888's Spain Poker, Casino games and Sport are offered through its Spanish regulated website

- www.888.es
- www.888poker.es
- www.888casino.es
- www.888sport.es

ITALY

888's Italy Poker, Casino games and Sport are offered through its Italian regulated website

- www.888.it
- www.888casino.it
- www.888poker.it
- www.888sport.it

DENMARK

888's Denmark Poker, Casino games and Sport are offered through its Denmark regulated website

- www.888.dk
- www.888poker.dk
- www.888casino.dk
- www.888sport.dk

GERMANY

888's Germany Poker, Casino games and Sport are offered through its Denmark regulated website

- 888.de
- Poker.888wetten.de
- Slots.888wetten.de

ROMANIA

888's Romania Poker, Casino games and Sport are offered through its Romania regulated website

- www.888.ro
- www.888poker.ro
- www.888casino.ro
- www.888sport.ro

PORTUGAL

888's Portugal Casino games and Poker are offered through its Portugal regulated website

- www.888.pt
- poker.888.pt
- casino.888.pt

SWEDEN

888's Sweden Poker, Casino games and Sport are offered through its Sweden regulated website

- www.888.se
- www.888poker.se
- www.888casino.se
- www.888sport.se

RESPONSIBLE GAMING:

The Group's dedicated site focusing on responsible gaming

- www.888responsible.com

COMPANY INFORMATION

SHAREHOLDER SERVICES

All enquiries relating to Ordinary Shares, Depository Interests, dividends and changes of address should be directed to the Group's Transfer Agent:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
UK

Tel: 0871 664 0300
www.signalshares.com

FURTHER INFORMATION

For further information please contact:
corporate.secretary@888holdings.com

PRINCIPAL BANKERS

Barclays Bank Plc
1 Churchill Place
London
E14 5HP
UK

SOLICITORS

Latham & Watkins
99 Bishopsgate
London
EC2M 3XF
UK

Hassans
7/63 Line Wall Road
Gibraltar

Herzog Fox Neeman
Asia House
4 Weizman Street
Tel Aviv
Israel 64239

COMPANY SECRETARY

Strait Secretaries Limited
57/63 Line Wall Road
Gibraltar

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1 More London Place
London
SE1 2AF
United Kingdom

EY Limited
PO Box 191
Regal House
Queensway
Gibraltar

CORPORATE BROKERS

Broker J.P. Morgan Cazenove

Broker Canaccord Genuity Limited

Design and Production
www.carrkamasa.co.uk
ckd

MIX
Paper from
responsible sources
FSC® C016486
FSC
www.fsc.org

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