

THIS DOCUMENT AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000, as amended (the “FSMA”), if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or otherwise transfer, or have sold or otherwise transferred, all of your 888 Shares and/or Depositary Interests, you should send this document (but not the personalised Form of Proxy or Form of Direction, as appropriate) as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. If you have sold or otherwise transferred only part of your holding of 888 Shares and/or Depositary Interests, you should retain these documents.

This document comprises: (i) a circular prepared in accordance with the Listing Rules made under section 73A of the FSMA for the purpose of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document; and (ii) a prospectus relating to 888 Holdings PLC (“888” or the “Company”) prepared in accordance with the prospectus regulation rules of the UK Financial Conduct Authority (the “FCA”) made under section 73(A) of the FSMA (the “Prospectus Regulation Rules”).

The prospectus contained herein has been approved by the FCA as a prospectus prepared in accordance with the UK version of Regulation (EU) No 2017/1129, as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (the “UK Prospectus Regulation”). The FCA only approves the prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the securities.



888 Holdings PLC

(registered in Gibraltar with registered number 90099)

Recommended acquisition of William Hill International

Readmission of the 888 Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities

Notice of General Meeting

Sponsor

J.P. Morgan Cazenove

Shareholders should read this document in its entirety. In particular, your attention is drawn to the letter from the Chairman which is set out in Part 6 (*Letter from the Chairman of 888 Holdings PLC*) of this document which contains a recommendation from the Board that you vote in favour of the Acquisition Resolution to be proposed at the General Meeting referred to below. Your attention is also drawn to Part 1 (*Risk Factors*) of this document, which sets out certain risks and other factors that might affect the value of your shareholding in the Company and should be considered by Shareholders when deciding on what action to take in relation to the General Meeting.

The 888 Shares are listed on the premium listing segment of the Official List maintained by the FCA and traded on the London Stock Exchange’s main market for listed securities. As the Proposed Acquisition is classified as a reverse takeover under the Listing Rules, the listing of the 888 Shares will be cancelled and applications will be made to the FCA for all of the 888 Shares to be re-admitted to the premium listing segment of the Official List of the FCA and to London Stock Exchange for all of the 888 Shares to be re-admitted to trading on the London Stock Exchange’s main market for listed securities (together, “Readmission”). It is expected that Readmission will become effective and that that dealings in the 888 Shares will commence at 8.00 a.m. on the date of Completion, which, subject to the satisfaction of certain conditions, is expected to be in the first half of 2022.

The Company is neither offering any 888 Shares nor any other securities in connection with the Proposed Acquisition and/or Readmission. This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any 888 Shares or any other securities in any jurisdiction. 888 Shares will not be generally made available, or marketed, to the public in the UK or in any other jurisdiction in connection with the Proposed Acquisition and/or Readmission.

Notice of a General Meeting of the Company, to be held at 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 16 May 2022 at the office of Hudson Sandler LLP at 25 Charterhouse Square, London EC1M 6AE, United Kingdom, is set out at the end of this document.

The Board has been closely monitoring the ongoing COVID-19 situation and, taking into account the relaxation of social distancing and travel restrictions in the UK and Gibraltar, the General Meeting has been arranged on the assumption that it will be held as an open, physical meeting. If the position changes, 888 will communicate any updates on its website at <https://corporate.888.com> and, where appropriate, through an announcement to the market, before the General Meeting.

Although the General Meeting has been arranged as a physical meeting, taking into account the evolving and unpredictable nature of the COVID-19 pandemic, 888 Shareholders are strongly encouraged to instruct the voting of their 888 Shares at the General Meeting by completing and returning a Form of Proxy or Form of Direction (as appropriate). A Form of Proxy, which must be lodged with the Company's registrars at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL in person or by post by no later than 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 12 May 2022, is enclosed for this purpose. You must inform Link Group in writing of any termination of the authority of a proxy. Instead of submitting a Form of Proxy, proxies may be appointed electronically at <https://www.signalshares.com>.

The enclosed blue Form of Direction, for use in connection with the General Meeting by DI Holders only, and the enclosed green Form of Direction for use in connection with the General Meeting by Employee Shareholders only, should be completed and returned, in accordance with the instructions printed thereon, as soon as possible and by no later than 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 11 May 2022. Alternatively, CREST Members may instruct the Depository how to vote the 888 Shares underlying their Depository Interests by using the electronic voting service. Further details are set out in the notes to the blue Form of Direction or green Form of Directions.

888 Shareholders will be able to follow the proceedings of the General Meeting over the online Investor Meet Company platform by registering in advance via the following link: <https://www.investormeetcompany.com/888-holdings-plc/register-investor>. 888 Shareholders are invited to submit any questions in respect of the business of the General Meeting for the Board to consider. Questions may be submitted in advance or during the General Meeting over the Investor Meet Company platform following registration, and the Board will aim to respond to any such questions relevant to the business of the General Meeting. Please note that 888 Shareholders will not be able to use the Investor Meet Company platform to formally attend the General Meeting or vote on resolutions put to the general Meeting. Further information on the arrangements for the General Meeting are set out in Part 6 (*Letter from the Chairman of 888 Holdings PLC*) of this document.

This document together with the documents incorporated into it by reference (as set out in Part 21 (*Documentation Incorporated by Reference*) of this document) will be made available to the public in accordance with Prospectus Regulation Rule 3.2.1 by the same being made available, free of charge, at <https://corporate.888.com>. A copy of this document has also been delivered to the Gibraltar Companies Registrar pursuant section 77 of the Gibraltar Companies Act.

The 888 Shares have not been and will not be registered or qualified for distribution to the public under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

J.P. Morgan Securities plc (which conducts its U.K. investing banking activities as J.P. Morgan Cazenove) ("**J.P. Morgan Cazenove**" or the "**Sponsor**") is authorised by the Prudential Regulatory Authority ("**PRA**") and regulated by the FCA in the United Kingdom. Stifel Nicolaus Europe Limited ("**Stifel**", together with J.P. Morgan Cazenove, the "**Banks**") is authorised and regulated by the FCA in the United Kingdom. The Banks are acting exclusively for 888 and for no one else in connection with the arrangements described in

this document and will not be responsible to anyone other than 888 for providing the protections afforded to their respective clients or for providing advice in relation to or in connection with the arrangements referred to in this document.

Neither of the Banks nor their respective affiliates accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the 888 Shares, Readmission or any other transaction or arrangement referred to herein. Each of the Banks and their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any duty, liability, or responsibility whatsoever whether arising in tort, contract or otherwise, which they might otherwise have in respect of this document or any such statement. No representation or warranty, express or implied, is made by either the Banks or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future, provided that nothing in this paragraph shall seek to exclude or limit any responsibilities or liabilities which may arise under the FSMA or the regulatory regime established thereunder.

Each of the Banks and their respective affiliates may have engaged in transactions with, and may provide various investment banking, financial advisory and other services for, the Company for which they would have received customary fees. Each of the Banks and their respective affiliates may provide such services to the Company and any of its affiliates in the future.

The contents of this document should not be construed as legal, business financial or tax advice. This document has been prepared to comply with the requirements of English law and the Prospectus Regulation Rules and information disclosed may not be the same as that which would have been disclosed if the document had been prepared in accordance with the laws of jurisdictions outside of England.

Notice to all Shareholders

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose is prohibited. By accepting delivery of this document the recipient agrees to the foregoing.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by the Banks. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the 888 Group since the date of this document or that the information in this document is correct as at any time subsequent to its date.

Without limitation, the contents of the 888 Group's websites do not form part of this document. Capitalised terms have the meanings ascribed to them in Part 22 (*Definitions*) of this document.

This document is dated 29 April 2022.

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SUMMARY

1. Introduction

The legal and commercial name of the Company is 888 Holdings Public Limited Company, which has the legal entity identifier 213800H84UJQYSVF9750. The ISIN code for the 888 Shares is GI000A0F6407. The Company's registered address is at Suite 601/701 Europort, Europort Road, Gibraltar and its telephone number is +350 200 49800.

This document was approved by the FCA on 29 April 2022.

Warnings

This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by investors. Any decision to invest in the securities may result in an investor losing all or a part of its invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or if it does not provide, when read together with the other parts of this document, key information in order to aid investors in considering whether to invest in the securities.

2. Key Information on the Company

Who is the issuer of the securities?

The Company was incorporated in the British Virgin Islands and subsequently re-domiciled in Gibraltar from Antigua and Barbuda on 17 December 2003. On 16 February 2005, the Company re-registered as a public limited company under the laws of Gibraltar, with registered number 90099. The Company operates under the Gibraltar Companies Act and its legal entity identifier is 213800H84UJQYSVF9750.

The 888 Group is one of the world's largest online betting and gaming companies by revenue, with overall revenue of USD 980.1 million for FY 2021. The 888 Group owns and operates a range of brands providing betting and gaming products across its principal "business-to-customer" verticals of Gaming (which includes Casino, Poker and Bingo products) and Betting (which includes Sports products), and also provides "business-to-business" services to third-party partners by making available its "business-to-customer" gaming platforms and back-office capabilities to third parties. As announced on 15 December 2021, 888 has agreed to sell the entirety of its Bingo Business to the Broadway Group which, subject to the satisfaction of certain conditions, is expected to complete during the second quarter of 2022.

On 9 September 2021, the board of 888 announced that it had agreed the terms of a recommended cash acquisition of the international (non-US) business of the William Hill Group, which is comprised of William Hill Online and William Hill Retail ("**William Hill International**" and collectively, the "**Target Businesses**") from Caesars Entertainment, Inc. pursuant to the terms of a Sale and Purchase Agreement, which is conditional on (among other things) the approval of 888 Shareholders. The Target Business is comprised of: (a) William Hill Online, which is a leading online betting and gaming provider to customers in the UK, Southern Europe and the Nordics; and (b) William Hill Retail, which operated 1,407 LBOs in the United Kingdom as at 28 December 2021.

So far as the Company is aware: (i) as at the Latest Practicable Date no person other than those listed below was interested, directly or indirectly, in five per cent. or more of the 888 Shares, and the amount of such persons' interests was as set out below; and (ii) immediately following Readmission, the following persons will be interested, directly or indirectly, in five per cent. or more of the 888 Shares and the amount of such persons' interests will be as set out below:

888 Shareholder	Interests in 888 Shares as at the Latest Practicable Date		Interests in 888 Shares immediately following Readmission ⁽¹⁾	
	Number of 888 Shares	Per cent. of voting rights attached to the 888 Shares ⁽²⁾	Number of 888 Shares	Per cent. of voting rights attached to the 888 Shares ⁽²⁾
Sinitus Nominees Limited in trust on behalf of Dalia Shaked	86,283,534	19.33	86,283,534	19.33
Aberdeen Standard Investments	38,023,452	8.52	38,023,452	8.52

Notes:

(1) Assumes that no 888 Shares are issued in respect of options exercised under the 888 Share Schemes between the date of this document and Readmission.

(2) Rounded to nearest second decimal place.

Itai Pazner is the Company's Chief Executive Officer and Yariv Dafna is the Company's Chief Financial Officer. EY Limited, Gibraltar, which is approved as registered auditors under the Gibraltar Financial Services (Auditors) Act 2009, is the statutory auditor of the Company.

What is the key financial information regarding the issuer?

The following tables set out the selected historical financial information which has been derived from 888's and the Target Business' consolidated statements of profit or loss, financial position and cash flows as at the dates and for the periods indicated, respectively.

Consolidated income statement data of 888 Group

	FY 2021	FY 2020	FY 2019 ⁽¹⁾
	<i>(USD million)</i>		
Revenue	980.1	849.7	560.3
Gaming duties	(184.0)	(151.8)	(95.5)
Other cost of sales	(158.4)	(135.1)	(88.1)
Total cost of sales	(342.4)	(286.9)	(183.6)
Gross Profit	637.7	562.8	376.7
Marketing expenses	(306.5)	(237.1)	(152.9)
Operating expenses	(220.2)	(214.7)	(169.3)
Exceptional items	(24.0)	(78.2)	(2.3)
Operating profit	87.0	32.8	52.2
Profit before tax	81.3	26.7	45.3
Net profit for the period attributable to equity holders of the parent	68.9	11.3	41.6

Notes:

(1) As of 31 December 2020, the 888 Group changed the presentation of the consolidated income statement, in a manner that allows for a further understanding of the underlying financial performance of the 888 Group and to be consistent with its peers. This resulted in restatement of certain costs for the year ended 31 December 2019 as presented, for purposes of comparison, in the 2020 888 Financial Statements, as explained in Note 2 of the 2020 888 Financial Statements.

Consolidated statement of financial position data of 888 Group

	As at 31 December		
	2021	2020	2019
	<i>(USD million)</i>		
Total assets	540.0	486.7	433.1
Total liabilities	372.1	336.3	268.4
Net assets	167.9	150.4	164.7

Consolidated statement of cash flow data of 888 Group

	FY 2021	FY 2020 ⁽¹⁾	FY 2019 ⁽²⁾
	<i>(USD million)</i>		
Net cash generated from operating activities	133.2	205.0	80.5
Net cash inflow / (outflow) from investing activities	(30.5)	(30.9)	(82.9)
Net cash inflow / (outflow) from financing activities	(70.3)	(58.9)	(31.7)

Notes:

(1) Reflects restatement of on demand deposits held with payment service providers.
(2) Reflects restatement of restricts short-term deposits.

Consolidated income statement data of the Target Business

	Target FY 2021	Target FY 2020	Target FY 2019
		(GBP million)	
Revenue.....	1,241.4	1,157.0	1,455.3
Gross Profit	878.0	1,088.9	1,090.8
Operating (loss)/profit.....	(178.0)	130.6	16.2
(Loss)/profit before tax	(243.9)	101.8	(32.0)
Net (loss)/profit for the period	(229.4)	88.2	(23.3)

Consolidated statement of financial position data of the Target Business

	As at		
	28 Dec 2021	29 Dec 2020	31 Dec 2019
		(GBP million)	
Total assets.....	2,539.9	1,688.6	1,630.6
Total liabilities	(1,923.2)	(1,337.4)	(1,568.1)
Net assets / (liabilities)	616.7	351.2	62.5

Consolidated statement of cash flow data of the Target Business

	Target FY 2021	Target FY 2020	Target FY 2019
		(GBP million)	
Net cash from operating activities.....	27.8	311.6	105.6
Net cash from / (used in) investing activities – continuing operations ...	(2,921.0)	(42.3)	(218.6)
Net cash (used in) / from financing activities.....	2,515.3	(53.9)	34.0

The unaudited *pro forma* financial information set out below has been prepared to illustrate the effect of: (i) the Placing; (ii) the proposed financing arrangements to part-fund the Proposed Acquisition; and (iii) the Proposed Acquisition, in each case on (a) the consolidated statement of financial position of 888 as at 31 December 2021, and (b) the consolidated statements of income of 888 for the twelve month period ended 31 December 2021 as if they had taken place on 1 January 2021. The key *pro forma* financial information set forth below has been derived from the unaudited *pro forma* consolidated financial information.

Unaudited *pro forma* statement of net assets as at 31 December 2021

	Adjustments						
888 Group net assets as at 31 December 2021	Target Business net assets as at 28 December 2021	Debt financing adjustment	Proposed Acquisition adjustments	Net proceeds from Placing	Presentation adjustments	Unaudited <i>pro forma</i> Enlarged Group	
			(USD million)				
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
Total assets	540.0	3,436.3	746.3	(815.7)	214.4	—	4,121.3
Total liabilities	372.1	2,601.9	725.5	102.4	—	—	3,801.9
Net assets/(liabilities) ..	167.9	834.4	20.8	(918.1)	214.4	—	319.4

Notes:

- 1) The 888 Group's net assets information as at 31 December 2021 has been extracted, without material adjustment, from the 2021 888 Financial Statements. Cash and cash equivalents includes restricted cash of USD 81.1 million relating to customer deposits and progressive prize pools.

- 2) The Target Business' net assets information as at 28 December 2021 has been extracted, without material adjustment, from the Target Business Historical Financial Information as at and for the 52 weeks ended 28 December. These financial statements have been converted to USD at the period end rate of 1.35 USD/GBP. Cash and cash equivalents includes restricted cash of USD 133.4 million relating to customer deposits (USD 127.4 million) and restricted deposits in respect of Spanish and Italian regulatory requirements (USD 6.0 million).
- 3) The debt financing adjustment relates to the term loan facilities with a principal amount of USD 1,840.8 million net of estimated expenses. In addition, the debt financing adjustment reflects the settlement of the existing debts of USD 1,115.3 million net of unamortised debt transaction costs.

	Debt financing adjustment
	<i>(USD million)</i>
New debt financing.....	1,840.8
Settlement of existing debt.....	(1,115.3)
	<u>725.5</u>

The new debt financing is assumed to comprise a mix between USD, Euro and GBP term loan B senior debt with a maturity of seven years. The *pro forma* adjustment has assumed that a maximum margin percentage which has resulted in a weighted average cost of debt of 6.1 per cent.

The settlement of existing debt represents the repayment of USD 498.8 million aggregate principal amount outstanding under the Existing 2023 Notes and the repayment of USD 616.5 million drawn under the existing Target Group facilities. This amount assumes the Existing 2026 Notes are not required to be redeemed in connection with a change of control offer. If noteholders accept the offer to redeem the Existing 2026 Notes, and to the extent that the Delayed Draw Portion is made available under the Senior Facilities Agreement, the issuer may use the Delayed Draw Portion to fund such redemption. In accordance with terms of the Existing 2026 Notes, a change of control event will result in the Enlarged Group having to redeem the notes equal to 101 per cent. of the principal amount plus accrued interest. The expected interest on the Delayed Draw Portion is expected to be in line with other new debt financing cost. The amount outstanding under each facility and the accrued and unpaid interest on the redemption or repayment dates is subject to change.

The adjustment to cash and cash equivalents comprises the net proceeds of the new debt financing, net of the settlement of existing loans. The adjustment to trade and other receivables comprises of the prepayment of the undrawn credit facility commitment fees of USD 3.6 million.

- 4) The Unaudited *Pro Forma* Financial Information has been prepared on the basis that the Proposed Acquisition will be treated as a business combination in accordance with IFRS 3 *Business Combinations*. Under IFRS acquisition accounting, it is necessary to fair value the consideration paid and all the assets and liabilities of the acquired business. In the unaudited *pro forma* statement of net assets, no adjustment has been made to the fair values of the individual net assets of the Target Business to reflect any re-measurement to fair value that may arise and any resultant deferred tax as this exercise will not be undertaken until the effective completion date. The fair value adjustments, when finalised, may be material. For the purposes of the Unaudited *Pro Forma* Financial Information the excess of the purchase consideration over the carrying amount of net assets acquired has been attributed to intangible assets. The calculation of the adjustment to intangible assets is set out below:

	<i>(USD million)</i>	
Cash consideration paid.....	791.3	
Estimated fair value of contingent consideration.....	102.4	
Total consideration paid.....		893.7
Less carrying value of net liabilities assumed as at 31 December 2021		
Target Business net assets acquired.....	834.4	
Target Business goodwill and acquisition-related intangibles derecognised.....	(2,516.0)	
Less: estimated transaction costs incurred by Target Business.....	(9.6)	
<i>Pro forma</i> net liabilities assumed.....		<u>1,691.2</u>
Intangibles on acquisition.....		<u>2,584.9</u>
Adjustment to goodwill and other intangible assets.....		<u>68.9</u>

The adjustment to cash and cash equivalents comprises of the consideration paid (excluding contingent consideration as explained below) for the acquisition of the Target Business including the transaction costs of USD 93.3 million assumed to have been paid on the date of acquisition.

	<i>(USD million)</i>
Consideration paid.....	791.3
Transaction costs paid.....	93.3
	<u>884.6</u>

The adjustment to liability for contingent consideration comprises of contingent consideration which forms part of the purchase consideration. Management have made a best estimate of the fair value of the contingent consideration of USD 102.4 million as at 31 December 2021 by present valuing the estimated contingent consideration of USD 115.6 million due by April 2024 discounted at a weighted average discount rate for the Enlarged Group. The estimation of the fair value of the contingent consideration is aligned to how it will be treated in the future financial statements of the Enlarged Group, however it is noted that the fair value estimated may be different to what is actually recorded in the future financial statements of the Enlarged Group.

- 5) Under the terms of the Placing, the Company issued 70,806,504 888 Shares on a non-pre-emptive basis was issued at a placing price of 311.2 cents per placing share to raise aggregate gross proceeds of USD 220.3 million. The estimated expenses (excluding VAT) in connection with this Placing is USD 5.9 million. The net proceeds of USD 214.4 million of the Placing will be used to part-fund the Proposed Acquisition.

- 6) The following reclassifications were made to reflect the difference in accounting presentation under Target Business' presentation as opposed to that of 888:
- Right of use assets have been reclassified from property, plant and equipment and have been presented as a separate line item within the statement of net assets.
 - Customer deposits have been reclassified from trade and other payables and have been presented as a separate line item within the statement of net assets.
- 7) No adjustment has been made to reflect the trading results of 888 since 31 December 2021 or the Target Business since 28 December 2021.

Unaudited pro forma income statement for the twelve months ended 31 December 2021

	Adjustments						Unaudited <i>pro forma</i> Enlarged Group
	888 Group income statement for the twelve months ended 31 December 2021	Target income statement for the 52 weeks ended 28 December 2021	Debt financing adjustment	Transaction costs	Proposed Acquisition adjustment	Presentation adjustment	
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7/8
	<i>(USD million)</i>						
Revenue.....	980.1	1,707.8	—	—	—	—	2,687.9
Gross Profit	637.7	1,207.9	—	—	—	—	1,845.6
Operating profit	87.0	(244.8)	—	(76.1)	(5.4)	—	(239.3)
Profit/(loss) before tax	81.3	(335.5)	(45.0)	(93.3)	(5.4)	—	(397.9)
Net profit/(loss) for the year.....	68.9	(315.6)	(38.1)	(79.1)	(4.6)	—	(368.5)

Notes:

- The income statement of the 888 Group for the year ended 31 December 2021 has been extracted, without material adjustment, from the 2021 888 Financial Statements.
- The income statement of the Target Business for the 52 weeks ended 28 December 2021 have been extracted, without material adjustment, from the Target Business Historical Financial Information as at and for the 52 weeks ended 31 December 2021. These financial statements have been converted to USD at an average rate of 1.38 USD/GBP for transactions during the period. Target Business and 888 disclose equivalent income statement line items using different terms. The narrative used is summarised below:

Narrative used by the Target Business

(Loss)/profit for the period

Narrative used by 888

Net profit for the year attributable to equity holders of the parent

- The adjustment to finance expenses reflects:

	<i>(USD million)</i>
Target Business finance expense removed*	78.6
Finance cost associated with new term loans	(121.5)
Annual revolving credit facility fees	(1.7)
Amortisation of capitalised Revolving credit facility fees.....	(0.4)
	<u>(45.0)</u>

* All finance expenses (with the exception of lease related finance expenses and finance expenses relating to the Existing 2026 Notes) of the Target Business have been removed, which is associated to the existing debt that has been settled on completion of the Proposed Acquisition.

The adjustment to finance expenses assumes that the fair value uplift on the debt relating to the acquisition of the Target Business by Caesars and unamortised debt expenses relating to the repayment of the Existing 2023 Notes and other debt facilities of the Target Business will be adjusted as part of the re-measurement to fair value of the net assets of the Target Business on completion of this transaction which will impact the value of goodwill and not the statement of profit and loss.

The adjustment to taxation reflects the tax charge for the changes in the interest costs shown above, calculated as USD 6.9 million at 888's effective tax rate of 15.25 per cent. for the period. For the purpose of the *pro forma* it was assumed that all transactions are deductible for tax purposes. The effective tax rate is the current rate of corporation tax for Gibraltar, where 888 is incorporated. These adjustments are expected to have a continuing impact.

- Transaction costs of USD 76.1 million incurred in connection with the Proposed Acquisition are reflected as an exceptional item. The adjustment relates to estimated transaction costs of USD 74.7 million incurred by 888 and transaction costs of USD 1.4 million incurred by the Target Business. All costs that relate solely to the Proposed Acquisition have been expensed in accordance with IFRS 3 *Business Combinations*. The transaction costs exclude the following:

	<i>(USD million)</i>
Estimated cost of Placing (netted off with equity)	5.9
Estimated cost of debt (netted off with liabilities).....	100.3
Breakage costs (included as a finance expense).....	17.2
Costs already recognised in 888.....	15.1
Costs already recognised in the Target Business	8.1

The adjustment to tax on profit / (loss) on ordinary activities reflects the tax adjustment in relation to the transaction costs, calculated as USD 14.2 million at 888's effective tax rate of 15.25 per cent. for the period. For the purpose of the *pro forma* it was assumed that all transactions are deductible for tax purposes. The effective tax rate is the current rate of corporation tax for Gibraltar, where 888 is incorporated.

- 5) The adjustment related to the Proposed Acquisition of USD 5.4 million to exceptional items relates to the fair value movement of the contingent consideration for the period ending 31 December 2021. The adjustment to tax on profit / (loss) on ordinary activities reflects the tax adjustment in relation to the fair value movement on the contingent consideration, calculated as USD 0.8 million at 888's effective tax rate of 15.25 per cent. for the period. For the purpose of the *pro forma* it was assumed that all transactions are deductible for tax purposes. The effective tax rate is the current rate of corporation tax for Gibraltar, where 888 is incorporated.
- 6) The following reclassifications were made to reflect the difference in accounting presentation under 888's presentation as opposed to that of the Target Business:
- i. the Target Business included exceptional items in operating expenses while 888 disclosed these under 'Exceptional items'. Amortisation of acquired intangibles (USD 76.1 million) is disclosed as an exceptional item in the Target Business' exceptional operating expenses, which is correctly classified in operating expenses as per 888's accounting policies and will therefore not be reclassified to 'Exceptional items'. The remaining exceptional items (USD 248.4 million) included in operating expenses includes costs relating to the Caesars acquisition and US separation, and other costs; as well as an impairment of goodwill (USD 97.0 million) as a result of the reduced consideration for the acquisition of the Target Business, will be reclassified to 'Exceptional items'.
- 7) A reconciliation of *pro forma* earnings before interest, taxes, depreciation, and amortisation (EBITDA) and exceptional items, share based payments, foreign exchange differences and share of equity accounted profits/losses from associate (Adjusted EBITDA) to *pro forma* net profit/ (loss) for the year determined in accordance with GAAP is provided below:

	<i>(USD million)</i>	
Net profit/(loss) for the year.....	(368.5)	
Interest expense, net.....	158.6	
Taxation.....	(29.4)	
Depreciation and amortisation.....	258.7	<i>a</i>
EBITDA	19.4	
Exceptional items.....	353.9	
Share Based Payments.....	18.0	<i>a</i>
Foreign exchange differences.....	4.8	<i>a</i>
Share of post-tax loss of equity accounted associate.....	-	
Adjusted EBITDA	396.1	

- a. The breakup of these balances by party within the Enlarged Group are as follows:

	888	Target Business	Total
	<i>(USD million)</i>	<i>(USD million)</i>	<i>(USD million)</i>
Depreciation and amortisation.....	36.3	222.4	258.7
Share Based Payments.....	8.4	9.6	18.0
Foreign exchange differences.....	9.3	(4.5)	4.8

- 8) No adjustment has been made to reflect the trading results of 888 since 31 December 2021 or the Target Business since 28 December 2021.

What are the key risks that are specific to the issuer?

The Enlarged Group is exposed to the following key risks:

- The regulation and legality of betting and gaming varies from jurisdiction to jurisdiction and is subject to uncertainties, changes and requirements in many jurisdictions, and approaches to enforcement vary from jurisdiction to jurisdiction.
- The UK government's ongoing review of the Gambling Act may result in more onerous regulation of the betting and gaming industry in the UK, the single largest market for both the 888 Group and the Target Business, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.
- The Enlarged Group could face the risk of loss, revocation, non-renewal or change in the terms of its gaming licences.
- The clarification of the regulation of online betting and gaming and the opening of new markets may restrict the ability of the Enlarged Group to continue to derive revenue from the existing markets of the 888 Group and the Target Business and may lead to increased competition.
- The regulatory risks to the Enlarged Group may be greater where it has a physical presence, and the physical presence of the Enlarged Group will be greater than of the 888 Group.
- The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world.
- The 888 Group, the Target Business and, following Completion, the Enlarged Group may will be exposed to the risk of competition.

- The COVID-19 pandemic could have enduring effects on the business, financial condition, results of operations and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.
- The business, results of operations, financial condition and prospects of the 888 Group and the Target Business depend on and, following Completion, the Enlarged Group will depend on, the scheduling and live broadcasting of major sporting events, which have been impacted by the ongoing COVID-19 pandemic.
- William Hill Retail operates and, following Completion, the Enlarged Group will operate, a large portfolio of LBOs in the UK, which carry significant fixed overhead costs and may be adversely affected by regulatory change, the ongoing COVID-19 pandemic or other factors that could impact the operations and profitability of the LBO portfolio.
- Completion is subject to a number of conditions which may not be satisfied or waived or which could only be satisfied on terms which may not be acceptable to 888 or the Seller and the Enlarged Group may be subject to post-Completion undertakings.
- A third party may be able to obtain a large enough shareholding in 888 to delay or prevent Completion.
- A compensation amount may be payable by 888 Bidco to Caesars if the Proposed Acquisition is terminated in certain circumstances.

3. Key Information on the securities

What are the main features of the securities?

The 888 Shares will following Readmission be registered with ISIN number GI000A0F6407 and SEDOL number B0L4LM9. The 888 Shares are denominated in British pounds sterling. As at 27 April 2022, being the Latest Practicable Date, the issued share capital of the Company is GBP 2,231,325.39, comprising 446,265,077 ordinary shares of GBP 0.005 each (all of which were fully paid or credited as fully paid).

The rights attaching to the 888 Shares are uniform in all respects and they will form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the ordinary shares of the Company. On a show of hands every 888 Shareholder who is present in person or by proxy shall have one vote and on a poll every 888 Shareholder present in person or by proxy shall have one vote per 888 Share. The 888 Shares rank *pari passu* in all respects, including, for the avoidance of doubt, with respect to dividends and in the event of the Company's insolvency. There are no restrictions on the free transferability of the 888 Shares. Following Completion, the Board of 888 intends to suspend dividend payments until such time as the net leverage ratio of the Enlarged Group is at or below 3.0x (or such earlier time as the Board considers appropriate).

Where will the securities be traded?

Applications will be made to the FCA for the 888 Shares to be re-admitted, for listing on the premium listing segment of the Official List and to the London Stock Exchange for the 888 Shares to be re-admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Readmission will become effective on the date of Completion and that dealings on the London Stock Exchange in the 888 Shares will commence as soon as practicable after 8.00 a.m. on that date.

What are the key risks specific to the securities?

The 888 Shares have the following key risks:

- Shareholders may be subject to voting or distribution restrictions on, or be required to dispose of, their interests in the 888 Shares as a result of the regulatory requirements to which the 888 Group and, following Completion, the Enlarged Group is subject.
- Certain Shareholders may exercise significant influence over the Company following Readmission and/or their interests may differ from those of other Shareholders.

4. Key Information

Why is this document being produced?

This document is being produced in connection with the Proposed Acquisition and Readmission. There are no material conflicts of interest pertaining to Readmission.

Part 1

RISK FACTORS

This section describes risk factors considered by the Company to be material in relation to the 888 Group, the Target Business and, following Completion, the Enlarged Group. The occurrence of any of these risks may have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group, or the market price of the 888 Shares.

The risks relating to the 888 Group, the Target Business and, following Completion, the Enlarged Group, their industry, the 888 Shares or the Proposed Acquisition summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most essential to an assessment by a Shareholder. However, as the risks which the 888 Group, the Target Business and, following Completion, the Enlarged Group face relate to events and depend on circumstances that may or may not occur in the future, Shareholders should consider not only the information on the key risks summarised in in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which Shareholders may face and should be used as guidance only. Additional risks and uncertainties relating to the 888 Group, the Target Business and, following Completion, the Enlarged Group or the Proposed Acquisition that are not currently known to the Company, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group, and, if any such risk should occur, the price of the 888 Shares may decline.

1. RISKS RELATING TO LAW AND REGULATION OF THE BETTING AND GAMING INDUSTRY

1.1 The regulation and legality of betting and gaming varies from jurisdiction to jurisdiction and is subject to uncertainties, changes and requirements in many jurisdictions, and approaches to enforcement vary from jurisdiction to jurisdiction.

The regulatory framework of betting and gaming, whether online or in person, is dynamic, evolving and complex. The regulation and legality of betting and gaming varies from jurisdiction to jurisdiction (from open licensing regimes to sanctions or prohibitions) and in certain jurisdictions, there is no directly applicable legislation. In some jurisdictions, betting and gaming, or the offering or marketing of betting and gaming, may be illegal and could incur criminal liabilities. In many jurisdictions, there are conflicting laws and/or regulations, conflicting interpretations, divergent approaches by enforcement agencies and/or inconsistent enforcement policies. Many of these laws, regulations and licensing requirements are recent and are subject to change at any time and relevant regulatory authorities may change their interpretation thereof at any time. There is often an absence of binding judicial guidance or clear guidelines on these matters and licensing decisions are subject to broad regulatory discretion.

The regulatory licensing regimes for betting and gaming can be simplistically divided into two categories: (i) "point of consumption" or ".country" licences; and (ii) "point of supply" or ".com" licences. The former, ".country" licences, are betting and gaming licences issued by a specific jurisdiction that allow the licensee to provide its services into that same jurisdiction. The latter, ".com" licences, are not territory specific, but rather enable the supply of online betting and gaming services to end users in jurisdictions other than the jurisdiction that issued the relevant licence. Such services are to be carried out in accordance with online betting and gaming regulations in the jurisdiction that issued the relevant ".com" licence and under the governance of the relevant regulator and regulatory regime thereof. This is based on the principle of internet legislation that deems the provision of an online product as being provided where the operator is established and located. Both the 888 Group and the Target Business provide services to certain jurisdictions, including in the Middle East, Africa and South America, based on .com licences.

Newly enacted or modified licensing regimes in jurisdictions where there is existing regulation may impose operational conditions on the 888 Group, the Target Business and, following Completion, the Enlarged Group that are onerous or commercially unviable, and changes to either the regulatory framework or enforcement policy relating to gaming in certain markets may effectively force the 888 Group, the Target Business and, following Completion, the Enlarged Group to withdraw or suspend the provision of services in certain markets where they currently operate or compel them to change their business practices or technology in a way that would materially impact results.

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 the 888 Group, the Target Business and, following Completion, the Enlarged Group.

For example and as described in the risk factor *“The UK government’s ongoing review of the Gambling Act may result in more onerous regulation of the betting and gaming industry in the UK, the single largest market for both the 888 Group and the Target Business, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group”* in paragraph 1.2 of this Part 1 (Risk Factors), the regulation of betting and gaming in the UK is currently undergoing further review by the UK government and there has been a tightening of regulation by the UKGC.

In part as a response to the COVID-19 pandemic, various jurisdictions have or are in the process of adopting a more stringent approach to customer protection, primarily to avoid the emergence of problem gambling patterns amongst those sheltering at home, and to curtail excessive spending on gambling during a period of economic downturn. This has taken the form of advertising restrictions, and the imposition of stricter customer protection and responsible gambling measures, either temporarily or on a permanent basis.

In addition, the legal framework is also consistently evolving in jurisdictions where betting and gaming is not yet fully regulated, as described in the risk factor *“The clarification of the regulation of online betting and gaming and the opening of new markets may restrict the ability of the Enlarged Group to continue to derive revenue from the existing markets of the 888 Group and the Target Business and may lead to increased competition”* in paragraph 1.4 of this Part 1 (Risk Factors).

Such regulatory changes in markets with established rules and regulations and those that are experiencing ongoing development in their legal framework could impede the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to generate revenue in key markets, attract new and existing customers or expand into new markets, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

1.2 The UK government’s ongoing review of the Gambling Act may result in more onerous regulation of the betting and gaming industry in the UK, the single largest market for both the 888 Group and the Target Business, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

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

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

- the effectiveness of the existing online protections in preventing gambling harm and an evidence-based consideration of, by way of example, imposing greater control on online product design such as stake, speed and prize limits and the introduction of deposit, loss and spend limits;
- the benefits or harms caused by allowing licensed gambling operators to advertise and make promotional offers and the positive or negative impact of gambling sponsorship arrangements across sports, esports and other areas;
- the effectiveness of the regulatory system currently in place, including consideration of whether the UKGC has sufficient investigative, enforcement and sanctioning powers both to regulate the licensed market and address the unlicensed market;
- the availability and suitability of redress arrangements in place for an individual consumer who considers it may have been treated unfairly by a gambling operator, including consideration of the introduction of other routes for consumer redress, such as a gambling ombudsman; and

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

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

This review is in addition to recent reforms introduced by the UKGC. For example, in 2020, the UKGC introduced a ban on the use of credit cards to place bets and issued industry guidance regarding high-value customer schemes (often referred to as VIP programmes) which include, among other things, a requirement for licenced operators to undertake checks to establish that a high value customer's spending is affordable and sustainable, whether there is any evidence of gambling related harm or heightened risk linked to vulnerability, and that the operator has in place up to date evidence relating to the individual's identity, occupation and source of funds. Further, in February 2021, the UKGC also announced a number of measures that has impacted the design and offer of online slots games, which generated approximately GBP 2.3 billion revenues in the UK in 2021, accounting for 39 per cent. of the total UK online and betting market, including the banning of the following features with effect from 31 October 2021: (i) features that speed-up play; (ii) slot spin speeds faster than 2.5 seconds; (iii) auto-play, which can lead to players losing track of their play; and (iv) sounds or imagery which give the illusion of a win when the return is in fact equal to, or below, a stake. In addition, in response to a ban in the UK on television advertising during sporting events that air before 9 p.m., the 888 Group and the Target Business have voluntarily stopped, and following Completion, the Enlarged Group will continue to voluntarily stop, broadcasting television adverts within five minutes of the start of a sporting event until after the event ends. As a result of the UKGC reforms, the 888 Group also has increased its focus on better assessing affordability of its customers on an ongoing basis, and developing mechanisms that will allow them to be more in control of their customer experience. For example, the 888 Group has lowered the maximum wager amount per spin that a customer can bet via its video slot portfolio of games and has developed a new dynamic product that enables customers to play more responsibly through better accessibility of tools providing them their own live user data, an easy link to define a deposit limit, which helps facilitate enhanced control over their gameplay. Since the introduction of the UKGC reforms and the associated modifications and controls the 888 Group has introduced to its product offerings, management has observed an increase in the number of customers adding deposit limits to their accounts, with 41 per cent. of active customers utilising deposit limits during the fourth quarter of 2021.

In September 2021, the UK Department of Health issued a report dealing with the costs of gambling related harm, in response to which Public Health England has urged the UK government to treat gambling harm as a public health issue. In November 2021, the UKGC also opened a consultation on changes and updates to its Licensing, Compliance and Enforcement Policy, aimed at bringing certain gambling products which the UKGC consider to contain financial elements under the regulation of the FCA. The consultation closed in February 2022, but the results of the consultation are yet to be published. Further, on 5 April 2022, the UK Committee for Advertising Practice ("CAP") announced the introduction of new rules intended to prevent adverts for gambling products and services from featuring people likely to have a strong appeal for children and young people, such as celebrities or sports persons.

The UK is the single largest market for both the 888 Group and the Target Business. In FY 2021, the 888 Group generated 39.7 per cent. and in Target FY 2021 the Target Business generated 77.8 per cent., of their respective overall revenues in the UK. Therefore, changes to regulation arising from the UK government's review of the Gambling Act, or recent or further measures introduced by the UKGC or other bodies such as CAP, could impede the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to generate revenue in the UK and attract new and existing customers in the UK, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

1.3 The Enlarged Group could face the risk of loss, revocation, non-renewal or change in the terms of its gaming licences.

The 888 Group's and the Target Business' gaming licences tend to be issued for fixed periods of time after which a renewal of the licence is required. Similar terms are likely to apply to gaming licences that will be issued to the Enlarged Group. Licences and associated legislation also typically include a right of termination or suspension for the regulator in certain circumstances and regulators across a number of jurisdictions periodically review and audit the compliance of operators with local gaming regulations. Any revocation, suspension or non-renewal of these gaming licences may have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

The 888 Group is currently licensed in Gibraltar, the UK, Germany, Spain, Italy, Malta, Denmark, Ireland, Portugal, Romania, Sweden, the province of Ontario in Canada and the US. The revocation, suspension or non-renewal of these licences may arise as a result of the failure by the directors, management, shareholders or other investors thereof to adequately comply with the suitability, information reporting or other requirements (operational or otherwise) of the licensing and regulatory authorities. In addition, the revocation, suspension or non-renewal of these gaming licences or any other licence which may become material to the Enlarged Group may lead to adverse publicity and could have an impact upon its ability to successfully maintain its existing licences, apply for future licences in jurisdictions where it already has a licence or jurisdictions in which the Enlarged Group may seek licences in the future.

Certain activities of the 888 Group, the Target Business and, following Completion, the Enlarged Group, could be construed as infringing national law prohibitions, whether administrative or criminal in nature, by domestic regulatory and/or prosecutorial authorities where the 888 Group, the Target Business and, following Completion, the Enlarged Group have operations, hold licences or provide services to customers. In the event that this results in successful prosecutions, these activities could be characterised by prosecuting authorities as licence infringement, which could lead to the termination or revocation of some or all of the licences issued by such authority in the relevant jurisdiction. Furthermore, a successful prosecution of any entity within the Enlarged Group could be grounds for suspension or revocation of licences held by other entities within the Enlarged Group or of licences held in other jurisdictions.

The Proposed Acquisition and the resulting change of control of the Target Business will require notifications to, or regulatory approvals from, the relevant regulatory authorities either prior to or following Completion. These requirements result from the regulations or licensing conditions applicable to the licences held by the 888 Group or the Target Business. The vast majority of the relevant regulatory authorities solely require a notification. The Company believes that the small number of necessary approvals should be forthcoming; however it cannot be ruled out that 888 or Caesars may not obtain certain necessary approvals, or that they may not be obtained within a timescale acceptable to 888 or Caesars, or that they may only be obtained subject to certain conditions or undertakings which may not be acceptable to 888 or Caesars. If the necessary regulatory approvals are not obtained in a certain jurisdiction, the Enlarged Group will not be able to continue to legally operate in that jurisdiction.

Furthermore, it is possible that the 888 Group's or the Target Business' separate conduct in any of the licensed jurisdictions could, following Completion, have an adverse impact on the good standing of the Enlarged Group with the regulatory authorities in any such jurisdiction, thereby risking the entire Enlarged Group's licensing status in such jurisdictions. If the approvals are delayed or if the renewal of the licences are on terms that are less favourable to the Enlarged Group than the existing terms of the licences of the 888 Group and the Target Business, this could have a material adverse effect on the Enlarged Group's business, results of operations, financial condition and prospects.

1.4 The clarification of the regulation of online betting and gaming and the opening of new markets may restrict the ability of the Enlarged Group to continue to derive revenue from the existing markets of the 888 Group and the Target Business and may lead to increased competition.

Certain jurisdictions may implement changes to their markets through the adoption of competitive licensing and regulatory frameworks, as recently announced in markets such as Germany, the Netherlands and Canada. Whilst these changes may provide growth opportunities for the Enlarged Group in new and existing markets, a new licensing and regulatory regime adopted in any such jurisdiction may impose onerous conditions, such as particular licensing requirements, together with

enforcement sanctions for breach thereof, and taxation liabilities that may make the market unattractive to the Enlarged Group. Restrictions may also be imposed by these jurisdictions such that the Enlarged Group may be limited in its ability to offer certain of its key products or to market its products in the way it would wish to do so. These restrictions may limit the profitability of the future operations of the Enlarged Group in the existing markets of the 888 Group, or in new markets that are opening up, and may result in the Enlarged Group being subject to additional anti-money laundering requirements. For example, the Enlarged Group may be limited to operating only as a B2B service provider (through other licensed entities) rather than as a B2C operator, resulting in a negative impact on profitability and limiting its market options. The 888 Group and the Target Business have each historically taken different approaches in certain jurisdictions and the past activities of either the 888 Group or the Target Business in any such jurisdiction could impact the Enlarged Group's ability to become licensed or approved to operate there in due course, should such jurisdiction seek to adopt a local licensing framework.

Germany

Germany has recently introduced federal sports betting licences, adopted a temporary toleration regime for online casino products (such as virtual slots and poker) and, during 2021, introduced an online slots and poker licensing regime in the state of Saxony-Anhalt. Compliance with the conditions of these new regimes and the licence applications required various modifications and alignments of the 888 Group's and the Target Business' German offering, which has impacted the profitability of the 888 Group's and Target Business' operations and, following Completion, will continue to impact the profitability of the operations of the Enlarged Group, in Germany. Both the 888 Group and the Target Business are also subject to certain prohibition orders issued against it in various German states, which they are challenging in court.

The Netherlands

Regulatory developments have also occurred in the Netherlands where, on 1 April 2021, the new Online Gambling Act entered into force, launching an online gambling licensing regime on 1 October 2021. Operators who wish to apply for an online licence in the Netherlands must ensure they are in compliance with the "prioritisation criteria", which is a list of conditions that, if adhered to by an operator, effectively mean that such operator will not be the subject to enforcement action by the regulator prior to the entry into force of the new regulatory regime. Operators are also subject to a "cooling off" period of 33 months prior to their eligibility to submit a licence application, during which time they must not have breached the prioritisation criteria. During September 2021, the Dutch Gambling Authority published new enforcement rules in relation to the prioritisation criteria, that entered into force commencing 1 November 2021. Any operator not adhering to the requirements may be subjected to monetary fines. Compliance with the conditions of the "prioritisation criteria" and required various modifications and alignments of the 888 Group's and the Target Business' offering, has impacted the profitability of the 888 Group's operations and, following Completion, may continue to impact the profitability of the operations of the Enlarged Group, in the Netherlands.

In light of the foregoing policy changes published by the Dutch Gambling Authority during September 2021, the 888 Group announced its decision to cease provision of services in the Netherlands from 1 October 2021 until such time as it is awarded a local licence. The 888 Group is in the process of applying for such a local licence in the Netherlands and, although the timing of any licence award remains unclear, the 888 Group aims to be operational within the country during the second half of 2022.

Canada

The Canadian province of Ontario introduced an online licensing process available to offshore operators, and the 888 Group has recently acquired such a license. It is still uncertain if and how such licensing and local operations will affect the offering in the rest of Canada, however any potential implication may significantly impact the profitability of the 888 Group's operations and, following Completion, may continue to impact the profitability of the operations of the Enlarged Group, in Canada.

Brazil

Brazil adopted a federal framework legislation late in 2018, which would bring commercial online gambling to this significant jurisdiction. However, it has not yet adopted the necessary regulatory instruments to implement the regime. The authorities conducted a consultation process with industry

stakeholders in 2021, and are in the process of drafting legal instruments for implementing the new regime. Once enacted, the new regime will allow for the licensing of commercial sports betting operators. There are, however, still many open questions as to how the regime will operate in practice. In late 2021, Brazilian government officials expressed that the new sports betting market in Brazil will be launched before the 2022 FIFA World Cup. Regulatory reform is also taking place on the state level in Brazil (which may potentially lead to parallel licensing requirements for operators). While federal regulations are expected to be finalised in the first half of 2022, regulatory reforms on the state level are continuing to quickly evolve. This is due to a decision rendered by the Brazilian Federal Supreme Court in December 2020, which set out that states may regulate lottery activities and decide whether these will be run by the state, via a concession or via local licenses awarded to private operators. Lotteries at the federal level encompass sports betting, and it is widely thought that this will also be the case on the state level. It is currently uncertain if and how such regulatory reform will affect the offering of online betting and gaming services in Brazil, which may, in turn, significantly impact the profitability of the 888 Group's operations and, following Completion, may continue to impact the profitability of the operations of the Enlarged Group, in Brazil.

The Enlarged Group may face difficulty in competing in new and existing markets with providers that take a less conservative approach to regulation than it will. Such providers are able to generate revenues in markets in which the 888 Group does not, and the Enlarged Group will not, accept customers or advertise, particularly where regulatory sanctions against such providers who take a more aggressive approach are ineffective or inadequate. Any of these factors may have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

The ability of the 888 Group, and following Completion, the Enlarged Group, to expand its online betting and gaming business into new jurisdictions is dependent on a number of factors beyond the 888 Group's and, following Completion, the Enlarged Group's control, such as the adoption of regulation permitting online betting and gaming activities and obtaining required licences. There are jurisdictions where the 888 Group and the Target Business are not currently present and incumbent providers established in those jurisdictions, which are opening their markets may seek to take legal action to delay or prevent the liberalisation of the market, making it more difficult for foreign online providers like the Enlarged Group to enter these new markets. While such changes may present new entrants and incumbent providers with access to new customers and opportunities for expansion, the increased product complexity coupled with the increased costs of complying with heightened regulation as well as the imposition of gaming taxes on operators can also make it more difficult for new entrants, strengthening the position of existing betting and gaming operators who have the resources to comply with heightened regulation. A significant increase in competition from both new entrants and existing operators may have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

1.5 The regulatory risks to the Enlarged Group may be greater where it has a physical presence.

The Enlarged Group will have a physical presence in 12 jurisdictions. The 888 Group's headquarters is located in Gibraltar, its licensed entities are located in Gibraltar, Malta, Spain (Ceuta) and the US, and the IT functionality to run its betting and gaming operations is located in Gibraltar and Ireland. Additional service functions are located in Israel, Romania, Ireland, Spain (Ceuta), the US (New Jersey) and the UK. The Target Business' licensed entities are located in the UK, Gibraltar and Malta. Additional service functions of the Target Business are located in the UK, Bulgaria, Poland, Italy, Spain and the Philippines. It also operates from LBOs in the UK.

Local authorities are more likely to focus on businesses, which have a physical presence in their jurisdiction since it is easier for such authorities to bring or enforce actions against such businesses and freeze their assets if local laws are violated. Any breach of local laws by the Enlarged Group in a jurisdiction in which it will have a physical presence may be more likely to result in enforcement action taken against it, compared to if such breach were to occur in a jurisdiction where it does not have a physical presence. In particular, if the Enlarged Group is unable to utilise its infrastructure to run its betting and gaming operations or its LBOs as a result of successful enforcement action taken by authorities, this could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

1.6 **The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world.**

The industry in which the Enlarged Group operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, licence suspension and/or revocation or injunctions affecting its ability to continue operations, fines and penalties or the assertion of private litigations, claims and damages.

For example, following a compliance assessment which concluded in October 2020, the UKGC imposed a financial penalty of GBP 9.4 million on the 888 Group in respect of social responsibility and anti-money laundering failings. The Board of 888 continually reviews and considers the regulatory risks faced by the Company (including any potential regulatory and compliance sanctions and associated costs) and has historically recorded appropriate provisions for such risks in its accounts.

Similarly, following a compliance assessment conducted in July and August 2021, the William Hill Group is subject to an ongoing licence review and is addressing certain action points raised by the UKGC in relation to William Hill's social responsibility and anti-money laundering obligations. It has provided the UKGC with an action plan to address the action points raised by them and is in the process of implementing that action plan. In addition, in November 2021, the William Hill Group notified the UKGC of separate areas it plans to address arising from challenges implementing cross-brand self-exclusion processes. The Target Business has recorded a provision of GBP 15.0 million in its combined carve-out financial information for Target FY 2021 to cover potential cash outflows resulting from any regulatory sanctions and associated costs resulting from this compliance assessment and licence review, noting that the UKGC has a wide range of enforcement powers at its disposal, including the power to request remedial actions, impose fines and suspend licences. Certain licenced entities within the Target Business also have the benefit of an indemnity provided by Caesars under an agreement dated 8 March 2022 to apply to certain losses and costs that may arise in the event any of the relevant operating licences are suspended or are subject to conditions imposed by the UKGC in connection with the licence review.

During the COVID-19 pandemic, the UKGC published aggregated data from operators in the market to add an additional layer of insight on its monitoring and understanding of the risks and impact of the pandemic on gambling behaviour. However, on 23 December 2021, the UKGC advised caution when analysing this data after it emerged it had been supplied incorrect data points by the William Hill Group between March 2020 and September 2021. As a result, the UKGC has confirmed that it is reviewing the regulatory consequences, if any, of the William Hill Group's failure to submit accurate data.

From time to time, the 888 Group and the Target Group are each the target of claims letters and litigation from players seeking to recover losses and attempting to rely on arguments pertaining to the legality of their respective offering in their jurisdiction or to allege claims such as failure to follow responsible gambling procedures or breach of licence conditions. Since 2020, the industry has seen a rising trend of such civil litigation claims in Austria, backed by case law amongst the higher Austrian courts, resulting in such courts being inclined to find in favour of such claims. Certain claim-financing bodies have also started gathering claims against operators. In addition to the uncertain outcome of these cases relating to the compatibility or otherwise of local licencing regimes with applicable EU law, there are also additional uncertainties arising from consumer claims related to (i) the applicable law under which claims in cross border cases should be determined and (ii) the enforceability of disputed judgments obtained in jurisdictions in which neither the 888 Group nor the Target Group trades and/or in which neither business has assets or presence.

As the Target Business is licensed and operates in jurisdictions such as Latvia, where the 888 Group does not, and operates LBOs in the UK, which the 888 Group does not, the Enlarged Group will be subject to legal and compliance risks in more jurisdictions and business lines than the 888 Group alone. While the Company believes that appropriate risk management and compliance programmes have been adopted by the 888 Group and the Target Business, and such programmes will be adopted by the Enlarged Group following Completion, the global and diverse nature of its operations and the fact that such litigation and proceedings are inherently costly and unpredictable, means that the risk is difficult to assess or quantify and legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time. In addition, it is possible that the Target Group's individual conduct in any specific jurisdiction may have differed from that of the 888 Group and could therefore, following Completion, have an adverse impact on the good standing of the Enlarged Group with the regulatory

or enforcement authorities in any such jurisdiction, thereby potentially exposing the Enlarged Group to enforcement action or litigation. Furthermore, the increased visibility of the Enlarged Group, resulting from the increased aggregate volume of its operations, could draw additional scrutiny from governmental and enforcement authorities.

The Enlarged Group may also include contingent liabilities or make provisions in its accounts to provide for such litigation and proceedings; however, the amounts reserved could vary significantly from any amounts actually paid due to the inherent uncertainties of litigation and of the estimation process and therefore any such amount reserved may be inadequate.

Any such litigation or proceedings could result in adverse publicity and a negative outcome in one or more pending proceedings or any future proceedings, which could have a material adverse effect on the businesses, results of operations, financial condition and prospects of the Enlarged Group.

1.7 Uncertainty as to the legality of online betting and gaming may deter third-party suppliers from dealing with the Enlarged Group.

The 888 Group, the Target Business and, following Completion, the Enlarged Group, depend on third-party suppliers such as payment processing, telecommunications, advertising, technology, banking and other service providers, including internet service providers and other technology-based service providers. The willingness of such providers to provide services to the Enlarged Group may be affected by each provider's own assessment of the legality of the provision of services to the Enlarged Group of its business or of the online betting and gaming sector, and by political or other pressure brought to bear on such providers. Adverse changes in law or regulation in any jurisdiction may make the provision of such key services to the Enlarged Group unlawful in such jurisdictions. To the extent that third-party suppliers are unwilling or unable to provide services to the Enlarged Group, this may have an adverse impact on its business, results of operations, financial condition and prospects.

The Enlarged Group will depend on banking and payment processing for the success of its business. The introduction of legislation or regulations restricting financial transactions with online betting and gaming operators, other prohibitions or restrictions on the use of credit cards and other banking instruments for online betting and gaming transactions may restrict the ability of the Enlarged Group to accept payment from its customers. For example, in April 2020 the UKGC introduced a ban on credit card transactions for gambling and stricter age verification obligations in an effort to enhance consumer protection. Moreover, in 2021 a number of major banks in Sweden stopped providing services to Swedish-licensed gambling operators indefinitely, including the Target Business, citing, among other things, concerns relating to the money laundering checks in the betting and gaming sector. Such restrictions may also be imposed as a result of concerns related to fraud, payment processing, anti-money laundering or other issues related to the provision of online betting and gaming services. A number of issuing banks or credit card companies may from time to time reject payments to the Enlarged Group that are attempted to be made by its customers. Should such restrictions and rejections become more prevalent, or any other restriction on payment processing be introduced, betting and gaming activity by customers of the Enlarged Group could be adversely affected, which in turn could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

Given the significance of online betting and gaming to the business of the Enlarged Group, the introduction of legislation, regulations, administrative or court orders requiring internet service providers in any jurisdiction to block access to the websites and products of the Enlarged Group may restrict the ability of customers to access products offered by it. Furthermore, there is a risk that internet service providers and mobile service providers will voluntarily block gaming websites and require customers to opt in. This could reduce the ability to sign up new customers and market via these channels to existing customers. Certain jurisdictions, including Greece, Russia, Hungary and Latvia have already put in place such restrictions. While the Enlarged Group could challenge these restrictions if they are imposed, there is no certainty that any challenge would be successful and such challenges could be lengthy, during which time the Enlarged Group may be restricted from offering its products to customers in those affected jurisdictions and thus lose market share. Should such restrictions be further extended to other jurisdictions or on an EU-wide basis, this could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

1.8 There have been and continue to be attempts by various persons in EU Member States to apply domestic criminal and administrative laws to prevent online gaming operators licensed in other EU Member States from operating in or providing services to customers within their territory; the case law of the Court of Justice of the European Union (the “CJEU”) on this issue continues to evolve creating uncertainty for online gaming operators.

There have been, and continue to be, attempts by regulatory authorities, state licensees and monopoly operators in EU Member States to apply domestic criminal and administrative laws to prevent online gaming operators licensed in other EU Member States from operating in or providing services to customers within their respective territories. The 888 Group and the Target Business permit, and following Completion, the Enlarged Group will permit, customers in most EU Member States to access various services provided by the 888 Group, the Target Business and, following Completion, the Enlarged Group. Since 2006, various EU Member States have been subject to infringement proceedings initiated by the European Commission in relation to the laws that they apply to online gaming as being contrary to the EU principles of free movement of services. The application and enforcement of these principles by the CJEU, the domestic courts and regulatory authorities in various EU Member States remain subject to continuing challenge and clarification. There have been, and continue to be outstanding, a considerable number of relevant proceedings before the domestic courts of various EU Member States and the CJEU. The outcomes of these proceedings remain uncertain, some of which may be unfavourable for the Enlarged Group, and it may take years before any of these proceedings are finally decided.

If the jurisprudence of the CJEU continues to increasingly recognise that EU Member States may, subject to certain conditions, restrict the provision of online gaming products by operators licensed in other EU Member States, and if EU Member States take corresponding action to implement such restrictions within their own territory, this may adversely affect the ability of the Enlarged Group to permit customers in a given EU Member State to access one or more of the products of the Enlarged Group and to engage in certain types of marketing activity and customer contact. If national courts of the EU Member States apply this more restrictive interpretation of EU law, the Enlarged Group may have to submit to local licensing, regulation and/or taxation in more EU Member States than is currently the case and/or desist from accepting bets or carrying out marketing activities in certain EU Member States. Any such consequences could potentially have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

1.9 If regulatory authorities take actions against customers, this could reduce the demand for the product offerings of the Enlarged Group.

There are a number of markets in which the 888 Group and the Target Business have, and in which, following Completion, the Enlarged Group will have, customers where it may be illegal or may become illegal under domestic laws for individuals to engage in online gaming or betting. To date, regulatory agencies have been reluctant to enforce these laws against private individuals. Any attempt in the future by regulatory authorities to enforce such provisions against private individuals could significantly affect demand for the services provided by the Enlarged Group and thereby have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

1.10 Failure to adequately comply with the relevant laws and regulations of the betting and gaming industry could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

The legality of betting and gaming is subject to uncertainties arising from differing approaches among jurisdictions as to the determination of where betting and gaming activities take place and which authorities have jurisdiction over such activities and/or those who participate in or facilitate them. The determination by the 888 Group, the Target Business and, following Completion, the Enlarged Group as to whether or not to permit customers in a given jurisdiction to access any one or more of their products and whether or not to engage in different types of marketing activity and customer contact is, and will be, made on the basis of a measured and prudent approach to regulatory compliance and in accordance with the policy adopted by the respective board. Such decisions are based on a number of factors, which include:

- the laws and regulations of the jurisdiction;
- state, federal, national or supra-national law, including EU law if applicable;

- the approach to the application or enforcement of such laws and regulations by regulatory and other authorities, including the approach of such authorities to the extraterritorial application and enforcement of such laws and the willingness or ability (or absence thereof) of such authorities to take enforcement action;
- the terms of the betting and gaming licences of the 888 Group, the Target Business and, following Completion, the Enlarged Group (as applicable);
- any offline presence or retail operations in the jurisdiction; and
- any changes to these factors.

There is a significant risk that the assessment of the factors referenced above may not always accurately predict the likelihood of one or more jurisdictions taking adverse or enforcement action against the Enlarged Group and/or its customers or third-party suppliers. For further details, see *“The regulation and legality of betting and gaming varies from jurisdiction to jurisdiction, is subject to uncertainties, changes and requirements in many jurisdictions, and approaches to enforcement vary from jurisdiction to jurisdiction”* in this Part 1 (*Risk Factors*).

Any such action may result in the illegality of the activity undertaken by the Enlarged Group and its customers or third-party suppliers, being established.

Failure to comply with relevant laws, regulations and licensing requirements may lead to formal warnings, penalties, sanctions, the imposition of licence conditions or ultimately the suspension or revocation of relevant operating licences. The compliance costs associated with these laws, regulations and licensing requirements are significant. For example, the 888 Group has previously exited or partially exited certain markets which were considered immaterial in the context of its wider business due to adverse regulatory changes.

In regulated jurisdictions, gaming duties are imposed on licensed operators. In addition, regulated jurisdictions may also impose local presence or local partnering requirements, which may result in corporate tax and value added (or similar) tax implications (where applicable). For example, in many US states the 888 Group were required to contract with locally licensed terrestrial casinos in order to provide access to their respective online offerings, as a service provider rather than operator, to residents of those states. Similar requirements may apply to the Enlarged Group and may, therefore, reduce the profitability of operating in such markets.

If the Enlarged Group is found by a court to be acting unlawfully in carrying out marketing activities or offering its products to customers located in a particular jurisdiction, it may have to desist from doing so, which will have a negative effect on operations and financial performance of the Enlarged Group. There may also be additional civil, criminal or regulatory proceedings brought against the Enlarged Group as well as its Directors or management as a result. Any such proceedings would potentially have cost, resource and reputational implications, and could potentially have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group and on its ability to retain, renew or expand their portfolio of licences. Moreover, even if successfully defended, the process may result in the Enlarged Group incurring considerable costs, requiring significant management resource and time and impacting its relationship with the regulators. An inability to adequately comply with the relevant laws and regulations of the relevant industry of the Enlarged Group could potentially have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

1.11 Adverse changes to the taxation of betting and gaming or the imposition of statutory levies or other duties or charges could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

Jurisdictions in which betting and gaming is regulated impose gaming duties on licensed operators. If the rates of such taxes, duties or levies were to be increased or if the tax base were to be widened, this may have a material adverse effect on the overall tax burden of the Enlarged Group. For example, in 2020 the Italian government imposed a 0.5 per cent. betting turnover tax across all sports wagering verticals (retail, online and virtual sports) as a year-long measure as part of Italy’s economic recovery from the COVID-19 pandemic which applied until the end of 2021. In addition, in Germany a gaming tax was introduced in 2021 at a rate of 5.3 per cent. of bets and in Denmark its existing gaming tax was increased from a rate of 20 per cent. of gross gaming revenue to 28 per cent. of gross gaming revenue.

Following the COVID-19 pandemic, there is a risk that governments will look to further increase taxes and gaming duties, as well as other tax rates, in order to raise additional tax revenue in response to the significant increase in public spending that has resulted from the COVID-19 pandemic. As well as any direct impact on the 888 Group, the Target Business and, following Completion, the Enlarged Group of any increase in taxes and gaming duties, any increase in general taxation and inflation may result, among other things, in a decrease in consumers' disposable income and a loss of confidence in the economy which may impact discretionary consumer spending and may have a material adverse effect on the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's business, results of operations, financial condition and prospects.

In addition, jurisdictions in which the Enlarged Group seeks to be licensed may condition such licensing on the retroactive payment of tax allegedly payable on revenue generated by an applicant for licensing from customers in such jurisdictions during a prior period. Legal challenges to such attempts could be lengthy, thereby delaying the award of a licence conditional on the outcome of such challenge and restricting the access of the Enlarged Group to such markets or resulting in a loss of market share.

The imposition of statutory levies or other duties on betting and gaming operators, whether as a result of changes in taxation of betting and gaming or as a condition to licensing, could lower margins and make it more difficult for the Enlarged Group to obtain a licence and operate in certain jurisdictions, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

1.12 Recent and potential changes to rules regarding cross-border taxation, the revised interpretation of existing tax rules or increased scrutiny of existing structures could increase the tax liability of the Enlarged Group.

With the exception of the Company (see further below) and also of William Hill Cayman Holdings Limited and Caesars Cayman Finance Limited, which are entities in the Target Business that are incorporated in the Cayman Islands but treated as resident in the United Kingdom for tax purposes, other legal entities in the Enlarged Group are expected to be and remain tax residents of the jurisdiction in which they are respectively incorporated or registered, and to have no taxable presence in or be subject to the taxing rights of any other jurisdiction. If any group company is found to have a taxable presence outside of the jurisdiction in which it is intended to be tax resident, whether on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, including through changes to the OECD's guidelines and/or recommendations, this may have a material adverse effect on the amount of income tax or VAT payable by the Enlarged Group. Since January 2022, as resolved at an extraordinary general meeting of the Company on 16 December 2021, the affairs of the Company have been conducted so that the central management and control of the Company is exercised in the United Kingdom. As a result, from January 2022 the Company has ceased to be treated as Gibraltar tax resident and instead has been treated as resident in the United Kingdom for tax purposes. Accordingly, the Company is now subject to the UK tax laws applicable to holding companies resident in the UK, including the UK controlled foreign companies regime, and its tax position may be affected by future changes in UK tax laws and/or their interpretation and application by the UK tax authorities.

In addition, it is the policy of the 888 Group and the Target Business, and will be the policy of the Enlarged Group, that the pricing of any arrangements between the group companies, such as intra-group provision of services, are intended to be established on an arm's length basis. However, if the tax authorities in the relevant jurisdictions do not regard the arrangements between any of the group companies as being made at arm's length or insofar as changes occur in transfer pricing regulations or in the interpretation of existing transfer pricing regulations, including through changes to the OECD's guidelines and/or recommendations, the amount of tax payable by the Enlarged Group may increase materially. During 2021, the 888 Group subsidiary in Israel finalised an assessment agreement with the Israeli Tax Authority which applies to tax years 2016-2020.

The customers of the 888 Group, the Target Business and, following Completion, the Enlarged Group, are, and will be, located across the world. Revenues earned from customers located in a particular jurisdiction may give rise to direct or indirect taxes in that jurisdiction. If jurisdictions where betting and gaming winnings are currently not subject to income tax or are taxed at low rates were to begin to levy taxes or increase the existing tax rates on winnings or impose a tax withholding or reporting obligation on operators in such respect, online betting and gaming might become less attractive for

customers in those jurisdictions. The levying of additional taxes, either on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, may have a material adverse effect on the amount of tax payable by the Enlarged Group.

Heightened attention has been given at national and supranational levels, including through the G20 / OECD Base Erosion and Profit Shifting project (“BEPS”), as well as in other public forums and the media, with regard to matters of cross-border taxation, and in particular, to taxation of the digital economy. In December 2021, the OECD published the Pillar Two model rules for domestic implementation of 15 per cent. global minimum tax, and the EU followed suit shortly thereafter. It is expected that the OECD will release the commentary relating to the model rules in 2022 and address co-existence with the US Global Intangible Low-Taxed Income (GILTI) rules. This will be followed by the development of an implementation framework focused on administrative, compliance and co-ordination issues relating to Pillar Two. It is expected that the global minimum tax will be implemented at national level by 2023. The Pillar Two rules, once implemented, are expected to apply to the 888 Group, the Target Business and, following Completion, the Enlarged Group, along with detailed transfer pricing reporting and exchange of tax information rules known as “Country by Country Reporting”, insofar as the annual revenues of the 888 Group, the Target Business and, following Completion, the Enlarged Group exceed EUR 750 million. The related Pillar One rules are not expected to apply to the Enlarged Group.

The UK 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 intangible property companies. The likelihood of scrutiny of tax practices by tax authorities in relevant jurisdictions and the aggressiveness of tax authorities remains high.

In this context, the Enlarged Group expects to be subject to increased reporting requirements regarding its international tax structure.

In addition, UK legislation in respect of Diverted Profits Tax means that in circumstances where profits are deemed “diverted” from the UK under the terms of such legislation, tax at a rate of 25 per cent. (increasing to 31 per cent. from 1 April 2023) is imposed on profits which would be attributable to a permanent establishment (“PE”) in the UK were an “avoided PE” to exist for the purposes of the legislation, or on profits diverted from the UK by way of intra-group transactions having inadequate economic substance. Whilst the 888 Group carries out its operations from Gibraltar and has a considerable presence in Gibraltar, elements of the 888 Group’s and the Target Business’ respective businesses, such as LBOs, bingo-related services, marketing support, payments and other activities, are carried out from the UK by subsidiaries which are established in the UK, remunerated in accordance with arm’s length transfer pricing and which are fully taxable in the UK. The aggregate UK presence of the Enlarged Group may give rise to increased exposure to taxation in the UK and the Enlarged Group could be deemed to have a reporting and/or tax payment obligation under the Diverted Profits Tax legislation insofar as such UK-based operations are deemed to constitute an “avoided PE” of any of the non-UK Enlarged Group companies in the UK, as defined in the legislation, or that intra-group transactions involving UK entities are deemed to lack adequate economic substance as contemplated under the legislation.

Any changes in the rules regarding cross-border taxation or the revised interpretation of existing tax rules could increase the tax liability of the Enlarged Group and have a material adverse effect on its business, results of operations, financial condition and prospects.

1.13 The systems and controls of the Enlarged Group to restrict access to its products may not be adequate.

The 888 Group and the Target Business use multiple technological methods to block customers from certain jurisdictions. These systems and controls are intended to ensure that no bets are accepted from customers located in those jurisdictions, such as the US (except in states where licences are held), Turkey and Israel where the 888 Group and/or the Target Business have made a decision not to offer all or certain of their products and services. These systems and controls could fail, be subject to manipulation, or otherwise be found to be inadequate, either currently or as a result of future technological developments. This may result in violations of applicable laws or regulations. Any claims in respect of any such violations could have cost, resource, and, in particular if successful,

reputational implications, as well as implications on the ability of the Enlarged Group to retain, renew or expand its portfolio of licences in other jurisdictions, and so have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

1.14 Online betting and gaming contracts may be unenforceable.

In several of the key markets, such as Austria and Germany, of the 888 Group and the Target Business, online betting and gaming contracts are deemed by courts of law either to be null and void or unenforceable. The civil litigation claims in Austria referred to in the risk factor “*The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world*” in paragraph 1.6 of this Part 1 (*Risk Factors*) are an example of such litigation. Although the choice of law clauses in end-user terms and conditions stipulate that betting and gaming transactions take place in the location of the operator, there is a risk that customers who have placed bets on an online betting and gaming site could later demand to recover the funds that they have wagered from the operators of the site. If such claims were successful, it could encourage others to bring similar claims, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

1.15 The Enlarged Group may be exposed to contractual claims arising from regulatory action.

Each of the 888 Group and the Target Business has entered into agreements with service providers in relation to, among other things, the marketing of each of its products and the processing of payments. The 888 Group and the Target Business have also entered into sponsorship agreements with individuals, companies or entities that they have agreed to sponsor. Many of these agreements contain warranty, indemnity and termination provisions that the counterparties to the agreements may rely on in circumstances where, for example, the validity of a licence held by the 888 Group or the Target Business, as the case may be, is disputed (whether as a result of judicial proceedings, a change in law or otherwise), or where regulatory action is taken against the counterparty.

Neither the 888 Group nor the Target Business has faced material claims of this nature to date. However, if such claims are made, or action is taken, and counterparties were to rely on the relevant warranty, indemnity or termination provisions, the 888 Group, the Target Business and, following Completion, the Enlarged Group could be faced with material damages or indemnity claims. The Enlarged Group may also remain liable for any outstanding fees payable to the counterparty of an agreement, which has been terminated without receiving any value for such fees. The termination of one or more of such service or sponsorship agreements and any damages claims brought by the counterparties to such agreements could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

2. RISKS RELATING TO THE BUSINESS AND OPERATIONS OF THE 888 GROUP, THE TARGET BUSINESS AND, FOLLOWING COMPLETION, THE ENLARGED GROUP

2.1 The 888 Group, the Target Business and, following Completion, the Enlarged Group will be exposed to the risk of competition.

The betting and gaming industry, and in particular the online betting and gaming industry, is highly competitive and the 888 Group, the Target Business and, following Completion, the Enlarged Group may be unable to predict, or adequately plan for, the strategies of its competitors. If the 888 Group, the Target Business and, following Completion, the Enlarged Group is unable to compete effectively, it may lose customers and may not be able to attract new customers. The competitors of the 888 Group, the Target Business and, following Completion, the Enlarged Group may address or implement new technologies before the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively is able to do so or may implement them in a more successful way. The 888 Group, the Target Business and, following Completion, the Enlarged Group may be unable to respond quickly or adequately to changes in the industry brought on by new products and technologies, the availability of products on other technology platforms and marketing channels, the introduction of new website features and functionality, new technology or new marketing and promotional efforts by its competitors. There can also be no certainty that existing, proposed or as yet undeveloped technologies will not become dominant in the future or otherwise displace the services of the 888 Group, the Target Business and, following Completion, the Enlarged Group or render them

obsolete. If the 888 Group, the Target Business and, following Completion, the Enlarged Group is not able to compete effectively with current or future competitors with superior technology, this could have a material adverse effect on its business, results of operations, financial condition and prospects.

Whilst the Company believes the Proposed Acquisition will strengthen the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's competitive position, there will be challenges from new and existing competitors who may have larger customer bases and greater brand recognition. In addition, the 888 Group, the Target Business and, following Completion, the Enlarged Group will be at risk from further consolidation in the industry, which might result in the formation of a very large and significant competitor to whom the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively might lose market share. Other competitors may have significantly greater financial, technical, marketing and other resources than the 888 Group, the Target Business and, following Completion, the Enlarged Group and may be able to secure greater liquidity than the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. A loss of market share could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

2.2 The COVID-19 pandemic could have enduring effects on the business, financial condition, results of operations and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

The outbreak of COVID-19, which was declared a pandemic by the World Health Organization on 11 March 2020, has created very significant challenges for companies given its widespread adverse global economic, social and operational impact, the long-term effects of which are continuing to unfold.

Due to the multinational nature of the business of the 888 Group and the Target Business and, following Completion, the Enlarged Group, the COVID-19 pandemic has and may continue to impact the ability of their personnel to maintain their health and wellbeing, successfully carry out their roles from their respective offices or remote locations and travel between sites. Additionally, if one or several of the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's key executive members were to contract COVID-19, this could negatively impact ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group, respectively, to execute on its business strategy.

The social distancing restrictions, public gathering restrictions and lockdown restrictions introduced in the UK in response to the COVID-19 pandemic had a material impact on the operation and profitability of land-based betting and gaming segments, including the LBO portfolio of William Hill Retail during 2020 and the first half of 2021. For further details, see "*William Hill Retail operates and, following Completion, the Enlarged Group will operate, a large portfolio of LBOs in the UK, which carry significant fixed overhead costs and may be adversely affected by regulatory change, the ongoing COVID-19 pandemic or other factors that could impact the operations and profitability of the LBO portfolio*" in paragraph 2.4 of this Part 1 (*Risk Factors*).

Even before the COVID-19 pandemic, retail participation in betting and gaming has declined over time as customers have gravitated towards the convenience of online gambling. Land-based and online offerings tend to appeal to different demographics, with online attracting younger, more affluent audiences. Historically, there has been limited movement of land-based players towards online platforms. However, in the longer term, as current land-based customers age, there is expected to be a continued slow structural transition online given the preferences of younger cohorts.

In addition to the long-term structural shift online, COVID-19 has introduced a number of retail players to online gambling. Growth in online participation was driven by both new gamblers and shift of land-based players to online during periods of lockdown. A survey conducted by Populus (now known as Yonder) for the UKGC in August 2020 found that during lockdown approximately 4 per cent. of non-gamblers started gambling online and approximately 8 per cent. of land-based gamblers moved online.

As the COVID-19 pandemic abates, its impact on customer behaviour, including with respect to the operations of William Hill Retail, and their preferences may continue in the longer term. Furthermore, in the event of a prolonged global macro-economic downturn resulting from the COVID-19 pandemic, consumer spending across the 888 Group's and the Target Business' and, following Completion, the Enlarged Group's online Betting and Gaming product verticals may also become impacted.

Any of the foregoing, including any resulting deterioration in general economic conditions or change in consumer behaviour, could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group and the Target Business and, following Completion, the Enlarged Group.

2.3 The business, results of operations, financial condition and prospects of the 888 Group and the Target Business depend on and, following Completion, the Enlarged Group will depend on, the scheduling and live broadcasting of major sporting events, which have been impacted by the ongoing COVID-19 pandemic.

The scheduling of certain major sporting events occurs seasonally (for example, UK horse racing and football) or otherwise at regular but infrequent intervals (for example, the FIFA World Cup or the Rugby World Cup). Disruption to, cancellation, postponement or curtailment of significant sporting events as a result of the COVID-19 pandemic or other factors, such as bribery and corruption investigations, adverse weather conditions, terrorist acts, other acts of war or hostility or the outbreak of further infectious diseases; or cancellation, disruption to, or postponement of the live broadcasting of such sporting events, for example, due to contractual disputes, technological or communication problems, or the insolvency of a major broadcaster, could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

The COVID-19 pandemic has resulted in, and may continue to result in, the cancellation or postponement of major sporting events globally or the requirement that major sporting events be held without fans present. For example, in December 2021, a significant number of matches in the English Premier League and Championship were postponed or cancelled following players testing positive for COVID-19, and similar disruption to professional sporting events was also experienced elsewhere in Europe and the United States. Such disruption followed an increase in infection rates driven by the spread of the Omicron variant of COVID-19. Further disruptions to the scheduling and broadcasting of such sporting events may, therefore, have a material adverse impact on the results of operations of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

2.4 William Hill Retail operates and, following Completion, the Enlarged Group will operate, a large portfolio of LBOs in the UK, which carry significant fixed overhead costs and may be adversely affected by regulatory change, the ongoing COVID-19 pandemic or other factors that could impact the operations and profitability of the LBO portfolio.

Unlike the existing business of the 888 Group, which provides an online-only offering to its customers, the William Hill Retail segment of the Target Business operates a portfolio of 1,407 LBOs in the UK as at 28 December 2021. This portfolio consists of a mixture of leasehold and freehold sites at which, as at 28 December 2021, approximately 10,113 (6,127 full-time and 3,986 part-time) staff are employed by the Target Group, resulting in significant fixed overhead costs. William Hill Retail has been adversely affected by regulatory change in recent years. With effect from April 2019, new regulations were introduced in the UK reducing the staking limits on B2 gaming products from GBP 100 to GBP 2 per bet. This reduced the revenues at LBOs within the William Hill Retail portfolio and resulted in the Target Group permanently closing 713 LBOs during Target FY 2019.

Furthermore, the social distancing restrictions, public gathering restrictions and lockdown restrictions introduced in the UK in response to the COVID-19 pandemic resulted in the closure of all of the Target Business' LBOs from 20 March 2020 until 15 June 2020, followed by localised closures before a further nationwide closure of LBOs from 5 November 2020 until 2 December 2020, then followed by further localised closures which continued into 2021. Even when open between these periods, LBOs were often subject to restrictions on trade including a cessation in live sporting events and limitations on the number of gaming machines that could be operational in each LBO with restrictions varying by location of the LBOs in question. In April 2020, the Target Business also furloughed 7,644 staff under the job support scheme introduced by the UK government in response to the COVID-19 pandemic, with the Target Group topping up the amounts that employees received under the scheme to

ensure that each employee received their full salary while furloughed. Although the amounts received under the job support scheme have since been repaid to the UK government by the Target Business, these measures had a material impact on the operation and profitability of the LBO portfolio during 2020 and into 2021, and resulted in the decision to permanently close a further 119 LBOs during Target FY 2020.

These changes have accelerated an existing ongoing trend where land-based retailers and other businesses in city and town centres, where certain LBOs are based, are experiencing lower footfall as consumers are increasingly migrating their demand for services toward online offerings.

Further regulatory change or the re-introduction or furthering of restrictions in response to the COVID-19 pandemic could further impact the operation and profitability of the LBO portfolio of William Hill Retail, and following Completion the Enlarged Group, which could have a material adverse impact on the business, results of operations, financial condition and prospects of William Hill Retail, and following Completion, the Enlarged Group. This may result in the need to permanently close further LBO sites, which would result in a rise in associated costs and expenses and a longer-term reduction in revenue from the LBO portfolio of William Hill Retail, and following Completion the Enlarged Group.

2.5 The LBOs operated by William Hill Retail will subject the Enlarged Group to additional regulation that does not apply to the current operations of the 888 Group.

The operation of William Hill Retail through its LBOs depends on operating licences, personal management licences and premises licences. The Target Group's relevant subsidiary, applicable personnel and LBOs currently hold all requisite licences and other approvals in the UK. Under the UK regime, licences are given for an indefinite period, subject to the payment of annual fees, and are normally only terminated in the event of a breach of the terms of the licence or other regulatory violation by the holder. There can be no assurance, however, that the UKGC will not terminate licences already granted, or otherwise change its licensing requirements or that the UK government will not introduce new laws or regulations applicable to gambling companies or change existing laws or regulations. In addition, regulation of gaming machines in the UK continues to have a high profile in the media and among politicians. If the UKGC were to terminate any of the licences already granted, or otherwise change the licensing requirements of William Hill Retail and, following Completion, the Enlarged Group, the foregoing may be required to expend significant capital or other resources to comply with the new requirements and/or may be unable to meet the new requirements, either or a combination of which could have a material adverse effect on the business, results of operations, financial condition and prospects of William Hill Retail, and following Completion, the Enlarged Group respectively.

2.6 The 888 Group, the Target Business and, following Completion, the Enlarged Group may be exposed to foreign exchange rate fluctuations and foreign exchange rate risks in terms of its financial reporting.

A substantial part of the 888 Group's and the Target Business' deposits and revenues are generated in and, following Completion, the Enlarged Group's deposits and revenue will be generated in, GBP, EUR and other currencies, and the 888 Group's and the Target Business' operating expenses are and, following Completion, the Enlarged Group's operating expenses will be, largely incurred in local currencies, primarily GBP, EUR, NIS and Romanian leu with incremental exposure to operating expenses in Swedish krona and Polish zloty. The 888 Group and the Target Business have and, following Completion, the Enlarged Group will also have, debt servicing costs, which are denominated in GBP, USD and EUR. As a result of this, the 888 Group and the Target Business are exposed to and, following Completion, the Enlarged Group will be more exposed to, the impact of foreign currency fluctuations. The 888 Group and the Target Business mitigate and, following Completion, the Enlarged Group will mitigate, its exposure to the impact of foreign exchange fluctuations on its cost base by adopting policies to hedge certain costs and will also have additional costs denominated in GBP and EUR which will provide an additional natural hedge. In addition, in connection with the Proposed Acquisition, the 888 Group intends to enter into deal contingent FX forwards pursuant to which it will convert the EUR or USD amounts drawn under the Senior Facilities Agreement and, if applicable, certain EUR amounts drawn under the Second Lien Facility Agreement, and the 888 Group may enter into deal contingent FX forwards pursuant to which it would convert certain non-GBP proceeds (if any) of any senior secured notes, second lien secured notes and/or senior unsecured notes, in each case for the purpose of funding the Proposed Acquisition into GBP for delivery to the Seller

on Completion. The 888 Group may also choose to enter into additional FX or cross currency swaps in order to hedge its ongoing EUR and/or USD exposure under the Senior Facilities Agreement and, if applicable, its ongoing EUR exposure under the Second Lien Facility Agreement and/or any non-GBP exposure under any senior secured notes, second lien secured notes and/or senior unsecured notes, following Completion. However, there can be no assurance that such hedging will eliminate the potentially material adverse effect of such fluctuations.

2.7 The Proposed Acquisition will materially increase the indebtedness of the 888 Group and, following Completion, the Enlarged Group and such indebtedness and the terms of the finance documents may impair certain operational flexibility and limit the Enlarged Group's ability to pay dividends in the absence of obtaining lender consent.

The Company and JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc. and Mediobanca – Banca di Credito Finanziario S.p.A. on 9 September 2021 entered into the Commitment Letter, which was subsequently amended and restated on 1 October 2021 to reflect the addition of Barclays Bank PLC as an additional Commitment Party thereunder, to provide the Company with additional relevant financing to undertake the Proposed Acquisition, including the repayment of certain existing indebtedness of the Target Business (including, among other things, the redemption of the Existing 2023 Notes following Completion). Under the Commitment Letter, the Lenders undertake to make available to the Company the following commitments on a customary certain funds basis:

- term loan facilities in an aggregate principal amount of GBP 1.64 billion (equivalent) (Facility B);
- a multicurrency revolving credit facility in the aggregate principal amount of GBP 150 million; and
- GBP 500 million in the form of a bridge loan.

In light of the revised consideration amount for the Proposed Acquisition pursuant to the Amendment Deed, the Company's overall financing requirements were correspondingly reduced. Further, and in lieu of drawing a proportion of the committed debt financing described above, the 888 Group raised net proceeds of GBP 158.5 million by way of the Placing on 7 April 2022, to enable the Company to target *pro forma* net leverage of under 4.0x.

The Board has set a goal of achieving a *pro forma* net leverage ratio of at or below 3.0x in the medium term. Along with the strong free cash flow expected to arise from the Proposed Acquisition, the Board intends to accelerate de-leveraging by suspending dividend payments until such time as the net leverage ratio is at or below 3.0x (or such earlier time as the Board considers appropriate).

It is also expected that the Company will part finance the Proposed Acquisition by entering into the Senior Facilities Agreement prior to Completion with respect to borrowings in the amount of up to GBP 1.64 billion (equivalent) under Facility B. The aggregate amount of up to GBP 1.64 billion (equivalent) of Facility B is expected to include a delayed draw facility that is only available to the Company for 120 days following Completion to finance any put option or early optional redemption exercised by the holders of the Existing 2026 Notes following Completion.

It is also proposed that the Senior Facilities Agreement will include the provision of borrowings in the amount of GBP 150 million under the Revolving Credit Facility to be used in connection with the Proposed Acquisition and for working capital and general corporate purposes.

In addition, and in lieu of a portion of the total commitments described above the Company may part finance the Proposed Acquisition by entering into a Second Lien Facility Agreement and/or by procuring the issuance by a member of the 888 Group of senior secured notes, second lien secured notes and/or senior unsecured notes, in each case prior to Completion.

As a result of the arrangements described above the Enlarged Group will be subject to restrictive covenants (normal for debt facilities of this nature), limiting its ability and the ability of certain restricted subsidiaries to, among other things, incur additional debt, create liens, pay dividends, redeem capital stock or make certain other restricted payments or investments, enter into agreements that restrict dividends from restricted subsidiaries, sell assets, including capital stock of restricted subsidiaries, engage in transactions with affiliates and effect a consolidation or merger. Where the Enlarged Group wishes to enter into a transaction or undertake corporate action which is not permitted under such covenants it will need to obtain the prior consent of the lenders and/or noteholders and

there can be no guarantee that such consent would be obtained. This may impact on certain operational and financial flexibility that the Enlarged Group would otherwise have with respect to (among other things) making minority or joint venture investments, granting security, making acquisitions, entering into mergers, making disposals or incurring financial indebtedness, in each case unless such matter is expressly carved-out from the relevant restrictive covenant or can be accommodated within the customary general baskets, materiality thresholds and, where applicable, debt incurrence ratios provided for in the finance documents.

2.8 The Enlarged Group will be subject to interest rate risk.

The borrowings of the Enlarged Group under the Senior Facilities Agreement and the Second Lien Facility Agreement will, and any second lien secured notes and/or senior unsecured notes (in each case to the extent any such notes are issued as floating rate notes), be subject to a variable interest rate and therefore the Enlarged Group will be exposed to fluctuations in market interest rates. While the Enlarged Group may be able to enter into hedging arrangements, including swap contracts that would result in the Enlarged Group being exposed to a fixed interest rate rather than a variable interest rate, there can be no assurance that this is possible at a reasonable price or at all and significant increases in the interest rate payable in respect of amounts outstanding under such facilities could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

2.9 Negative publicity surrounding the betting and gaming industry may adversely affect the reputation and business of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

The 888 Group, the Target Business and, following Completion, the Enlarged Group may be adversely affected by negative publicity surrounding the betting and gaming industry and in particular, play by vulnerable customers. The visibility of the Enlarged Group compared to that of each of the 888 Group or the Target Group on a standalone basis, resulting from the increased aggregate volume of its operations, could be increased and therefore draw additional publicity and attention. The attraction of betting and gaming to some minors and customers for whom betting and gaming activities assume too great a role in their lives poses a challenge, whether via online or retail channels. Broad access to social media makes it easy for anyone to provide public feedback that can influence perceptions of the betting and gaming industry, the 888 Group, the Target Business and, following Completion, the Enlarged Group. If the perception persists that the online betting and gaming industry or the betting and gaming industry as a whole is failing to adequately protect minors and vulnerable customers, then further restrictions on the provision of betting and gaming services to such customers may be imposed on the 888 Group, the Target Business and, following Completion, the Enlarged Group, which could have a material adverse effect on its business, results of operations, financial condition and prospects. Damage to the betting and gaming industry's reputation could also lead to a lack of support for the betting and gaming industry from governments and other legislative bodies and from the public, all of which may have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group, as would any form of compulsory levy to fund research into, and assistance for, compulsive gamblers. Moreover, it cannot be ruled out that there could be successful claims for damages in the future by which a compulsive gambler or their dependants could recover monies wagered or damages for emotional distress or similar.

Various regulators, most notably the UKGC and the Swedish Gambling Authority (*Swedish. Spelinspektionen*), have adopted stricter compliance and enforcement policies, conducting more in-depth reviews of operational practices and sanctioning operators found to be non-compliant and from time to time the 888 Group and the Target Business have been the subject of investigations by, and have received fines from, regulators in various jurisdictions. For example, in FY 2021, the Target Group was fined EUR 3.0 million (GBP 2.6 million) by the Swedish Gaming Inspectorate for failing to take sufficient measures with respect to anti-money laundering and problem gambling in customers. There is growing sentiment in various jurisdictions that existing regulations do not sufficiently protect minors and vulnerable customers 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 888 Group, the Target Business and, following Completion, the Enlarged Group, as well as in the adoption of stricter regulations and enhanced enforcement measures.

The 888 Group and the Target Business devote, and it is expected the Enlarged Group will devote, resources to putting in place prevention measures coupled with strict internal procedures to protect customers, including restrictions on minors and individuals who have requested to be self-excluded from opening accounts or proceeding to play for real money, but such measures and procedures may not be sufficient or effective. In addition, it is also difficult to ensure that affiliate marketers ethically source reliable data for marketing purposes such that advertising codes can be strictly adhered to and that only appropriate age groups or demographics are targeted.

Any negative publicity surrounding the betting and gaming industry or an increase in scrutiny from regulators could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

2.10 Political, economic and military conditions in Israel may impede the ability of the 888 and, following Completion, the Enlarged Group to operate or harm its financial results.

The 888 Group has, and following Completion, the Enlarged Group will have, certain subsidiaries located in Israel carrying out research and development, marketing support and certain other functions. Accordingly, political, economic and military conditions in Israel may directly affect the 888 Group and, following Completion, the Enlarged Group's business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbours, most recently in May 2021. While the 888 Group has not suffered any material adverse impact on its business as a result of such events, any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could adversely affect the 888 Group's and, following Completion, the Enlarged Group's operations. In addition, pursuant to Israeli law, several of the 888 Group's and, following Completion, the Enlarged Group's employees and key personnel could be called-up for emergency military duty in the event of war or an escalation in hostilities between Israel and its neighbours, which could further disrupt the Israeli operations of the 888 Group and, following Completion, the Enlarged Group respectively. Any escalation in hostilities, or any future-armed conflicts, political instability or violence in the region, could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group and, following Completion, the Enlarged Group.

2.11 The ongoing military action between Russia and Ukraine could adversely affect the Group's, and following the Completion, the Enlarged Group's, business, financial condition and results of operations.

On 24 February 2022, Russian military forces invaded Ukraine, and sustained conflict and disruption in the region is likely. Although the length, impact and outcome of the ongoing military conflict in Ukraine is highly unpredictable, this conflict could lead to significant market and other disruptions, including significant volatility in commodity prices and supply of energy resources, instability in financial markets, supply chain interruptions, political and social instability, changes in customer preferences or discretionary spending and increases in cyberattacks and espionage.

Russia's recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military action against Ukraine have led to an unprecedented expansion of sanction programs imposed by the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic. As the conflict in Ukraine continues, there can be no certainty regarding whether the governmental authorities in the United States, the European Union, the United Kingdom or other countries will impose additional sanctions, export controls or other measures targeting Russia, Belarus or other territories and the 888 Group and the Target Business, and following Completion, the Enlarged Group must be ready to comply with the existing and any other potential additional measures imposed in connection with the conflict in Ukraine.

The 888 Group and the Target Business are actively monitoring the situation in Ukraine and assessing its impact on their businesses. Neither the 888 Group nor the Target Business have any material operations in Russia or Ukraine and, to date, neither have experienced any material interruptions in

their business, financial condition, infrastructure, supplies, technology systems or networks needed to support their operations. However, the 888 Group utilises an outsourcing company located in Ukraine, named Onseo, which has 52 employees that are involved in the 888 Group's Bingo business, which is in the process of being sold to Broadway Gaming group. The operations of the outsourced company have suffered minimal adverse operational impact due to the invasion. The 888 Group has initiated a mitigation plan and is in the process of moving certain operations and knowhow to Israel in response to events. In addition, the 888 Group has blocked access to all its products by all Russians, as well as all IP addresses in Russia, the Crimea Region of Ukraine, the so-called Donetsk People's Republic or the so-called Luhansk People's Republic. Furthermore, in adhering to EU and UK of limitations on amounts able to be held by Russians in EU and UK bank accounts, the 888 Group has adopted a similar idea for Belarussian players and limited deposit sums in a player's account. Similarly, the Target Business has blocked the accounts of its Russian and Belarussian customers and taken steps to remove Russian sporting fixtures from its product offering.

There can be no way to predict the progress or outcome of the conflict in Ukraine or its impacts in Ukraine, Russia or Belarus as the conflict, and any resulting government reactions, are rapidly developing and beyond the 888 Group's control. The extent and duration of the military action, sanctions and resulting market disruptions could be significant and could potentially have substantial impact on the global economy and the 888 Group and the Target Business for an unknown period of time. Any of the abovementioned factors could affect the 888 Group's, Target Business' and, following Completion, the Enlarged Group's business, financial condition and results of operations. Any such disruptions may also magnify the impact of other risks described in this document.

2.12 The 888 Group and the Target Business are, and following Completion, the Enlarged Group will be, required to make payments to sporting bodies and event rights holders.

The 888 Group and the Target Business are, and following Completion, the Enlarged Group will be, liable to make contributions to sporting bodies such as the Horserace Betting Levy Board and the British Greyhound Racing Fund in the UK, whether under regulations or agreement, as a way of ensuring certain revenues generated from betting on sports are used to benefit those sports or related interests.

Furthermore, each of the 888 Group and the Target Business enters into contracts with rights holders with regard to the provision of video and video streams, audio and other data for use in its business for the provision of live coverage of sports events. The Enlarged Group is also likely to continue to enter into similar contracts in the future.

The Target Business and, following Completion, the Enlarged Group cannot predict with any certainty what future payments may be required for the success of its businesses in the future and what other additional resources will need to be made available to address any conditions, which impose levies, fees or royalties, the level of which will be outside the control of the Target Business and the Enlarged Group respectively. Given the significance of the betting vertical to the Target Business and, following Completion, the Enlarged Group, any requirement to pay additional levies, fees or royalties could have a material adverse effect on its business, results of operations, financial condition and prospects.

2.13 The 888 Group, the Target Business and, following Completion, the Enlarged Group will depend on technology and advanced information systems, which may fail or be subject to disruption.

The integrity, reliability and operational performance of the IT systems of the 888 Group, the Target Business and, following Completion, the Enlarged Group will be critical to its operations. The IT systems of the 888 Group, the Target Business and, following Completion, the Enlarged Group may be damaged or interrupted by increases in usage, human error, unauthorised access, natural hazards or disasters or similarly disruptive events. Furthermore, the current systems may be unable to support a significant increase in online traffic or increased customer numbers, whether as a result of organic or inorganic growth of the business. Any failure of the IT infrastructure of the 888 Group, the Target Business and, following Completion, the Enlarged Group or the telecommunications and/or other third-party infrastructure on which such infrastructure relies could lead to significant costs and disruptions that could reduce revenue, harm the business reputation and have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. In addition, with information and security arrangements shared across a supply chain, the cyber security of any one organisation within the chain

is potentially exposed to the vulnerabilities of the weakest member of the supply chain. Therefore, third-party software providers, website builders, data aggregators and B2B partners that are connected to databases of the 888 Group, the Target Business and, following Completion, the Enlarged Group potentially constitute a cyber-risk to the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. While the 888 Group and the Target Business use, and following Completion, the Enlarged Group will use, multiple technical solutions and common standards to help to mitigate these risks (for example, Payment Card Industry Data Security Standard (PCI DSS)), the possible risk of cyber security vulnerability in the supply chain remains.

The 888 Group and the Target Business have in place, and following Completion, the Enlarged Group will have in place, business continuity procedures, disaster recovery systems and security measures to protect against network or IT failure or disruption. These procedures and measures may however not be effective to ensure that the 888 Group, the Target Business and, following Completion, the Enlarged Group is able to carry on its business in the ordinary course if there is a network or IT failure or disruption, and they may not ensure that the 888 Group, the Target Business and, following Completion, the Enlarged Group can anticipate, prevent or mitigate a material adverse effect on its business, results of operations, financial condition and prospects resulting from such failure or disruption.

Should the IT systems of the 888 Group, the Target Business and, following Completion, the Enlarged Group fail or be subject to disruption, and the 888 Group, the Target Business and, following Completion, the Enlarged Group is unable to carry on its businesses in the ordinary course, there could be a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively.

2.14 The 888 Group, the Target Business and, following Completion, the Enlarged Group may be vulnerable to network failure, disruptions, cyber-crime attacks and customer fraud and significant resources may be required to protect the 888 Group, the Target Business and, following Completion, the Enlarged Group.

The 888 Group, the Target Business and, following Completion, the Enlarged Group may be vulnerable to hacker intrusion, distributed denial of service (“DDoS”), malicious viruses, theft or misuse of data and other cyber-crime attacks, which could result in network failure or disruptions. For example, computer hackers may attempt to gain access to the systems and databases of the 888 Group, the Target Business and, following Completion, the Enlarged Group for the purpose of manipulating results, which may cause systems failure and business disruption. Cyber-attack or data theft incidents may expose the 888 Group, the Target Business and, following Completion, the Enlarged Group to “ransom” demands and costs of repairing physical and reputational damage. Both the 888 Group and the Target Business have in the past, and are likely again in the future, to be subject to these types of cyber-attack attempts and the 888 Group has suffered periods of downtime across a number of services as a result of IT and security weaknesses and third parties, although to date, no such attempt has resulted in any material damage. The 888 Group has not had an opportunity to fully assess the robustness of the Target Business’ IT systems generally, or specifically against such attacks. The visibility of the Enlarged Group compared to that of each of the 888 Group or the Target Business on a standalone basis, resulting from the increased aggregate volume of its operations and its profile, could be increased and therefore the threat of cyber-attack attempts may be heightened.

The online betting and gaming industry is also vulnerable to attack by customers through collusion and fraud. Online transactions may be subject to sophisticated schemes or collusion to defraud (including to increase betting and gaming winnings), launder money or other illegal activities, and there is a risk that the products of the 888 Group, the Target Business and, following Completion, the Enlarged Group may be used for those purposes either by their customers or their employees. For example, collusion can be effected between online poker customers adopting sophisticated computer programmes to play games automatically (bots) or by chip dumping (i.e. depositing and losing money against another colluding customer in an attempt to money launder). As the Enlarged Group will have more customers and a greater volume of transactions it may be further exposed to this risk than the 888 Group and Target Business alone.

In order to protect the 888 Group, the Target Business and, following Completion, the Enlarged Group against network or IT failure or disruption, unauthorised access and customer fraud, the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively may be required to

expend significant capital or other resources (such as staff and management time and resources and engagement of third party experts and consultants), including the replacement or upgrading of existing business continuity systems, procedures and security measures. The 888 Group, the Target Business and, following Completion, the Enlarged Group will implement, technologies and procedures throughout its technology operations designed to protect its networks from malicious attacks and other such risks. These measures include traffic filtering, anti-DDoS devices and anti-virus protection from leading vendors. Physical and logical network segmentation will also be used to isolate and protect networks and restrict malicious activities. In addition, the 888 Group, the Target Business and, following Completion, the Enlarged Group will also aim to ensure that appropriate protections are in place to detect any intrusion or other security breach. These steps, together with preventative measures safeguarding against sabotage, hackers, viruses and cyber-crime will be essential to the 888 Group, the Target Business and, following Completion, the Enlarged Group. The 888 Group and the Target Business have also implemented, and the Enlarged Group will implement, detection and prevention controls to minimise the opportunities for fraudulent play and are aware of the need to continually monitor and develop such protective measures. Failure to adopt appropriate policies and implement appropriate steps to adequately monitor and prevent money laundering and other fraudulent activity could result in civil or criminal liability for the 888 Group, the Target Business and, following Completion, the Enlarged Group.

Techniques deployed to obtain unauthorised access, or to sabotage or misuse the online betting and gaming systems change and may not be known until launched against the 888 Group, the Target Business and, following Completion, the Enlarged Group or any of their third-party service providers. The 888 Group, the Target Business and, following Completion, the Enlarged Group may therefore not be able to anticipate, or to completely protect against such attacks, especially since such attacks are, by their nature, technologically sophisticated and may be difficult or impossible to detect and defend. If replacements, expansions, upgrades and/or other maintenance are not implemented successfully or completed efficiently or there are operational failures, the quality of the product portfolio of the 888 Group, the Target Business and, following Completion, the Enlarged Group and the service experienced by its customers will be adversely impacted, which could reduce or stop the use by customers of the products and services of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. If the protection and prevention measures implemented by the 888 Group, the Target Business and, following Completion, the Enlarged Group were to fail or be circumvented, this could potentially cause the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively to shut down its operations for a period of time until the source of the breach is determined and the situation remediated. The 888 Group, the Target Business and, following Completion, the Enlarged Group could also lose business critical information and could be subject to threats from hackers who could release business critical or other sensitive information to the public that would harm the operations and the reputation of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. Any failure by the 888 Group, the Target Business and, following Completion, the Enlarged Group to detect instances of collusion and other fraud may also result in affected customers experiencing increased losses and thus lose confidence in the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. The occurrence of any of these could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

2.15 Failure to adequately protect customer account information could have a material adverse effect on the 888 Group, the Target Business and, following Completion, the Enlarged Group.

The 888 Group and the Target Business process and, following Completion, the Enlarged Group will process, personal customer data (including name, address, age, bank details and betting and gaming history) as part of its businesses and therefore must comply with strict data protection and privacy laws in the UK, EU and certain other jurisdictions from which the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively will accept bets. Those laws restrict the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to collect, use and transfer personal information relating to customers, potential customers and others, including through the use of cookies or similar technologies or by using such information across different brands, in a way that is of commercial use to the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. Notwithstanding the technical and organisational measures which the 888 Group and the Target Business have, and, following Completion, the Enlarged Group will have, in place, the 888 Group and the Target Business are, and,

following Completion, the Enlarged Group will be, exposed to the risk that personal data could in the future be wrongfully accessed and/or used, whether by employees, customers or other third parties, or otherwise lost or disclosed or processed in breach of data protection and privacy laws.

If the 888 Group, the Target Business and, following Completion, the Enlarged Group fails to adhere to applicable data protection and privacy laws, it may be subject to administrative sanctions and/or civil litigation. In particular, the General Data Protection Regulation (EU 2016/679) (the “**EU GDPR**”) and its transposition into UK and Gibraltar laws by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as amended by Schedule 1 to the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 (SI 2019/419) (the “**UK GDPR**”) and Gibraltar Data Protection Act 2004 (the “**Gibraltar GDPR**”) (the EU GDPR, the UK GDPR and the Gibraltar GDPR collectively the “**GDPR**”) includes an administrative sanctions regime where non-compliance with GDPR standards under each of the EU GDPR, UK GDPR and Gibraltar GDPR can attract fines of up to EUR 20 million (GBP 17.5 million in the UK and Gibraltar) or four per cent. of annual worldwide turnover (whichever is the higher). Data protection supervisory authorities also have extensive powers under the GDPR, including the power to impose a temporary or definitive ban on processing activity. Data protection supervisory authorities are also able to initiate investigations and audits of entities to assess their compliance with the GDPR. Given the consumer-facing and high-profile nature of the 888 Group, the Target Business and, following Completion, the Enlarged Group, there can be no assurance that data protection supervisory authorities will not investigate and/or audit the 888 Group, the Target Business and, following Completion, the Enlarged Group with respect to data protection and privacy. The GDPR also includes a right to compensation for data subjects who have suffered material or non-material damage as a result of an infringement of the GDPR and in certain cases, civil litigation can be brought by non-profit privacy advocacy groups. Liability can attach to the 888 Group, the Target Business and, following Completion, the Enlarged Group not only for its own non-compliance, but also due to the acts, errors or omissions of those who process personal data in the course of providing services to the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively, as the GDPR includes joint and several liability provisions that apply in certain cases. The same conduct could expose the 888 Group, the Target Business and, following Completion, the Enlarged Group to penalties for breach of data protection laws in multiple jurisdictions.

A breach of GDPR or other applicable data protection laws could also result in the 888 Group, the Target Business and, following Completion, the Enlarged Group being subject to the revocation of existing licences and/or the refusal of new applications for licences. Any fines, civil litigation or licence revocations or refusals arising from a breach of applicable data protection or privacy laws could materially adversely affect the revenue and operating expenses of the 888 Group, the Target Business and, following Completion, the Enlarged Group. There can be no assurances that the 888 Group, the Target Business and, following Completion, the Enlarged Group would be able to recoup such losses, whether in whole or in part, from its service providers or insurers. The occurrence of any such events could also result in reputational damage to the 888 Group, the Target Business and, following Completion, the Enlarged Group resulting in the loss of customer goodwill and confidence and deter new and existing customers. Furthermore, a data breach involving employee data could also cause recruitment and retention challenges, increasing labour costs and affecting the daily operation of the business. Each of these factors could harm the business reputation and have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

It is likely that the data protection regulatory standards in the EU will continue to increase following Completion. Regulatory guidance, case law and enforcement activity are increasing and significant further changes are likely to occur that will further enhance the data protection rights of individuals and have commensurate impact upon the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to process personal data in a manner that maximises its commercial value. For example, the EU has proposed a new regulation on ePrivacy that could further impact the use of cookies and similar technologies. Many jurisdictions outside of the EU have also introduced, or are in the course of introducing, more robust data protection laws, in many cases following the principles set out in GDPR. Such laws may impact the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to effectively expand into these jurisdictions by limiting processing activities, reducing the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to market to new customers and/or increasing operational

and compliance costs, each of which are central to the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively to expand into such jurisdictions effectively.

The introduction of further data protection laws in jurisdictions in which the 888 Group, the Target Business and, following Completion, the Enlarged Group operate may also limit the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively to effectively market and cross-sell to its existing customers through constraining processing activities and/or increasing operational and compliance costs.

2.16 The success of the 888 Group, the Target Business and, following Completion, the Enlarged Group will depend on the effectiveness of its marketing and promotional activities to expand its customer base and enter new markets and maintain, develop and enhance its brands.

Customer acquisition and retention, and therefore the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group, will depend significantly upon the effectiveness of its marketing and promotional activities. This includes the granting of promotional bonuses, loyalty points, guaranteeing attractive prize-pools and other forms of promotional activities. There are however limitations to, and in some cases, prohibitions on the online and offline marketing channels, as well as permitted forms of promotional activity, available to the 888 Group, the Target Business and, following Completion, the Enlarged Group as a result of applicable law and regulation.

In markets where the 888 Group and the Target Business currently generate revenue and, following Completion, where the Enlarged Group will generate revenue, the 888 Group, the Target Business expand and, following Completion, the Enlarged Group will expand, its customer base by improving its product offering to customers, developing penetration in existing markets, and seeking new licences where available and commercially viable. In new jurisdictions, successful marketing will involve local adaptations to the overall marketing strategy of the 888 Group, the Target Business and, following Completion, the Enlarged Group as a result of social, political and legal differences among jurisdictions. The 888 Group, the Target Business and, following Completion, the Enlarged Group will incur costs when expanding into new geographic markets. While the 888 Group and the Target Business have been successful in entering new geographic markets to date, future entry into new geographic markets by the 888 Group, the Target Business and, following Completion, the Enlarged Group may not be successful. In particular, the marketing strategy of the 888 Group, the Target Business and, following Completion, the Enlarged Group in new geographic markets may not be well received by target customers or such marketing strategy may not otherwise be socially acceptable in that jurisdiction. The 888 Group, the Target Business and, following Completion, the Enlarged Group may be unable to successfully deal with new and different local operating environments and may be subject to unfamiliar restrictive local laws and regulations which may include specific technological requirements that are incompatible with its technology or business model, local ownership requirements or exchange control regulations which limit available payment methods for foreign operators. The 888 Group, the Target Business and, following Completion, the Enlarged Group may also face local state monopolies or other local vested interests that oppose the entry of new operators or already have substantial local market share. Furthermore, in entering new markets and consolidating the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's position in existing markets, the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively will face challenges in terms of effectively cross-marketing across the 888 Group's, the Target Business; and, following Completion, the Enlarged Group's product portfolio and minimising the risk of cannibalisation. All of these could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

The success of the 888 Group, the Target Business and, following Completion, the Enlarged Group will also depend on the maintenance, development and enhancement of its brand. If the 888 Group, the Target Business and, following Completion, the Enlarged Group is unable to maintain, develop and enhance its brands, its ability to implement its strategic goals may be adversely affected. Each of the 888 Group and the Target Business use, and, following Completion, the Enlarged Group will use, affiliate marketing that is expected to generate a significant portion of their revenues. If the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's affiliates suffer damage to their reputation, or become subject to onerous regulatory or legislative requirements, this could adversely affect the brands of the 888 Group, the Target Business and, following Completion,

the Enlarged Group respectively. In addition, some of the participants in the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's affiliate marketing network may choose to compete with the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively by also marketing their own brands or brands of competitors. These participants may decide in the future to shift their activities towards competitors of the 888 Group, the Target Business and, following Completion, the Enlarged Group or terminate their agreements. If such affiliate marketers decide to market their own or a competitor's services, revenues of the 888 Group, the Target Business and, following Completion, the Enlarged Group may decline. Increased competition may require more management time and resources and greater levels of expenditure on marketing activities and to maintain, develop and enhance the brands of the 888 Group, the Target Business and, following Completion, the Enlarged Group. In the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's B2B division, the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively may also be dependent on the success of its B2B partners' marketing activities, brand development and enhancement efforts.

The Proposed Acquisition will result in the Enlarged Group operating a greater number of competing brands. The Enlarged Group will be required to successfully co-ordinate the marketing and promotional activities of various competing brands without impacting on the commercial effectiveness and success of each brand. The Enlarged Group will need to maintain the distinctiveness of the various brands under common ownership in order to prevent cannibalisation of its customers.

The Enlarged Group may therefore be subject to restrictions resulting in a loss of marketing channels. It may be unable to expand its customer base in those markets from which the 888 Group and the Target Business currently generate revenue or fail to successfully enter new geographic markets. The Enlarged Group may also fail to maintain, develop and enhance its brands or successfully co-ordinate the marketing of competing brands. The participants of its affiliate marketing network or its B2B partners may also choose to compete with the Enlarged Group. The occurrence of any of these events could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

2.17 The 888 Group and the Target Business depend on and, following Completion, the Enlarged Group will depend on, a number of third parties for the operation of its business.

The 888 Group and the Target Business have key contractual relationships with a number of third parties including suppliers, insurers, partners, banks, licensors, internet and other technology-based service providers (including providers of geolocation and identity verification systems) and payment processors. The 888 Group and the Target Business rely on, and following Completion, the Enlarged Group will rely on, key suppliers in order to carry on their operations. In particular, the 888 Group, and the Target Business depend on and, following Completion, the Enlarged Group will depend on, banking and payment processing for the success of its business. The provision of convenient, trusted, fast and effective payment processing services to customers and potential customers of the 888 Group, the Target Business and, following Completion, the Enlarged Group is critical to its business. If there is any deterioration in the quality of the payment processing services provided to its customers or any interruption to those services, or if such services are only available at an increased cost to the 888 Group, the Target Business and, following Completion, the Enlarged Group or its customers, or if such services are withdrawn or terminated and no timely and comparable replacement services are found, customers and potential customers of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively may be deterred from using its products. The failure of one or more of these third parties or the failure of any of them to fulfil its obligations to the 888 Group, the Target Business and, following Completion, the Enlarged Group may cause significant disruptions to the operations of the business and have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

The 888 Group relies and, following Completion, the Enlarged Group will rely, on geolocation and identity verification systems to ensure compliance with laws and regulations and to prevent those who are not permitted to access the 888 Group's and, following Completion, the Enlarged Group's online products, to process deposits and withdrawals made by its customers and providing information regarding schedules, results, performance and outcomes of sporting events to determine when and how bets are settled. The software, systems and services provided by such third-party providers may not meet expectations, contain errors or weaknesses, be compromised or experience outages all of which could have a material adverse effect on the business, results of operations, financial condition and

prospects of the 888 Group and, following Completion, the Enlarged Group by preventing customers who are permitted to access its online platform from so accessing it, delaying payment or resulting in errors in settling bets, which could give rise to regulatory issues and reputational damage.

In addition, the 888 Group depends and, following Completion, the Enlarged Group will depend, on the interoperability of its technology with popular mobile operating systems and the availability of its mobile applications for download via third-party platforms. The 888 Group does not, and following Completion, the Enlarged Group will not, have formal or informal relationships with parties that control design of mobile devices and operating systems and there is no guarantee that popular mobile devices will start or continue to support or feature its product offerings. If any of the third-party platforms used to distribute products were to limit or disable the availability of mobile applications or advertising on their platforms, the 888 Group's, and following Completion, the Enlarged Group's, ability to generate revenue could be harmed which could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group and, following Completion, the Enlarged Group.

The 888 Group also relies, and following Completion, the Enlarged Group will rely on products, technology and intellectual property licensed from third parties that it uses, and expects to continue to use, in its B2B and B2C offerings. The success of the business of the 888 Group and following Completion, the Enlarged Group, may depend, in part, on its ability to obtain, retain and/or expand licences for popular technologies and games in a competitive market. There can be no assurance that third-party licences or support for licensed products that may be necessary or desirable for the 888 Group and following Completion, the Enlarged Group, to carry on its business and offer its products to customers will be available to the 888 Group and, following Completion, the Enlarged Group on commercially reasonable terms, if at all. If the 888 Group and, following Completion, the Enlarged Group is unable to renew and/or expand existing licences or obtain new licences, including as a result of reluctance of third parties to subject themselves to regulatory review that may be required to operate as a supplier of the 888 Group and/or, following Completion, the Enlarged Group, it may be required to discontinue or limit our use of the products that include or incorporate licensed intellectual property, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group and, following Completion, the Enlarged Group.

2.18 The success of the poker business of the 888 Group, the Target Business and, following Completion, the Enlarged Group is dependent on maintaining a certain level of customer liquidity.

The success of the poker business of the 888 Group and the Target Business is dependent on and, following Completion, the Enlarged Group will be dependent on, maintaining a certain level of customer liquidity, since customer liquidity increases the number of opposing customers available, the size of the winnings pot and other factors. The increased liquidity offered by the Enlarged Group is expected to further strengthen the 888 Group's position in the online poker market.

Regulations in many jurisdictions provide that customers within these jurisdictions may only play against other customers located in the relevant jurisdiction (so-called ring-fenced markets) or other customers located in certain other specified jurisdictions (so called semi-ring-fenced markets). These ring-fenced markets include Italy and these semi-ring-fenced markets include Spain (in which liquidity is shared with France and Portugal) and New Jersey, Nevada and Delaware (which share liquidity between themselves). As a result, online betting and gaming operators now need to be able to establish sufficient poker liquidity in countries with such regulations, in addition to establishing a large international market for other countries. Should additional countries with large market potential for the 888 Group, the Target Business and, following Completion, the Enlarged Group seek to ring-fence their customer liquidity in a similar manner, the failure to establish sufficient customer liquidity in these countries could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively.

2.19 The revenue of the 888 Group, the Target Business and, following Completion, the Enlarged Group may fluctuate as a result of individual events or betting outcomes.

A significant proportion of the 888 Group's and the Target Business' revenue are derived from and, following Completion, the Enlarged Group's revenue will be derived from fixed-odds betting which means winnings are paid on the basis of the stake placed and the odds quoted before the conclusion of the event (rather than, for example, being determined after the event from a pool of stake money

from which the operator's revenue is deducted). While the odds offered to customers are intended to provide a target average return (or gross win percentage) to the bookmaker over a large number of events, this outcome is not guaranteed, particularly over a smaller number of events. From time to time, the 888 Group, the Target Business and, following Completion, the Enlarged Group could experience significant losses caused by unfavourable outcomes in individual events.

The 888 Group, the Target Business and, following Completion, the Enlarged Group may experience returns below expected gross win percentage owing to, among other things:

- a series of outcomes skewed towards its customers betting selections in those events, particularly over shorter time periods (such as when a disproportionate number of "favourites" win or a "national" team or sports person from a major market wins); or
- failures of the people, processes and/or systems which the 888 Group and the Target Business have in place and, following Completion, the Enlarged Group will have in place to manage its bookmaking risk, for example, by inadvertently inverting lines between teams such that the odds are significantly different from the true odds intended to be offered to customers, failing to apply appropriate limits or adjust odds.

In online casino and betting, operator losses are limited per stake to a maximum pay-out. When looking at bets across a period of time, operator losses can potentially be larger in the short term. Given the high volume of the business and that statistical gross win margin embedded within all casino games, major operator losses are infrequent over long periods, however, the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's earnings in any particular financial period may also fluctuate based on whether it pays out any jackpots to its customers during that period.

2.20 The 888 Group and the Target Business are exposed to and, following Completion, the Enlarged Group will be exposed to, changes in technology and may not be able to keep up-to-date with developments and launch new products or new technologies in a timely manner or at all and such products or technologies may not be successful.

The 888 Group's and the Target Business' success to date has, to an extent, been driven by their ability to consistently develop and launch new customer products and new and innovative technologies. There can be no certainty that the 888 Group, the Target Business and, following Completion, the Enlarged Group will continue to be able to develop its technology to keep up-to-date with developments across the betting and gaming sector and, in particular, to launch such products or new technologies in a timely manner or at all. In addition, there can be no certainty that such products will be popular with customers or that such products or new technologies will be reliable, robust and not susceptible to viruses or failure. In certain jurisdictions, such new or updated products or technologies may require regulatory and licensing approvals that may be delayed or not provided, which would restrict the use of such products or technologies. If the 888 Group, the Target Business and, following Completion, the Enlarged Group fails to keep up-to-date with developments and launch new products or technologies in a timely manner, or at all, it may lose its market share to competitors or fail to gain market share in new jurisdictions. Any of these factors could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

2.21 The 888 Group, the Target Business and, following Completion, the Enlarged Group may be unsuccessful if it undertakes future acquisitions, joint ventures or alliances, and may be unsuccessful in the integration of businesses recently acquired.

The 888 Group, the Target Business and, following Completion, the Enlarged Group may seek to acquire or invest in other businesses if appropriate opportunities become available. Any future acquisition may pose regulatory, antitrust, integration and other risks. Any of these factors may significantly affect the benefits or anticipated benefits of such acquisitions or investments and consequently the results or operations of the 888 Group, the Target Business and, following Completion, the Enlarged Group. Furthermore, any new acquisitions will require significant management time and resources and may require the diversion of resources from other activities.

The 888 Group has made a number of acquisitions in recent years, including the acquisition of a portfolio of bingo brands, including Costa Bingo, in February 2019 and the acquisition of the BetBright Sport business in March 2019 and also agreed the terms of the Proposed Acquisition in

September 2021. In March 2022, the 888 Group also announced a strategic investment to launch the 888 brand across selected regulated markets in Africa. The 888 Group, the Target Business and, following Completion, the Enlarged Group may be unable to manage recent or future acquisitions profitably or to integrate such acquisitions successfully without incurring substantial costs, delays or other problems. For example, the 888 Group and, following Completion, the Enlarged Group may encounter such issues as a consequence of the Proposed Acquisition, including arising from the separation of William Hill US from the Target Group prior to Completion. For further details, see *“The Enlarged Group could suffer unforeseen liabilities, disputes and operational difficulties arising from the separation of William Hill US from the Target Group prior to Completion and the transitional arrangements to be put in place with effect from Completion, which may adversely affect the Enlarged Group’s business, financial condition, results of operations and prospects”* and *“The Enlarged Group’s success will be dependent upon its ability to integrate the business of the 888 Group and the Target Business and it may not realise the anticipated benefits of the Proposed Acquisition”* in paragraphs 3.4 and 3.5 of this Part 1 (*Risk Factors*), respectively.

In addition, any companies or businesses acquired or invested in may not achieve levels of profitability or revenue that justify the original investment made by the 888 Group, the Target Business and, following Completion, the Enlarged Group. The occurrence of any such events could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

2.22 The 888 Group, the Target Business and, following Completion, the Enlarged Group may face difficulties in protecting its intellectual property.

The 888 Group’s policy is to register only its key trade marks in select jurisdictions, in large part due to the nature of the trade marks, many of which are game names, which are subject to frequent changes and updates. Registration of trade marks is generally more extensive in Europe given the geographical focus of the 888 Group and the sophistication of the intellectual property regime in the region. In the US, the 888 Group is in the process of registering its key trade marks. Trade mark registration in South America and in Asia is less extensive and the laws of various foreign countries in which the Enlarged Group plan to compete may not protect its intellectual property to the same extent as do the laws in Europe or the US. The Target Business has registered its key trade marks in select jurisdictions, with broad coverage in European jurisdictions, North, South, and Central America, and Asia Pacific. The failure or inability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to adequately protect its intellectual property rights, including its rights in trade marks, domain names, know-how or trade secrets could impair the 888 Group’s, the Target Business’ and, following Completion, the Enlarged Group’s ability to be commercially competitive and have a material adverse effect on its business, results of operations, financial condition and prospects.

2.23 The 888 Group, the Target Business and, following Completion, the Enlarged Group may face claims alleging infringement of intellectual property rights held by others.

The business activities, products and systems of the 888 Group, the Target Business and, following Completion, the Enlarged Group may infringe the proprietary rights of others, and other parties may assert infringement claims against any of them. Parties making claims against the 888 Group, the Target Business and, following Completion, the Enlarged Group may be able to obtain injunctive or other equitable relief which could effectively block the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively to utilise those rights. Any such claim and any resulting litigation, should it occur and succeed, could subject the 888 Group, the Target Business and, following Completion, the Enlarged Group to significant liability for damages (or an account of profits) and legal costs (which would be incurred regardless of whether the claim is successful or not) and could result in invalidation of their proprietary rights, loss of rights to use software or other intellectual property or technology that are material to its business and/or require it to enter into costly and onerous royalty and licensing agreements. Such royalty and licensing agreements, if required, may not be available on terms acceptable to the 888 Group, the Target Business and, following Completion, the Enlarged Group, or may not be available at all. In addition, the 888 Group, the Target Business and, following Completion, the Enlarged Group may also need to file legal proceedings to defend its trade secrets and the validity of its intellectual property rights, or to determine the validity and scope of the proprietary rights of others. Such litigation, whether successful or unsuccessful, could result in substantial costs and diversion of resources, including management

time and resources, as well as potential negative publicity. The occurrence of any of these events could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

2.24 The 888 Group, the Target Business and, following Completion, the Enlarged Group may fail to maintain effective and compliant anti-money laundering, counter-terrorist financing and anti-corruption policies and procedures.

The 888 Group and the Target Business currently receive deposits and other payments from customers in the normal course of their business. The receipt of monies from customers imposes anti-money laundering, counter terrorist financing and other obligations and potential liabilities on the 888 Group and the Target Business and, following Completion, will impose such obligations and potential liabilities on the Enlarged Group. Certain of the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's customers may seek to launder money through its business or use stolen funds to access betting or gaming services. Whilst the 888 Group and the Target Business have, and following Completion, the Enlarged Group will have, processes in place regarding customer profiling and identification of customers' source of funds, such processes may fail or prove to be inadequate. If the 888 Group, the Target Business and, following Completion, the Enlarged Group is unsuccessful in detecting money laundering or terrorist financing activities it could suffer loss directly, be subject to civil or criminal sanctions and/or lose the confidence of its customers, which could have a material adverse effect on the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's reputation, brand, commercial relationships, ability to attract and retain employees and customers, qualification to have its securities listed on a stock exchange and, more generally, operations, financial performance and prospects. The 888 Group, the Target Business and, following Completion, the Enlarged Group could also be subject to regulatory enforcement leading to fines or other sanctions which could also have a material adverse effect on the 888 Group, the Target Business and, following Completion, the Enlarged Group. In addition, it is difficult for the 888 Group or the Target Business, and following Completion it will be difficult for the Enlarged Group, to estimate the time or resources that will be needed for the investigation and final resolution of any regulatory enforcement proceedings relating to money laundering, terrorist financing or related activities because, in part, the time and resources needed depend on the nature and extent of the information requested by the authorities involved, and such time or resources could be substantial.

In addition, there is a risk that increased regulatory measures regarding anti-money laundering and counter-terrorist financing may require the 888 Group, the Target Business and, following Completion, the Enlarged Group to expend significant capital or other resources and/or may require certain businesses within the 888 Group, the Target Business and, following Completion, the Enlarged Group to modify internal standards, procedures or their product offering or operations. The tightening of anti-money laundering or counter-terrorist financing laws and regulations may also affect the speed and convenience with which customers can access the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's products and services, which may also have a material adverse effect on the 888 Group, the Target Business and, following Completion, the Enlarged Group's ability to generate revenue.

The 888 Group and the Target Business is required and, following Completion, the Enlarged Group will be required, to comply with all applicable international trade, export and import laws and regulations and will be subject to export controls and economic sanctions laws and embargoes imposed by the governments of the jurisdictions in which it operates and which may otherwise apply to its activities. Changes in economic sanctions laws may restrict the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's business practices, including potentially requiring the cessation of business activities in sanctioned countries or with sanctioned entities or persons, and may result in the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively modifying its compliance programmes. The 888 Group and the Target Business is and, following Completion, the Enlarged Group will also be subject to, the UK Bribery Act, the FCPA and other anti-bribery laws that generally prohibit the offering, promising, giving, agreeing to give, or authorising other to give anything of value, either directly or indirectly, to a government official in order to influence official action, or otherwise obtain or retain a business advantage. The business of the 888 Group and the Target Business is heavily regulated and therefore involves and, following Completion, the Enlarged Group's business will be heavily regulated and will therefore involve, significant direct and indirect interaction with public officials of various governments worldwide. The 888 Group and the Target Business have implemented, and the Enlarged Group will

maintain, safeguards and policies to deter practices by its directors, officers, employees, agents, collaborators and contractors that would violate applicable laws or regulations and to reduce risks that its activities could breach applicable laws, including economic sanctions laws. However, the 888 Group, the Target Business and, following Completion, the Enlarged Group cannot ensure that its compliance controls, policies and procedures will in every instance protect it from acts committed by such persons that would violate the laws or regulations of the jurisdictions in which it will operate or which might otherwise apply to its activities. If the 888 Group, the Target Business and, following Completion, the Enlarged Group is unsuccessful in detecting such acts it could suffer loss directly, be subject to civil or criminal sanctions and/or lose the confidence of its customers. Furthermore, the 888 Group, the Target Business and, following Completion, the Enlarged Group could also be subject to regulatory enforcement leading to fines or other sanctions, such as disgorgement of profits, cessation of business activities, implementation of new or enhanced compliance programmes, requirements to obtain additional licences and permits, prohibitions on the conduct of its business and/or restrictions on its ability to market and sell products or provide services in one or more jurisdiction, all of which could have a material adverse effect on the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively.

The 888 Group and the Target Business have each adopted various policies and procedures to comply with their respective anti-money laundering, sanctions, counter-terrorist financing and anti-corruption obligations. These policies and procedures are not identical and reflect assessments made by each of the 888 Group and the Target Business in relation to their relevant obligations. Following Completion, the Enlarged Group will be required to align its view on such policies and procedures and it is possible that this process could result on certain activities which have previously been carried out by the 888 Group or the Target Business no longer being permitted under the Enlarged Group's aligned policies and procedures. If this was to occur, it could result in changes to the products and/or services offered by certain aspects of the business if the Enlarged Group and the closure of certain customer accounts, each of which could have an adverse impact on the Enlarged Group's revenues.

2.25 The 888 Group, the Target Business and, following Completion, the Enlarged Group may not be able to retain its senior management or directors, or attract, retain or motivate highly skilled employees.

The success of the 888 Group, the Target Business and, following Completion, the Enlarged Group will in part be dependent on the continued services and performance of the Directors and senior management. The Enlarged Group will also depend in part on its ability to continue to attract, retain and motivate highly skilled employees, in particular, with respect to personnel critical to the operation of William Hill Retail given that the 888 Group currently only provides an online-only offering to its customers.

The 888 Group and the Target Business are large organisations, each with its own unique organisational culture and approach to its business, staff, customers and other stakeholders, which have developed organically over many years. Successful integration of the Target Business with the 888 Group will depend on the ability of the 888 Group's management to bring together the cultures and capabilities of both organisations in an effective manner, which will require the cooperation of the Target Business' existing workforce. A failure to successfully integrate the organisational cultures of the 888 Group and the Target Business within the Enlarged Group could materially adversely affect the prospects of the Enlarged Group.

In addition, although there are highly skilled and qualified workforces in the regions where the 888 Group and the Target Business are currently located, competition for software professionals, engineers, sales and marketing and other personnel critical to the business of the 888 Group, the Target Business and, following Completion, the Enlarged Group is intense. In some geographically small but important jurisdictions, such as Gibraltar, where a proportion of the 888 Group's and Target Business' infrastructure to run its betting and gaming operations is based and, following Completion, where a proportion of the Enlarged Group's infrastructure will be based, there may only be a limited number of persons with the requisite skills and it may become increasingly difficult to hire such persons. Further, the exit of the United Kingdom from the European Union may cause disruption to the movements of employees from Spain to the Enlarged Group's operations in Gibraltar, making it more difficult to attract and retain employees.

If the 888 Group, the Target Business and, following Completion, the Enlarged Group is unable to retain its current senior management and Directors, or attract and retain sufficiently qualified staff, it may be unable to achieve or sustain its anticipated growth or to execute its strategic objectives, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

2.26 The 888 Group has recorded, and following Completion the Enlarged Group will record, a significant amount of goodwill and the Enlarged Group may never realise the full value thereof.

The 888 Group has recorded a significant amount of goodwill and other intangible assets relating to its acquisitions, the development of gaming platforms and software, and the internal costs incurred in respect of the new data centre project in Dublin. This amount of goodwill will carry over to the balance sheet of the Enlarged Group and will increase in connection with acquisitions it completes in the future, including in connection with the Proposed Acquisition. The 888 Group tests, and following Completion, the Enlarged Group will test, its goodwill and other intangible assets in accordance with authoritative accounting guidance on an annual basis and/or upon the occurrence of a triggering event. In FY 2021, the 888 Group had goodwill relating to AAPN of USD 30.9 million (2020: USD 30.9 million) and intangible assets of USD 5.6 million (2020: USD 7.0 million) arising from the acquisition in December 2018. In FY 2021, the 888 Group also had goodwill relating to Bingo B2C of USD 50.0 million (2020: USD 50.0 million; 2019: USD 104.4 million) and Bingo B2B of USD 0.0 million (2020: USD 0.0 million; 2019: USD 24.9 million). During 2020, an impairment charge of USD 54.4 million was recorded in respect of Bingo B2C and USD 24.9 million in respect of Bingo B2B. The Bingo cash-generating unit's goodwill primarily arose from the acquisitions Globalcom in 2007, Wink in 2009 and Jet in 2019. In FY 2021, the carrying value of the Bingo cash-generating units also included intangible assets of USD 10.9 million (2020: USD 15.3 million; 2019: USD 19.5 million), the majority of which related to the value associated with the Jet customer list. In Target FY 2021, the Target Group had goodwill of GBP 1,243.2 million (Target FY 2020: GBP 353.6 million; Target FY 2019: GBP 344.2 million), which related to the William Hill Retail, UK Online and International Online segments of the Target Business. 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.

Such charges may result in material reductions in the 888 Group's or, following Completion, the Enlarged Group's reported income and equity.

2.27 The 888 Group's, the Target Business' and, following Completion, the Enlarged Group's insurance coverage may not be adequate to cover all possible losses that they could suffer, their insurance costs may increase and they may not be able to obtain a sufficient level of insurance coverage in the future.

The 888 Group has and, following Completion, the Enlarged Group will have in place insurance policies that the Company believes are customary in their breadth and scope and offer sufficient protection to the 888 Group and will, following Completion, offer sufficient protection to the Enlarged Group. Notwithstanding the insurance policies that the 888 Group maintains and, following Completion, the Enlarged Group will maintain, the insurance coverage may not be sufficient to completely mitigate losses that it may suffer, including losses relating to the Enlarged Group's retail estate.

Market forces beyond the 888 Group's and the Enlarged Group's control may limit the scope of the insurance coverage it can obtain in the future or its ability to obtain coverage at reasonable rates. Certain catastrophic losses may be uninsurable or too expensive to justify obtaining insurance. As a result, if the 888 Group suffers or, following Completion, the Enlarged Group suffers such a catastrophic loss, it may not be successful in obtaining future insurance without increases in cost or decreases in coverage levels which could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group and, following Completion, the Enlarged Group.

2.28 Work stoppages and other labour problems could negatively impact the operations of the 888 Group and, following Completion, the Enlarged Group.

The 888 Group's employees in Israel benefit from statutory and industry-wide collective bargaining arrangements. While no other employees within the 888 Group are members of a labour or trade union or benefit from collective bargaining arrangements, from time to time, the 888 Group has

experienced and may in the future experience and, following Completion, the Enlarged Group may in the future experience, attempts by labour organisations to organise certain of its employees. There can be no assurance that the 888 Group and, following Completion, the Enlarged Group will not experience additional and successful union or collective bargaining activity in the future. The impact of any such activity is undetermined and could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group and, following Completion, the Enlarged Group.

2.29 The 888 Group, the Target Business and, following Completion, the Enlarged Group may be exposed to the risk of customer chargebacks.

Chargebacks occur when customers, card issuers or payment processors seek to void card or other payment transactions. Chargebacks are a cost of most retail-based businesses and do not relate only to online betting and gaming. Cardholders are supposedly able to reverse card transactions only if there has been unauthorised use of the card or the services contracted for have not been provided. Customers occasionally seek to reverse their real money losses through chargebacks. In FY 2021, the 888 Group incurred chargeback costs amounting to USD 3.5 million and in Target FY 2021 the Target Business incurred chargeback costs amounting to GBP 1.4 million. The 888 Group and the Target Business place, and following Completion, the Enlarged Group will place emphasis on control procedures to protect from chargebacks, including tracking customers that have previously charged back and by providing their customers with a variety of alternative payment processing methods such as e-wallets and pre-paid cards to reduce the risk of chargebacks. The Company expects that a proportion of customers will continue to reverse payments made by card and other payment methods through the use of chargebacks, and if this is not controlled, it could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

3. RISKS RELATING TO THE PROPOSED ACQUISITION

3.1 Completion is subject to a number of conditions which may not be satisfied or waived or which could only be satisfied on terms which may not be acceptable to 888 or the Seller and the Enlarged Group may be subject to post-Completion undertakings.

Under the Sale and Purchase Agreement, Completion of the Proposed Acquisition remains subject to the satisfaction (or waiver, if applicable) of certain conditions:

- the approval of the Acquisition Resolution by 888 Shareholders at the General Meeting (“**Shareholder Approval**”);
- the approval by the FCA of Readmission and the publication of a duly approved prospectus in connection therewith (the “**Readmission Condition**”); and
- the completion of the Reorganisation, which is to be implemented by the Seller in accordance with a reorganisation steps plan agreed between 888 Bidco and the Seller (subject to certain permitted amendments).

In some jurisdictions, notifications are voluntary and 888 and Caesars may decide not to notify, bearing the risk that the authorities may later open an investigation on their own initiative. Authorities in such jurisdictions may request that a notification be filed and may require the Enlarged Group to give certain undertakings such as disposing parts of its business, to satisfy competition concerns. If this were to happen, it could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

As described in the risk factor “*The Enlarged Group could face the risk of loss, revocation, non-renewal or change in the terms of its gaming licences*” in paragraph 1.3 of this Part 1 (*Risk Factors*), the Proposed Acquisition and the resulting change of control of the Target Group, will require notifications to, and/or regulatory approvals from, the relevant regulatory authorities either prior to or following Completion. If the approvals are delayed, this could have a material adverse effect on the Enlarged Group’s business, results of operations, financial condition and prospects.

In the event that the conditions to Completion of the Proposed Acquisition are not satisfied or waived on or before the Long Stop Date, being 5.00 p.m. on 30 June 2022 or such other date agreed between the 888 Bidco and the Seller, the Proposed Acquisition will not proceed, and the debt facilities under the Senior Facilities Agreement and the Second Lien Facility Agreement, and the principal amount of

any senior secured notes, second lien secured notes and/or senior unsecured notes, that may be entered into or issued to finance the Proposed Acquisition and pay related costs, will cease to be available to the 888 Group at the end of their respective availability periods (in the case of any debt facilities made available under the Senior Facilities Agreement and/or the Second Lien Facility Agreement) or upon the termination of any applicable escrow arrangements (in the case of any senior secured notes, second lien secured notes and/or senior unsecured notes).

3.2 A third party may be able to obtain a large enough shareholding in 888 to delay or prevent Completion.

888 is a listed company whose ordinary shares are freely traded on the London Stock Exchange. Notwithstanding the irrevocable undertakings received from certain 888 Shareholders (representing, in aggregate, approximately 19.33 per cent. of the ordinary share capital of 888 in issue on the Latest Practicable Date) to vote in favour of the Proposed Acquisition at the General Meeting, it is possible that an existing or new shareholder with a significant shareholding in 888 could use, or could threaten to use, its shareholding to vote against the Proposed Acquisition at the General Meeting. Such an action could materially delay or prevent the implementation of the Proposed Acquisition and therefore deprive the parties of some or all of the anticipated benefits of the Proposed Acquisition.

3.3 A compensation amount may be payable by 888 Bidco to Caesars if the Proposed Acquisition is terminated in certain circumstances.

888 Bidco is obliged to pay a compensation amount of GBP 14.97 million to the Seller in certain circumstances, including if: (i) the Board withdraws the Recommendation at any time prior to the General Meeting and Shareholder Approval is not obtained; (ii) the General Meeting is not convened by the Company as soon as reasonably practicable following publication of the Shareholder Circular or 888 adjourns the General Meeting other than in accordance with the provisions of the Sale and Purchase Agreement; or (iii) the Sale and Purchase Agreement is terminated due to the Acquisition Resolution not being passed at the General Meeting and/or the Readmission Condition not being satisfied or waived by the Long Stop Date or becoming incapable of satisfaction before such date.

3.4 The Enlarged Group could suffer unforeseen liabilities, disputes and operational difficulties arising from the separation of William Hill US from the Target Group prior to Completion and the transitional arrangements to be put in place with effect from Completion, which may adversely affect the Enlarged Group's business, financial condition, results of operations and prospects.

Prior to Completion, Caesars will complete an intra-group reorganisation in order to complete the separation of the William Hill US from the Target Group (the "Reorganisation"). Although Caesars has sought to structure the Reorganisation in a tax efficient manner, tax costs may have to be borne by the Enlarged Group in respect of steps required to implement the Reorganisation that are not envisaged as at the date of this document. Following Completion, the Enlarged Group could also face liabilities in respect of its period of ownership of William Hill US for which it does not have recourse under the Sale and Purchase Agreement, Warranty Deed, Tax Deed or otherwise.

Unforeseen liabilities, including disputes between the Enlarged Group and Caesars or other third parties such as creditors, may arise in connection with the implementation of the Reorganisation or the Proposed Acquisition more generally. For example, in April 2022, William Hill received a letter on behalf of holders representing minorities of the aggregate principal amounts of the Existing 2023 Notes and Existing 2026 Notes. The letter alleged that the steps in connection with the separation of William Hill US (which took place and was publicly announced in April 2021) breached the trust deeds under which William Hill issued the Existing 2023 Notes and Existing 2026 Notes. William Hill believes, and has responded, that the letter's claims are meritless.

It is expected that a proportion of the Target Group employees will transfer to Caesars prior to Completion, including certain skilled employees with who are currently within the technology and trading function of the William Hill Group. It is intended that the Target Group will recruit skilled employees to compensate for this and a retention incentive plan will be put in place to encourage other Target Group employees who carry out key functions to remain with the Target Group and, following Completion, the Enlarged Group. However, further Target Group employees who carry out key functions may voluntarily transfer to Caesars or William Hill US or otherwise resign and it may

take longer than expected to recruit new employees to replace those departing. Any such difficulties employing or retaining key employees of the Target Group could result in significant operational difficulties for the Target Business and, following Completion, the Enlarged Group.

Furthermore, disputes or operational difficulties may arise between the Enlarged Group and Caesars following Completion in respect of the Reorganisation or the services to be provided by the Enlarged Group to Caesars, or by Caesars to the Enlarged Group, pursuant to the Transitional Services Agreement. The transitional period during which the Transitional Services Agreement is in force could be longer than the nine months currently anticipated, which may impact the operational flexibility of the Enlarged Group.

With effect from Completion, the Enlarged Group and Caesars will enter into the Trade Mark Licence Agreements, pursuant to which the Enlarged Group will provide Caesars an exclusive, perpetual (subject to certain termination rights), irrevocable, sub-licensable, royalty-free and fully paid-up licence to use certain trade marks and domain names in relation to the William Hill US business in the United States, the territories and possessions of the United States and all territories and countries in the Caribbean. This will prevent the Enlarged Group from using the relevant William Hill trade marks and domain names in the United States, which is a relatively high growth market for the betting and gaming industry. Further, disputes may arise between the Enlarged Group and the Caesars in respect of the scope of the restrictions imposed on the use of such intellectual property and rights under the Trade Mark Licence Agreements.

Any such liabilities, restrictions, difficulties or disputes arising in respect of the Reorganisation, the Transitional Services Agreement or the Trade Mark Licence Agreements may have a material adverse effect on the business, financial condition, results of operations and prospects of the Enlarged Group.

3.5 The Enlarged Group's success will be dependent upon its ability to integrate the business of the 888 Group and the Target Business and it may not realise the anticipated benefits of the Proposed Acquisition.

The current operations of the 888 Group and the Target Business will be integrated to form the combined operations of the Enlarged Group. To the extent that the Enlarged Group is unable to efficiently integrate the operations, realise cost reductions, retain qualified personnel or customers and avoid unforeseen costs or delays, there may be a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group. The integration of the 888 Group and the Target Business will be supported by a strong management team; however, no assurance can be given that the integration process will deliver all or substantially all of the expected benefits or realise such benefits in a timely manner. The initial synergy work carried out to date has highlighted the potential to generate savings for the Enlarged Group in areas where there may be duplication. There will inevitably be a cost involved in revising the current systems and structures of the Enlarged Group and the risk is that these costs could exceed current estimates, which would adversely affect anticipated integration benefits. Whilst integration planning has begun, more detailed consideration will need to be undertaken (including in respect of any impact on the fixed assets, locations of the business of the Enlarged Group and continued employment of the employees and management of the Enlarged Group).

The Proposed Acquisition involves certain specific integration risks, including:

- the unexpected loss of key personnel and customers (noting that the success and anticipated future growth of the Enlarged Group will depend in part on its ability to continue to attract, retain and motivate highly skilled employees in particular in key jurisdictions such as Gibraltar where the Enlarged Group's infrastructure to run its betting and gaming operation is based and where there may only be a limited number of persons with the requisite skills);
- difficulties in integrating the LBO portfolio of William Hill Retail (noting that the 888 Group does not currently have an LBO portfolio and the success and anticipated future growth of William Hill Retail within the Enlarged Group will depend in part on its ability to attract, retain and motivate personnel critical to the operation of William Hill Retail);
- difficulties in integrating the financial, technological and management standards, processes, procedures and controls of the Target Business into the Enlarged Group;
- challenges in managing the increased scope, geographic diversity and complexity of the Enlarged Group's operations;

- attempts by third parties to terminate or alter their existing contracts with the 888 Group or the Target Business;
- conflicts between the interests of the 888 Group and the Target Business; and
- failure to mitigate contingent and/or assumed liabilities.

The Enlarged Group will encounter numerous integration challenges as a consequence of the Proposed Acquisition. In particular, following Completion, the Enlarged Group's management and resources may be diverted from its core business activity due to personnel being required to assist in the integration process. The integration process may lead to an increase in the level of administrative errors. A decline in the service standards of the Enlarged Group may result in increase in customer complaints or actions, which may lead to reputational damage and the loss of customers. Due to the demands of the integration process on management time, it may also cause a delay in other projects currently contemplated by the 888 Group and the Target Business.

The Company expects that, as a result of the Proposed Acquisition, the Enlarged Group will be able to realise estimated pre-tax cost synergies of at least GBP 100 million in 2025. The Board expects the phasing of these pre-tax synergies to be as follows: approximately GBP 5 million in 2022, GBP 54 million in 2023, GBP 70 million in 2024, and GBP 100 million in 2025, of which GBP 15 million will be in capex synergies in aggregate. It may however not prove possible to achieve the expected level of synergy benefits on integration of the businesses of the 888 Group and the Target Business on time, or at all, and/or the cost of delivering such benefits may exceed the expected cost. The estimates regarding the potential cost synergies resulting from the Proposed Acquisition included in this document are based on the Directors' assessment of information currently available and may prove to be incorrect. The Enlarged Group may not realise the anticipated benefits of the Proposed Acquisition and may not be successful in integrating the business and operations of the 888 Group and the Target Business. A failure to deliver all, or substantially all, of the expected benefits or realise such benefits in a timely manner could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

3.6 If change of control provisions in the contracts of the Target Business are breached in connection with the Proposed Acquisition, these contracts could be terminated.

The Target Business has a number of ordinary course contracts that contain change of control termination provisions. The Proposed Acquisition could constitute a change of control under certain of these contracts. While Caesars has not identified any contracts that are material to the Target Business under which the Proposed Acquisition would trigger a change of control provision, other than the Existing 2023 Notes, the Existing 2026 Notes and the existing senior facilities of the Target Group, if the Proposed Acquisition breaches the change of control clause in a material contract or in a material number of contracts and, following Completion, the Enlarged Group, and the relevant counterparty consent cannot be obtained, this could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

4. RISKS RELATING TO THE 888 SHARES

4.1 Shareholders may be subject to voting or distribution restrictions on, or be required to dispose of, their interests in the 888 Shares as a result of the regulatory requirements to which the 888 Group and, following Completion, the Enlarged Group is subject.

The licensing or regulatory authorities in the principal jurisdictions in which the 888 Group and the Target Business have, and following Completion, the Enlarged Group will have, a betting and/or gaming licence or in which the 888 Group, and following Completion, the Enlarged Group may seek a licence in the future, have broad powers to request or require reporting of various detailed information from and/or approve the qualification or suitability for licensing of, betting and gaming operators, including their directors, management and the holders (legal and beneficial) of interests in shares. In some jurisdictions, such authorities may impose such information sharing and filing requirements on a continuous and ongoing basis, including in relation to the Company, its Directors, management and the holders (legal and beneficial) of interests in the 888 Shares. These powers may be exercised by regulators as against the legal or beneficial holders of interests in 888 Shares or other securities in betting and gaming companies, as well as against the companies themselves, their directors and management. In some circumstances, the purpose of the exercise of powers by licensing or regulatory authorities may be to identify shareholders, directors and managers whose involvement

with the licensed entity is considered to be unacceptable by that licensing or regulatory authority and such persons should therefore not have a direct or indirect financial interest in, or influence over, a betting and gaming operator in the jurisdiction.

The information required, the qualification or suitability requirements to be satisfied and the ongoing regulatory filings to be submitted, may be very detailed, onerous and/or intrusive and may include, for example, personal and financial information concerning the ultimate beneficial owners and/or persons influencing the control of corporate shareholders. In many cases, the terms of the licences of the 888 Group, the Target Business and following Completion, the Enlarged Group or the provisions of regulations in relevant jurisdictions require the 888 Group and, from Completion, will require the Enlarged Group, to produce such information on demand in relation to the legal and beneficial holders of interests in the 888 Group and, following Completion, the Enlarged Group respectively, either following, or in some cases prior to, such persons acquiring specified percentage (legal or beneficial) interests in the share capital of any members of the 888 Group and, following Completion, the Enlarged Group respectively. Any failure by the 888 Group and, following Completion, the Enlarged Group and its Directors, management or, as applicable, any holder (or proposed investor) of an interest in the 888 Group and, following Completion, the Enlarged Group respectively to comply with such requests could result in the relevant licensing or regulatory authority taking adverse action against the 888 Group and, following Completion, the Enlarged Group respectively in that jurisdiction, which may include suspension or revocation of the licences and/or the imposition of fines, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group and, following Completion, the Enlarged Group respectively.

Shareholders should be aware that the Company accepts no responsibility whatsoever for any loss which any such holder may suffer as a result of the sale of any interests held by them (whether directly or indirectly) in connection with the exercise by the Company of the powers referred to above.

4.2 Certain Shareholders may exercise significant influence over the Company following Readmission and/or their interests may differ from those of other Shareholders.

Following Readmission, the DS Trust will continue to exercise a significant degree of influence that is greater than other shareholders individually may exercise over all matters requiring shareholder approval, including the approval of significant corporate transactions. The interests of each of the DS Trust may not always be aligned with other Shareholders.

The Company and the DS Trust have entered into the Amended Relationship Agreement which governs certain aspects of the DS Trust's conduct in relation to the Company. Under the Amended Relationship Agreement, the DS Trust has the right to appoint a Non-executive Director for so long as it holds not less than 7.5 per cent. of the share capital of the Company. As at the date of this document, the DS Trust has not exercised this right. The Amended Relationship Agreement and other measures may not however be sufficient to safeguard the interests of other shareholders in the Enlarged Group.

4.3 The value of an investment in the 888 Shares may fluctuate significantly.

The value of the 888 Shares may fluctuate significantly as a result of a large number of factors as well as period-to-period variations in operating results or change in revenue or profit estimates by the Company, industry participants or financial analysts.

The market price of the 888 Shares could be negatively affected by sales of substantial amounts of the 888 Shares in the public market or the perception or any announcement that such sales could occur. The Company cannot predict what effect, if any, this would have on the market price of the 888 Shares.

The value of the 888 Shares could also be affected by developments unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Company, speculation about the Company in the press or the investment community, strategic actions by competitors, including acquisitions and/or restructurings, changes in market conditions and regulatory changes in any number of countries, whether or not the Company derives significant revenue therefrom, and shifts in macro-economic or geopolitical

conditions generally. The occurrence of any of these events could adversely affect the market price of the 888 Shares and Shareholders may find it more difficult to sell their 888 Shares at a time and price which they deem appropriate, or at all.

4.4 Shareholders may earn a negative or no return on their investment in the Company.

The Company's results of operations and financial condition are dependent on the trading performance of the members of the 888 Group and, following Completion, the Enlarged Group. There can be no assurance that the Company will pay dividends in the future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, applicable law, regulation, restrictions, the Company's financial position, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time. The Company's ability to pay dividends will also depend on the level of distributions, if any, received from its operating subsidiaries.

4.5 The shareholdings of holders of 888 Shares may be diluted as a result of the issue of additional 888 Shares in connection with any future acquisitions, any share incentive or share option plan or otherwise.

In connection with financing the Proposed Acquisition, on 7 April 2022, 888 raised net proceeds of GBP 158.5 million pursuant to the Placing, which resulted in the issuance 70,806,504 new 888 Shares on a non-preemptive basis. Further, the 888 Group and, following Completion, the Enlarged Group may seek to raise further financing to fund future acquisitions and other growth opportunities. The Company may, for these and other purposes, such as in connection with share incentive or share option plans, issue additional equity or convertible equity securities. Under the 888 Long Term Incentive Plan, which is open to employees (including Executive Directors) and full-time consultants of the 888 Group at the discretion of the Remuneration Committee, and the 888 Deferred Share Bonus Plan, which is available to Executive Directors. As a result, the Company's existing shareholders would suffer dilution of their percentage ownership.

4.6 A trading market for the 888 Shares may not develop.

Applications will be made to the FCA, immediately prior to Completion, for the 888 Shares to be re-admitted, for listing on the premium listing segment of the Official List and to the London Stock Exchange. It is expected that Readmission will become effective on the date of Completion and that dealings on the London Stock Exchange in the 888 Shares will commence as soon as practicable after 8.00 a.m. on that date.

There can be no assurance, however, that Readmission will become effective or that an active trading market in the 888 Shares will develop upon or following Readmission. If an active trading market is not developed or maintained, the liquidity and trading price of the 888 Shares could be adversely affected.

4.7 Shareholders may be subject to exchange rate risk.

Any dividends paid in respect of the 888 Shares will be paid in USD. Accordingly, Shareholders outside the United States are subject to adverse movements in their local currency against USD in respect of any future dividends.

4.8 Shareholders outside the United Kingdom may not be able to participate in future equity offerings.

In the case of an allotment of 888 Shares, Shareholders have certain statutory pre-emption rights (unless those rights are disapplied by a special resolution of the Shareholders at a general meeting) and such a non-pre-emptive issue could dilute the interests of Shareholders.

Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. Each Shareholder who has a registered address in or who is resident in, or who is a citizen of, countries other than the United Kingdom should consult their professional advisers to determine whether and to what extent the 888 Shares can be used as collateral for various types of borrowing.

4.9 The City Code will not apply to the Company.

The City Code does not apply to the Company as it is registered in Gibraltar. As a result, a takeover offer for the Company will not be regulated by the Panel on Takeovers and Mergers (the “**Panel**”). The Articles of Association contain certain takeover protections, although these do not provide the full protections afforded by the City Code and the enforcement of such provisions is the responsibility of the Company, not the Panel.

Part 2

INDICATIVE STATISTICS

Number of 888 Shares in issue as at the Latest Practicable Date	446,265,077
Number of 888 Shares in issue immediately after Readmission ⁽¹⁾	446,265,077
The total estimated costs, charges and expenses relating to the Proposed Acquisition and the Readmission payable by the Company (exclusive of VAT)	GBP 146.3 million

Notes:

⁽¹⁾ Assumes that no 888 Shares are issued in respect of options exercised under the 888 Share Schemes between the date of this document and Readmission.

Part 3

DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors of 888	Lord Jon Mendelsohn Anne de Kerckhove Itai Pazner Yariv Dafna Mark Summerfield Limor Ganot	Chairman Senior Independent Director Chief Executive Officer Chief Financial Officer Independent Non-Executive Director Independent Non-Executive Director
Registered Office	Suite 601/701 Europort, Europort Road, Gibraltar	
Company Secretary	Elizabeth Bisby Strait Secretaries Limited 57/63 Line Wall Road Gibraltar	
Sponsor and Joint Financial Adviser	J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) 25 Bank Street Canary Wharf London E14 5JP United Kingdom	
Joint Financial Adviser	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom	
Statutory Auditors	EY Limited PO Box 191 Regal House Queensway Gibraltar	
Reporting Accountant to the Company	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom	
Reporting Accountant in respect of the Target Business	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom	
Legal adviser to the Company as to English and US law	Latham & Watkins (London) LLP 99 Bishopsgate London EC2M 3XF United Kingdom	
Legal adviser to the Company as to Gibraltar law	Hassans 57/63 Line Wall Road PO Box 199 Gibraltar	
Legal Advisers to the Company	Herzog Fox Neeman Herzog Tower, 6 Yitzhak Sadeh Street Tel Aviv Israel 6777506	

Legal adviser to the Sponsor as to English and US law

White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

Depository

Link Market Services Trustees Limited
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
United Kingdom

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
United Kingdom

Part 4

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates given in the table below are indicative only and are based on the Company's current expectations and may be subject to change without notice. The times and dates set out in the timetable below and referred to throughout this document and any accompanying document may be adjusted by the Company by announcement through a Regulatory Information Service, in which event details of the new dates will also be notified to the FCA, the London Stock Exchange and, where appropriate, 888 Shareholders. All times shown in this document are in London times unless otherwise stated.

Announcement of the Proposed Acquisition.....	9 September 2021
Publication and posting of this document (which includes the Notice of General Meeting), the Form of Proxy and the Form of Direction	29 April 2022
Latest time and date for receipt of Forms of Direction.....	10.00 a.m. 11 May 2022
Latest time and date for receipt of Forms of Proxy	10.00 a.m. 12 May 2022
Record date for entitlement to vote at the General Meeting.....	10.00 a.m. on 12 May 2022
General Meeting	10.00 a.m. on 16 May 2022
Announcement of the results of the General Meeting.....	16 May 2022
Expected date of Completion of the Proposed Acquisition	first half of 2022 ⁽¹⁾
Cancellation of the listing of the 888 Shares	immediately prior to 8.00 a.m. on the date of Completion
Readmission and dealings in the 888 Shares recommences on the London Stock Exchange	by 8.00 a.m. on the date of Completion
Long Stop Date for the Acquisition.....	30 June 2022

Notes:

- (1) Completion of the Proposed Acquisition is conditional upon, among others, the satisfaction or, where applicable, waiver of the Conditions. There can be no certainty if or when all the Conditions will be satisfied or, where applicable, waived and therefore no certainty as at the date of this document regarding the date of Completion.

Part 5

PRESENTATION OF INFORMATION

General

No person has been authorised to give any information or to make any representation other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, J.P. Morgan Cazenove, Stifel or any of them. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA, neither the publication nor the delivery of this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company, the 888 Group or the Target Business since the date hereof or that the information contained herein is correct as at any time subsequent to this date.

The contents of this document are not to be construed as legal, business or tax advice. Shareholders should consult their own lawyers, financial advisers or tax advisers for legal, financial or tax advice.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove or Stifel by FSMA or the regulatory regime established thereunder or any other applicable regulatory regime, neither J.P. Morgan Cazenove nor Stifel accepts any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made in it by J.P. Morgan Cazenove and/or Stifel, or on either of their behalf, in connection with the Company, the 888 Group, the Target Business and, after Completion, the Enlarged Group, the 888 Shares or the Readmission. J.P. Morgan Cazenove and Stifel accordingly disclaim all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

Presentation of financial information relating to the 888 Group

The Company's financial year ends on 31 December. The 2019 888 Financial Statements, 2020 888 Financial Statements and 2021 888 Financial Statements, in each case incorporated by reference into this document, have been prepared in accordance with IFRS. The significant IFRS accounting policies applied in the financial information of the Company are applied consistently for all periods in the financial information in this document.

Unless otherwise stated in this document, financial information in relation to the 888 Group referred to in this document has been extracted without material adjustment from the historical financial information in Part 11 (*Historical Financial Information relating to the 888 Group*) of this document or has been extracted from those of the 888 Group's accounting records and its financial reporting and management systems that have been used to prepare that financial information. Shareholders should ensure that they read the whole of this document and not only rely on the key information or information summarised within it.

Where information has been extracted from the 2019 888 Financial Statements, 2020 888 Financial Statements or 2021 888 Financial Statements, the information is audited unless otherwise stated.

Changes to consolidated income statement presentation

As of 31 December 2020, 888's 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 888 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 commissions and costs related to operational risk management and customer due diligence services which were previously presented in Operating expenses.
- Marketing expenses relating to B2B arrangements where 888 is considered to be the principal, previously included in 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.

For more information, see Note 2 of the 2020 888 Financial Statements.

As a result of this change in presentation, for the purpose of comparison, all figures included within the Prospectus relating to the 2019 *Consolidated income statement data* have been extracted from the comparatives included within the 2020 888 Financial Statements.

The following table sets forth the impact of these changes to the comparative values in the 2019 888 Financial Statements:

Consolidated income statement data

	FY 2021	FY 2020	FY 2019⁽¹⁾
		<i>(USD million)</i>	
Revenue	980.1	849.7	560.3
Gaming duties	(184.0)	(151.8)	(95.5)
Other cost of sales.....	(158.4)	(135.1)	(88.1)
Total cost of sales	(342.4)	(286.9)	(183.6)
Gross Profit	637.7	562.8	376.7
Marketing expenses.....	(306.5)	(237.1)	(152.9)
Operating expenses.....	(220.2)	(214.7)	(169.3)
Exceptional items	(24.0)	(78.2)	(2.3)
Operating profit	87.0	32.8	52.2

Notes:

(1) Reflects changes in the presentation of consolidated income statement to align with form of presentation in the 2020 888 Financial Statements. For more information, see the paragraph “Changes to consolidated income statement presentation” of this Part 5 (*Presentation of Financial Information*).

Changes to consolidated balance sheet presentation

As of 31 December 2020, the 888 Group’s management changed the classification of “Severance pay liabilities” between short-term and long-term liabilities. These liabilities are required for Israeli law for long serving employees. The severance pay liability of USD 7.6 million (31 December 2019: USD 6.0 million) was re-analysed during 2020, and as a consequence this amount was corrected and 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. For the purposes of comparison, within this document, 888 has extracted the information for these balances from the comparative numbers included within the 2020 888 Financial Statements.

As of 31 December 2020, cash and cash equivalents excludes restricted short-term deposits of USD 3.2 million (31 December 2019: USD 2.6 million). The nature of the restrictions on these deposits resulted in this balance being reanalysed during 2020, and as a consequence this amount was corrected and reclassified to “Other Receivables” for both 2020 and the comparative period. For the purposes of comparison, within this document, 888 has extracted the information for these balances from the comparative numbers included within the 2020 888 Financial Statements.

As of 31 December 2021, cash and cash equivalents includes on demand deposits held with 888 payment service providers (“PSPs”) of USD 19.0 million. The rights and obligations relating to these deposit accounts were reanalysed during 2021, and as a consequence this amount was corrected and re-classified from trade and other receivables to cash and cash equivalents. The equivalent amounts as at 31 December 2020 was restated, increasing cash and cash equivalents and reducing trade debtors by USD 32.2 million. For the purposes of comparison, within this document, 888 has extracted the information for these balances from the comparative numbers included within the 2021 888 Financial Statements.

As these balances were only reclassified for the periods ending 31 December 2021 and 31 December 2020, the balances for “cash and cash equivalents” and “trade and other receivables” are not directly comparable for the period ending 31 December 2019.

Changes to consolidated statement of cash flows presentation

As explained in further detail in the paragraph “Changes to consolidated balance sheet presentation” of this Part 5 (*Presentation of Financial Information*), during FY 2021, the rights and obligations relating to

demand deposits previously presented as trade receivables were reanalysed and as a consequence, as at 31 December 2020 an amount of USD 32.2 million (31 December 2019: USD 6.4 million) has been corrected and reclassified from trade receivables to cash and cash equivalents. The opening balance for FY 2020 has been restated for the comparative amount for 31 December 2019. For the purposes of comparison, within this document, we have extracted the information for the 2020 “Consolidated Statement of Cash Flow” from the comparative numbers included within the 2021 888 Financial Statements.

As these balances were only reclassified “cash and cash equivalents at the beginning of the period” and “cash and cash equivalents at the end of the period” for FY 2021 and FY 2020, the “cash and cash equivalents at the beginning of the period” for FY 2020 and the “cash and cash equivalents at the end of the period” for FY 2019 are not directly comparable.

As explained in further detail in the paragraph “*Changes to consolidated balance sheet presentation*” of this Part 5 (*Presentation of Financial Information*), during FY 2020, the rights and obligations relating to restricted short-term deposits previously presented as cash and cash equivalents were re-analysed and as a consequence, as at 31 December 2019 an amount of USD 2.6 million (31 December 2018: USD 1.5 million) has been corrected and reclassified from cash and cash equivalents to other receivables. The opening balance for FY 2019 has been restated for the comparative amount for 31 December 2018. For the purposes of comparison, within this document, 888 has extracted the information for the 2019 “Consolidated Statement of Cash Flow” from the comparative numbers included within the 2020 888 Financial Statements.

Presentation of financial information relating to the Target Business

Financial information relating to the Target Business has, unless otherwise stated, been extracted from the historical financial information of the Target Business for Target FY 2021, Target FY 2020 and Target FY 2019, which are set out in Section B of Appendix A to this document. Where information relating to the Target Business has been extracted from the Target Business Historical Financial Information, the information has been reported on by Deloitte LLP unless otherwise stated.

Non-IFRS financial measures

Parts of this document, including this Part 5 (*Presentation of Financial Information*), contain information regarding alternative performance measures. Shareholders should not consider such items as alternatives to the applicable IFRS measures. In particular, Shareholders should not consider any such non-IFRS measures as a measurement of the 888 Group’s or the Target Business’ financial performance or liquidity under IFRS as an alternative to the 888 Group’s or the Target Business’ operating results or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities as a measure of the 888 Group’s or the Target Business’ activity. It may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for IFRS measures of profit. For a discussion regarding alternative performance measures, see Part 12 (*Operating and Financial Review relating to the 888 Group*) and Part 15 (*Operating and Financial Review of the Target Business*).

The non-IFRS measures may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the 888 Group’s or the Enlarged Group’s operating results as reported under IFRS. The 888 Group does not regard these non-IFRS measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS.

Reconciliation of Adjusted EBITDA for the 888 Group

888 presents Adjusted EBITDA since it is a key measure the analyst community uses to evaluate the 888 Group and compare it to its peers. The table below illustrates the way in which 888 calculates Adjusted EBITDA figures for FY 2021, FY 2020 and FY 2019.

	FY 2021	FY 2020	FY 2019
	<i>(USD millions)</i>		
Profit after tax	68.9	11.3	41.6
Interest expense, net	5.7	6.0	6.7
Taxation	12.4	15.4	3.7
Depreciation and amortisation	36.3	33.6	32.2
EBITDA	123.3	66.3	84.2
Exceptional items	24.0	78.2	2.3
Share benefit charges.....	8.4	11.0	5.4
Foreign exchange differences.....	9.3	—	—
Share of post-tax loss of equity accounted joint ventures and associates	—	0.1	0.2
Adjusted EBITDA	165.0	155.6	92.1

Reconciliation of Adjusted Basic EPS and Adjusted Diluted EPS of the 888 Group

The Company believes that Adjusted Basic EPS and Adjusted Diluted EPS allow for a further understanding of the underlying performance of the business and assists in providing a clearer view of the performance of the 888 Group. Adjusted Basic EPS is calculated as profit after tax attributable to the equity holders of 888 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, divided by the weighted average number of 888 Shares in issue (“**Adjusted Basic EPS**”). Adjusted Diluted EPS is calculated as profit after tax attributable to the equity holders of 888 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, divided by the weighted average number of dilutive 888 Shares assuming the exercise of all outstanding dilutive options and awards in respect of 888 Shares (“**Adjusted Diluted EPS**”). The table below illustrates the way in which 888 calculates Adjusted Basic EPS and Adjusted Diluted EPS figures for FY 2021, FY 2020 and FY 2019.

	FY 2021	FY 2020	FY 2019
	<i>(USD million, except per share amount)</i>		
Profit after tax for the period attributable to the equity holders of 888	68.9	11.3	41.6
Exceptional items	24.0	78.2	2.3
Share benefit charges, net	8.4	11.0	5.4
Share of post-tax loss of equity accounted associate(s).....	—	0.1	0.2
Adjusted Profit	101.3	100.6	49.5
Weighted average number of 888 Shares in issue	371,383,109	368,587,941	367,173,313
Weighted average number of dilutive 888 Shares.....	377,698,380	376,048,606	369,302,260
Adjusted Basic EPS	27.3¢	27.3¢	13.5¢
Adjusted Diluted EPS	26.8¢	26.8¢	13.4¢

Reconciliation of Target Adjusted EBITDA, Retail Adjusted EBITDA, UK Online Adjusted EBITDA, International Online Adjusted EBITDA and Corporate Adjusted EBITDA for the Target Group

The Target Group presents Target Adjusted EBITDA, Retail Adjusted EBITDA, UK Online Adjusted EBITDA, International Online Adjusted EBITDA and Corporate Adjusted EBITDA since they are key measures the analyst community uses to evaluate the Target Group and compare it to its peers. The table

below illustrates the way in which the Target Group calculates Target Adjusted EBITDA figures for the periods indicated.

	Target FY		
	2021	2020	2019
	(unaudited)	(unaudited)	(unaudited)
	<i>(GBP million)</i>		
(Loss)/profit for the period	(229.4)	88.2	(23.3)
Tax	(14.5)	13.6	(8.7)
Finance expenses	67.6	50.5	52.7
Finance income	(1.7)	(22.5)	(3.0)
Operating exceptional items and adjustments	235.9	(91.1)	126.9
Adjusted Operating Profit/(loss)	57.9	38.7	144.6
Depreciation	50.9	55.1	60.7
Amortisation	55.5	55.1	52.7
Target Adjusted EBITDA	164.3	148.9	258.0

The table below illustrates the way in which the Target Group calculates Retail Adjusted EBITDA figures for the periods indicated.

	Target FY			Six months ended
	2021	2020	2019	28 Dec 2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	<i>(GBP million)</i>			
Retail Adjusted Operating Profit/(loss)	(45.7)	(29.5)	83.2	24.3
Retail Depreciation	35.5	36.1	48.4	17.7
Retail Amortisation	10.8	8.0	9.4	6.1
Retail Adjusted EBITDA	0.6	14.6	141.0	48.1

The table below illustrates the way in which the Target Group calculates UK Online Adjusted EBITDA figures for the periods indicated.

	Target FY		
	2021	2020	2019
	(unaudited)	(unaudited)	(unaudited)
	<i>(GBP million)</i>		
UK Online Adjusted Operating Profit	126.5	96.8	98.1
UK Online Depreciation	2.5	2.2	1.2
UK Online Amortisation	25.1	31.4	29.0
UK Online Adjusted EBITDA	154.1	130.4	128.3

The table below illustrates the way in which the Target Group calculates International Online Adjusted EBITDA figures for the periods indicated.

	Target FY		
	2021	2020	2019
	(unaudited)	(unaudited)	(unaudited)
	<i>(GBP million)</i>		
International Online Adjusted Operating Profit	14.7	25.9	20.8
International Online Depreciation	2.9	2.8	2.6
International Online Amortisation	18.2	15.7	12.8
International Online Adjusted EBITDA	35.8	44.4	36.2

The table below illustrates the way in which the Target Group calculates Corporate Adjusted EBITDA figures for the periods indicated.

	Target FY		
	2021	2020	2019
	<i>(GBP million)</i>		
	(unaudited)	(unaudited)	(unaudited)
Corporate Adjusted Operating Profit/(loss)	(37.6)	(54.5)	(57.5)
Corporate Depreciation	10.0	14.0	8.5
Corporate Amortisation	1.4	—	1.5
Corporate Adjusted EBITDA	(26.2)	(40.5)	(47.5)

Reconciliation of Adjusted Operating Profit/(loss) for Target Business

The following table shows the reconciliation from operating profit/(loss) to adjusted operating profit/(loss) by segment for the periods indicated.

	Target FY			Six months ended				
	2021	2020	2019	28 Dec	29 June	29 Dec	30 June	31 Dec,
				2021	2021	2020	2020	2019
<i>(GBP in millions)</i>								
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail Operating Profit/(loss).....	(84.7)	83.2	(11.9)	(11.4)	(73.3)	(52.3)	135.5	43.0
Operating exceptional items and adjustments	(39.0)	112.7	(95.1)	(35.7)	(3.3)	(36.8)	149.5	2.0
Retail Adjusted Operating Profit/(loss).....	(45.7)	(29.5)	83.2	24.3	(70.0)	(15.5)	(14.0)	41.0
UK Online Operating Profit/(loss).....	94.2	96.8	98.1	7.2	87.0	52.8	44.0	54.0
Operating exceptional items and adjustments	(32.3)	—	—	(32.3)	—	—	—	—
UK Online Adjusted Operating Profit/(loss)	126.5	96.8	98.1	39.5	87.0	52.8	44.0	54.0
International Online Operating Profit/(loss).....	(6.9)	13.4	2.1	(13.9)	7.0	7.5	5.9	2.6
Operating exceptional items and adjustments	(21.6)	(12.5)	(18.7)	(17.6)	(4.0)	(6.4)	(6.1)	(7.4)
International Online Adjusted Operating Profit/(loss).....	14.7	25.9	20.8	3.7	11.0	13.9	12.0	10.0
Corporate Operating Profit/(Loss).....	(180.6)	(63.6)	(70.6)	(65.2)	(115.4)	(41.6)	(22.0)	(42.8)
Operating exceptional items and adjustments	(143.0)	(9.1)	(13.1)	(59.6)	(83.4)	(9.1)	—	(9.8)
Corporate Adjusted Operating Profit/(Loss).....	(37.6)	(54.5)	(57.5)	(5.6)	(32.0)	(32.5)	(22.0)	(33.0)
Total Operating Profit/(loss).....	(178.0)	129.8	17.7	(83.3)	(94.7)	(33.6)	163.4	56.8
Total Adjusted Operating Profit/(loss)	57.9	38.7	144.6	61.9	(4.0)	18.7	20.0	72.0

Unaudited Pro Forma Financial Information

In this document, any reference to “*pro forma*” financial information is to information, which has been extracted without material adjustment from the unaudited *pro forma* financial information contained in Part 17 (*Unaudited Pro Forma Financial Information of the Enlarged Group*) of this document. The unaudited *pro forma* statement of net assets and *pro forma* income statement of the Enlarged Group contained in Part 17 (*Unaudited Pro Forma Financial Information of the Enlarged Group*) illustrates the effect of the (i) Placing; (ii) the proposed financing arrangements to part-fund the Proposed Acquisition; and (iii) Proposed Acquisition on:

- the consolidated net assets of the 888 Group as at 31 December 2021, as if these transactions had taken place on that date; and
- the consolidated income statement of the 888 Group for the twelve months ended 31 December 2021, as if these transactions had taken place on 1 January 2021.

The unaudited *pro forma* financial information is for illustrative purposes only. Because of its nature, the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the 888 Group’s, or the Enlarged Group’s actual financial position.

The unaudited *pro forma* financial information does not purport to represent what the 888 Group’s or the Enlarged Group’s financial position or results would have been if the Proposed Acquisition had taken place on the dates indicated nor does it purport to represent the 888 Group’s or the Enlarged Group’s results expected to be achieved in the future.

Information not contained in this document

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

Cautionary Note Regarding Forward-Looking Statements

This document and the information incorporated by reference into this document include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “goal”, “target”, “aim”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and the information incorporated by reference into this document and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company, or the 888 Group concerning, amongst other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the 888 Group, the Target Business and, following Completion, the Enlarged Group and the sectors and markets in which they operate.

888 Shareholders are advised to read this document and the information incorporated by reference into this document in their entirety, and, in particular, Part 1 (*Risk Factors*) of this document, for a further discussion of the factors that could affect the performance of 888 Group, the Enlarged Group and the sectors and markets in which they operate. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur.

Such forward-looking statements are based on beliefs, expectations and assumptions of the Directors and other members of senior management regarding 888 Group’s and the Enlarged Group’s present and future business strategies and the environment in which 888 or the 888 Group or the Target Business will operate in the future. Although the Directors and other members of senior management believe that these beliefs and assumptions are reasonable, by their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future or are beyond 888 Group’s or the Enlarged Group’s control. Forward-looking statements are not guarantees of future performance. The 888 Group’s, the Target Business’ and, following Completion, the Enlarged Group’s actual operating results, financial condition, dividend policy and the development of the sectors and markets in which they operate may differ materially from the impression created by the forward-looking statements contained in this document and/or the information incorporated by reference into this document. In addition, even if the operating results, financial condition and dividend policy of the 888 Group, the Target Business and, following Completion, the Enlarged Group, and the development of the sectors and markets in which they operate, are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this document, those results or developments may not be indicative of results or the development of such sectors and markets in subsequent periods. Important factors that could cause these differences include, but are not limited to, general political, economic and business conditions, including resulting from the impact of the COVID-19 pandemic and responses by governments to it, sector and market trends, changes in government, changes in law or regulation, stakeholder perception of the 888 Group, the Target Business and, following Completion, the Enlarged Group and/or the sectors or markets in which they operate and those risks described in Part 1 (*Risk Factors*) of this document.

The statements above relating to forward-looking statements should not be construed as a qualification on the working capital statements in paragraph 13 of Part 20 (*Additional Information*) of this document.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK Prospectus Regulation, the UK Prospectus Delegated Regulation, the Prospectus Regulation Rules and UK MAR), neither the Company nor the Sponsor undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. As at the date of this document there are no outstanding profit forecasts or estimates.

Third-party information

Certain information has been obtained from external publications and is referenced in this document where the information is included. The Company confirms that this information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

Market and Industry Information

Market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy or completeness of such information is not guaranteed. Similarly, internal surveys, reports and studies and market research, while believed by the Company to be reliable and accurately extracted by the Company for the purposes of this document, have not been independently verified and the Company makes no representation as to the accuracy of such information. The industry forecasts are forward-looking statements. See “*Cautionary Note Regarding Forward-Looking Statements*” above.

All statistical and market information provided by Regulus Partners presented in this document in Section A (“Industry Overview”) of Part 10 (*Industry and Regulatory Overview*) of this document has been reproduced from the Regulus Report. Regulus Partners has given and not withdrawn its consent to the inclusion of information from the Regulus Report in this document, in the form and context in which it is included, and has authorised, and taken responsibility for, the contents of Section A (“Industry Overview”) of Part 10 (*Industry and Regulatory Overview*) of this document as required by item 1.2 of Annex 1 of the UK Prospectus Delegated Regulation and for the purposes of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules. Regulus Partners accepts responsibility for the information included in Section A (“Industry Overview”) of Part 10 (*Industry and Regulatory Overview*) of this document from the Regulus Report and, to the best of Regulus Partners’ knowledge and belief, the information included in Section A (“Industry Overview”) of Part 10 (*Industry and Regulatory Overview*) of this document from the Regulus Report is in accordance with the facts and does not omit anything likely to affect its import.

The Company does not intend, and does not assume any obligation, to update industry or market data set forth in this document. Market behaviour, preferences and trends are subject to changes, Shareholders should therefore be aware that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or the 888 Group’s, the Target Business’ or the Enlarged Group’s future results of operations or performance. Moreover, future results and events may differ materially from the industry and market data projections and estimates contained in this document because of a series of reasons, including but not limited to: general market conditions, macroeconomic, governmental and regulatory trends; competitive pressure; technological developments; and commercial, managerial, operational or financial factors. Accordingly, there can be no assurance that such projected results or estimates will materialise.

Currencies

In this document and the information incorporated by reference into this document, references to “**GBP**”, “**£**”, “**sterling**” or “**pounds sterling**” are to the lawful currency of the United Kingdom, references to “**\$**”, “**USD**” or “**dollars**” are to the lawful currency of the United States of America, references to “**€**” and “**Euro**” are to the lawful currency of the European Union, references to “**NIS**” are to the lawful currency of Israel, and references to “**A\$**” are to the lawful currency of Australia.

Following Completion, in accordance with applicable accounting standards, the Enlarged Group expects to adopt GBP as its reporting currency in light of its revenues and expenses.

Definitions

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in the Part 22 (*Definitions*) of this document. Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended or re-enacted.

Time

References to times in this document are to the time in London, United Kingdom, unless otherwise stated.

Incorporation by reference

Certain information in relation to 888 is incorporated by reference into this document. Further information is set out in Part 21 (*Documentation Incorporated by Reference*) of this document. Without limitation, unless expressly stated herein, the contents of the websites of the 888 Group, and any links accessible through the websites of the 888 Group, do not form part of this document.

Rounding

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Part 6

LETTER FROM THE CHAIRMAN OF 888 HOLDINGS PLC

Directors:

Lord Jon Mendelsohn (*Non-executive Chairman*)
Anne de Kerckhove (*Senior Independent Director*)
Itai Pazner (*Chief Executive Officer*)
Yariv Dafna (*Chief Financial Officer*)
Mark Summerfield (*Independent Non-executive Director*)
Limor Ganot (*Independent Non-executive Director*)

Registered and Head Office:

Suite 601/701 Europort
Europort Road
Gibraltar

29 April 2022

To 888 Shareholders and Employee Shareholders

Dear 888 Shareholder,

Recommended acquisition of William Hill International

Readmission of the 888 Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities

Notice of General Meeting

1. INTRODUCTION

On 9 September 2021, the board of 888 announced that it had agreed the terms of a recommended cash acquisition of the international (non-US) business of the William Hill Group, which is comprised of William Hill Online and William Hill Retail ("**William Hill International**" or the "**Target Businesses**") from Caesars Entertainment, Inc. ("**Caesars**" or the "**Seller**") for cash consideration in the amount of GBP 834.9 million (the "**Proposed Acquisition**").

On 7 April 2022, the board of 888 announced that it had entered into an agreement with Caesars to amend certain terms of the Sale and Purchase Agreement (the "**Amendment Deed**"), pursuant to which the total consideration to be paid by 888 to Caesars on Completion was reduced by GBP 250 million to the Base Consideration amount of GBP 584.9 million, with 888 agreeing to pay up to GBP 100 million in deferred consideration (the "**Deferred Consideration**") based on the EBITDA of the Enlarged Group for the 12-month period ending 31 December 2023. If payable, 888 may elect to satisfy all or any proportion of the Deferred Consideration either in cash or by the issuance by 888 of new Ordinary Shares to Caesars.

The amendments to the terms of the Sale and Purchase Agreement reflect developments in relation to the Target Business as well as in the macro-economic environment since the announcement of the Proposed Acquisition. The developments in relation to the Target Business include an ongoing review by the UKGC with respect to William Hill International's UK licenced activities (see the risk factor "*The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world*" in paragraph 1.6 of Part 1 (*Risk Factors*)) and the impact of regulatory headwinds experienced by the Target Business in a number of other jurisdictions in the second half of 2021 and into 2022. In addition, Caesars has also agreed to indemnify certain licenced entities within the Target Business from Completion with respect to certain losses and costs arising from the licence review pursuant to a deed of indemnity dated 8 March 2022, which is further described in paragraph 11.2(a) of Part 20 (*Additional Information*) of this document.

Notwithstanding such developments, taking into account the highly compelling strategic rationale for the Proposed Acquisition, the Amendment Deed and the indemnification arrangement that has been entered into between Caesars and the Target Business in respect of potential losses arising out of the William Hill International licence review, the Directors continue to believe that the Proposed Acquisition is in the best interests of 888 and 888 Shareholders as a whole.

The Proposed Acquisition will create a global online betting and gaming leader by bringing together two highly complementary businesses and combining two of the industry's leading brands. The Proposed Acquisition represents a transformational opportunity for 888 to significantly increase its scale, further diversify and strengthen its product mix and build leading positions across several of its key markets. The combination of 888 and William Hill International is expected to deliver significant operating efficiencies, including estimated pre-tax cost synergies of at least GBP 100 million in 2025, leading to improved profit margins.

The Company estimates that on a normalised basis (excluding the effects of enforced retail closures on the William Hill International business as a result of COVID-19), and assuming 888 had owned and integrated William Hill International for the duration of FY 2021, the Enlarged Group's annual revenue would have been GBP 2.1 billion (factoring in an adjustment in relation to William Hill Retail's contribution based on the performance of the business of the second half of FY 2021, and applying a USD:GBP exchange rate of USD 1.3757 : GBP 1.00) and adjusted EBITDA in FY 2021 would have been GBP 437 million (factoring in GBP 54 million of (non-capital expenditure cost) synergies expected in FY 2023, GBP 3.5 million related to foreign exchange differences, and an adjustment in relation to William Hill Retail's contribution based on the performance of the business of the second half of FY 2021, and applying a USD:GBP exchange rate of USD 1.3757 : GBP 1.00). The Proposed Acquisition values the William Hill International business at approximately 7.5x based on the William Hill International Normalised EBITDA and 5.7x on a post-synergy basis (including GBP 85 million of non-capital expenditure cost synergies) for William Hill International for the 12 months ended 28 December 2021.

The Enlarged Group will be strongly growth-oriented, benefitting from a clear scale advantage and strong product and geographic diversification. With a focus on regulated markets, it will be able to offer customers world-class products, supported by leading betting and gaming brands, driving sustained growth and shareholder value creation over the medium and long term.

Under the terms of the Sale and Purchase Agreement, 888 will also assume GBP 0.7 billion of the Existing William Hill Bonds and GBP 0.1 billion of liabilities in relation to certain IFRS 16 capitalised leases, with the Target Business having an implied enterprise value of GBP 1.95 billion up to GBP 2.05 billion (reduced from GBP 2.2 billion following entry into the Amendment Deed).

The Company and JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc. and Mediobanca – Banca di Credito Finanziario S.p.A. on 9 September 2021 entered into the Commitment Letter, which was subsequently amended and restated on 1 October 2021 to reflect the addition of Barclays Bank PLC as an additional Commitment Party thereunder, to provide the Company with additional relevant financing to undertake the Proposed Acquisition, including the repayment of certain existing indebtedness of the Target Business (including, among other things, the redemption of the Existing 2023 Notes following Completion). Under the Commitment Letter, the Lenders undertake to make available to the Company the following commitments on a customary certain funds basis:

- term loan facilities in an aggregate principal amount of GBP 1.64 billion (equivalent) (Facility B);
- a multicurrency revolving credit facility in the aggregate principal amount of GBP 150 million; and
- GBP 500 million in the form of a bridge loan.

In light of the revised consideration amount for the Proposed Acquisition pursuant to the Amendment Deed, the Company's overall financing requirements were correspondingly reduced. Further, and in lieu of drawing a proportion of the committed debt financing described above, the 888 Group raised net proceeds of GBP 158.5 million by way of the Placing on 7 April 2022, to enable the Company to target *pro forma* net leverage of under 4.0x.

The Board has set a goal of achieving a *pro forma* net leverage ratio of at or below 3.0x in the medium term. Along with the strong free cash flow expected to arise from the Proposed Acquisition, the Board intends to accelerate de-leveraging by suspending dividend payments until such time as the net leverage ratio is at or below 3.0x (or such earlier time as the Board considers appropriate).

It is also expected that the Company will part finance the Proposed Acquisition by entering into the Senior Facilities Agreement prior to Completion with respect to borrowings in the amount of up to GBP 1.64 billion (equivalent) under Facility B. The aggregate amount of up to GBP 1.64 billion (equivalent) of Facility B is expected to include a delayed draw facility that is only available to the Company for 120 days following Completion to finance any put option exercised by the holders of the Existing 2026 Notes following Completion.

It is also proposed that the Senior Facilities Agreement will include the provision of borrowings in the amount of GBP 150 million under the Revolving Credit Facility to be used in connection with the Proposed Acquisition and for working capital and general corporate purposes.

For further details of the expected terms of the Senior Facilities Agreement, see paragraph 6.2 of Part 7 (*Information about the Proposed Acquisition*) of this document.

In addition, and in lieu of a portion of the total commitments described above, the Company may part finance the Proposed Acquisition by entering into a Second Lien Facility Agreement and/or by procuring the issuance by a member of the 888 Group of senior secured notes, second lien secured notes and/or senior unsecured notes, in each case prior to Completion. For further details of the expected terms of the Second Lien Facility Agreement, see paragraph 6.3 of Part 7 (*Information about the Proposed Acquisition*) of this document. For further details of the expected terms of any senior secured notes, see paragraph 6.4 of Part 7 (*Information about the Proposed Acquisition*) of this document.

Due to the size of the Target Businesses relative to the size of 888, the Proposed Acquisition constitutes a reverse takeover of the Target Businesses for the purposes of the Listing Rules and therefore requires the approval of 888 Shareholders, by ordinary resolution, at a general meeting. Accordingly, the General Meeting is being convened for 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 16 May 2022.

As set out in more detail in paragraph 15 of this Part 6 (*Letter from the Chairman of 888 Holdings PLC*) of this document, 888 Shareholders will be asked at the General Meeting, among other things, to approve the Proposed Acquisition (the “**Acquisition Resolution**”). In the event that the Acquisition Resolution is not passed, the Proposed Acquisition will not proceed.

I am writing to give you further details of, and background to, the Proposed Acquisition, to explain why the Board considers the Proposed Acquisition to be in the best interests of 888 and 888 Shareholders as a whole and to seek your approval of the Acquisition Resolution.

The Directors unanimously consider the Proposed Acquisition and the Acquisition Resolution to be in the best interests of 888 and 888 Shareholders as a whole and unanimously recommend that 888 Shareholders vote in favour of the Acquisition Resolution, as the Directors who hold or are beneficially entitled to 888 Shares intend to do, or procure to be done, in respect of their own beneficial holdings of 888 Shares.

2. BACKGROUND TO AND REASONS FOR THE PROPOSED ACQUISITION

2.1 Strategy of 888

888’s mission is to lead the online gambling world in creating the best betting and gaming experiences, developing state-of-the-art technology and products that provide fair and safe online betting and gaming entertainment to customers around the world.

The 888 Group has a clear strategy built around three areas:

- **Market focus:** 888’s sophisticated market framework is based on a combination of market sizing, regulation, marketing, PEST analysis (Political, Economic, Social, and Technological), and other factors to create a clear understanding of the addressable market opportunities. This framework guides 888’s focus on clear market archetypes.
- **Sustainable competitive advantages:** 888’s long-term success is built around its core capabilities, developed and refined over nearly 25 years of operations, that have created strong sources of sustainable competitive advantage.

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

These clear priorities guide 888's plans for the business and are driving increased focus as 888 prioritises resources to invest where there are the strongest long-term opportunities, and where 888 assets and brands give it sources of sustainable competitive advantage. Integral to each of these priorities is 888's ESG framework, *Made for the Future*, which builds on the 888 Group's investments in recent years to improve in safer gambling, increase employee diversity, support local communities, and reduce the 888 Group's environmental impact. 888's ESG framework is integrated into the 888 Group's strategy and decision making and reflects the Board's long-term approach to investment, and provides the foundation for its future plans.

This strategy is aimed at achieving the 888 Group's potential across a diverse range of geographic markets by delivering organic growth in a responsible manner as well as evaluating attractive acquisition and investment opportunities.

The Board believes that the Proposed Acquisition will create a global online betting and gaming leader by bringing together two highly complementary businesses and combining two of the industry's leading brands, which will enable the Enlarged Group to achieve these strategic goals.

Further information regarding the 888 Group's strategy and objectives is set out in paragraph 3 of Part 8 (*Information on the 888 Group*) of this document.

2.2 Reasons for the Proposed Acquisition

888 is a global leader in the online betting and gaming market, with its tailored set of B2C and B2B products facilitated by its proprietary technology, providing a full end-to-end product suite across Sports, Casino, Poker and Bingo. 888 is present in 19 licensed jurisdictions worldwide and focused on driving growth in regulated markets, giving it a broad global diversification. The Target Business is a leading betting and gaming company in Europe licensed in 14 jurisdictions and engaging with its customers through William Hill Online and William Hill Retail which, as at 28 December 2021, operated 1,407 LBOs throughout the UK.

The Target Business is the number one Casino brand in the UK in terms of awareness, the number two betting brand in the UK in terms of awareness, the number three Casino brand in Italy in terms of awareness and is a top-3 brand by revenue share, in both retail and online sports betting. By combining 888's approximately 2.2 million active customers with William Hill International's approximately 3 million active customers, the Enlarged Group will have more than 5 million annual active customers, with the scale to attract and serve further customers in the market. The Enlarged Group will bring together approximately 0.5 million monthly average active users of 888 and 1.1 million monthly average active users of William Hill International to have an expanded global player base with more than 1.6 million monthly active players, presenting revenue synergy opportunities by combining the best of both businesses to improve the customer experience and potentially increase the average revenue per user of 888 (GBP 141 per user) and William Hill International (GBP 71 per user).

The Enlarged Group will be the world's third largest publicly listed online gaming company by revenue, with market leading positions in its Betting and Gaming product verticals in the UK and Continental Europe, based on size of combined revenue. It will be strongly growth-oriented, benefitting from a clear scale advantage and strong product and geographic diversification. With a focus on regulated markets, it will be able to offer customers world-class products, supported by leading betting and gaming brands, driving sustained growth and shareholder value creation over the medium and long term.

The Proposed Acquisition, therefore, represents a transformational opportunity for 888 to significantly increase its scale, further diversify and strengthen its product mix, and build leading positions across several of its key markets, as follows:

Diversification

The Enlarged Group will be well diversified across geographic markets and the Proposed Acquisition will significantly increase the 888 Group's exposure to sports betting, the world's largest and fastest growing online segment, bringing a strong, iconic sports-betting brand and creating a large low-cost customer acquisition channel to further support gaming revenue growth. The global opportunity is large, with a global market of approximately USD 408 billion with online penetration only reaching 25 per cent. of the addressable market in FY 2021.

Enhanced position in locally regulated markets

The Proposed Acquisition is in line with 888's intention to drive its international expansion through growth in locally regulated markets. Complementary brand and product sets in core markets of the UK, Spain and Italy (among other markets) are expected to create sustainable leadership positions and improve the ability of the Enlarged Group to drive market share gains, whilst also creating a platform for strong growth in the most attractive regulated markets.

The Enlarged Group will benefit from a leading market position in the UK, the world's largest regulated online market with significant growth potential from both further online migration and market share gains driven by increased share of wallet. The management of 888 believes that both the 888 Group and the Target Business were among the fastest growing brands in the UK online gambling market in 2021. The Enlarged Group will also benefit from strong and growing positions in the locally regulated markets of Spain (where it is expected to have a top-three market share) and Italy, enjoying scale benefits from existing brand positions given local restrictions on marketing.

Scale for the Enlarged Group

The Proposed Acquisition enables 888 to benefit from a step change in scale in a rapidly consolidating industry and a hyper-competitive market. The Enlarged Group will be well positioned to take advantage of growth opportunities as more countries regulate online gambling and digital migration accelerates, both of which increase barriers to entry and favour incumbent market participants of scale that can leverage their existing operations and economies of scale. Increased scale will also allow the Enlarged Group to retain optionality with its product offering to mitigate any challenges that may arise from the UK government's review of the Gambling Act.

The increased scale of the business, including realisation of anticipated synergies, is expected to provide economies of scale across third-party costs, including marketing by leveraging cutting-edge marketing technology and practices across an enhanced suite of powerful brands. Scale also drives operating leverage through servicing additional revenue via the combined technology and operations, which in turn is expected to improve the EBITDA margin of the Enlarged Group.

Leverage complementary strengths of 888 and William Hill International

The Proposed Acquisition will allow the Enlarged Group to leverage the complementary strengths of 888 and the Target Business across all key aspects of the business, including technology, product, brand and data led marketing. It brings together a strong, iconic sports betting brand with one of the world's leading online gaming brands, creating a large-scale global leader in online betting and gaming. The 888 Group and Target Business are industry leaders in respect of brand awareness across core markets such as the UK, Spain and Italy.

Expertise and talent

The 888 Group's management team is highly experienced and has a track record of navigating regulatory changes while continuing to grow the business and deliver consistently strong profit margins. The Proposed Acquisition provides the opportunity to combine the expertise and talent of the Target Business and 888, and leverage the combined skills, track record and experience of two high-quality management teams and over 12,000 employees across the Enlarged Group. As well as the ability to provide customers across all markets with an improved offering, this will create exciting career growth opportunities for employees. 888 expects that the expertise of the 888 Group's management team in integrating acquired businesses will enable the Company to realise the targeted synergies and cost savings initiatives.

Improved revenue mix

The Proposed Acquisition will improve the sustainability of the business with a greater mix of revenue coming from locally regulated and/or taxed markets and will leave it well-positioned in other countries that are expected to regulate online gaming in the future. The Directors estimate that, on a *pro forma* basis, the Enlarged Group would have generated approximately USD 1,888 million, or 85 per cent., of its online revenue for the twelve months ended 28 December 2021 from locally regulated and/or taxed markets, which has laid a path for the 888 Group to target more than 90 per cent. of revenue from such markets in the near-term.

Responsible gaming framework

A pillar of 888's business and technology is its responsible gaming framework. 888 applies its expertise in technology and product development to develop and implement policies and intuitive responsible gambling tools to seek to ensure its customers enjoy a safe and entertaining gaming experience. William Hill was a founding member of the Betting and Gaming Council in the UK, and is also committed to customer protection and raising standards around safer gambling. The Directors also believe that 888 has a compelling strategy in this area, with its "Made to Play Safely" pillar of its ESG framework, and its development of new and innovative ways to seek to deliver a safer gaming environment.

The Enlarged Group would be well placed to continue this focus on developing and improving responsible gambling processes and raising industry standards. The Enlarged Group would benefit from both the 888 Group's and the Target Business' best practices and common goal to ensure the integrity and fairness of their respective operations in order to promote awareness of any potential harms associated with gambling and ensure that protecting customers remains a top priority.

Omni-channel opportunity

William Hill Retail provides an attractive omni-channel opportunity in the UK, with a leading UK retail business, and the potential to leverage the Target Business' UK high street footprint to deliver a better customer experience to existing customers, and to act as a highly cost-efficient source of new customers. The Proposed Acquisition also presents an opportunity for the Enlarged Group to capture a greater share of online revenues from existing customers of William Hill Retail who already play online, of which only 26 per cent. currently utilise the services offered by William Hill Online.

Financially accretive transaction

The Proposed Acquisition is expected to yield enhanced profitability through significant scale benefits, and cost synergies from leveraging technology, operations and infrastructure, which would be accretive for 888's shareholders.

The Proposed Acquisition is expected deliver a post-tax return on invested capital that exceeds 888's cost of capital in the first full year following Completion. It is also expected to enhance 888's Adjusted EPS immediately following Completion and generate free cash flow that will support rapid deleveraging, with a medium-term target for 888's consolidated net leverage ratio to be below 3.0x.

Significant synergies from the Proposed Acquisition

The Board is confident that, as a direct result of the Proposed Acquisition, the Enlarged Group will generate meaningful cost synergies and deliver substantial value creation for shareholders. The Board, having reviewed and analysed the potential cost synergies of the Proposed Acquisition, and taking into account the factors they can influence, believes that the Proposed Acquisition will result in pre-tax cost synergies of at least GBP 100 million in 2025, excluding potential revenue upside from an enhanced customer proposition and product offerings.

The Board expects the phasing of these pre-tax synergies to be as follows: approximately GBP 5 million in 2022, GBP 54 million in 2023, GBP 70 million in 2024, and GBP 100 million in 2025, of which GBP 15 million will be in capex synergies in aggregate. In achieving these synergies, 888 expects to incur one-time cash costs of approximately 1.0x annual pre-tax cost synergies in the amount of GBP 79 million, spread across the first three years following Completion.

The Board expects to achieve the cost synergies in the following areas, listed in the order of the magnitude of the expected impact on the Enlarged Group:

- 31 per cent of the pre-tax cost synergies are expected to be achieved via economies of scale savings in direct costs, including payment processing fees and revenue share for third-party content across both 888 and the Target Business; and
- the remaining balance is expected to be achieved from savings from the following areas:
 - Technology (24 per cent.): the ability to utilise the premier proprietary technology from both 888 and the Target Business to create a single, unified wholly-owned proprietary platform for the Enlarged Group, with significant synergies related to data centre optimisation post-migration and other technology-related synergies;
 - Marketing (20 per cent.): the removal of duplicate marketing and technology costs and economies of scale savings in marketing and other fees payable to suppliers due to the Enlarged Group's stronger negotiating position and greater scale; and
 - Other (25 per cent.): consolidation of corporate and support functions and removal of duplicate activities, for example gaming licence fees may be consolidated in countries where there is an overlap between the 888 Group and the Target Business.

The expected synergies have been calculated based on the expected financial information for the 888 Group for the year ending 31 December 2021 and the Target Business financial information for Target FY 2021.

In addition, the Board believes there is potential unquantified upside from an enhanced customer proposition and product offerings.

The pre-tax cash cost synergies indicated above are recurring and contingent on Completion and could not be achieved by the 888 Group and the Target Business operating independently. The Directors confirm that the narrative above reflects both the estimated beneficial elements and estimated relevant costs.

The Board believes that the integration of the Target Group can be achieved without causing any material disruption to the underlying operations of 888 Group or the Target Business. As at the date of this document, appropriate preparatory integration planning has been undertaken by an integration leadership team comprising members of senior management of both the Target Group and the Target Business. Specific integration teams have been established across each functional division and are working together to produce detailed integration plans that will be implemented immediately following Completion. There can be no assurance that any particular amount of such savings or synergies will be achieved following Completion or that they will be achieved in the expected time frame.

3. INFORMATION ON 888

3.1 888

The 888 Group is one of the world's largest online betting and gaming companies by revenue, with overall revenue of USD 980.1 million for FY 2021. 888's mission is to lead the online gambling world in creating the best betting and gaming experiences. The 888 Group has been at the forefront of the online gaming industry since it was founded in 1997, leveraging its proprietary technology to provide players and partners an innovative and world-class online gaming experience.

The 888 Group owns and operates a range of brands providing betting and gaming products across its principal B2C product areas of Casino, Sports, Poker and Bingo. The 888 Group also provides B2B services to third-party partners by making available its B2C gaming platforms and back-office capabilities to third parties, who in turn market the resulting online gaming services under their own brands and share a proportion of the revenue generated with the 888 Group. The 888 gaming platform added over 870 new casino games in FY 2021, bringing the current library to over 3,000 games.

As described in paragraph 11.1(m) of Part 20 (*Additional Information*) of this document, 888 has agreed to sell the entirety of its Bingo Business to the Broadway Gaming group which, subject to the satisfaction of certain conditions, is expected to complete in the second quarter of 2022. This is intended to allow 888 to focus on its core platform, enabling greater resources to drive growth in its core markets and reducing compliance complexity arising from related accounts across B2B and B2C bingo and 888's core platform.

888 is traded on the London Stock Exchange with a premium listing on the Official List and is registered and headquartered in Gibraltar. As of close of trading on the Latest Practicable Date, 888 had a market capitalisation of approximately GBP 826.04 million.

3.2 **888 Bidco**

888 Bidco is established under the laws of Gibraltar and was incorporated by or on behalf 888 for the purpose of undertaking the Proposed Acquisition. 888 Bidco is an indirect wholly owned subsidiary of 888.

4. **INFORMATION ON THE TARGET BUSINESSES**

4.1 **William Hill**

William Hill is one of the world's leading betting and gaming companies which continually innovates to identify new and engaging ways to bet and game, whether in betting shops, sports books, online or mobile devices. William Hill is the number one Casino brand in the UK in terms of awareness and the number two betting brand in the UK in terms of awareness and it is a top-3 brand in both retail and online sports betting by revenue share.

Prior to the Caesars Acquisition, William Hill Group operated three distinct business lines: William Hill Online, William Hill Retail and William Hill US. On 22 April 2021, Caesars, one of the largest gaming-entertainment companies in the US and one of the world's most diversified gaming-entertainment providers, completed its acquisition of the entire issued share capital of William Hill PLC (which was subsequently re-registered as William Hill Limited). Following the acquisition, Caesars is seeking to consolidate its core business by retaining the William Hill US business, and has proposed to sell William Hill International to 888, which is comprised of the UK Online and International Online operating segments (together referred to as William Hill Online) and the William Hill Retail operating segment, pursuant to the Proposed Acquisition. Certain operations of a centralised corporate segment will also be transferred to 888 as part of the Target Business pursuant to the Sale and Purchase Agreement.

During Target FY 2021, William Hill International generated revenue of GBP 1.24 billion (of which GBP 628.6 million was attributable to UK Online, GBP 276.0 million to International Online and GBP 336.8 million to William Hill Retail) and Target Adjusted EBITDA of GBP 164.3 million (of which GBP 154.1 million was generated by UK Online, GBP 35.8 million by International Online and a further GBP 0.6 million by William Hill Retail, which was off-set by centralised corporate costs of GBP 26.2 million).

4.2 **William Hill Online**

The William Hill Online business has been operating since 1998, and is comprised of the UK Online and International Online segments. It is a leading online betting and gaming provider to customers in the UK (through its UK Online operating segment) and, Southern Europe and the Nordics (through its International Online operating segment), and it has also recently launched in Latin America. It has integrated Mr Green, the online gaming company, which was acquired in 2019 by William Hill, and has enhanced the European footprint and diversified the geographic reach of the William Hill Online business. Approximately three million active players in Target FY 2021 had access to more than a million betting opportunities each week via William Hill Online, which enhances the gaming experience by connecting friends and family with the experience of watching a live match. William Hill Online generated GBP 280 per active player in the year ended 28 December 2021.

4.3 **William Hill Retail**

William Hill is one of the UK's leading and most trusted bookmakers. It has long had a presence on the UK high street, where it has been taking bets since 1966. As at 28 December 2021, the William Hill Group had 1,407 LBOs in the UK. As a result of the national and regional lockdowns implemented in the UK in response to the COVID-19 pandemic, the LBOs were closed for a significant proportion of 2020. It is estimated that the closure of the LBOs resulted in approximate GBP 83 million negative impact on the EBITDA of William Hill Retail, which, had the closures not happened, suggests William Hill Retail would have had normalised EBITDA of approximately GBP 240 million in Target FY 2020 had William Hill Retail estate remained open. Since 1 January

2019, the William Hill Retail estate has been remodelled through the permanent closure of approximately 832 LBOs, resulting in a more sustainable and cash generative footprint for William Hill Retail, as is further described in Part 9 (*Information on the Target Business*) of this document.

5. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Unaudited *Pro Forma* Financial Information of the Enlarged Group found in Part 17 (*Unaudited Pro Forma Financial Information of the Enlarged Group*) of this document has been prepared to illustrate the effect of the (i) Placing; (ii) the proposed financing arrangements to part-fund the Proposed Acquisition; and (iii) the Proposed Acquisition on:

- the consolidated net assets of the 888 Group as at 31 December 2021, as if these transactions had taken place on that date; and
- the consolidated income statement of the 888 Group for the twelve months ended 31 December 2021, as if these transactions had taken place on 1 January 2021.

Due to its nature, the Unaudited *Pro Forma* Financial Information addresses a hypothetical situation. It does not represent the 888 Group's actual results of operations or financial condition or what the Enlarged Group's actual results of operations or financial condition would have been if the Proposed Acquisition had been completed on the dates indicated.

On the basis set out above:

- the unaudited *pro forma* statement of net assets of the Enlarged Group as at 31 December 2021 is USD 319.4 million; and
- the unaudited *pro forma* revenue of the Enlarged Group for the twelve month period ended 31 December 2021 is USD 2,687.9 million.

6. KEY DETAILS OF THE PROPOSED ACQUISITION

6.1 Sale and Purchase Agreement

On 9 September 2021, 888, 888 Acquisitions Limited ("**888 Bidco**"), an indirect wholly owned subsidiary of 888, and Caesars entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") under which 888 Bidco has agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to acquire the entire issued share capital of William Hill Cayman Holdings Limited (the "**Target**") in consideration for the payment by 888 Bidco of GBP 834.9 million (subject to adjustment for Leakage), to be satisfied on Completion in cash. On Completion, the Target, which is the parent company for the Target Group, will become an indirect wholly owned subsidiary of 888.

In response to certain developments in the Target Business as well as in the macro-economic environment since the announcement of the Proposed Acquisition on 9 September 2021, as described in paragraph 1 of this Part 6 (*Letter from the Chairman of 888 Holdings Plc*), on 7 April 2022, 888 Bidco, 888 and Caesars entered into the Amendment Deed, pursuant to which the total consideration to be paid by 888 to Caesars on Completion was reduced by GBP 250 million to the Base Consideration amount of GBP 584.9 million, with 888 agreeing to pay up to GBP 100 million in Deferred Consideration depending on the EBITDA of the Enlarged Group for the 12-month period ending 31 December 2023. If payable, 888 may elect to satisfy all or any proportion of the Deferred Consideration either in cash or by the issuance by 888 of new Ordinary Shares to Caesars.

Further details of the terms and conditions of the Sale and Purchase Agreement, including the conditions to Completion referred to in paragraph 6.3 below, and the Amendment Deed are set out in paragraph 1 of Part 7 (*Information about the Proposed Acquisition*) of this document.

6.2 Shareholder approvals

Due to the size of the Target Businesses relative to the size of 888, the Proposed Acquisition constitutes a reverse takeover of the Target Businesses for the purposes of the Listing Rules and therefore requires the approval of 888 Shareholders, by ordinary resolution, at a general meeting. Accordingly, the General Meeting is being convened for 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 16 May 2022.

888 Shareholders will be asked to vote in favour of the Acquisition Resolution. The DS Trust has irrevocably undertaken to vote (or procure a vote) in favour of the Acquisition Resolution and any related matters proposed at the General Meeting, as described in paragraph 1 of this Part 6 (*Letter from the Chairman of 888 Holdings PLC*).

6.3 Conditions

Under the Sale and Purchase Agreement, Completion is subject to the following:

- the approval of the Acquisition Resolution by 888 Shareholders at the General Meeting;
- the approval by the FCA of Readmission; and
- the completion of the Reorganisation of the William Hill Group.

7. FINANCING THE PROPOSED ACQUISITION

The Company and JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc. and Mediobanca – Banca di Credito Finanziario S.p.A. on 9 September 2021 entered into the Commitment Letter, which was subsequently amended and restated on 1 October 2021 to reflect the addition of Barclays Bank PLC as an additional Commitment Party thereunder, to provide the Company with additional relevant financing to undertake the Proposed Acquisition, including the repayment of certain existing indebtedness of the Target Business (including, among other things, the redemption of the Existing 2023 Notes following Completion). Under the Commitment Letter, the Lenders undertake to make available to the Company the following commitments on a customary certain funds basis:

- term loan facilities in an aggregate principal amount of GBP 1.64 billion (equivalent) (Facility B);
- a multicurrency revolving credit facility in the aggregate principal amount of GBP 150 million; and
- GBP 500 million in the form of a bridge loan.

In light of the revised consideration amount for the Proposed Acquisition pursuant to the Amendment Deed, the Company's overall financing requirements were correspondingly reduced. Further, and in lieu of drawing a proportion of the committed debt financing described above, the 888 Group raised net proceeds of GBP 158.5 million by way of the Placing on 7 April 2022, to enable the Company to target *pro forma* net leverage of under 4.0x.

The Board has set a goal of achieving a *pro forma* net leverage ratio of at or below 3.0x in the medium term. Along with the strong free cash flow expected to arise from the Proposed Acquisition, the Board intends to accelerate de-leveraging by suspending dividend payments until such time as the net leverage ratio is at or below 3.0x (or such earlier time as the Board considers appropriate).

It is also expected that the Company will part finance the Proposed Acquisition by entering into the Senior Facilities Agreement prior to Completion with respect to borrowings in the amount of up to GBP 1.64 billion (equivalent) under Facility B. The aggregate amount of up to GBP 1.64 billion (equivalent) of Facility B is expected to include a delayed draw facility that is only available to the Company for 120 days following Completion to finance any put option exercised by the holders of the Existing 2026 Notes following Completion.

It is also proposed that the Senior Facilities Agreement will include the provision of borrowings in the amount of GBP 150 million under the Revolving Credit Facility to be used in connection with the Proposed Acquisition and for working capital and general corporate purposes.

For further details of the expected terms of the Senior Facilities Agreement, see paragraph 6.2 of Part 7 (*Information about the Proposed Acquisition*) of this document.

In addition, and in lieu of a portion of the total commitments described above, the Company may part finance the Proposed Acquisition by entering into a Second Lien Facility Agreement and/or by procuring the issuance by a member of the 888 Group of senior secured notes, second lien secured notes and/or senior unsecured notes, in each case prior to Completion. For further details of the expected terms of the Second Lien Facility Agreement, see paragraph 6.3 of Part 7 (*Information about*

the Proposed Acquisition) of this document. For further details of the expected terms of any senior secured notes, see paragraph 6.4 of Part 7 (*Information about the Proposed Acquisition*) of this document.

8. DIVIDEND POLICY FOR THE ENLARGED GROUP

Following Completion, the Board of 888 intends to suspend dividend payments until such time as the net leverage ratio of the Enlarged Group is at or below 3.0x (or such earlier time as the Board considers appropriate).

On 1 September 2021, 888 announced that the Board had approved the payment of an interim dividend of 4.5 cents per 888 Share, which was paid on 13 October 2021. On 20 May 2021, 888 Shareholders approved (i) a final dividend of 10.4 cents per 888 Share, and (ii) an additional one-off dividend of 1.6 cents per 888 Share, which were both paid on 24 May 2021. This was in addition to the interim dividend of 3.2 cents per 888 Share and an additional one-off dividend of 2.8 cents per 888 Share that were both paid on 4 November 2020.

On 10 September 2019, 888 announced that the Board had approved the payment of an interim dividend of 3.0 cents per 888 Share, which was paid on 18 October 2019. A final dividend of 3.0 cents per 888 Share was also paid on 22 May 2020.

9. EMPLOYEES

888 recognises the skills and experience of the existing Target Businesses' management and employees and expect certain of the management teams of both 888 and the Target Businesses to play a leading role in the Enlarged Group in the future and that employees will generally benefit from the greater opportunities for the business following Completion. The Board expects to put in place a retention plan following Completion that will be intended to incentivise talented employees to remain with the Enlarged Group.

To achieve the full potential benefits of the Proposed Acquisition and in the long-term interests of 888, a business, operational and administrative review will be undertaken following Completion. The synergies work already carried out has highlighted the potential to generate savings for the Enlarged Group in areas where there may be duplication across general corporate overheads and facilities, and by rationalising certain operational and support functions.

No decisions have been made by 888 in relation to specific actions that will be taken as part of this business, operational and administrative review. Prior to any decisions being made, detailed discussions will be held between 888 and the Target Business employees and relevant partners.

10. CURRENT TRADING AND PROSPECTS

10.1 888

Since 31 December 2021, the Company has continued to trade strongly. 888 Group revenue for the first quarter of FY 2022 was USD 224 million which represents an increase of 1 per cent. compared to fourth quarter of FY 2021, driven by average funded active player growth of 4 per cent. compared to the fourth quarter of FY 2021. 888's continued focus on product and content leadership, customer excellence, and the ongoing success of its premier brands and marketing.

The 888 Group's first quarter of FY 2022 revenue saw an 18 per cent. decrease (or 15 per cent. calculated on a constant currency basis) compared with the first quarter of FY 2021, with average funded active players 8 per cent. below the first quarter of FY 2021. This reflected certain regulatory and compliance impacts, including the temporary closure of the Company's operations in the Netherlands from October 2021, which accounted for around 3 per cent. of the 888 Group's revenue in FY 2021 (FY 2020: 4 per cent.), and lower revenue per funded active player the first quarter of FY 2022 driven by a heightened focus on safer gambling. It also reflects the significant revenue growth experienced in the first quarter of FY 2021 due to the COVID-19 lockdowns.

The 888 Group had a strong performance in certain regulated markets in the first quarter of FY 2022, particularly the United States, Romania and Portugal all of which grew year-over-year, together with strong sequential growth in Italy, offsetting a larger year-over-year decline in the UK, which was impacted by market-wide trends including the impact of increased player restrictions. In March 2022,

the 888 Group launched the World Series of Poker brand in Michigan under its partnership with Caesars Interactive Limited, bringing the 888 Group's latest poker platform to another US state following the launch in Pennsylvania in FY 2021.

10.2 Target Businesses

In the 52-weeks ending 28 December 2021, William Hill International generated GBP 1,241.4 million in revenue and Target Adjusted EBITDA of GBP 164.3 million. Although the retail estate of William Hill International was closed for a significant portion of the first half of 2021, the run-rate for the Target Business' retail revenue and Retail Adjusted EBITDA during the second half of Target FY 2021 indicate that William Hill International would have achieved normalised retail revenue of GBP 499 million and Retail Adjusted EBITDA in the amount of GBP 96.2 million for Target FY 2021 and total Target Business normalised retail revenue of GBP 1,403.6 million and Target Adjusted EBITDA of GBP 260.0 million for the same period (in each case, excluding the effects of enforced retail closures on the William Hill International business as a result of COVID-19).

Since 28 December 2021, trading for the Target Business has been in line with the historic trends and expectations, and there has been no significant change in the financial or trading position of the Target Business since that date. The Target Business revenue for the first quarter of FY 2022 was in total GBP 312 million (Target FY 2021: GBP 259 million), which represents a 21 per cent. increase compared to the first quarter of Target FY 2021, with William Hill Retail, UK Online and International Online segments accounting for GBP 129 million, GBP 129 million, and GBP 54 million of the revenue, respectively. The first quarter results were in line with an expectation that the Target FY 2022 revenue for the Target Business will grow by a low to mid-single digit percentage on a reported basis. Although the trading for William Hill Retail continues to normalise from the impact of COVID-19, the growth is expected to be partially offset by certain regulatory and compliance headwinds affecting the UK Online and International Online segments, including an ongoing review by the UKGC with respect to William Hill International's UK licenced activities (see the risk factor "*The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world*" in paragraph 1.6 of Part 1 (*Risk Factors*)).

11. IRREVOCABLE UNDERTAKINGS

The DS Trust, which currently indirectly holds 86,283,534 888 Shares, representing approximately 19.33 per cent. of the issued ordinary share capital of 888 as at the Latest Practicable Date, has irrevocably undertaken to vote (or procure a vote) in favour of the Acquisition Resolution and any related matters proposed at the General Meeting.

The Directors who hold 888 Shares have also indicated that they intend to vote in favour of the Acquisition Resolution (or to procure such a vote in favour) in relation to their own beneficial holdings of 1,354,762 888 Shares representing, in aggregate, approximately 0.30 per cent. of the ordinary share capital of 888 in issue on the Latest Practicable Date.

888 has also received expressions of support for the Proposed Acquisition from several other of its largest shareholders, which in aggregate hold approximately 18.81 per cent. of the ordinary share capital of 888 in issue on the Latest Practicable Date, including its largest institutional shareholder, Aberdeen Standard Investments.

12. GOVERNANCE

The current Board comprises Lord Jon Mendelsohn (Non-executive Chairman), Anne de Kerckhove (Senior Independent Director), Itai Pazner (Chief Executive Officer), Yariv Dafna (Chief Financial Officer), Mark Summerfield (Independent Non-executive Director) and Limor Ganot (Independent Non-executive Director).

13. LISTING AND INDEXATION

Applications will be made to the FCA, immediately prior to Completion, for the 888 Shares to be re-admitted, for listing on the premium listing segment of the Official List and to the London Stock Exchange. It is expected that Readmission will become effective on the date of Completion and that dealings on the London Stock Exchange in the 888 Shares will commence as soon as practicable after 8.00 a.m. on that date.

The decisions in respect of Readmission are at the discretion of the FCA and the London Stock Exchange. 888 is expected to remain a constituent member of the FTSE 250 index following Readmission.

14. RISK FACTORS

888 Shareholders should consider fully and carefully the risk factors associated with the Enlarged Group and the Proposed Acquisition. Your attention is drawn to the risk factors set out in Part 1 (*Risk Factors*) of this document.

15. GENERAL MEETING AND THE RESOLUTIONS

Due to the size of the Target Businesses relative to 888, the Proposed Acquisition is a reverse takeover pursuant to the Listing Rules that is subject to the approval of the 888 Shareholders. The 888 Shareholders will be asked to approve, by passing the Acquisition Resolution as an ordinary resolution, the Proposed Acquisition on the terms and subject to the conditions set out in Sale and Purchase Agreement and all other associated agreements and ancillary arrangements related to the Sale and Purchase Agreement.

For the avoidance of doubt, the Proposed Acquisition is conditional on, among other things, the Acquisition Resolution being passed. In the event that the Acquisition Resolution is not passed, the Proposed Acquisition will not proceed.

A notice convening the General Meeting to be held at the office of Hudson Sandler LLP at 25 Charterhouse Square, London EC1M 6AE, United Kingdom, on 16 May 2022 at 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) containing the full text of the Acquisition Resolution is set out at the end of this document.

The Board has been closely monitoring the ongoing COVID-19 situation and, taking into account the relaxation of social distancing and travel restrictions in the UK and Gibraltar, the General Meeting has been arranged on the assumption that it will be held as an open, physical meeting. However, taking into account the evolving and unpredictable nature of the COVID-19 pandemic, the Board:

- recommends that, in each case as further described in paragraph 16 of this Part 6 (*Letter from the Chairman of 888 Holdings PLC*): (i) Certificated Shareholders appoint a proxy by completing and returning a white Form of Proxy or vote electronically at <https://www.signalshares.com>; (ii) DI Holders complete and return a blue Form of Direction or instruct the Depositary how to vote the 888 Shares represented by their Depositary Interests by using the CREST electronic voting service; and (iii) Employee Shareholders complete and return a green Form of Direction;
- has arranged for Shareholders to be able to follow the proceedings of the General Meeting over the online Investor Meet Company platform by registering in advance via the following link: <https://www.investormeetcompany.com/888-holdings-plc/register-investor>; and
- encourages Shareholders to submit questions in respect of the business of the General Meeting in advance of or during the General Meeting over the Investor Meet Company platform following registration, and the Board will aim to respond to any such questions relevant to the business of the General Meeting.

Please note that 888 Shareholders will not be able to use the Investor Meet Company platform to formally attend the General Meeting or vote on resolutions put to the general Meeting.

If there are any changes to the arrangements regarding the General Meeting, 888 will communicate such changes on its website at <https://corporate.888.com> and, where appropriate, through an announcement to the market, before the General Meeting.

16. ACTION TO BE TAKEN IN RESPECT OF THE GENERAL MEETING

Please check you have received the following with this document:

Certificated Shareholders:

- a white Form of Proxy for use at the General Meeting;

DI Holders:

- a blue Form of Direction for use at the General Meeting;

Employee Shareholders:

- a green Form of Direction for use at the General Meeting.

If you are a DI Holder, an Employee Shareholder or a Certificated Shareholder that has previously elected or been deemed to consent to receive documents and information from 888 by means of 888's website, you will not receive a hard copy of this document but will receive a separate notification in accordance with your prescribed method. If you have not received the correct documents, please contact the Shareholder Helpline on the telephone number set out below.

16.1 Forms of Proxy for Certificated Shareholders

You are requested to complete and sign the enclosed white Form of Proxy and return it in accordance with the instructions printed on it. Completed white Forms of Proxy should be returned to the Company's registrars at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL in person or by post as soon as possible and by no later than 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 12 May 2022 or, if the General Meeting is adjourned, not less than 48 hours prior to the time and date set for such adjourned meeting (excluding any part of a day that is not a Business Day).

The white Form of Proxy for use at the General Meeting will be invalid unless it is lodged with the Company's registrars at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL in person or by post by no later than 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 12 May 2022 or, if the General Meeting is adjourned, not less than 48 hours prior to the time and date set for such adjourned meeting (excluding any part of a day that is not a Business Day).

Instead of submitting a white Form of Proxy, proxies may be appointed electronically at <https://www.signalshares.com>.

16.2 Forms of Direction for DI Holders

If you are a DI Holder please complete and return the blue Form of Direction for the General Meeting, in accordance with the instructions printed thereon, as soon as possible and by no later than 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 11 May 2022.

Once returned, a blue Form of Direction will remain valid at any adjourned General Meeting, unless it is validly revoked. If the General Meeting is adjourned, a blue Form of Direction not previously completed and returned must be completed and returned, so as to be received not less than 72 hours prior to the time and date fixed for the holding of the relevant adjourned meeting (excluding any part of a day that is not a Business Day).

Alternatively, DI Holders may instruct the Depositary to vote the 888 Shares underlying their Depositary Interests on their behalf, using the CREST electronic voting service. To instruct the Depositary how to vote or amend an instruction to vote via the CREST system, the CREST message must be received by the issuer's agent, using the Issuer's Agent ID RA10, by not less than 72 hours (excluding any day which is not a Business Day) before the time of the holding of the General Meeting or any adjournment thereof. For the instructions to the Depositary made by means of CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message. After this time, any change of voting instructions through CREST should be communicated to the issuer's agent by other means. CREST personal members or other CREST Sponsored Members, and those CREST Members who have appointed

voting service provider(s) should contact their CREST Sponsor or voting service provider(s) for assistance. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual (available by logging in at www.euroclear.com).

If no indication is given how you want your vote cast on a resolution, you will be deemed as instructing the Depository to abstain from voting on that resolution.

16.3 Forms of Direction for Employee Shareholders

If you are an Employee Shareholder please complete and return the green Form of Direction for the General Meeting, in accordance with the instructions printed thereon, as soon as possible and by no later than 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 11 May 2022.

Once returned, a green Form of Direction will remain valid at any adjourned General Meeting, unless it is validly revoked. If the General Meeting is adjourned, a green Form of Direction not previously completed and returned must be completed and returned, so as to be received not less than 72 hours prior to the time and date fixed for the holding of the relevant adjourned meeting (excluding any part of a day that is not a Business Day).

16.4 Shareholder Helpline

If you have any questions relating to this document or the completion and return of the white Forms of Proxy, the blue Forms of Direction or the green Forms of Direction (as applicable), please contact Link Group on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline will be open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposed Acquisition nor give any financial, legal or tax advice.

16.5 Notices

Notices convening the General Meeting are set out in Part 24 (*Notice of General Meeting*) of this document.

17. FURTHER INFORMATION

Your attention is drawn to the further information set out in Part 1 (*Risk Factors*) to Part 20 (*Additional Information*) of this document.

888 Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this document.

18. RECOMMENDATION

The Board has received financial advice from J.P. Morgan Cazenove and Stifel in relation to the Proposed Acquisition. In providing its advice to the Board, J.P. Morgan Cazenove and Stifel have relied on the Board's commercial assessment of the Proposed Acquisition. The Board considers the Proposed Acquisition and the Acquisition Resolution to be in the best interests of the 888 Group and the 888 Shareholders as a whole.

Accordingly, the Board unanimously recommends that the 888 Shareholders vote in favour of the Acquisition Resolution to be proposed at the General Meeting, as the Directors who hold 888 Shares intend to do, or procure to be done, in respect of their own beneficial holdings of 1,354,762 888 Shares representing, in aggregate, approximately 0.30 per cent. of the ordinary share capital of 888 in issue on the Latest Practicable Date.

Yours faithfully,

Lord Jon Mendelsohn
Chairman

Part 7

INFORMATION ABOUT THE PROPOSED ACQUISITION

1. SALE AND PURCHASE AGREEMENT

1.1 Parties and structure

On 9 September 2021, 888 (as guarantor), 888 Bidco (as buyer) and Caesars (as seller) entered into the Sale and Purchase Agreement, under which 888 Bidco has agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to acquire the entire issued share capital of the Target. On Completion, the Target, which is the parent company for the Target Group, will become an indirect wholly owned subsidiary of 888.

The consideration to be paid by 888 Bidco under the Sale and Purchase Agreement was reduced pursuant to an Amendment Deed entered into between 888, 888 Bidco and Caesars on 7 April 2022, as further described at paragraph paragraphs 1.2 and 1.3 of this Part 7 (*Information about the Proposed Acquisition*). The performance of 888 Bidco's obligations under the Sale and Purchase Agreement is unconditionally and irrevocably guaranteed by 888.

1.2 Base Consideration

Pursuant to the terms of the Sale and Purchase Agreement, as amended by the Amendment Deed, on Completion 888 Bidco will pay the Seller GBP 584.9 million in cash at Completion (subject to the adjustments described below) (the "**Base Consideration**"). The Base Consideration may be adjusted via a "locked box" mechanism. This means that if certain types of payments which are outside the ordinary course of business or which have not otherwise been agreed in the Sale and Purchase Agreement have been, or are, made to the Seller's group from the Target Group from (but excluding) 25 May 2021 to (and including) Completion ("**Leakage**"), then this will result in a reduction in the Base Consideration paid at Completion. Where these payments in respect of any Leakage have not been determined or agreed at Completion then further price adjustments may occur after Completion, subject to certain limitations and notice requirements. The aggregate liability of the Seller in respect of any Leakage shall not exceed an amount equal to the Leakage received by, or given for the benefit of, the Seller or any member of its group, subject to certain limited exceptions.

1.3 Deferred Consideration

Pursuant to the terms of the Sale and Purchase Agreement, as amended by the Amendment Deed, 888 shall pay up to GBP 100 million in Deferred Consideration based on the EBITDA of the Enlarged Group for the 12-month period ending 31 December 2023 (the "**2023 EBITDA**").

In order for the maximum amount of GBP 100 million in Deferred Consideration to become payable, the 2023 EBITDA must be more than or equal to GBP 428 million.

If the Seller and 888 Bidco cannot agree upon the 2023 EBITDA figure, the matter shall be referred to an independent expert for determination in accordance with the terms of the Sale and Purchase Agreement.

If payable, 888 may elect to satisfy all or any proportion of the Deferred Consideration either in cash or by the issuance by 888 of new Ordinary Shares to Caesars. The number of new Ordinary Shares to be issued for the purposes of settling any amount of Deferred Consideration shall be calculated by dividing the relevant amount of Deferred Consideration by the average volume weighted price of an Ordinary Share on each of the trading days over the three-month period ending on and including the fifth trading day prior to the date on which such Deferred Consideration is to be paid.

Between Completion and 31 December 2023, 888 Bidco and 888 shall not take, and shall procure that no member of the Enlarged Group takes, any action intended to frustrate the payment of, or reduce the amount of, Deferred Consideration. The full GBP 100 million consideration shall be immediately due and payable in full in cash if, at any time prior to 31 December 2023, 888 experiences a change of control.

1.4 **Conditions to Completion**

Although the Sale and Purchase Agreement was signed on 9 September 2021, the entire issued share capital of Target shall not transfer to the 888 Bidco until Completion. Under the Sale and Purchase Agreement, Completion remains conditional upon each of the following conditions (or their satisfaction being subject only to Completion):

- the satisfaction of the Shareholder Approval;
- the satisfaction of the Readmission Condition; and
- the completion of the Reorganisation, which is to be implemented by the Seller in accordance with a reorganisation steps plan agreed between 888 Bidco and the Seller (subject to certain permitted amendments).

1.5 **Compensation amount**

Under the Sale and Purchase Agreement, 888 Bidco is obliged to pay a compensation amount of GBP 14,970,365 to the Seller if:

- the shareholder circular to be published in connection with the Acquisition Resolution (the “**Shareholder Circular**”) and/or the prospectus required in connection with Readmission are not published by 888 by 30 April 2022, provided the Seller has complied with its obligations under the Sale and Purchase Agreement to provide information and cooperation to 888 in connection with the preparation of such documents;
- the Shareholder Circular does not contain the Board’s recommendation of the Proposed Acquisition to 888 Shareholders (the “**Recommendation**”) and the Acquisition Resolution is not passed at the General Meeting;
- the Board withdraws the Recommendation at any time prior to the General Meeting and Shareholder Approval is not obtained;
- the General Meeting is not convened by 888 as soon as reasonably practicable following publication of the Shareholder Circular or 888 adjourns the General Meeting other than in accordance with the provisions of the Sale and Purchase Agreement; or
- the Sale and Purchase Agreement is terminated due to the Acquisition Resolution not being passed at the General Meeting and/or the Readmission Condition not being satisfied or waived by the Long Stop Date or becoming incapable of satisfaction before such date.

1.6 **Pre-Completion covenants**

The Seller has undertaken to procure that, so far as it is reasonably and lawfully able, between the date of the Sale and Purchase Agreement and Completion each company in the Target Group will carry on its business as a going concern and in the ordinary and usual course as carried on prior to the date of the Sale and Purchase Agreement, subject to certain customary exceptions. The Sale and Purchase Agreement also contains customary restrictions on the conduct of certain activities by the Target Group prior to Completion, subject to certain customary exceptions, including certain specific covenants for the Seller to procure that, for example, the Target Group manages its working capital in the ordinary course of business.

The Seller has undertaken to use reasonable endeavours to take steps within its reasonable power and control to implement the Reorganisation in accordance with the steps plan agreed between 888 Bidco and the Seller (subject to certain permitted amendments) and to execute all necessary instruments, documents and agreements in relation to the same. The Seller shall also keep 888 Bidco informed of certain matters relating to the implementation of the Reorganisation.

The Seller has also undertaken to provide, and procure that the Target Group provides, certain customary information and cooperation in relation to the financing of the Proposed Acquisition, including participation by senior management in presentations to prospective investors and the preparation of documents relating to the proposed financing arrangements to part-fund the Proposed Acquisition.

1.7 Warranties

The Seller has given certain customary title and capacity warranties in relation to, among other things, its ownership of the entire issued share capital of Target, there being no encumbrances on the share capital of Target (save for encumbrances that will be discharged on Completion), its incorporation and existence and its power and authority to enter into the transaction documents and consummate the Proposed Acquisition. 888 Bidco has also provided certain customary capacity warranties in relation to, among other things, its incorporation and existence and its power and authority to enter into the transaction documents and consummate the Proposed Acquisition.

As further described in paragraphs 2 and 3 of this Part 7 (*Information about the Proposed Acquisition*), the Management Warrantors and Seller have provided customary business warranties in relation to the Target Group pursuant to the Warranty Deed and 888, 888 Bidco and the Seller will also enter into the Tax Deed on Completion.

1.8 Limitations on liability

The aggregate liability of the Seller in respect of all claims under the Sale and Purchase Agreement (other than any claim in respect of Leakage as described in paragraph 1.2 of this Part 7 (*Information about the Proposed Acquisition*)) shall not exceed an amount equal to the aggregate of the Base Consideration and the Deferred Consideration (together, the “**Consideration**”) received by the Seller. The Seller’s liability under the Sale and Purchase Agreement is also subject to certain other customary limitations and exclusions.

1.9 Termination

If any of the Conditions are not satisfied or waived on or before, or become incapable of satisfaction before, the Long Stop Date, being 5.00 p.m. on 30 June 2022 or such other date agreed between 888 Bidco and the Seller, 888 Bidco or the Seller may terminate the Sale and Purchase Agreement.

In addition, if either 888 Bidco or the Seller fail to comply with their respective obligations under the Sale and Purchase Agreement on the date of Completion in any material respect, the non-defaulting party may: (i) set a new date for Completion (being no more than 20 business days after the initial date for Completion) or (ii) effect Completion as far as practicable having regard to the defaults which have occurred. If the defaulting party fails to comply with their respective obligations in any material respect on the subsequent date set for Completion, then the non-defaulting party shall be entitled to terminate the Sale and Purchase Agreement.

Save as described in this paragraph 1.9 of this Part 7 (*Information about the Proposed Acquisition*), there are no other termination rights under the Sale and Purchase Agreement.

1.10 Governing law and dispute resolution

The Sale and Purchase Agreement is governed by English law and the parties have irrevocably agreed that the courts of England are to have exclusive jurisdiction to settle any dispute, which may arise out of or in connection with the Sale and Purchase Agreement.

2. WARRANTY DEED

2.1 Parties and structure

On 9 September 2021, 888 Bidco, the Seller and five members of the senior management team of the Target Group (the “**Management Warrantors**”) entered into a warranty deed (the “**Warranty Deed**”).

2.2 Warranties

Under the Warranty Deed, the Seller and each Management Warrantor has given customary business warranties in respect of the Target Group and its business which relate to, amongst other things, its financial accounts, material contracts, its intellectual property and information technology, compliance with applicable laws and regulation, ownership of material assets, historic taxes and the absence of material litigation.

The warranties are given jointly and severally by the Seller and each Management Warrantor as at the date of the Warranty Deed. Certain warranties relating to authority and capacity, the ownership and title to the shares of the members of the Target Group and the constitutional documents and records of the Target Group will also be deemed to be repeated at Completion.

Separately, under a disclosure letter from the Seller and the Management Warrantors to 888 Bidco (the “**Disclosure Letter**”), 888 Bidco has acknowledged that certain information, which has been fairly disclosed, shall qualify the warranties set out in the Warranty Deed. Accordingly, there shall be no breach of the warranties under the Warranty Deed if facts and/or matters that would otherwise give rise to a breach of warranty have been fairly disclosed, including in the data room or on certain relevant public registers.

2.3 **Limitations on liability**

The aggregate liability of the Seller in respect of all claims for breach of the warranties under the Warranty Deed and claims under the Tax Deed shall not exceed GBP 5 million.

The liability of each Management Warrantor in respect of claims by 888 Bidco under the warranties is limited to an aggregate nominal cap of GBP 1. The liability of the Seller is capped at GBP 5 million (subject to certain limitations). 888 Bidco has also taken out the W&I Insurance Policy with cover of up to an aggregate amount of GBP 110 million in respect of warranty claims under the Sale and Purchase Agreement and the Warranty Deed and indemnity claims under the Tax Deed (to be entered into on Completion), subject to certain limitations and exclusions.

The Seller’s and Management Warrantors’ liability under the Warranty Deed is also subject to certain other customary limitations and exclusions.

2.4 **Governing law and dispute resolution**

The Warranty Deed is governed by English law and the parties have irrevocably agreed that the courts of England are to have exclusive jurisdiction to settle any dispute, which may arise out of or in connection with the Warranty Deed.

3. **TAX DEED**

3.1 **Parties and structure**

On Completion, 888, 888 Bidco and the Seller will entered into a tax deed of covenant (the “**Tax Deed**”).

3.2 **Covenant to pay**

The Seller will provide 888 Bidco with customary protections in relation to certain tax liabilities of the Target Group. Claims under the Tax Deed will be subject to certain exclusions and limitations, including the aggregate GBP 5 million limit on the Seller’s liability described at paragraph 2.3 of this Part 7 (*Information about the Proposed Acquisition*). The W&I Insurance Policy referred to above also provides cover in respect of claims under the Tax Deed, subject to certain customary limitations and exclusions.

3.3 **Governing law and dispute resolution**

The Tax Deed will be governed by English law and the parties will irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any dispute, which may arise out of or in connection with the Tax Deed.

4. **TRANSITIONAL SERVICES AGREEMENT**

4.1 **Parties and structure**

On Completion, William Hill Organization Limited (“**WHOL**”) and the Seller or an affiliate of the Seller (the “**Seller’s Nominee**”) will enter into a transitional services agreement (the “**Transitional Services Agreement**”).

4.2 **The services**

WHOL and the Seller’s Nominee have each agreed to provide certain services to the other party on a transitional basis following Completion on and subject to the terms of the Transitional Services Agreement. The services relate to various finance and technical functions. It is expected that the majority of services will be provided by WHOL back to the Seller’s Nominee and certain other companies in the Seller’s group. The Transitional Services Agreement contains customary provisions regarding service standards and dependencies.

4.3 **Consideration**

Charges payable under the Transitional Services Agreement will be charged on a monthly basis based on agreed rates. Charges payable will cease as services are terminated. Charges for any services which have not been included in the Transitional Services Agreement but which are identified as reasonably necessary for the recipient's business and which were provided in the 12 months prior to Completion, shall be charged at 105 per cent. of aggregate costs incurred by the service provider in providing the relevant service. During the initial nine month term only, the service provider may only charge for such omitted services where the value of all applicable omitted services exceeds GBP 25,000 per month.

4.4 **Term**

The Transitional Services Agreement will be effective from Completion for an initial period of nine months, which may be extended in respect of any service by the service recipient for an additional period of up to 5 months (together, "**Service Term**"). A service recipient shall then have a right to require a further extension for any service for a period of up to an additional 4 months following the expiry of the Service Term for that service.

WHOL or the Seller's Nominee may terminate the agreement in respect of one or more services that it receives by giving at least 30 days' notice to the service provider. Further, either party will have the right to terminate the Transitional Services Agreement in its entirety in the event of, among other things, a material breach of the agreement by the other party that is not cured within 30 days of notification or the insolvency of the other party.

4.5 **Warranties, indemnities and liabilities**

The Transitional Services Agreement includes certain customary mutual warranties and indemnities. WHOL and the Seller's liability is each capped at 133 per cent. of the annualised charges paid by the other party under the Transitional Services Agreement.

4.6 **Governing law and dispute resolution**

The Transitional Services Agreement will be governed by English law and the parties will irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any dispute, which may arise out of or in connection with the Transitional Services Agreement, subject to an internal escalation procedure.

5. **TRADE MARK LICENCE AGREEMENTS**

5.1 **Parties and structure**

On Completion, WHOL, as licensor and William Hill U.S. Holdco, Inc. (the "**Licensee**") will enter into a trade mark licence agreement in relation to the "William Hill" brand, and MRG IP Limited and Mr Green Limited, each as licensor, and the Licensee will enter into a trade mark license agreement in relation to the "Mr Green" brand (the "**Trade Mark Licence Agreements**"). Together, WHOL, MRG IP Limited and Mr Green Limited are the "Licensors", and each is a "Licensor".

5.2 **Brands**

The licences granted relate to a variety of "William Hill" and "Mr Green" trade marks and other related marks and domain names. The licensed marks include word marks, stylised marks and logos and includes registrations in relation to the same.

The licences cover the use of the relevant trade marks and domain names by William Hill US in the US and all territories and possessions of the US and all territories and countries in the Caribbean (the "**Territory**").

5.3 **Scope of licence**

The licences are granted on an exclusive basis and are sub-licensable. Each party retains the right to use the licensed trade marks for certain corporate usage and internet advertising in the other's territory.

5.4 **Term**

The licences are perpetual and irrevocable, subject to the following termination rights:

- the Licensee may terminate each Trade Mark Licence Agreement by giving written notice to the relevant Licensor(s) for convenience on six months' notice; or
- if the Licensee ceases all use of the relevant trade marks in the Territory for a consecutive period of the longer of two years and the period for the trade marks to be considered legally abandoned in the Territory, and any of the Licensors notify the Licensee in writing thereof and, within 10 months of receipt of such notice from the relevant Licensor, the Licensee has not commenced or recommenced use of any trade marks in any part of the Territory or is unable to provide the relevant Licensor with a plan reasonably credible to the relevant Licensor (acting reasonably and in good faith) to commence or recommence use of the trade marks, and the relevant Licensor may terminate the relevant Trade Mark Agreement by giving written notice to the Licensee on six months' notice.

5.5 **Consideration**

The licences are granted on a fully paid-up and royalty-free basis.

5.6 **Indemnities and liability**

The Licensee agrees to indemnify each Licensor in relation to losses suffered or incurred due by or awarded against the Licensee arising out of or in connection with any claim or threatened claim of any nature brought by a third party arising out of or in connection with the Licensee's use of the licensed marks, which shall not apply in respect of the use of such marks by the Licensee in accordance with the Trade Mark Licence Agreements and in a manner equivalent, in all material respects, to the manner such trade marks and domain names were used in the 12-month period prior to the date of the Trade Mark Licence Agreements.

Each Licensor agrees to indemnify the Licensee in relation to losses suffered or incurred by or awarded against the Licensee arising out of or in connection with any claim or threatened claim of any nature brought by a third party against the Licensee as a result of or in connection with:

- each Licensor's use of any of certain retained trade marks (including those arising from any failure of a Licensor to comply with applicable laws); or
- the Licensee's use of any licensed trade mark in accordance with the Trade Mark Licence Agreements infringing or otherwise misusing the rights of any third party.

Except for claims under the indemnity or breaches of each Licensor's non-infringement warranty, each Licensor excludes liability for any losses arising from Licensee's exercise of the rights granted under the Trade Mark Licence Agreement.

5.7 **Governing law and dispute resolution**

The Trade Mark Licence Agreements will be governed by English law and the parties will irrevocably agree that the courts of England are to have exclusive jurisdiction to settle any dispute, which may arise out of or in connection with the Trade Mark Licence Agreements, subject to an internal escalation procedure.

6. **FINANCING THE PROPOSED ACQUISITION**

6.1 **Commitment Letter, Interim Facilities Agreement and Term Sheet**

The Company and JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc. and Mediobanca – Banca di Credito Finanziario S.p.A. on 9 September 2021 entered into the Commitment Letter, which was subsequently amended and restated on 1 October 2021 to reflect the addition of Barclays Bank PLC as an additional Commitment Party thereunder. Under the Commitment Letter, the Mandated Lead Arrangers and JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc. and Mediobanca – Banca di Credito Finanziario S.p.A. have committed, on a customary certain funds basis, to make available, in connection with the Proposed Acquisition, certain senior facilities.

The annexures to the Commitment Letter include (among other things):

- an agreed form term sheet (the “**Term Sheet**”) setting out the details of the expected terms of the Senior Facilities Agreement pursuant to which the senior facilities described therein shall be made available; and
- an agreed form interim facilities agreement (the “**Interim Facilities Agreement**”) pursuant to which the Commitment Parties have agreed to make available, on a customary certain funds basis, interim term and revolving facilities in principal amounts corresponding to such senior facilities (the “**Interim Facilities**”).

Under the Commitment Letter, each Commitment Party undertakes to execute and deliver the Interim Facilities Agreement within 24 (business day) hours of a request from the Company, in the agreed form as annexed to the Commitment Letter subject only to certain minor, technical or otherwise agreed amendments. Without prejudice to the undertaking of the Commitment Parties with respect to Interim Facilities Agreement, it is acknowledged and agreed by the parties to the Commitment Letter that it is the parties’ intention that funding of the Proposed Acquisition may take place pursuant to the Senior Facilities Agreement and the related financing documentation, and not the Interim Facilities Agreement.

In addition to the Senior Facilities Agreement, the Commitment Letter contemplates entry into an English law inter-creditor agreement (the “**Inter-creditor Agreement**”) which will set out, among other things, the relative ranking of certain indebtedness of the relevant debtors, the relative ranking of certain security granted by the debtors, when payments can be made in respect of indebtedness of the debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

The final terms of the Senior Facilities Agreement Agreement, the Second Lien Facility, the Inter-creditor Agreement and the related financing documentation (including the composition of the debt financing arrangements to be made available to the 888 Group in connection with the Proposed Acquisition and the total principal amount, pricing, tenor, currency and fees in respect thereof) may be subject to change (including as a result of the debt syndication strategy agreed between the Company and the Mandated Lead Arrangers).

6.2 Senior Facilities Agreement

Borrowers, currencies and utilisations

The Senior Facilities Agreement shall provide that:

- Facility B may be utilised by 888 Bidco (in the case of Facility B (USD), together with 888 Acquisitions LLC on a joint and several basis) and (at the Company’s election and subject to certain customary conditions) any other restricted subsidiary of the Company within the 888 Group or (following Completion) the Target Group from time to time (for the purposes of this paragraph 6 of Part 7 (*Information about the Proposed Acquisition*) of this document, the “**Group**”), in each case incorporated in the same jurisdiction as an existing borrower under the relevant facility and which accedes to the Senior Facilities Agreement as an additional borrower of such facility; and
- the Revolving Credit Facility may be utilised by 888 Bidco and (at the Company’s election) any other member of the Group incorporated in England and Wales, Gibraltar or Malta which accedes to the Senior Facilities Agreement as an additional borrower of such facility.

Facility B shall be made available in accordance with the amounts allocated to Facility B (EUR), Facility B (GBP) and Facility B (USD). It is expected that a portion of the commitment under Facility B (the “**Delayed Draw Portion**”) will be available to the Company for 120 days following Completion to finance any put option or early optional redemption exercised by the holders of the Existing 2026 Notes following Completion. The Delayed Draw Portion is expected to be comprised of commitments under Facility B (EUR). The Company shall, as soon as reasonably practicable, cancel the Delayed Draw Portion to the extent not required to be used for the specified purposes.

The Revolving Credit Facility shall be made available in currencies including GBP, EUR and USD, by way of cash advances, the issuance of bank guarantees and letters of credit, and ancillary facilities (on a bilateral and/or fronted basis).

The Senior Facilities Agreement shall additionally provide that, subject to certain conditions, incremental facilities may also be established under the Senior Facilities Agreement from time to time (including by way of an increase to the Original Senior Facilities or the establishment of new facilities thereunder) (“**Incremental Senior Facilities**” and, together with the Original Senior Facilities, the “Senior Facilities”).

Purpose

The Senior Facilities Agreement shall provide that, other than the Delayed Draw Portion (which shall be used for the purposes described above), all amounts borrowed under Facility B shall be applied (directly or indirectly), in or towards (including by way of on-lending to any other member of the Group): (i) the Consideration (including any interest payments and/or purchase price adjustments (however structured)) and any other amounts payable under the documents in connection with the Proposed Acquisition; (ii) the refinancing, discharge and/or acquisition of any existing debt of the Target Group (including backstopping or providing cash-cover in respect of any letters of credit, guarantees, performance bonds or ancillary, revolving, working capital or local facilities or other arrangements) and to pay any breakage costs, make-whole costs and/or prepayment premium and any other fees, costs and expenses related to such refinancing, discharge and/or acquisition; (iii) financing the payment of certain costs relating to the Proposed Acquisition and all other fees, costs, expenses and other amounts incurred in connection with limbs (i) and (ii) above; (iv) refinancing the Interim Facilities; (v) financing any other payments contemplated by the tax structure memorandum relating to the Proposed Acquisition and/or the Transaction documents, in each case, together with related fees, costs and expenses; (vi) maintaining any cash over-funding; (vii) the fees, commissions, costs and expenses incurred in connection with the above and other related amounts; and/or (viii) general corporate purposes and working capital requirements of the Group.

The Revolving Credit Facility may be used (directly or indirectly) towards any of the purposes described above for Facility B, other than the purpose described above in respect of the Delayed Draw Portion.

Availability

Facility B will be available to be utilised from (and including) the date of the Senior Facilities Agreement to the earliest to occur of (i) the date on which the Company determines and notifies the Mandated Lead Arrangers in writing (which notification shall be provided as soon as reasonably practicable following such determination) that the Sale and Purchase Agreement has been terminated; (ii) other than in respect of the Delayed Draw Portion, the date falling on the earlier of (a) 10 business days after the earlier of (1) the latest possible date for Completion under the Sale and Purchase Agreement, if Completion has not occurred prior to such date and (2) the date falling 20 business days after 30 June 2022, and (b) 5 business days after the first date (the “**Closing Date**”) on which both Completion has occurred and the first utilisation of Facility B has been made to complete the Proposed Acquisition and (iii) in respect of the Delayed Draw Portion only, the date falling 120 days after the Closing Date, or (in each case) if later, in the event that an initial drawdown has occurred under the Interim Facilities Agreement, the Final Repayment Date (as defined in the Interim Facilities Agreement) or such later date agreed with the Mandated Lead Arrangers (acting reasonably and in good faith).

The Revolving Credit Facility may be utilised from (and contemporaneously with) the first utilisation with respect to Facility B until (and including) the maturity date of the Revolving Credit Facility.

Utilisations of the Original Senior Facilities will be subject to customary conditions precedent.

Interest and Fees

Loans under the Senior Facilities will initially bear interest at rates per annum equal to EURIBOR in respect of loans denominated in Euro, SOFR in respect of loans denominated in US Dollars, and SONIA for loans denominated in sterling, (in each case, the “**Benchmark Rate**”) plus an applicable margin. The applicable margin shall be calculated in accordance with a margin ratchet (subject to customary conditions).

If the applicable Benchmark Rate is less than zero, the Benchmark Rate shall be deemed to be zero (in the case of EURIBOR and SONIA) and 0.5 per cent. per annum (in the case of SOFR).

A commitment fee will be payable on the aggregate undrawn and un-cancelled amount of the Revolving Credit Facility from the Closing Date to the end of the applicable availability period at a rate of 30 per cent. of the applicable margin per annum.

The Senior Facilities Agreement shall contain customary provisions relating to, among other things, default interest and breakage costs.

The Company will also be required to pay, in connection with the Senior Facilities Agreement, customary agency fees to the agent and the security agent, an arrangement fee to the Mandated Lead Arrangers in respect of the Senior Facilities Agreement, and, in respect of the issuance of letters of credit, fronting fees to the issuing bank, if any, under the Revolving Credit Facility, and letter of credit fees.

No fees, commissions, costs or expenses (other than agreed reasonable legal fees up to an amount to be agreed) will be payable unless the Closing Date occurs.

Repayments

Loans made under Facility B will be repaid in full on the termination date in respect of Facility B, which is expected to be the date falling seven years from the Closing Date (or such earlier date as the Company may agree with the Mandated Lead Arrangers prior to entering into the Senior Facilities Agreement), save that loans made under Facility B (USD) shall be required to be repaid on each quarter date (commencing with the last day of the first complete financial quarter ending after the Closing Date) in an amount equal to 0.25 per cent. of the original principal amount of loans borrowed under Facility B (USD) on the Closing Date.

Each advance under the Revolving Credit Facility will be repaid on the last day of the interest period relating thereto, subject to an ability to roll-over advances on a cashless basis (subject to certain conditions). During the applicable availability period, amounts repaid on loans drawn under the Revolving Credit Facility may be re-borrowed, subject to certain conditions. All outstanding amounts under the Revolving Credit Facility will be repaid (and all undrawn commitments thereunder will be cancelled) on the termination date in respect of the Revolving Credit Facility, which is expected to be the date falling six and a half years from the Closing Date (or such earlier date as the Company may agree with the Mandated Lead Arrangers prior to entering into the Senior Facilities Agreement).

Voluntary and Mandatory Prepayment

Voluntary prepayments may be made under the Senior Facilities Agreement (subject to *de minimis* amounts) and in addition will require mandatory prepayment in full or in part in certain circumstances, including:

- to the extent necessary to comply with applicable laws, if it becomes illegal after the date of Senior Facilities Agreement (or, if later, the date the relevant lender became a lender under the Senior Facilities Agreement) for a lender to perform its obligations under the Senior Facilities Agreement;
- from certain net cash proceeds received by 888 Bidco or the relevant member of the Group from certain asset disposals, to the extent not otherwise applied for a permitted purpose and required to be applied in prepayment of the Senior Facilities (subject to *de minimis* amounts and other customary exclusions);
- a percentage of excess cash flow, in the event that excess cash flow exceeds a minimum threshold amount (subject to *de minimis* amounts and other customary exclusions), which percentage shall decrease as the senior secured net leverage of the Group decreases; and
- upon the occurrence of a change of control, following which (at the Company's option), either (i) each lender under the Senior Facilities Agreement shall be entitled to require prepayment of outstanding amounts and cancellation of its commitments within a prescribed time period or (ii) all outstanding undrawn commitments of each lender shall be cancelled and outstanding drawn commitments shall become due and payable.

A "change of control" shall (subject to customary exceptions) include, among other things:

- the Company ceasing to directly own 100 per cent. of the issued share capital of VHL Financing Limited (or any successor entity) or Random Logic Limited (or any successor entity);

- VHL Financing Limited ceasing to directly own 100 per cent. of the issued share capital of 888 Bidco (or any successor entity); or
- 888 Bidco ceasing to directly own 100 per cent. of the total issued share capital (excluding qualifying management and director shares and shares required by law to be owned by third parties) (or equivalent ownership interests) of 888 Acquisitions LLC (or any successor entity).

The Revolving Credit Facility shall not be entitled to any mandatory prepayment proceeds (other than, at the option of the Obligors' Agent, the mandatory prepayment proceeds as a result of a change of control).

Mandatory prepayments shall be applied (i) on an at least *pro rata* basis in respect of Facility B and (at the Company's option) any other senior secured indebtedness and/or (ii) (at the Company's option) any other indebtedness of the Group (which may be unsecured or ranking junior to Facility B) if such prepayment would not be restricted by the limitation on restricted payments covenant.

If (at the Company's election) a lender is invited to refuse a voluntary or mandatory prepayment and accordingly elects to refuse such prepayment, the Company shall be entitled to retain such waived prepayment amount for any purposes not prohibited by the Senior Facilities Agreement (including the making of restricted payments and/or applied in prepayment of any other permitted indebtedness).

Guarantees and Security

The Senior Facilities will be guaranteed by each guarantor (a "**Guarantor**") thereof. On the Closing Date, 888 Bidco and 888 Acquisitions LLC shall be the original borrowers, and each of the Company, VHL Financing Limited, 888 Bidco and 888 Acquisitions LLC shall be an original Guarantor, under the Senior Facilities Agreement.

Subject to the agreed security principles to be in the Senior Facilities Agreement (the "**Agreed Security Principles**"), the following transaction security shall be granted as a condition precedent to the availability of the Original Senior Facilities: (a) the Company shall grant a Gibraltar law governed share charge in respect of its shares in VHL Financing Limited; (b) VHL Financing Limited shall grant a Gibraltar law governed share charge in respect of its shares in 888 Bidco; (c) the Company shall grant an Israeli law governed share charge in respect of its shares in Random Logic Ltd and (d) 888 Bidco shall grant a New York law governed share pledge in respect of its shares in 888 Acquisitions LLC.

In addition, within the time periods set out in the Senior Facilities Agreement, transaction security shall be granted (subject to the Agreed Security Principles): (a) over the shares or ownership interests in each Material Subsidiary (as defined below); (b) over material structural intercompany loan receivables (if and only to the extent such receivables arise) owed to the Company or VHL Financing Limited by a wholly-owned direct restricted subsidiary thereof which is also the subject of transaction security over its shares or other ownership interests; and (c) in respect of any Guarantor incorporated in England and Wales, by way of customary floating charge (subject to customary exclusions).

Subject to the Agreed Security Principles, the Senior Facilities Agreement shall provide that members of the Group incorporated in certain material jurisdictions (the "**Guarantor Jurisdictions**") shall be required to accede to the Senior Facilities Agreement as Guarantors to ensure that:

- the aggregate EBITDA of those Guarantors which have positive EBITDA (calculated on the same basis as consolidated EBITDA but on an unconsolidated basis and excluding all intra-group items, goodwill and investments in restricted subsidiaries of any member of the Group (in each case to the extent applicable) and the EBITDA of any Guarantor generating negative EBITDA) represents not less than 80 per cent. of the aggregate EBITDA of wholly-owned members of the Group (subject to certain exclusions) incorporated in Guarantor Jurisdictions (the "**Guarantor Coverage Test**"); and
- each wholly-owned member of the Group incorporated in a Guarantor Jurisdiction which has EBITDA (calculated on the same basis as Consolidated EBITDA, subject to certain exclusions) representing more than 5 per cent. of consolidated EBITDA (a "**Material Subsidiary**") has acceded as a Guarantor,

in each case, no later than the date falling (i) 180 days after (and excluding) the Closing Date and thereafter (ii) 180 days after (and excluding) the date on which the annual audited consolidated financial statements of the Group are required to be delivered to the agent under the Senior Facilities Agreement.

Representations and Warranties

The Senior Facilities Agreement contains certain representations and warranties (subject to certain customary materiality, actual knowledge and other qualifications, exceptions and baskets (as applicable)) that will be made on the date of the Senior Facilities Agreement, and certain of which shall be repeated thereafter), including: (i) status; (ii) binding obligations in respect of the finance documents; (iii) non-conflict with other obligations in respect of the finance documents; (iv) power and authority in respect of the finance documents; (v) validity and admissibility in evidence in respect of the finance documents; (vi) governing law and enforcement in respect of the finance documents; (vii) filing and stamp taxes; (viii) information memorandum and base case model; (ix) financial statements; (x) no proceedings; (xi) *pari passu* ranking; (xii) margin stock; (xiii) Investment Company Act and (xiv) no ERISA event.

The representations shall additionally, in certain circumstances, be made subject to any transactions permitted by the finance documents, certain information previously disclosed (including in the tax structure memorandum, information memorandum and certain due diligence reports) and to the awareness of the relevant obligor making such representation (which shall not include the knowledge and/or awareness of any other member of the Group or their respective management and which shall not be deemed to be made in respect of any matter relating to the Target Group until after the Closing Date occurs).

Financial Covenant

The Senior Facilities Agreement will impose a springing total net leverage ratio financial covenant (“**Financial Covenant**”) solely for the benefit of the lenders participating in the Revolving Credit Facility and any applicable revolving Incremental Senior Facilities (together the “**Financial Covenant Facilities**”), set at a flat ratio whereby the total net leverage ratio (as calculated in accordance with the Senior Facilities Agreement) shall not exceed a pre-agreed threshold to be agreed with the Mandated Lead Arrangers prior to the entry into the Senior Facilities Agreement (which is currently expected to be set at between 7:00:1 and 8:00:1).

The Financial Covenant will be tested only in respect of a financial half-year period, commencing with the last day of the first complete financial half-year period beginning after the Closing Date, if as of 5.00 p.m. on the last day of such financial half-year period (a “**Test Date**”), the aggregate outstanding principal base currency amount of: (a) all loans under the Financial Covenant Facilities (excluding: (i) ancillary facility loans, letters of credit or bank guarantees; (ii) any loans made on or prior to the Closing Date (and any rollover loan in respect thereof); (iii) any loans used to fund (or refinance) any fees, original issue discount or flex-related payments; and (iv) any loans (up to an agreed cap) used to fund any acquisitions, capital expenditure or other investments); minus (b) any cash and cash equivalent investments of the Group, exceeds 40 per cent. of the aggregate of: (1) the total commitments of the Revolving Credit Facility as at the date of the Senior Facilities Agreement; and (2) the aggregate of all commitments under any other Financial Covenant Facilities (disregarding, in each case, any reduction in such commitments following the date of the Senior Facilities Agreement or the establishment thereof) (the “**Test Condition**”).

The Senior Facilities Agreement shall provide that the Company may cure or prevent breaches of the Financial Covenant by:

- the contribution from its shareholders or any other person (other than the Company or any of its subsidiaries) of additional equity (including any rights issue or other secondary equity), assets and/or subordinated loans (including any historical proceeds contributed after the Closing Date that the Company notifies to the agent under the Senior Facilities Agreement) (the fair market value of any such contribution being a “**Cure Amount**”), which at the Company’s election may be either (i) added to consolidated EBITDA (an “**EBITDA Cure**”) or (ii) deducted from senior secured indebtedness (“**Net Debt Cure**”); and/or
- prepaying (or netting off against) one or more Financial Covenant Facilities (a “**Prepayment Cure**”) using the proceeds of a Cure Amount and/or Group cash, so that the Test Condition is no longer satisfied.

No more than five EBITDA Cures or Net Debt Cures may be made using the proceeds of a Cure Amount and the Company shall not be entitled to exercise an EBITDA Cure or Net Debt Cure in consecutive financial half-year periods. Any cure must be exercised prior to the date falling 20 business days after the date on which the applicable compliance certificate is required to be delivered.

Other than to the extent actually prepaid for the purposes of a Prepayment Cure, no Cure Amount shall be required to be applied in prepayment of the Senior Facilities. There shall be no cap on any Cure Amount.

In addition, the Company may elect to re-test the Test Condition or Financial Covenant at any time based upon sufficient available information (and at the Company's option, giving *pro forma* effect to any applicable transaction) to effect such recalculation and, if the Test Condition is not met or the Financial Covenant is complied with at such time, the Financial Covenant shall be deemed complied with and any prior breach of the Financial Covenant and any event of default arising therefrom shall be deemed cured.

A breach of the Financial Covenant as at a Test Date (and any event of default arising therefrom) will be deemed remedied if the Financial Covenant is not subsequently breached (or is not required to be tested) on the subsequent Test Date and the agent under the Senior Facilities Agreement has not exercised its rights to accelerate the Financial Covenant Facilities prior to such subsequent Test Date.

General Undertakings

The Senior Facilities Agreement will contain certain incurrence covenants, information undertakings and related definitions (with, in each case, certain adjustments), including (i) limitations on indebtedness; (ii) limitations on restricted payments; (iii) limitations on liens; (iv) limitations on sales of assets and subsidiary stock; (v) limitations on affiliate transactions; (vi) designation of restricted and unrestricted subsidiaries; (vii) merger and consolidation undertakings with respect to the Company, 888 Bidco, 888 Acquisitions LLC and the guarantors of the Senior Facilities; and (viii) additional inter-creditor agreements.

In addition, the Senior Facilities Agreement will also require the Company and each borrower and other Guarantor (and, in specific cases, certain of the restricted subsidiaries of the Company) to observe certain other customary positive and negative covenants, subject to certain exceptions and grace periods, including covenants relating to: (i) authorisations and consents; (ii) compliance with laws; (iii) *pari passu* ranking; (iv) further assurance; (v) guarantees and security; (vi) centre of main interests; and (vii) anti-corruption law and sanctions; and (viii) certain post-closing undertakings (including the repayment of amounts outstanding under the existing Credit Agreement of the Target Group within 5 business days of the Closing Date, and the completion of certain reorganisation steps contemplated by the tax structure memorandum).

The Senior Facilities Agreement will also require the Company to comply with customary information undertakings, including delivery of financial statements, accompanying compliance certificates, lender access to quarterly trading updates and "know your customer" obligations.

Certain agreed covenants and other provisions of the Senior Facilities Agreement will be suspended, and certain baskets will be increased, upon the satisfaction of certain release conditions, being (i) the total net leverage ratio of the Group not exceeding 2.00:1, or (ii) the long-term corporate credit rating of the Company or any holding company of the Company being equal to or higher than Baa3/ BBB- according to Moody's, S&P or Fitch (as applicable).

Events of Default

The Senior Facilities Agreement will contain the following events of default, subject to customary materiality, actual knowledge and other qualifications, exceptions, baskets, cure rights, grace periods and certain excluded matters: (i) default in payment of interest or principal when due under the finance documents; (ii) failure to comply with other obligations under the Senior Facilities Agreement; (iii) payment default or acceleration; (iv) certain bankruptcy proceedings; (v) certain judgment defaults; (vi) breach of the Financial Covenant; (vii) material misrepresentation; (viii) invalidity and unlawfulness with respect to the finance documents; (ix) ERISA events and (x) material breach of the Inter-creditor Agreement.

The occurrence and continuation of certain events of default would allow (subject to the satisfaction of certain conditions), the super majority lenders (being the lenders together representing 66²/₃ per cent. of the commitments under the Senior Facilities Agreement) to (among other things) accelerate all outstanding loans and terminate their commitments.

Governing Law

The Senior Facilities Agreement will be governed by and shall be enforced in accordance with English law other than certain negative undertakings, information undertakings and events of default which will be interpreted in accordance with laws of the State of New York (without prejudice to the fact that the Senior Facilities Agreement will be governed by English law).

6.3 Second Lien Facility Agreement

The Company may also part finance the Proposed Acquisition by entering into a Second Lien Facility Agreement to Completion. It is expected that the Second Lien Facility will comprise an aggregate principal amount of up to GBP 200 million (or equivalent).

The final terms and conditions of the proposed Second Lien Facility Agreement (including, without limitation, the total principal amount, pricing, tenor, currency and fees) and the related financing documentation may be subject to change (including as a result of the debt syndication strategy agreed between the Company and the Mandated Lead Arrangers). It is also possible that, pursuant to such debt syndication strategy and to the extent consistent with the Company's financing requirements, the proposed Second Lien Facility Agreement is instead replaced with, or accompanied by, senior secured, second lien secured and/or senior unsecured notes or similar junior debt in lieu thereof (in which case, the terms of such replacement or accompanying debt will be as agreed with the applicable creditors and the Company). As noted above, the final terms of the Senior Facilities Agreement, the Second Lien Facility Agreement, the Inter-creditor Agreement and the related financing documentation may also be subject to change as a result of the debt syndication strategy agreed between the Company and the Mandated Lead Arrangers.

The initial providers in respect of the Second Lien Facility may elect for their commitments in relation to the Second Lien Facility to be provided and documented in the form of New York law governed second lien secured notes. If the initial providers in respect of the Second Lien Facility make this election, the terms of such notes will be substantially similar to the terms of the Second Lien Facility, save for certain mechanical terms required as a result of the instrument being represented in note form (which mechanical terms shall be substantially similar to those in respect of any senior secured notes issued in connection with the financing of the Proposed Acquisition). The applicable interest coupon rate is expected to reflect market rates for this type of instrument and credit.

Borrowers, currencies and utilisations

It is expected that the Second Lien Facility shall be utilised initially by 888 Bidco. It is expected that the Company shall be permitted to accede additional borrowers to the Second Lien Facility Agreement, subject to the fulfilment of certain customary conditions. It is expected that the Second Lien Facility shall be made available in Euros.

It is expected that, subject to certain conditions, incremental facilities may also be established under the Second Lien Facility Agreement from time to time (including by way of an increase to the Second Lien Facility or the establishment of new facilities thereunder).

Purpose

It is expected that the Second Lien Facility may be used (directly or indirectly) towards any of the purposes described above for Facility B, save that the Delayed Draw Portion applicable to Facility B shall not apply in respect of the Second Lien Facility.

Availability

It is expected that the Second Lien Facility may be utilised from (and contemporaneously with) the first utilisation with respect to Facility B. It is not expected that the Second Lien Facility will contain a delayed draw component.

Utilisation of the Second Lien Facility will be subject to customary conditions precedent.

Interest and Fees

It is expected that loans denominated in Euros under the Second Lien Facility will initially bear interest at rates per annum equal to EURIBOR plus an applicable margin. The applicable margin is expected to reflect market rates for this type of instrument and credit.

If EURIBOR is less than zero, it is expected that EURIBOR shall be deemed to be zero for the purposes of loans denominated in Euros under the Second Lien Facility.

In the event that the initial providers in respect of the Second Lien Facility elect for their commitments to be provided as second lien secured notes, it is expected that the interest coupon rate in respect of such notes will reflect market rates for this type of instrument and credit.

It is expected that the Company will also be required to pay, in connection with the Second Lien Facility Agreement, an arrangement fee to the Mandated Lead Arrangers in respect of the Second Lien Facility Agreement.

It is expected that no fees, commissions, costs or expenses (other than agreed reasonable legal fees up to an amount to be agreed) will be payable unless the Closing Date occurs.

Repayments

Loans made under the Second Lien Facility will be repaid in full on the termination date in respect of the Second Lien Facility, which is expected to be the date falling eight years from the Closing Date (or such earlier date as the Company may agree with the Mandated Lead Arrangers prior to entering into the Second Lien Facility Agreement).

Voluntary and Mandatory Prepayment

It is expected that voluntary and mandatory prepayments may be made under the Second Lien Facility Agreement in similar circumstances as per the Senior Facilities Agreement (including, among other things, circumstances of illegality, from certain asset disposals and upon the occurrence of a change of control) (subject to customary or other adjustments and/or qualifications for a second lien facility as the Company may agree with the Mandated Lead Arrangers prior to entering into the Second Lien Facility Agreement). It is expected that certain prepayments may attract a customary prepayment premium and/or other fee for this type of instrument and credit.

Guarantees and Security

It is expected that the Second Lien Facility will be guaranteed by the same Guarantors, and enjoy the benefit of the same transaction security, as Facility B, provided that the Second Lien Facility shall rank junior to Facility B with respect to the proceeds of any transaction security.

Representations and Warranties

It is expected that the Second Lien Facility will include representations and warranties substantially similar to those made in respect of Facility B (subject to customary adjustments and/or qualifications for a second lien facility) as the Company may agree with the Mandated Lead Arrangers prior to entering into the Second Lien Facility Agreement).

Financial Covenant

The Second Lien Facility Agreement is not expected to contain a financial covenant.

General Undertakings

The Second Lien Facility Agreement is expected to contain certain incurrence covenants, information undertakings and related definitions substantially similar to those applicable to Facility B (subject to customary or other adjustments and/or qualifications for a second lien facility as the Company may agree with the Mandated Lead Arrangers prior to entering into the Second Lien Facility Agreement).

Events of Default

It is expected that the Second Lien Facility will include events of default substantially similar to those applicable to Facility B (subject to customary or other adjustments and/or qualifications for a second lien facility as the Company may agree with the Mandated Lead Arrangers prior to entering into the Second Lien Facility Agreement).

Governing Law

The Second Lien Facility Agreement will be governed by and shall be enforced in accordance with English law other than certain negative undertakings, information undertakings and events of default which will be interpreted in accordance with laws of the State of New York (without prejudice to the fact that the Second Lien Facility Agreement will be governed by English law).

6.4 Senior Secured Notes

Any senior secured notes issued in connection with the financing of the Proposed Acquisition are expected to have the same ranking, credit support and approximate tenor as indebtedness incurred under the Senior Facilities Agreement, and the applicable interest coupon rate is expected to reflect market rates for this type of instrument and credit.

7. PLACING

On 7 April 2022, 888 raised net proceeds of GBP 158.5 million by way of the Placing. A cash box structure was for the issue of the 888 Shares pursuant to the Placing. The Company allotted and issued the 888 Shares to the relevant placees, in consideration for J.P. Morgan Cazenove transferring its holding of shares in 888 JerseyCo to the Company. Accordingly, instead of receiving cash as consideration for the issue of 888 Shares pursuant to the Placing, at the conclusion of the Placing, the Company owned the entire issued share capital of 888 JerseyCo whose only assets were its cash reserves and an intercompany balance due to it from the Company as a result of 888 JerseyCo agreeing to pay certain costs and expenses on behalf of the Company, which together represented an amount approximately equal to the gross proceeds of the Placing.

In connection with the Placing, the Company entered into the Placing Agreement, the Subscription Agreement and Option Agreement. For further information on these agreements, please see paragraphs 11.1(j) and 11.1(k) of Part 20 (*Additional Information*).

8. DS TRUST IRREVOCABLE UNDERTAKING

The DS Trust and 888 entered into an irrevocable undertaking which reaffirmed its support of the Proposed Acquisition and the Amendment Deed on 1 April 2022, following entry into of an irrevocable undertaking on 6 September 2021, pursuant to which the DS Trust has irrevocably agreed:

- (a) to vote (or procure a vote of) the 86,283,534 888 Shares that it holds at the date of the irrevocable undertaking (representing approximately 19.33 per cent. of the issued ordinary share capital of 888 as at the Latest Practicable Date) and any subsequent 888 Shares acquired by it in favour of the Acquisition Resolution and any related matters proposed; and
- (b) not to sell, transfer, charge, encumber, grant any option over or otherwise dispose of any 888 Shares prior to Completion.

The DS Trust Irrevocable Undertaking shall lapse on the earlier of: (i) the termination of the Sale and Purchase Agreement; and (ii) the date on which Completion occurs.

Part 8

INFORMATION ON THE 888 GROUP

The following information should be read in conjunction with the information appearing elsewhere in this document, including the 888 Group's historical consolidated financial information referred to in Part 11 (Historical Financial Information relating to the 888 Group) of this document. Unless otherwise indicated, the historical financial information included in this Part 8 (Information on the 888 Group) has been extracted without material adjustment from the 888 Group's audited consolidated financial information contained in Part 11 (Historical Financial Information relating to the 888 Group).

The 888 Group historical financial information referred to in this document reflects the changes in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows of the 888 Group to align with the form of presentation in the 2020 888 Financial Statements and the 2021 888 Financial Statements (as appropriate). For more information, see the paragraph "Presentation of financial information relating to the 888 Group" in Part 5 (Presentation of Information) of this document.

1. OVERVIEW

The 888 Group is one of the world's largest online betting and gaming companies by revenue, with overall revenue of USD 980.1 million for FY 2021. The 888 Group has been at the forefront of the online gaming industry since it was founded in 1997, leveraging its proprietary technology to provide players and B2B partners an innovative and world-class online gaming experience.

The 888 Group owns and operates a range of brands providing betting and gaming products across its principal B2C product areas of Casino, Sports, Poker and Bingo. The 888 Group also provides B2B services to third-party partners by making available its B2C gaming platforms and back-office capabilities to third parties, who in turn market the resulting online gaming services under their own brands and share a proportion of the revenue generated with the 888 Group.

On Completion, the Company anticipates that the Enlarged Group will be the world's third largest publicly listed online gaming company by revenue, with market leading positions in its Casino, Sport, Poker and Bingo product verticals in the UK and Continental Europe, based on size of combined revenue. The Enlarged Group will be able to offer customers premier products, supported by leading betting and gaming brands, proprietary technology, and data-driven marketing and CRM expertise that will continually drive and improve engagement with customers. The Company expects that the combination of complementary businesses should also create significant revenue and cost synergy opportunities as the businesses are integrated. The Company also expects that the integration of the Target Business will require certain changes to the standards, processes, procedures and controls of the Enlarged Group. For example, the LBOs operated by William Hill Retail will subject the Enlarged Group to additional regulation that does not apply to the current operations of the 888 Group. For further information on the Target Business, please see Part 9 (*Information on the Target Business*).

2. HISTORY

888 was founded in 1997 in the British Virgin Islands as Virtual Holdings Limited. In the same year, its Antiguan subsidiary obtained a gaming licence in Antigua where it based all of its management, gaming servers, member support functions and technical and payments staff. 888's platform and first proprietary product, Casino-on-Net, was launched in May 1997.

888 has operated a number of online gaming brands over the years, including the launch in 2002 of 888.com, which would go on to become the main umbrella brand for the 888 Group. Since 2010, 888 has operated its core brands of 888casino, 888sport, 888poker and 888bingo.

In July 2003, 888 obtained a gaming licence in Gibraltar. At that time, 888's headquarters, management and operational centre, including all of its gaming and deposit servers and its dedicated member support centre, were moved from Antigua to Gibraltar.

In October 2005, 888 was listed on the main market of the London Stock Exchange.

888 has a long history of operating in regulated markets and currently holds licences in 19 jurisdictions, including being an early entrant to the regulated markets of Italy (2011) and Spain (2012), both of which are now key markets of 888 Group.

As well as developing its own products and brands organically, the 888 Group has made a number of significant acquisitions throughout its development, starting in 2007 with the purchase of the Bingo businesses and assets of Globalcom Limited. In February 2019, the 888 Group also acquired a portfolio of bingo brands, including Costa Bingo, strengthening 888's position in the UK online bingo market.

In December 2018, 888 acquired the remaining 53 per cent. interest in the AAPN, a joint venture established in 2013 to provide poker in the US on a B2C basis.

In March 2019 the 888 Group announced the acquisition of the sportsbook technology and associated risk management, product and trading capabilities previously behind the BetBright brand. This acquisition gave 888 complete ownership over technology and product development across all four key online betting and gaming verticals for the first time.

On 24 June 2021, 888 announced an exclusive partnership with Authentic Brands Group (“**ABG**”), a brand development, marketing and entertainment company and owner of the “Sports Illustrated” brand, to develop Sports Illustrated online sports betting and iGaming products in the US. Pursuant to the partnership, 888 launched its new Sports Illustrated wagering experience branded “SI Sportsbook” in Colorado in September 2021, with the launch of SI Sportsbook expected in May 2022 and other states to follow, leveraging the Sports Illustrated brand, which receives 92 million monthly unique visitors on its website.

On 15 December 2021, 888 announced that it had agreed to sell the entirety of its Bingo Business to the Broadway Gaming group which, subject to the satisfaction of certain conditions, is expected to complete in the second quarter of 2022.

3. STRATEGY AND OBJECTIVES

888's mission is to lead the online gambling world in creating the best betting and gaming experience, developing state-of-the-art technology and products that provide fair and safe online betting and gaming entertainment to customers around the world.

The 888 Group has a clear strategy based on built around three areas: focus on key markets, invest in our pillars of sustainable competitive advantage, and engage in value-enhancing M&A. These clear priorities guide 888's plans for the business and are driving increased focus as we prioritise resources to invest where there are the strongest long-term opportunities, and where 888's assets and brands give it sources of sustainable competitive advantage.

Integral to each of these priorities is 888's new ESG framework, which incorporates safer gambling, the climate change agenda, diversity and inclusion, and community engagement into the 888 Group's strategy and decision making, as further described in paragraph 4 of this Part 8 (*Information on the 888 Group*).

This strategy is aimed at achieving the 888 Group's potential across a diverse range of geographic markets by delivering organic growth in a responsible manner as well as evaluating attractive acquisition and investment opportunities.

3.1 Market focus

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

- (a) **Core markets:** 888's core markets of the UK, Spain and Italy are large, well-regulated markets where 888 has strong market positions. In FY 2021, these markets generated 59 per cent. of the revenue of the 888 Group. 888 aims to further grow its market share in these markets, becoming the Casino brand of choice.
- (b) **Growth markets:** 888's growth markets represent a small cohort of high-growth markets that accounted for 21 per cent. of revenue in FY 2021. These are typically regulated or newly-regulated markets that have attractive long-term growth potential, where 888 is investing heavily to build 888 into a top tier brand. The high-growth markets for 888 include Canada, Ireland, Romania, the Netherlands and Germany.

- (c) **US:** The nascent US online betting and gaming market presents a significant long-term strategic opportunity for 888, leveraging its leading technology and operating capabilities in partnership with the iconic American Sports Illustrated brand through SI Sportsbook. In the medium term, 888 aims to be active in 12 to 15 states.
- (d) **Long-term investment markets:** There are many markets with significant long-term growth potential, where 888 expects to selectively invest to build leading market positions, either through M&A activity or partnerships and collaborations. As a recent example, in March 2022, the 888 Group announced a strategic investment in a joint venture to launch the 888 brand across select regulated markets in Africa.
- (e) **Optimisation markets:** Outside of these markets, 888's global capabilities and multi-jurisdictional licences enable it to service customers from over 100 additional countries, in a low-risk and compliant way. This global framework generates strong incremental returns on from 888's asset base, leveraging the global scalability of the 888 platform.

3.2 Sustainable competitive advantages

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

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

3.3 Value enhancing M&A activity

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

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

888's management team continues to assess a range of potential expansion opportunities, across both established and emerging markets as 888 look to build leading positions in the most attractive end-markets.

4. ENVIRONMENT, SOCIAL AND GOVERNANCE COMMITMENTS

At the beginning of 2022, 888 launched a comprehensive ESG framework, entitled *Made for the Future*. This framework is built on the strong foundations that 888 already had in place, having taken significant actions in recent years to improve safer gambling, increase employee diversity, support local communities, and reduce the 888 Group's environmental impact. The new ESG framework reflects the scale of 888's ambitions to be one of the top performing and most trusted operators in the global betting and gaming industry.

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

888's new ESG framework reflects the Board's long-term approach to investment, and provides the foundation for 888's future plans. The framework is built around three pillars, underpinned by a foundation of robust, structured corporate governance. Each of these pillars is supported by clear targets and objectives, with a senior sponsor within the company responsible for delivery. Performance is regularly monitored and reviewed by the 888 Group's ESG governance committee and 888's stakeholders will be kept updated on its progress throughout.

(a) Pillar One: Made to play safely

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

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

However, 888 recognises that supporting players is not enough. Some can experience harm from gambling, and 888 seeks to use its technology, real-time data, and growing understanding of the markers of harm to identify potential harm and stop it before it happens. 888 also recognises that safer gambling is an area for continuous improvement, and it continues to work closely and collaboratively with industry stakeholders to drive ongoing improvements in safer gambling and customer protection.

The Company has and continues to leverage its technology and analytics experience in this area by charting the customer journey to help customers make informed decisions about their gambling. The Company uses two propriety systems, Control Centre and Observer, to monitor and analyse customer behaviour to provide the Company with touchpoints to make appropriate interactions to assist customers with their gambling behaviour. In 2021, Observer prompted approximately 1.3 million customer interactions. Control Centre has now been rolled out to approximately 40 per cent. of players.

(b) Pillar Two: Made together

The Board believes that it is the talent, energy and skills of 888's employees that drive the 888 Group's success. Therefore, 888 continues to invest heavily in recruiting, developing, and motivating its people. 888 also seek to go beyond this, with providing a great workplace a core social responsibility for 888, including its programmes to promote inclusivity, increase diversity, provide opportunity and engage with the local communities in which the 888 Group operates.

The 888 Group launched its inaugural *SheLeads* programme in 2021 to focus on the development of future female leaders. The Board is targeting a 50 per cent. female promotions in the business as a percentage of total annual promotions. It is also focused on increased interpersonal development of its works force, with a target of 50 per cent. participation of all employees in volunteering programmes, and 10 percentage points increase in the numbers of employees participating in a voluntary learning and development programme.

(c) Pillar Three: Made greener

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

The 888 Group has made a commitment to achieve net zero direct carbon emissions from 3,089 tonnes by 2030, and for net zero indirect carbon emissions from 26,000 tonnes by 2035.

5. PRINCIPAL OPERATING SEGMENTS

The 888 Group reports its segmental results split into B2C and B2B. Prior to January 2021, the 888 Group reported its B2C revenues through the component products of Casino, Poker, Sport and Bingo, but it has since combined the revenues of Casino, Poker and Bingo products under one vertical of “Gaming” and has changed the name of Sport product vertical to “Betting”. The 888 Group revenues by operating segment and the Betting and Gaming product verticals are set out in the table below.

Revenue	FY 2021	FY 2020	FY 2019
		<i>(USD million)</i>	
B2C	941.9	814.3	530.5
<i>Gaming</i> ⁽¹⁾	814.5	692.2	440.5
<i>Betting</i> ⁽²⁾	127.4	122.1	90.0
B2B	38.2	35.4	29.8
Totals	980.1	849.7	560.3

Notes:

(1) Represents the combined revenues of Casino, Poker and Bingo.

(2) Reflects the results of the segment formerly known as “Sport”.

As described in paragraph 11.1(m) of Part 20 (*Additional Information*) of this document, 888 has agreed to sell the entirety of its Bingo Business to the Broadway Gaming group which, subject to the satisfaction of certain conditions, is expected to complete in the second quarter of 2022. This is intended to allow 888 to focus on its core platform, enabling greater resources to drive growth in its core markets and reducing compliance complexity arising from related accounts across B2B and B2C bingo and 888’s core platform. Following the completion of the 888 Bingo Sale, the 888 Group will cease to own and operate its Bingo B2C business which is currently reported in the Gaming vertical of its B2C segment as well as its Bingo B2B business which is currently reported in its B2B segment.

5.1 B2C segment

The 888 Group owns and operates a range of brands providing Casino, Poker and Bingo products across its Gaming vertical and Sports products across its Betting vertical, with a presence across multiple regulated markets. The 888 Group’s core offerings in its B2C business line are its Casino and Sport products.

Revenue generated by the B2C segment of the 888 Group’s business in FY 2021 increased by 15.7 per cent to USD 941.9 million in revenue (FY 2020: USD 814.3 million) representing 96.1 per cent. of total 888 Group revenue in FY 2021.

(a) *Gaming*

The 888 Group’s Gaming vertical includes Casino, Poker and Bingo products.

In FY 2021, Gaming experienced strong revenue growth of 17.7 per cent. to USD 814.5 million (FY 2020: USD 692.2 million). These results were driven principally by the strong performance of the Casino products over this period. The 888 gaming platform added over 870 new casino games in FY 2021, bringing the current library to over 3,000 games.

Casino

888casino is one 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 Section 8 alongside branded video slots and ‘live’ casino games, which offer high-quality video streamed casino games with a range of professional dealers. The 888 Group’s new Casino platform, launched in 2018, has continued to be recognised with industry awards, including being named Casino Operator of the Year at the 2021 EGR Operator Awards for the third time.

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.

Poker

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 FY 2020, 888 rolled out its latest poker platform, internally called Poker8. The new product led to 888 being recognised with two awards for its poker platform at the 2020 Poker Listings Operator Awards in the Most Improved Software and Best Beginner Software categories. During FY 2021 and early FY 2022, 888 launched in Pennsylvania and Michigan, respectively, in the US as part of its long-term partnership with the World Series of Poker, which represented the debut of the Poker8 platform in the US.

In online poker, as the operator the 888 Group 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

888’s bingo brands each have themes, a variety of games and are intended to create a sense of community, seeking to replicate the experience of traditional bingo halls. The 888 Group’s bingo brands offer a 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.

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.

(b) Betting

The 888 Group’s Betting vertical is comprised principally of the 888sport product. 888sport allows customers to place bets on a variety of sporting events against “the house”, at different odds which are determined by 888sport. The 888 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.

In FY 2021, Betting revenue increased by 4.3 per cent. (FY 2020: 36 per cent.) to USD 127.4 million (FY 2020: USD 122.1 million). The rate of revenue increase was lower in FY 2021 than in FY 2020, reflecting the greater impact of regulatory changes on the Betting business, in particular the 888 Group withdrawing its offering from the Dutch market.

During FY 2020 and FY 2021, 888’s Betting business was gradually migrated to 888’s proprietary platform, known internally as Spectate, with the majority of worldwide bet volumes at the Latest Practicable Date of the 888 Group being placed on this platform. In-play betting remained key drivers for Betting with more than half of bet volumes placed during events in FY 2021.

5.2 B2B segment

The 888 Group provides services to B2B customers 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 and online marketing, management of affiliates, search engine optimisation, CRM and business analytics.

In FY 2021, revenue from 888’s B2B segment increased by 7.9 per cent. to USD 38.2 million (FY 2020: USD 35.4 million), representing four per cent. of total 888 Group revenue in the period. The 888 Group’s predominantly UK-focused Bingo B2B business line continued to progress, in part due to the success of its new customer interface inspired by 888’s “Orbit Casino” platform. The new interface seeks to enhance the customer experience, integrate additional marketing functionality, and improve

monitoring of safer gambling across the network. Revenue from 888's B2B segment in the US performed well in FY 2021, driven by increases across certain of the states in which the 888 Group's business partners operate.

6. GEOGRAPHIC SEGMENTATION

The 888 Group revenues by geographical market are set out in the table below.

Revenue	FY 2021	FY 2020	FY 2019
		<i>(USD millions)</i>	
EMEA (excluding the UK and Italy) ⁽¹⁾	333.5	320.9	241.0
UK.....	388.9	333.5	204.1
Italy	118.3	86.5	51.1
Americas	125.6	93.7	51.7
Rest of world	13.8	15.1	12.4
Totals	980.1	849.7	560.3

Notes:

(1) In 2021 the presentation of the EMEA region was changed to include Spain, which was previously disclosed in a separate line in the 2020 and 2019 accounts.

In FY 2021, revenue from regulated markets represented the majority of 888 Group revenue, with revenue from locally regulated and/or taxed markets (being jurisdictions where the 888 Group operates under a local licence or where the 888 Group is liable for gaming duties or VAT, GST or similar taxes) accounting for 74 per cent. of revenue in FY 2021 (FY 2020: 73 per cent.). 888's strategic focus remains on achieving growth in sustainable regulated markets where the 888 Group can leverage its competitive advantages to achieve long-term, profitable growth.

7. SUPPORT SERVICES

The 888 Group has established centres in marketing, technology and research and development that combine to deliver the overall customer experience. The Company believes that each of these elements is vital to achieving the strategic objectives of the 888 Group, as well as building trust and confidence among customers, regulators and other key stakeholders.

7.1 Marketing

Effective marketing is one of the key drivers for the 888 Group's business, and is important to its growth and competitive advantage. The 888 Group has invested in new advertising technologies and regularly updates its marketing strategies to benefit from the fast changing trends in online media consumption, such as mobile, social, online video, programmatic planning and media buying. The 888 Group's marketing strategies include online advertising, sponsorship and loyalty schemes.

The customer support experience is also inherently integrated into the 888 Group's marketing strategy. The 888 Group has over 350 customer relations agents based in four locations, handling approximately 9,000 customer contacts each day through multi-channels, including chat, phone and email in 10 languages. During the first quarter of 2022, the 888 Group launched its "Made to Play" master brand campaign in the United Kingdom, which unites all of the 888 brands and is designed to support 888's long-term strategic goals.

7.2 Technology

The 888 Group leverages its proprietary technology to provide a range of online Betting and gaming products across a wide range of brands. These services are provided to end users, and certain of these services to business partners through its B2B segment. The 888 group has a technology-based culture focused on integrity, speed, reliability and scalability, all of which are prerequisites for sustainable growth. The 888 Group seeks to invest in scalable, secure, safe and feature-rich technologies which provide it with a competitive advantage.

7.3 Risk management

(a) Betting product risk

888sport's fixed odds betting products are priced to provide a positive return to the operator when averaged over a sustained period of time. In the short term, there can be a high level of variation on this return, or Gross Win, either on an event-by-event or day-by-day basis due to the unpredictability of sporting results. As a consequence of this unpredictability, there can be considerable volatility in bookmakers' revenues and profits in the short term. It is even possible for Gross Win to be negative although 888sport rarely suffers significant daily losses at the Gross Win level. The risk of incurring daily losses on a Gross Win basis is significantly reduced by the averaging effect of taking a very large number of individual bets over a considerable number of sports and is also tightly controlled through a risk and customer management process.

The effectiveness of 888sport's risk management process relies on sourcing quality pricing data, liability management, access to up-to-date market information and tightly controlled dynamic bet acceptance limits. 888sport invests considerable resources in its data sourcing, trading and liability management functions and manages the process with a highly-qualified sports trading and operations team. 888sport uses its customer management process to differentiate between chance and proficiency-based success by a customer with the aim of maximising the value of each customer across all of its products by limiting or increasing the volumes that a customer can bet in each sportsbook market type.

Over an extended period, 888sport expects that sporting results will revert to the average resulting in the Gross Win margin remaining broadly within an expected range over the long term. This range will be influenced by 888sport's trading strategy (pricing) and product stakes distribution.

Expert price compilation and liability management

For the main sports on which 888sport offers bets, prices are obtained from specialist sports data providers with expert knowledge of the particular sport to provide an initial price which takes into account information from sources such as sports websites. The prices are also, if relevant, cross-checked against 888sport's competitors' prices. Once the prices are published, liabilities are managed through a real-time risk management system which is applied to monitor all bets and adjust the total level of risk on each event in line with 888sport's risk appetite.

888sport has a high-quality team of sports traders and liability managers and the Company believes that they have the knowledge and expertise required to operate successfully in the current market. In addition, approximately 20 per cent. of 888sport's bookmaking risk management is currently provided by a third-party licensor of its sports betting offering (Kambi). This service is monitored by the 888 Group through periodic reports and ongoing discussions.

Up-to-date information

888sport requires access to market information to assist in compiling initial prices and to manage liabilities after odds have been published. The 888sport trading team relies on information gathered from its knowledge of the betting and gaming industry and the sports concerned including participants in those sports, both to the extent available in the media generally and from information at events or from other sources. The 888sport trading team also relies on information about its potential liabilities from overall betting patterns and total amounts wagered on particular outcomes.

As a result of access to such information, management has the ability to assess the probability of each possible outcome, assess 888sport's exposure to each possible outcome, and manage its liabilities in accordance with its risk appetite. Risk management actions may include limitations on bet acceptance or hedging of risk.

Bet acceptance limits

888sport also manages its betting risk through the application of bet acceptance limits. 888sport's online sports betting system contains pre-set liability limits on individual events applicable to all customers, and, if appropriate, such limits can be adjusted for specific customers. 888sport's limits are dynamic and vary depending on when a bet is placed in the lifecycle of an event and change as the event nears its start.

(b) Gaming product risk

Casino and slot games operate to a specific, predictable margin over the long term based on the characteristics of the particular game. While it is possible to incur losses in the short term, over time the margin reverts to the average. There is no trading risk on the 888bingo product which operates as a pool betting operation where winnings are determined by the size of the pool and 888's income is derived from a fee charged to participants. Further, there is no trading risk on 888poker products as the income comprises a percentage of the total pot in each game known as a "rake", except in tournaments where a one-off entry fee is charged.

(c) Regulatory risk

888sport has systems and controls in place which seek to ensure that it does not accept bets or wagers via the internet from jurisdictions from which management has determined that it does not wish to accept bets or wagers, whether because it is or may be unlawful to do so and 888 has decided not to take any risk in such regard or for any other reason. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and of customers' payment methods. A risk exists, however, that a court or other governmental authority in any jurisdiction could take the position that the systems and controls are inadequate or that the current or past business practices in relation to such jurisdiction violated applicable law. Any such determination could expose 888 and its Directors to the risk of civil or criminal sanctions, as well as reputational damage. For further details, see paragraph 1 of Part 1 (*Risk Factors*) of this document (in particular, "*Failure to adequately comply with the relevant laws and regulations of the betting and gaming industry could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group*" in paragraph 1.10 of Part 1 (*Risk Factors*)).

7.4 Supplier relationships

The 888 Group has a number of key suppliers who provide products and services on which it relies. The most significant relationships are with suppliers who supply online marketing and media, certain games, payment service providers, and suppliers of information technology and data centre services, all of which allow the 888 Group to operate and service its customers' needs.

7.5 Research and development

The 888 Group invests significantly in research and development, which is central to the 888 Group's strategic focus on product-leadership. Recent examples of such product development include 888sport and Poker 8, both of which were released in 2020. The Company believes that such investment in research and development enables the 888 Group to react more quickly to changing customer needs and is central to the 888 Group's competitive positioning.

8. INTELLECTUAL PROPERTY

8.1 Proprietary intellectual property

The Company believes that copyright, trade marks, domain names, trade secrets, proprietary technology and other intellectual property of the 888 Group are critical for their long-term success as well as the success of the 888 Group and, following Completion, the Enlarged Group. Other than licensed rights, the 888 Group owns the key intellectual property rights for the software material used in their respective operations, whether gaming or operational software, and the key intellectual property rights to its customer/gaming platform, including sportsbook and poker software.

Key trade marks and domain names include:

- 888, 888.com, 888casino, 888poker, 888sport, 888ladies, 888bingo, 888poker, 888games, 888live, 888lotto and 888wetten; and
- 888.com, 888casino.com, 888poker.com, 888sport.com, 888ladies.com, 888games.com, 888bingo.com and similar domain names with multiple local suffixes.

In connection with the completion of the 888 Bingo Sale which is expected to occur in the second quarter of 2022, subject to the satisfaction of certain conditions, the 888 Bingo trade marks and domain names currently owned by the 888 Group will transfer to the Broadway Group.

The 888 Group relies and, following Completion, the Enlarged Group will rely on the protection of trade mark and copyright law, trade secret protection and contractual obligations and licence agreements with their employees, customers, partners and others to protect its proprietary rights. In order to protect their brands and trade marks, the 888 Group registers its key trade marks in select jurisdictions in which it operates.

8.2 Licensed intellectual property

The 888 Group licenses and, following Completion, the Enlarged Group will license intellectual property from third-party suppliers in relation to both gaming and operational software from time to time.

8.3 Use of customer data

The 888 Group uses collected customer data to provide customers with the services they have requested. Subject to applicable data protection laws, the 888 Group also uses customer data to carry out identity and age verification checks on prospective customers for marketing purposes, inviting customers to new tournaments or to join their loyalty offering, and offering or sending merchandising to customers.

9. EMPLOYEES

The number of persons employed by the 888 Group (including Executive Directors) in as at 31 December 2021, 2020 and 2019 is set out below:

	As at 31 December⁽¹⁾		
	2021	2020	2019
Number of employees (headcount)	1,935	1,817	1,627

Notes:

(1) Includes staff directly employed by the 888 Group, outsourced personnel (FY 2021: 113; FY 2020: 86; FY 2019: 153) and chat hosts who are engaged as contractors (FY 2021: 58; FY 2020: 62; FY 2019: 62).

A breakdown of 888 Group employees by geographical location as at 31 December 2021, 2020, and 2019 is as follows:

Location	As at 31 December⁽¹⁾		
	2021	2020	2019
Antigua.....	0	159	158
Gibraltar	205	216	244
Israel.....	603	586	576
Ireland	132	130	95
Romania.....	708	508	306
Spain	31	16	0
UK.....	13	9	8
USA	72	45	25
Total.....	1,764	1,669	1,412

Notes:

(1) Figures exclude outsourced personnel and chat hosts, who are engaged as contractors.

A breakdown of 888 Group employees by activity as at 31 December 2021, 2020 and 2019 is as follows:

Location	As at 31 December⁽¹⁾		
	2021	2020	2019
Administration	199	175	162
Research, development and product.....	628	599	529
Support and responsible gaming	569	556	398
Marketing	285	262	249
Executive Directors.....	2	2	2
Other	81	75	72
Total.....	1,764	1,669	1,412

Notes:

(1) Figures exclude outsourced personnel and chat hosts, who are engaged as contractors.

As at 31 December 2021, there were 32 temporary employees employed by the 888 Group.

10. COMPETITION

The 888 Group operates in highly competitive online betting and gaming markets. Other online betting and gaming companies could acquire, merge or move into the 888 Group's market space to compete with the 888 Group's offering creating a material threat, or existing competitors could respond quicker to market demands and trends resulting in reduced market share and missed growth opportunities for 888 Group or, following Completion, the Enlarged Group (for further details, see "*The 888 Group, the Target Business and, following Completion, the Enlarged Group may be exposed to the risk of competition*" in paragraph 2.1 of Part 1 (*Risk Factors*)).

The 888 Group carefully monitors, and following Completion the Enlarged Group will carefully monitor, customer requirements, trends and other suppliers operating within our chosen markets and invests in innovation to offer products to meet these market trends.

Part 9

INFORMATION ON THE TARGET BUSINESS

The following information should be read in conjunction with the information appearing elsewhere in this document, including the Target Business' historical financial information referred to in Part 14 (Historical Financial Information relating to the Target Business) of this document. Unless otherwise indicated, the historical financial information included in this Part 9 (Information on the Target Business) has been extracted without material adjustment from the Target Business Historical Financial Information referred to in Section A of Part 14 (Historical Financial Information relating to the Target Business) and contained in Section B of Appendix A of this document.

1. OVERVIEW

On 22 April 2021, Caesars Entertainment, Inc., one of the largest gaming-entertainment companies in the US and one of the world's most diversified gaming-entertainment providers, completed its acquisition (the "**Caesars Acquisition**") of the entire issued share capital of William Hill PLC (which was subsequently re-registered as William Hill Limited).

Prior to the Caesars Acquisition, William Hill Limited operated through three distinct business lines: William Hill Online, William Hill Retail and William Hill US. In the context of the Caesars Acquisition, Caesars had made clear its intent to extract and retain the William Hill US business and to sell the Target Business, which it has agreed to sell to 888 pursuant to the Proposed Acquisition. Certain operations of a centralised corporate segment will also be transferred to 888 as part of the Target Business pursuant to the Sale and Purchase Agreement.

The Target Business' operating segments are UK Online and International Online (together referred to as William Hill Online) and William Hill Retail. William Hill Online is a leading online betting and gaming provider to customers in the UK (through its UK Online operating segment) and Southern Europe and the Nordics (through its International Online operating segment). As at 28 December 2021, William Hill Retail operated 1,407 LBOs throughout the UK. The overall revenue of the Target Business for Target FY 2021 was GBP 1,241.4 million.

2. HISTORY

William Hill was founded in London in 1934 as a telephone bookmaking business and established its first LBOs in 1966. In 1971, it became part of the Sears Holdings Group. In 1988, it was acquired by Grand Metropolitan and merged with its bookmaking subsidiary, Mecca Bookmakers, under the William Hill brand. The integration of these two businesses was continued by the Brent Walker Group, which purchased William Hill from Grand Metropolitan in 1989. William Hill was then acquired by Nomura International in 1997, which in turn sold it to Cinven and CVC Partners.

On 20 June 2002, William Hill was floated on the London Stock Exchange. In 2005, it acquired Stanley Leisure plc's LBOs in the UK and Ireland, which resulted in William Hill becoming the UK's largest bookmaker by number of LBOs. In December 2008, William Hill created its joint venture business, William Hill Online, through the acquisition of assets from the Playtech Group and their combination with William Hill's then existing online business, William Hill Interactive. In June 2012, the William Hill Group was licensed by the Nevada Gaming Commission and acquired three US land-based sports betting businesses, AWI, Brandywine and the Cal Neva Assets for an aggregate amount of USD 49 million.

On 19 March 2013, the William Hill Group acquired from Sportingbet plc its Australian online business and certain other assets for a total cash consideration of GBP 459.4 million which the William Hill Group disposed of in April 2018 for a total equity value of GBP 173.2 million to CrownBet Holdings Pty Limited.

On 15 April 2013, William Hill exercised an option to acquire from the Playtech Group all the shares of the William Hill Online joint venture that the William Hill Group did not already own for GBP 423.8 million.

In January 2018, the William Hill Group sold its shareholding in NYX Gaming Group Limited.

On 31 October 2018, the William Hill Group announced a recommended cash offer to acquire Mr Green for a total offer value for all shares in Mr Green of SEK 2,819 million (or approximately GBP 242 million) which completed in January 2019. Mr Green was a high-growth European online gaming company with operations in 13 countries, expanding the online betting and gaming offering of the William Hill Group in Northern Europe.

In June 2019 William Hill entered into a joint venture with Argenbingo S.A. in Argentina, with the joint venture obtaining a licence to offer online gaming services in the Argentinian province of Buenos Aires in January 2021. In January 2020 William Hill agreed to sell its Northern Ireland and Isle of Man retail operations to BoyleSports Limited, which completed on 7 February 2020 and 29 May 2020 respectively. In December 2020, William Hill acquired a majority stake in Colombian licensed operator Alfabet S.A.S., which has been operational since 2018 and holds a Coljuegos (Colombian gambling regulator) licence to offer games of chance and sports betting in Colombia.

3. STRATEGY AND OBJECTIVES

The Target Business' mission is to deliver an engaging product that connects people with each other and with sports and gaming in a safe and enjoyable way. The ambition of the Target Business is to build a digitally led, internationally diverse betting and gaming business of scale in order to become the UK's number one online and in person betting and gaming company by revenue by 2023. The strategy underpinning this ambition is based around three core strategic priorities: Customer, Team and Execution.

3.1 Customer

The creation and delivery of a competitive proposition that wins with the customer is the key to this strategic priority. It depends on having compelling product that is continuously innovated with increasing personalisation and best in class customer support whilst ensuring that customers are appropriately safeguarded.

3.2 Team

Hiring and retaining talented achievers who are passionate and engaged with the strategic aim and priorities is crucial to success. The Target Business looks to build world class people capabilities and drive a culture of collaboration and engagement.

3.3 Execution

Building leverage and scale across the Target Business whilst striving for world class operational efficiency and becoming known as a company that delivers what it says it will are the core elements of this strategic priority and will contribute to and support the drive to deliver revenue growth.

4. PRODUCT OFFERING

The Target Business consists of offering betting and gaming products and services through land-based and digital distribution channels, including mobile.

4.1 Betting

Betting includes products where the Target Business offers odds on an event occurring. If the customer wins the bet, payment is made to the customer and if the customer loses the bet, the Target Business retains the stake placed. The odds offered by the Target Business in such cases vary depending on the nature of the event. The Target Business generates revenue where the amounts staked by customers and retained by the Target Business exceed its liability to make payments to customers.

The Target Business' betting products are divided into two categories: sports betting and betting on other events. The most popular sports on which the Target Business offers odds are horse racing, football, tennis and greyhound racing. The Target Business also offers odds on many other sports including, amongst others, rugby, cricket, golf, motor racing, darts, snooker, American football, Australian Rules football, baseball, basketball and ice hockey. The Target Business accepts a range of different types of bets from simple bets on the outcome of a single event to more complex bets, such as accumulator bets on the outcome of a number of different matches or sporting events.

Other events include bets on non-sporting events, such as the outcome of political elections, television competitions and popular music chart results, as well as high profile novelty bets. The Target Business also accepts bets on events the outcome of which is based entirely on chance. For example, numbers betting is a type of fixed-odds bet in which customers place bets on the odds of one or more numbers being drawn from a pool of numbers. It is presented in a variety of formats, such as bets on the Irish Lottery, and also provides the basis for the computer-generated virtual racing products offered by the Target Business.

4.2 Gaming

The Target Business offers a number of gaming products such as slot machine games (that can be played on physical gaming machines in LBOs or online), casino games, bingo, poker and other skill games. Gaming products can be categorised as: (i) games, the outcome of which is dependent on chance, such as roulette, blackjack and other casino table games, or slot machine games; and (ii) skill games for which it is argued that, though partly based on chance, the odds can be changed over the long run based on the application of skill (for example, games between customers such as poker).

With Target Business' gaming products, the customer bets against the house and the Target Business makes its profit based on probabilities in the long run of different events occurring and uses "house" rules and procedures to apply risk limits. For bingo games the Target Business earns revenue from fees charged to participants for each online bingo card sold. With respect to poker and certain other skills games, the Target Business acts as the host or facilitator for customers who play against one another rather than against the Target Business; accordingly, the Target Business takes no principal gaming risk. In return for facilitating these games, the Target Business charges its customers a type of commission, known in poker as a "rake", except in tournaments where a one-off entry fee is charged. Poker players can compete online against each other either on individual tables or in tournaments.

5. PRINCIPAL OPERATING SEGMENTS

The Target Business reports its segmental results split into UK Online and International Online, and William Hill Retail. For financial reporting purposes, certain centralised corporate functions were reported under a further Corporate segment. The Target Business revenues by operating segment are set out in the table below.

Revenue	Target FY 2021	Target FY 2020	Target FY 2019
	<i>(GBP million)</i>		
UK Online.....	628.6	503.2	480.9
International Online.....	276.0	299.6	257.4
William Hill Retail.....	336.8	354.2	717.0
Corporate.....	—	—	—
Totals.....	1,241.4	1,157	1,455.3

5.1 UK Online and International Online

The Target Business' UK Online and International Online operating segments are together referred to as William Hill Online. The William Hill Online business has been operating since 1998, and operates under two principal brands: William Hill and Mr Green. William Hill acquired Mr Green, an online gaming company, in 2019 enhancing its European footprint and diversifying the geographic reach of the William Hill Online business, expanding the International Online segment.

William Hill Online is a leading online betting and gaming provider to customers in the UK (through its UK Online operating segment) and Southern Europe and the Nordics (through its International Online operating segment), providing online sports betting and gaming services to customers. Gaming covers online casino games (including live casino), skill games, bingo and poker.

Approximately three million active players in Target FY 2021 had access to more than a million betting opportunities each week via William Hill Online. William Hill Online generated GBP 280 per active player in Target FY 2021.

The UK Online segment had revenues of GBP 628.6 million in Target FY 2021, an increase of 24.9 per cent. in the year (Target FY 2020: GBP 503.2 million) and the International Online segment had revenues of GBP 276.0 million in Target FY 2021, a decrease of 7.9 per cent in the year (Target FY 2020: GBP 299.6 million). Sports betting revenues performed well in Target FY 2021, despite intermittent disruption of sporting events across in certain countries as a result of the ongoing COVID-19 pandemic, whilst gaming revenues continued uninterrupted throughout.

The William Hill Online business includes the results of Mr Green since the William Hill Group's acquisition in January 2019.

5.2 William Hill Retail

William Hill has long had a presence on the UK high street, where it has been taking bets since 1966. As at 28 December 2021, the William Hill Group had 1,407 LBOs throughout the UK. William Hill Retail also operates on-course betting at a number of racecourses across the UK.

At the LBOs operated by William Hill Retail, customers are offered an omni-channel experience through its "Plus" scheme and with the customer service support of the employees of William Hill Retail. LBOs include over-the-counter service, SSBTs focussed on sports betting including in-play, and gaming machines.

The William Hill Retail business was optimised in 2019 and 2020, including the permanent closure of 713 LBOs during Target FY 2019 due to reduced revenues resulting from new regulations introduced in the UK in April 2019 reducing the staking limits on B2 gaming products from GBP 100 to GBP 2 per bet. The social distancing restrictions, public gathering restrictions and lockdown restrictions introduced in the UK in response to the COVID-19 pandemic had a material impact on the operation and profitability of the LBO portfolio of William Hill during Target FY 2020 and resulted in the decision to permanently close a further 119 LBOs. The LBO estate remains a stable, cash generative asset of William Hill with shops with lower footfall still generating profit for the William Hill Retail business.

During Target FY 2020, the financial performance of William Hill Retail was impacted by the COVID-19 pandemic from late on in the first quarter of 2020, with LBOs either being closed, partially closed or trading with restrictions. These closures and trading restrictions were eased during 2021. In Target FY 2021 the William Hill Retail had overall revenue of GBP 336.8 million (Target FY 2020: GBP 354.2 million) as a result.

6. GEOGRAPHICAL SEGMENTS

The Target Business revenues by geographical market are set out in the table below.

Revenue	Target FY 2021	Target FY 2020	Target FY 2019
	<i>(GBP million)</i>		
UK	965.4	857.4	1,197.9
Rest of the world	276.0	299.6	257.4
Totals	1,241.4	1,157	1,455.3

6.1 William Hill Online

UK Online

The UK Online segment, which accounted for 65 per cent. of William Hill Online's revenue in Target FY 2021 (Target FY 2020: 59 per cent.). William Hill is the third largest customer-facing brand in the UK as measured by combined revenue for online betting and gaming. The market is highly competitive due in part to low barriers to entry. However, regulatory tightening is contributing to raising these barriers and scale is increasingly important as technological complexity and the costs of marketing grow. The UK remains Target Business' principal online market, though its UK Online segment, and the Target Group will continue to focus on growing at or above market growth rates, which it believes it is well-positioned to do given its market position and with a competitive product range and the resources to invest in marketing and improving the customer experience.

International Online

International Online segment accounted for 29 per cent. of William Hill Online's revenue in Target FY 2021 (Target FY 2020: 35 per cent.). Overall, revenue from EMEA (excluding Italy and UK), Italy, and Americas accounted for 16 per cent., 3 per cent. and 1 per cent. of Target Business' total revenue in Target FY 2021, respectively. The Target Business, through its International Online segment, is continuing to diversify internationally and is taking its online offering into a number of other countries focusing on markets with a strong gambling culture and a competitive regulatory and tax framework under which the Target Business has the ability to offer a broad sports betting and gaming product range.

6.2 William Hill Retail

William Hill Retail operates exclusively in England, Wales, Scotland and Jersey, having sold its Northern Ireland and Isle of Man retail operations to BoyleSports Limited in Target FY 2020.

7. SUPPORT SERVICES

The success of the Target Business depends on its core capabilities in marketing, technology and risk management. The Target Business also relies on a number of key suppliers in order to deliver products and services to its customers.

7.1 Marketing

The William Hill brand is one of the Target Business' major assets in the UK and internationally, standing for heritage, trust and expertise. The Target Business capitalises on its brand asset through its marketing investment.

The Target Business undertakes both "online" and "offline" marketing to promote its brand and products to customers. Offline marketing typically involves television-based advertising and has been a significant focus for the Target Business' marketing investment, particularly in the UK.

Online marketing involves a number of internet-based marketing methods, including: search engine optimisation ("SEO") and "pay-per click" ("PPC") agreements to generate or to buy a higher profile for the Target Business' websites on relevant search engine searches; banner advertising on other websites; and affiliate agreements whereby potential customers can click through to the Target Business' websites from other websites in return for remuneration for the owner of the other website. The Target Business' highly-experienced marketing teams based in the UK and Gibraltar seek to optimise marketing investment to maximise its impact, for example by improving its PPC and SEO algorithms. As the Target Business has increased its focus on its core, regulated markets search engine optimisation and PPC arrangements have become more important as they incur lower costs per customer acquisition and these now account for the bulk of the Target Business' marketing budget.

The William Hill brand is proven to be successful in the UK and is now also established in certain of the Target Business' other core markets.

In 2018, the Target Business joined other operators in the industry in voluntarily supporting a whistle-to-whistle ban on television betting advertising during pre-watershed live sport. This initiative, which the Target Business played a role in lobbying the wider industry to support, has been implemented by the industry ahead of any regulation.

7.2 Technology

The Target Business is reliant on extensive information and communication systems to support its businesses. These include amongst others its betting shop text, audio and video systems, the online sportsbook and gaming systems and its betting risk management systems. The Target Business' systems are supported by a combination of in-house teams and by external providers often under support agreements tailored to the Target Business' needs.

The Target Business has put in place back-up IT systems for business critical systems, generally in different geographical locations from the main system. These back-up arrangements are not intended to be a full duplication of the operational systems as the Target Business does not consider this to be cost effective. The Target Business regularly reviews and updates its business continuity and disaster recovery plans.

Increasingly the Target Business is seeking to gain control over more of the technology on which it depends. Developments in recent years include the creation of a global trading platform to enable the Target Business to support international trading with a single back office function that is available to the Target Business operations globally, the building of a proprietary SSBT, an internally developed bonus engine to support William Hill Online's gaming offering and establishing greater control over the front end interfaces on which the Target Business' online sports betting business depends.

7.3 Risk management

(a) Betting products

Bookmakers' fixed odds betting products are priced so as to provide a return to the bookmaker when averaged over a large number of events over time. In the short term, there can be a high level of variation on this return, or Gross Win, either on an event-by-event or day-by-day basis due to the unpredictability of sporting results. As a consequence there can be considerable volatility in bookmakers' revenues and profits in the short term. It is even possible for Gross Win to be negative although significant daily losses at the Gross Win level are infrequent. The risk of incurring daily losses on a Gross Win basis is significantly reduced by the averaging effect of taking a very large number of individual bets over a considerable number of events and is also tightly controlled through a risk management process. The effectiveness of the risk management process relies on expert odds compilation and liability management, access to up-to-date information and tightly controlled bet acceptance limits. The Target Business invests considerable resources in its odds compiling, trading and liability management functions and employs a large team of people in these areas.

Over an extended period, the bookmaker expects that sporting results will revert to the average resulting in the Gross Win margin remaining broadly within an expected range over the long term. This range will be influenced by the bookmaker's product mix, pricing policy and trading strategy.

Expert odds compilation and liability management

Initial odds are compiled from first principles based on the estimated probability of a particular outcome, adjusted for any market information. For the main sports on which the Target Business offers bets, prices are produced by odds compilers with expert knowledge of the particular sport but the Target Business may use multiple opinions to provide an initial price which takes into account information from other sources such as sports websites and are also, if relevant, cross-checked against competitors' prices. For in-play betting markets the Target Business increasingly relies on proprietary algorithms it has developed in-house by a research and development team of quantitative analysts who use their mathematical expertise combined with data feeds from around the globe to produce a vast array of betting propositions which are updated each second of every match. For sports or betting markets where the Target Business may not employ expert odds compilers, it may rely on third-party consultants to assist in setting prices.

Once the odds are compiled and published, the Target Business' liabilities are managed through a real-time risk management system which is applied to monitor all bets and adjust the total level of risk on each event in line with the Target Business' risk appetite.

The Target Business considers its team of odds compilers and liability managers to be of high quality with the appropriate knowledge and expertise to operate successfully in the current market.

Up-to-date information

Access to market information is needed both to assist in compiling initial prices and to manage liabilities after odds have been published. The Target Business relies on information gathered from its knowledge of the betting and gaming industry and the sports concerned including participants in those sports, both to the extent available in the media generally and from information at events or from other sources. The Target Business also relies on information about its potential liabilities from overall betting patterns and total amounts wagered on particular outcomes drawn from William Hill Retail and William Hill Online as well as certain individual bets that are referred before acceptance or notified subsequently, because of the source or size.

The above information enables management to assess the probability of each possible outcome based on a wide range of up-to-date information, to assess potential exposure on each possible outcome and to manage the Target Business' liabilities commensurately with its risk appetite. Risk management actions may include limitations on bet acceptance or hedging of risk.

Bet acceptance limits

The Target Business also manages its betting risk through the application of bet acceptance limits. For different types of bet, the Target Business sets limits for LBOs on stake value and potential liability at which bets must be notified (that is, reported after acceptance) or referred. Referred bets are accepted only after management approval, based on latest information about the event, potential liability and the customer's historic betting pattern with the Target Business (if any). The online sports betting system contains pre-set liability limits on individual events applicable to all customers, and, if appropriate, such limits can be further reduced for specific customers. Any bet placed over this amount is then referred to management for approval.

(b) Gaming product risk

Casino and slot games operate to a specific, predictable margin over the long run based on the characteristics of the particular game. While it is possible to incur losses in the short term, over time the margin reverts to the average. There is no trading risk on the Target Business' bingo product which operates as a pool betting operation where winnings are determined by the size of the pool and the Target Business' income is derived from a fee charged to participants. There is also no trading risk on the Target Business' poker products as the Target Business' income comprises a percentage of the total pot in each game known as a "rake", except in tournaments where a one-off entry fee is charged.

(c) Regulatory risk

The Target Business has systems and controls in place which seek to ensure that it does not accept bets or wagers via the internet from jurisdictions from which it has determined that it does not wish to accept bets or wagers, whether because it is or may be unlawful to do so and the Target Business has decided not to take any risk in such regard or for any other reason. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and of customers' payment methods. A risk exists, however, that a court or other governmental authority in any jurisdiction could take the position that the Target Business' systems and controls are inadequate or that the Target Business' current or past business practices in relation to such jurisdiction violated applicable law. Any such determination could expose the Target Business and its directors to the risk of civil or criminal sanction, as well as reputational damage. See paragraph 1 of Part 1 (*Risk Factors*) of this document for further details of regulatory risk factors relevant to the Target Business.

7.4 Supplier relationships

The Target Business has a number of key suppliers who provide products and services on which it relies. The most significant relationships are with suppliers who supply and maintain gaming machines in the Target Business' LBOs, rights providers who provide television pictures, audio and data for use in the Target Business' operations, third-party product providers who provide and support some of the gaming products offered by the Target Business online and suppliers who provide information technology and platform services to allow the Target Business to operate and service its customers' needs.

8. INTELLECTUAL PROPERTY

The Target Business' copyright, trade marks, domain names, trade secrets, customer databases and other intellectual property are important to its success.

The Target Business' registered UK and EU trade marks include the "William Hill" name which is also either registered or pending registration in appropriate worldwide jurisdictions. The Target Business takes active measures to protect its trade marks. The Target Business' domain name portfolio includes WilliamHill.com, as well as numerous defensive domain names. The Target Business uses a mixture of software under licence and internally developed software for which it owns the copyright and retains rights of ownership.

The Target Business relies on the protection of trade mark and copyright law, trade secret protection, contractual protection and licence agreements with its employees, customers and others to protect its proprietary rights.

9. EMPLOYEES

The average number of persons employed by the Target Business in Target FY 2021, Target FY 2020 and Target FY 2019, excluding staff employed by its joint ventures and associates, is set out below:

	Target FY 2021	Target FY 2020	Target FY 2019
Average number of employees (headcount).....	10,113	10,519	11,285

As at 31 March 2022, being the latest practicable date for such data, the Target Business employed 10,084 persons.

A breakdown of Target Business employees by geographical location as at the end of Target FY 2021, Target FY 2020 and Target FY 2019 is as follows:

Location	End of Year		
	2021	2020	2019
United Kingdom.....	8,077	8,443	9,426
Europe	1,375	1,396	1,323
Rest of world.....	661	680	536
Total	10,113	10,519	11,285

A breakdown of Target Business employees by activity as at the end of Target FY 2021, Target FY 2020 and Target FY 2019 is as follows:

Primary function	End of Year		
	2021	2020	2019
Product and tech	963	912	889
UK (non-Retail)	440	384	468
Retail	6,884	7,323	8,196
International.....	241	221	256
Customer service.....	776	614	779
Group (including Executive Directors; People, Finance and Legal teams).....	241	223	245
Operations (non-customer service)	561	820	443
Other.....	7	22	9
Total	10,113	10,519	11,285

For Target FY 2021, there was an average of 119 temporary employees employed by the Target Business.

Part 10

INDUSTRY AND REGULATORY OVERVIEW

Section A: Industry Overview

The following information relating to the industry has been provided for background purposes only and should be read in conjunction with the information appearing elsewhere in this document, including the 888 Group's historical consolidated financial information referred to in Part 11 (Historical Financial Information relating to the 888 Group) of this Prospectus and the Target Business' Historical Financial Information referred to in Section A of Part 14 (Historical Financial Information relating to the Target Business) of this Prospectus. Unless otherwise indicated, the information set out in Section A of this Part 10 (Industry and Regulatory Overview) constitutes the Company's views of the markets in which each of the 888 Group, the Target Business operates and the Enlarged Group will operate. Unless otherwise indicated, all market, industry, market share and competitive position data set out in Section A of this Part 10 (Industry and Regulatory Overview) and elsewhere in this Prospectus that relate to the markets in which each of the 888 Group, the Target Business operates and the Enlarged Group will operate are estimates and should be treated with caution. The information has been extracted from third-party sources that the Company reasonably believes to be reliable, including the Regulus Report, but it has not independently verified such information.

All statistical and market information provided by Regulus Partners presented in Section A of this Part 10 (Industry and Regulatory Overview) and elsewhere in this document has been reproduced from the Regulus Report. Additional factors which should be considered in assessing the usefulness of the market and competitive data are described elsewhere in this document, including those set out in Part 1 (Risk Factors) of this document. Accordingly, undue reliance should not be placed on any of the market, industry, market share and competitive position data contained in this document. For further details, see Part 5 (Presentation of Information – Market and Industry Information).

1. Introduction

The 888 Group and William Hill are two leading European online betting and gaming business, with some of most renowned European brands.

The 888 Group has been active in the online betting and gaming industry for more than 24 years, with a strong long-term growth profile supported by its brands, proprietary online gaming technology platforms, CRM and analytical expertise. The 888 Group's core offerings are 888casino, 888sport, 888poker, and 888bingo, supported by a range of other brands.

William Hill is the second most recognised name in sports betting in the UK, and enjoys strong market positions and brand awareness in the UK and many of the markets in which it operates based on revenue generated in retail and online betting and gaming. In other markets, the business operates two core brands, William Hill and Mr Green.

On Completion, the Company anticipates that the Enlarged Group will be the world's third largest listed online betting and gaming company by revenue (based on 2020 online revenue from online peers), with market leading positions in its Betting and Gaming product verticals in the UK and Continental Europe, based on size of combined revenue. The Enlarged Group's products will be supported by proprietary online gaming and betting technology platforms, CRM and analytical expertise with significant revenue and cost synergy opportunities as the businesses are integrated.

2. The online betting and gaming industry

The online gaming industry emerged in the mid-1990s and has since gained momentum. Market growth has been due to a number of key growth drivers:

- *Internet and technological development* – The roll-out and increased penetration of high-speed internet and network infrastructures sophistication has been a key driver for growth in the sector. This, together with the proliferation of smart phones and mobile gambling and the increasing popularity of e-commerce, has allowed online operators to deliver more sophisticated and appealing games to a greater number of customers, with shorter download times and fewer connectivity disruptions. Smartphones offer the opportunity for operators to not only engage with existing customers but also more easily reach new customers.

- *Growth in mobile* – The strong growth in penetration of increasingly sophisticated mobile devices with increased capacity to process data and ever-improving screen quality has had a significant impact on the volume of mobile commerce generally. Mobile connectivity has also continued to improve with the evolution of ever faster networks that has further stimulated growth in mobile commerce. Many online gaming operators have sought to leverage these developments through the delivery of tailored product offerings through multiple mobile platforms and have enjoyed significant revenue growth through these channels as a result.
- *Increased product development* – As a consequence of technological development and the popularity of smartphones and tablets, operators have invested in product development in order to offer consumers a more varied and superior betting and gaming experience. Improved product offerings, specifically through smartphones and tablets, has been a key growth driver in the market. This has been key for the companies’ customer retention, new customer acquisition and customer reactivation in a cost-effective manner.
- *Social trends* – Gaming and betting have become culturally more acceptable leisure activities as a result of the expansion into mobile betting and gaming. Customers who traditionally might not have gone into a bingo hall or a betting shop can now play and bet in a way that fits their lifestyle and preferences. There is also a broader acceptance of digital channels as a safe and secure means to consume gaming services.
- *Increased marketing* – Advertising of products by gaming operators has increased in recent years which has contributed to the growing popularity of online gaming and betting. The popularity of social media has also allowed operators to perform more targeted marketing, which has helped to drive growth in the market.
- *Government adoption of heightened regulation* – In response to the growth in the global online gaming market, several governments have over recent years adopted online gaming regulatory frameworks with the aim of protecting customers, promoting choice and raising taxes. Such changes provide incumbent operators with access to customers and opportunities for expansion. While such changes may increase competition in those jurisdictions, the increased product complexity combined with the increased costs of complying with heightened regulation and the imposition of gaming taxes on operators can make it more difficult for new entrants, strengthening the position of existing gaming and betting operators who have the resources to comply with heightened regulation.

3. The EMEA online gambling market

The EMEA online gambling market is highly dynamic. Regulus Partners estimates the total revenue in the region during 2020 was EUR 31 billion, which represents a relatively consistent compound annual growth rate of 19 per cent. since 2014. However, this broad consistency can hide material volatility and speaks to the value of an operator portfolio of licensees.

EMEA Online Gambling Market Net Revenue 2014-2026E (EUR million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Betting.....	4,920	5,740	7,080	9,050	11,090	12,900	15,000	17,500	18,300	20,400	22,900	25,500	28,500
Casino & bingo	5,300	6,250	7,220	8,300	9,500	10,800	14,700	17,850	20,000	22,800	25,900	29,500	32,900
Poker.....	940	910	940	1,045	1,080	1,075	1,405	1,160	1,185	1,210	1,235	1,260	1,290
% UK.....	30%	31%	32%	31%	27%	25%	23%	20%	20%	18%	17%	15%	14%
% MEA.....	11%	12%	13%	13%	13%	13%	15%	18%	16%	16%	16%	16%	15%

Note: The above data represents total addressable revenue market; revenue is defined as stakes less prizes and customer incentives and so is directly comparable to IFRS revenue (adding back consumer taxes such as VAT); domestically regulated and ‘grey’ Point of Supply markets are included, ‘black markets’, where online gambling is unequivocally illegal are excluded.

The key drivers of market size and growth can be identified as:

- the availability, cost, and adoption rates of enabling technology and services (broadband, smartphones, mobile data, digital payments solutions);
- the regulatory framework that applies; and

- the level of localisation required for the market to appeal to consumers and the extent to which this has been delivered.

Four broad market archetypes can be identified, although there are considerable variations within and between markets.

- Markets with high rates of enabling technology and services adoption, *limited effective regulatory barriers or distortions and high levels of content homogeneity*:
 - for example, the UK, Sweden, Denmark, Finland, Netherlands (albeit only just regulated); and
 - these markets are characterised by high levels of online gambling revenue per capita and attract a number of multi-national as well as more localised operators.
- Markets which have lower rates of enabling technology and services adoption, *limited effective regulatory barriers* and tend to *require greater levels of product localisation*:
 - for example, Spain, Romania, Italy (albeit a complete advertising ban provides a level of distortion); and
 - these markets are characterised by evolving channel shift from land-based gambling, which allows both local and international businesses to thrive.
- Markets with higher rates of enabling technology and services adoption, but which are *constrained by specific regulatory barriers*. This group is by its nature less homogeneous, for example:
 - *France* – taxes are very high (approximately 40 per cent. revenue) and online casino is banned;
 - *Belgium* – only land-based licensees and their single operating partners are allowed to be licensed for online gambling;
 - *Germany* – turnover taxes on both betting (5 per cent.) and gaming (5.3 per cent.) significantly distort customer value by forcing a reduced payout vs. revenue based tax systems and the black market;
 - *Switzerland* – only land-based casinos and their single operating partners are allowed to offer online casino (only adopted in 2019 so excluded from data below);
 - *Portugal* – betting is taxed on turnover (8 per cent.), which significantly distorts customer value;
 - *Norway* – the regulator actively and effectively blocks domestic advertising and payments; and
 - *Czech Republic* – customers must prove their ID in person, significantly benefiting online licensees with a retail presence.
- Markets with *low rates of enabling technology* are no longer common in Europe but form a significant proportion of Middle East and Africa revenue.

Net Revenue by Country in 2019 (EUR million)

	<u>Romania</u>	<u>Spain</u>	<u>Portugal</u>	<u>France</u>	<u>Germany</u>	<u>Italy</u>	<u>Czechia</u>
Revenue per capita	15.1	16.2	17.5	18.5	22.2	23.7	28.5
Ecommerce (%)	23%	58%	39%	70%	79%	38%	64%

	<u>Belgium</u>	<u>Denmark</u>	<u>Sweden</u>	<u>UK</u>	<u>Norway</u>	<u>Finland</u>
Revenue per capita	36.8	66.6	81.4	93.4	94.4	153.8
Ecommerce (%)	66%	84%	82%	87%	82%	73%

4. Market growth drivers

Increasing adoption of enabling technology and services can provide significant structural growth opportunities assuming limited regulatory barriers and appropriate levels of localisation. The potential for further structural growth in Europe can be illustrated by the difference in ecommerce adoption in the UK and Nordic Countries and other territories when compared to online gambling revenue per capita. The correlation within this sample of countries mentioned above is 0.58, with a clear logic for underlying causation or gambling-specific reasons for a lack of correlation (regulation, levels of localisation).

These drivers shape a clear phases of growth:

- early adopter markets tend to be gaming-led, customers are higher spending and use several accounts; substantially all European markets are in this category (as can be seen by relative revenue per capita); and
- broad engagement markets tend to be more betting-led due to the adoption of occasional sports fans, customers are more recreational and loyal to high quality service and visible brands; only the UK and Sweden are clearly currently in this category.

The level of ecommerce adoption and non-restrictive regulatory frameworks also enable channel shift. This can most clearly be seen in the economically and regulatory similar markets of UK and Denmark. The levelling off of retail betting at approximately 40 per cent. of total betting and retail gaming at approximately 55 per cent. suggests a land-based ‘floor’ when the drivers are passive to gambling (consumer technology) rather than active (product innovation, regulation). Since both UK and Denmark had over 80 per cent. ecommerce adoption prior to the COVID-19 pandemic they can both be considered ‘digitally mature’. This is also reflected in relatively low (single digit) rates of online gambling growth compared with double digit adoption-led growth.

UK & Denmark Retail & online markets in 2019 (%)

	Retail		Online		Online (%)	
	Betting	Gaming	Betting	Gaming	Betting	Gaming
UK (ex. NI)	13%	37%	21%	29%	61%	43%
Denmark.....	15%	32%	24%	29%	61%	47%

Betting vs. Gaming in 2019 (%)

	Betting	Gaming
UK (ex. NI).....	51%	49%
Denmark.....	47%	53%

A major driver of enabling technology and services adoption has been government policy responses to the COVID-19 pandemic, in particular lockdowns. Lockdowns drove online gambling engagement globally in three inter-related ways:

- giving people the need to transact digitally for the first time, for example to order groceries or speak to loved ones over video conference;
- giving existing digital adopters more time to try new things such as online gambling, potentially also with more disposable income where government support was provided; and
- giving existing gamblers more time to spend online, particularly when land based gambling was closed or heavily restricted.

Each of these adoption and increased expenditure cohorts varied by market and each is likely to have different levels of sustainability. For example, in markets where ecommerce adoption was already very high, the boost provided by lockdowns is both relatively small and relatively transient as customers revert to previous behavioural patterns. In the UK, for example, official statistics show that:

- poker revenue doubled in Q2 2020 but then normalised to its previous rate;

- sports betting fell by approximately 40 per cent. in Q2 2020 due to cancellations mitigated by product substitution, but has now normalised to underlying rates of growth after a boost caused by a conflated sports calendar and higher than average margins; and
- slots and casino gaming added approximately 25 per cent. to underlying growth in Q2 2020 due but has also now normalised.

Similarly, official Danish and Swedish data shows little impact caused by COVID-19 policy disruptions, despite the fact that Denmark entered a full lockdown. Conversely, markets with low digital adoption have seen very considerable spikes in customer engagement caused by lockdowns, most notably official market statistics demonstrate that Portugal has grown by approximately 65 per cent. since 2019, with a 39 per cent. ecommerce adoption rate in 2019 and Italy has grown by approximately 80 per cent. since 2019, with a 38 per cent. ecommerce adoption rate in 2019.

Both of these markets have strong local offers, which might explain high rates of rapid channel shift. Conversely, the level of localisation in Spain is far less pronounced (see below) while the ecommerce adoption rate was materially higher at 58 per cent. Consequently, growth between 2019 – 2021E was only 20 per cent. in Spain. Going forward, we would expect that markets which have grown 20 per cent. or less to continue a normalised pattern, while markets which have grown 50 per cent. or more to see small levels of contraction as consumer habits adjust. However, the vast majority of revenue is likely to be maintained given that COVID-19 policy responses have simply accelerated underlying digital adoption in lagging countries and there is limited logic for customers to significantly reverse this process.

From a retail perspective, COVID-19 policy responses fall into three categories of impact:

- no revenue due to closure;
- revenue limited due to consumer restrictions caused by government policy; or
- revenue reduced by a changed consumer habits.

While the first two can have a severe short-term impact for the time that the policies are in place, only the third driver is relevant from a long-term demand perspective. Anecdotal and trading evidence so far points to a robust return of consumer expenditure outside older age cohorts who still feel at risk. This has reduced retail gambling expenditure by approximately 5-10 per cent. from pre-pandemic levels, especially for products more associated with older customers such as betting on horseracing and bingo in the UK. The extent to which this reduced engagement is structural or can be mitigated depends on large part upon corporate action to ensure that retail venues remain high quality entertainment venues.

While the rate of enabling technology and services adoption is usually visible and measured by positive sequential progress, albeit in some instances significantly accelerated by pandemic responses, the impact of gambling regulation can be more abrupt and is often dislocating, at least in the short term.

5. The UK gambling market

The UK had relatively stable regulatory conditions between the implementation of Gambling Act in 2007 and the removal of high staking content from gaming machines in betting shops in 2019. However, it should be noted that the FOBT debate lasted from approximately 2012 before a final decision and implementation of a GBP 2 staking limit rather than the previous GBP 100. While this limit directly impacted approximately 70 per cent. of machine revenue (55 per cent. of shop revenue), approximately 30 per cent. of this was directly substituted into gaming machines meaning that the net impact per machine was an approximately 40 per cent. revenue reduction. Nevertheless, a combination of this revenue impact and responses to pandemic policy has meant that overall betting shop numbers have fallen from a peak of over 9,000 in 2014 to approximately 6,500 currently. While it is very early to say with certainty, both the economic and regulatory environment for UK retail betting market now seems to have stabilised.

In late 2014 the UK adopted Point of Consumption legislation for online gambling, meaning that all online operators needed a UKGC licence to service UK customers. The immediate impact of this change was to introduce a 15 per cent. tax, which was absorbed by the vast majority of operators (now 21 per cent. on gaming revenue including bonuses to mitigate the tax losses caused by FOBT stake reduction). However, the change also gave domestic jurisdiction to the UKGC and significantly

increased scrutiny on operators. This has led to a number of high-profile enforcement actions on weak anti-money laundering and safer gambling procedures, many of which have had a material revenue impact. Notwithstanding the significant increase in enforcement activity and corresponding improvements in licensee systems and controls, political pressure mounted to the extent that the UK government has now begun a review of the Gambling Act, especially focussed on online elements of the legislation. While it is too early to provide any clarity on changes that are likely to occur, the following areas have gained significant stakeholder attention:

- restrictions on marketing;
- restrictions on the amount of money customers can spend without checks on whether their expenditure is sustainable;
- restrictions to game mechanics such as slots stakes; and
- increasing the powers of the UKGC and strengthening consumer redress.

Separately, and as with all jurisdictions, the UK gambling sector may face taxation pressure as governments look to fund the cost of pandemic policies and other programmes.

From an economic perspective, the UK is highly mature in terms of digital adoption and has seen a relatively sustained limited impact from pandemic policy responses. This is reflected in a more muted actual growth profile from 2017, which is also reflected in an expected 2019 – 2026E compound annual growth rate of 5.2 per cent. It should be noted that these revenue projections do not factor in material changes caused by the review of the Gambling Act since the measures and timings are uncertain, but do factor in a continued high tempo of regulatory enforcement and improvements to operator sustainability.

UK Online Market Net Revenue 2014-2026 (EUR million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Betting.....	1,331	1,596	1,986	2,502	2,388	2,598	2,936	3,161	3,401	3,481	3,612	3,668	3,778
Casino & bingo.....	1,858	2,252	2,749	3,104	3,382	3,551	4,163	4,376	4,447	4,636	4,787	4,905	5,052
Poker.....	154	136	128	128	129	126	155	133	134	136	137	139	140
Total.....	3,342	3,984	4,864	5,734	5,899	6,275	7,253	7,670	7,983	8,253	8,536	8,711	8,970

UK Online Market Quarterly Revenue 2020-2021 (GBP million)

	Three months ended							
	31 March 2020	30 June 2020	30 September 2020	31 December 2020	31 March 2021	30 June 2021	30 September 2021	31 December 2021
Total revenue.....	1,457	1,223	1,282	1,618	1,853	1,581	1,324	1,246

6. The Italian gambling market

The domestically licensed Italian online sector has been opened up by a number of government decrees over time, starting with sports betting (2006) and then adding poker and casino subsequently. Licences are available periodically through a tender process, with the next set of licences likely to be issued next year. While the absolute number of licences available is likely to halve, sector consolidation means that the actual business impact of this theoretical reduction in competition is likely to be limited, especially since Italy implemented a complete advertising ban in 2019.

As well as banning advertising and plans to restrict licences, Italy also increased online gambling taxes in 2019 (betting was increased 2 per cent. to 24 per cent. of gross gaming revenue and gaming was increased 5 per cent. to 25 per cent. of gross gaming revenue). In 2020, Italy introduced a 0.25 per cent. temporary tax on sports betting stakes to fund the cost of COVID-19 policy responses in relation to sport, though this is capped at EUR 40 million for 2020 and EUR 50 million for 2021 and due to lapse at the end of 2021. Despite recent volatility in Italy, a new regulator and increased political stability suggests a more benign regulatory outlook in the medium term, including potentially lifting advertising restrictions, in part to support sports stakeholders, which have been the biggest economic losers of the ban.

It should be noted that the 2019 advertising ban has had no discernible impact on the domestically licensed sector's growth profile, with Italy being one of the strongest growth markets through pandemic disruption, though it is likely that black-market activity has also grown given that Italian operators are now relatively less visible. Given the significant uptake in revenue during the pandemic period, Italy's growth curve is expected to be compressed. The majority of the 12 per cent. compound annual growth rate between 2019 and 2026 has therefore already been seen.

Italy Online Market Net Revenue 2014-2026E (EUR million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Betting.....	349	355	448	548	591	655	865	1,102	1,047	1,131	1,216	1,302	1,370
Casino & bingo.....	241	304	388	433	535	650	880	1,262	1,060	1,211	1,338	1,443	1,515
Poker.....	128	113	107	107	108	105	129	111	112	113	114	115	116
Total.....	718	772	943	1,089	1,234	1,410	1,874	2,475	2,219	2,455	2,669	2,860	3,001

7. The Spanish gambling market

Spain domestically regulated online gambling in 2012, with all products available by 2015 (slots, in-play betting) in a relatively open licensing system. Spain initially adopted a 25 per cent. gross gaming revenue tax (revenue and bonuses) across all products, but this was cut to 20 per cent. in 2018. Spain also had a liberal marketing regime, but political pressure has meant that from 2021 marketing and bonuses are now heavily restricted. A combination of limited pandemic uplift and increasing regulatory pressures leads us to be cautious on growth notwithstanding the potential for increased digital adoption, forecasting 2019 – 2026 revenue compound annual growth rate of 6.7 per cent.

Spain Online Market Net Revenue 2014-2026E (EUR million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Betting.....	145	190	250	333	385	399	371	466	509	547	585	624	650
Casino & bingo.....	45	76	126	183	251	286	382	364	382	398	411	422	455
Poker.....	67	60	58	60	82	81	110	90	92	94	96	98	100
Total.....	257	326	434	576	718	766	863	920	983	1,038	1,091	1,143	1,205

8. Fiscal-regulatory trends

As can be seen from the UK, Italy and Spain, each gambling regime in Europe is unique and responds to its own specific domestic needs (political, fiscal-regulatory, commercial, cultural). However, a number of fiscal-regulatory trends can nevertheless be identified across Europe:

- domestic or “point of consumption” licensing is now normal across Europe, only Norway, Finland and Hungary preserve significant monopolies of betting and gaming products;
- the level of advertising and marketing that online gambling creates (approximately 30 per cent. revenue vs. less than 5 per cent. for land-based) creates the political conditions for restrictions;
- a tax range of 20-25 per cent. is now more typical than 15-20 per cent.; and
- increasing focus on individual customer expenditure has increased during the pandemic (for example, Sweden and Belgium introduced pandemic-specific deposit limits).

These drivers are likely to shape continued fiscal-regulatory change. However, the sector has historically demonstrated resilience to these changes and a greater focus on safer gambling measures, if proportionate and evidence-based, can improve sector sustainability.

From a competitive standpoint, all European markets are highly local, with a different mix of domestic, regional, and international operators taking market share in each. As jurisdictions licence and conditions become more localised through regulatory conditions and consumer behaviour, aggregated market share increasingly becomes more of an outcome. Even in the UK, which is sometimes seen as an international homogenised market, a failure to gain a presence in domestic horseracing is the biggest single driver of international penetration failure (for example, Bwin), whereas all strong betting

brands in the UK have a strong horseracing presence. In Italy, this applies to the domestic football multiple offer (i.e., the ability of customers to place a small stake bet for a big potential prize across several match outcomes). We therefore consider the competitive landscape for UK retail, UK online, Italy and Spain from a product positioning and regulatory standpoint.

9. European markets consolidation

The UK retail betting market has undergone significant consolidation over the last six years, driven by:

- M&A, most notably the Ladbrokes Coral merger and the divestment of shops to Betfred;
- the closure of independents, increasing the share of major operators; and
- the post-FOBT closure programme of William Hill, increasing the share of all others.

The chart below illustrates this in revenue terms, with the impact of the loss of GBP 100 stake machine content from Q2 2019 and then the impact of the pandemic clearly visible on overall revenue.

Due to the restriction of four machines per shop, the legacy nature of most estates and the rollout of broadly comparable SSBTs, the economics of individual shops are much more driven by location than differences between operators. With these dynamics stable, 2022 system-wide revenue should recover to approximately GBP 1.9 billion or 60 per cent. of pre-pandemic and GBP 100 stake loss levels.

UK Retail gambling revenue 2014-2025E (GBP million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Betting.....	1,445	1,419	1,411	1,399	1,336	1,369	780	1,000	1,010	999	978	950
Gaming in LBOs	1,650	1,710	1,792	1,806	1,825	1,259	730	864	885	905	926	948
Other gaming (Casinos, bingo halls and AGCs).....	2,993	2,878	2,944	2,953	2,979	2,673	980	2,100	2,400	2,400	2,400	2,400
Total	6,088	6,007	6,147	6,158	6,140	5,302	2,490	3,964	4,295	4,305	4,304	4,298

UK LBO total revenue 2014-2025E (GBP million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Over the Counter	1,405	1,340	1,278	1,215	1,100	1,057	560	683	647	612	580	549
Self-service Betting Terminal	40	79	133	184	236	313	220	317	363	387	398	401
Gaming Machines.....	1,650	1,710	1,792	1,806	1,825	1,259	730	864	885	905	926	948
Total	3,095	3,129	3,203	3,205	3,161	2,644	1,510	1,864	1,895	1,905	1,904	1,898

UK LBO operators total revenue (GBP million) and average weekly revenue per shop (GBP thousands) by Operator 2020

	Total Revenue	% Market share by revenue	Average weekly revenue per shop
Entain	669	44%	4.3
William Hill.....	349	23%	4.5
Betfred.....	320	21%	3.9
Flutter	122	8%	6.7
Other.....	50	3%	—
Total.....	1,510		

The UK online gambling market is consolidated around leading betting-led brands and two very strong gaming operators. These six groups captured 78 per cent. of the total UK online market in 2020. This has been driven by a combination of M&A (Flutter, Entain) and operational outperformance of market leaders (SkyBet – now part of Flutter, bet365, Gamesys, 888). It should be noted that 888 is the only major operator in the top six portfolio which was not originally a domestic UK-centric brand (excluding Paddy Power as Irish, which immediately targeted the UK as its main market due to cultural similarities and the relative size of the Irish vs. UK markets).

The Company believes the UK retail presence of William Hill creates an opportunity for the 888 Group to build an omni-channel strategy, to promote the 888 Group's brands and create cross-selling prospects, as well to improve customer retention, and reactivation of pre-COVID-19 customers.

Italy is similarly consolidated to the UK, with the top eight group operators controlling 73 per cent. of the domestically licensed market. The patterns are similar to the UK, with the top five all having a strong local retail presence (Entain acquired a number of domestic operators). Of the remaining three all can be explained by product specialisms: bet365 is the market leader in in-play betting; Flutter is the market leader in poker; 888 is the market leader in casino excluding domestic competition.

Spain is a different market to the UK and Italy because its local operators were weaker digitally when the market legislated in 2012. Consequently, while the market is similarly consolidated, with the top eight operators controlling 79 per cent. of the market, these operators are overwhelmingly international in focus. Within the top eight only Sportium (Cirsa) and Codere can be considered domestic, although Gamesys and William Hill have semi-localised offers. It is possible that this lack of localisation is one of the factors which is holding back growth.

UK Remote NGR by Operator in 2020 (GBP million)

	Flutter	Entain	bet365	William Hill	Gamesys	888 Holdings	Others
2020	1,813.1	1,040.9	738.0	503.2	423.2	222.3	1,303.6
(%) Share	30%	17%	12%	8%	7%	4%	22%

Spain Remote NGR by Operator in 2020 (EUR million)

	bet365	Flutter	Entain	Sportium	888 Holdings	William Hill	Codere	Gamesys	Others
2020	218.0	142.0	72.0	66.6	59.0	47.1	48.3	31.0	179.2
(%) Share	25%	16%	8%	8%	7%	5%	6%	4%	21%

Italy Remote NGR by Operator in 2020 (EUR million)

	Lottomatica	Entain	Snai (Playtech)	Sisal	SKS365	bet365	Flutter	888 Holdings	Others
2020	240.5	238.0	215.0	199.0	154.0	136.8	133.7	67.5	420.5
(%) Share	13%	13%	12%	11%	9%	8%	7%	4%	23%

Section B: Regulatory Overview

1. INTRODUCTION

The betting and gaming industry is highly regulated and the regulation of, and approach to, online gaming varies from jurisdiction to jurisdiction. To the extent that it is regulated, governments tend to either prohibit gaming or authorise it under licence whilst generating revenue from licence fees and taxation.

In many jurisdictions, existing laws were enacted prior to the development of the internet and were designed to address and regulate offline gaming operations. The application of these laws to online gaming is still to be clarified in many jurisdictions and regulatory regimes specifically for online gaming are still being developed. This gives rise to uncertainty as to the legal status of online gaming in some jurisdictions.

The 888 Group's headquarters is located in Gibraltar, its licensed entities are located in Gibraltar, Malta, Spain (Ceuta) and the US state of New Jersey, and the IT functionality to run its betting and gaming operations is located in Gibraltar and Ireland. Additional service functions are located in Israel, Romania, Ireland, Spain (Ceuta), the US (New Jersey) and the UK. The 888 Group is also licensed in Denmark, Italy, Portugal, Sweden, the German State of Hesse and the US states of Nevada, Delaware, New Jersey, Michigan, Pennsylvania, Colorado, Virginia and the Canadian province of Ontario. The 888 Group has applied or is in the process of applying for licences in the Netherlands and the German State of Saxony-Anhalt.

The Target Business operates from a number of key sites across the UK, Gibraltar, Malta, Bulgaria, Poland, Italy, Spain and the Philippines, as well as operating LBOs in the UK. The Target Business is licensed to operate betting and gaming services in Gibraltar, Malta, Denmark, the UK, Italy, Ireland, Spain, Sweden, Argentina, Colombia, Jersey and Latvia.

The nature of the 888 Group's and the Target Business' business is, and, following Completion, the Enlarged Group's business will be, such that it is accessible by customers in many jurisdictions including those in which operators and/or their customers may, by local law, be prohibited from engaging in online gaming. Breach of any applicable local laws could give rise to criminal prosecutions, administrative action or civil claims in the relevant jurisdictions. Further, in certain jurisdictions the advertising of online gaming services and the processing of payments may also be prohibited and subject to enforcement actions. The application and enforcement of any local laws to an online operator located and regulated offshore, and which does not have a physical presence in the relevant jurisdiction, may in some cases be uncertain.

A summary of the regulatory regimes in those markets in which the Company expects the Enlarged Group to generate more than 5 per cent. of its revenue after Completion, and the additional jurisdictions in which the Enlarged Group will have a physical presence is set out below.

The Proposed Acquisition and the resulting change of control of the Target Business will require notifications to, or regulatory approvals from, the relevant authorities either prior to or following Completion. These requirements result from the regulations or licensing conditions applicable to the licences held by the 888 Group or the Target Business. 888 and the Target Business are working with local counsel in each of the relevant jurisdictions to ensure that all necessary approvals and/or notifications are obtained or submitted, as appropriate, in a timely manner. The Company believes that all necessary approvals should be forthcoming; however there can be no assurance that the 888 Group or the Target Business will be able to obtain certain necessary approvals within a timescale acceptable to 888 or Caesars, or that they may only be obtained subject to certain conditions or undertakings which may not be acceptable to 888 or Caesars, or at all.

2. GENERAL REGULATORY FRAMEWORK

888 and William Hill Limited are, and following Completion, 888 as the holding company of the Enlarged Group, will be Gibraltar-registered public limited companies. The 888 Group and the Target Business are each licensed by the Gibraltar Licensing Authority pursuant to the Gibraltar Gambling Act to undertake remote betting and gaming activities in Gibraltar and are regulated by the Gibraltar Gambling Commissioner. The provision of online betting and gaming services by companies based in Gibraltar is regulated and licensed under the provisions of the Gibraltar Gambling Act.

The local laws relevant to the betting and gaming industry in many jurisdictions were enacted prior to the development of the internet and were designed to address and regulate terrestrial gaming activities, primarily those conducted within the territory of that jurisdiction. The scope of the application of these laws to online gaming activity, specifically when provided by foreign operators, therefore remains unclear.

Under international conflict-of-law principles which are applicable to the operational entities within 888 and the Target Business as Gibraltar-registered companies and which, following Completion, will be applicable to a number of the operational entities within the Enlarged Group, the validity of a wagering contract is to be determined in accordance with the law applicable to the contract. Normally, this would be the law of the location where the bet or wager was accepted, not where it was placed. The European Community's 1980 Rome Convention on the Law Applicable to Contractual Obligations (the "**Convention**") follows the same logic. Article 3 of the Convention states that absent a positive determination by the parties of the applicable law, a contract shall be governed by the law of the country with which it is most closely connected. In the case of wagering contracts, this would generally be the territorial law applicable to the party who offers the facility for placing the wager (i.e. the "casino" or book maker). Within the EU, Regulation (EC) No. 593/2008 of the European Parliament and the Council of 17 June 2008 on the law applicable to contractual obligations (the "**Regulation**") applies. Pursuant to Article 3 of the Contractual Obligations Regulation, a contract shall be governed by the law expressly chosen by the parties or clearly demonstrated by the terms of the contract. Article 6 paragraph 2 of the Contractual Obligations Regulation allows contracts with consumers to provide for an applicable law different from that of the consumer's habitual residence.

The 888 Group and the Target Business, with the help of their legal advisers worldwide, continually review and assess the impact of local regulatory regimes applicable to online gaming. The 888 Group and the Target Business regularly receive and, following Completion, the Enlarged Group will regularly receive, updates on regulatory developments in target markets, and instruct its respective group companies on how to bring operations in line with applicable legal requirements. This includes blocking or restricting the offering of online gaming or betting in jurisdictions where this is required under applicable law or where other considerations (such as commercial viability) dictate a withdrawal from the market. This can be achieved through various methods, including IP-based blocking, filtering based on customers' addresses, blocking of payment methods issued in certain jurisdictions, and other methods commensurate with industry best practices. Similarly, the 888 Group and the Target Business tailor, and following Completion, the Enlarged Group will tailor, marketing activities to meet applicable restrictions.

3. JURISDICTIONS FROM WHICH THE DIRECTORS EXPECT THE ENLARGED GROUP TO GENERATE MORE THAN 5 PER CENT. OF ITS REVENUE AFTER COMPLETION

The 888 Group and the Target Business generate, and following Completion, the Enlarged Group will generate, the majority of revenues over 5 per cent. in the UK and in Italy. Other individual markets can be divided into the following main groups: European Union, Middle East, Africa and the Americas.

United Kingdom

Online betting and gaming in Great Britain is regulated by the Gambling Act and the regulations and licensing conditions and codes of practice enacted by the regulator, the UKGC. According to the Gambling Act, a remote operating licence is required for the provision of online gaming if at least one piece of remote gaming equipment used in the provision of gaming facilities is placed within the UK; or if no such equipment is placed in the UK, but the gaming facilities provided are used or capable of being used there. In addition, the UK regulatory regime requires remote gaming operators to source their software from suppliers licensed by the UKGC.

Both the 888 Group and the Target Business hold gaming operating licences, online and retail, issued by the UKGC, and the Enlarged Group will do so after Completion. The services offered to UK customers by the 888 Group, the Target Business and which, following Completion, will be offered by the Enlarged Group, are on the basis of these licences.

The UK government is currently undertaking a review of the Gambling Act, which may result in material amendments to the regulatory regime governing the Enlarged Group's industry in the UK. The UK government's review of the Gambling Act is extensive in scope and could potentially lead to

major changes in United Kingdom regulation. It is anticipated that the UK government will issue its white paper in the second quarter of 2022 and any proposals to amend the Gambling Act could follow, with significant changes to legislation unlikely before 2023.

While the extent and scope of potential proposals and their impact on the 888 Group, the Target Business and, following Completion, the Enlarged Group is currently unknown, it is expected that the white paper may impose fixed stakes limits for online slots, including a possible range of GBP 2 to GBP 10 per spin or other flexible limits based on player affordability and eligibility; stricter criteria for affordability, including fixed deposit limits for players and increased due diligence and/or third-party checks to determine affordability; and certain types of advertising restrictions, including a ban of sponsorship of football clubs, TV advertising and a general limit on bonuses and promotions with respect to advertising.

The Company estimates that approximately 19 per cent. of the combined revenue for the Enlarged Group for the three months ended 31 March 2022 for the UK online revenues would have been derived from online slots, with about half of UK online revenue of the 888 Group and the Target Business being derived from online slots, according to management estimates, and would be subject to any potential proposals. Online slots limits have already been reduced, with Target Business' exposure to slots above GBP 10 in the low single digits of total slots revenue for the first quarter of 2022. Based on the performance during the first three months of 2022, on an annualised basis the Company expects that the Enlarged Group's revenue from slots in the UK would have been approximately GBP 370 million. Regulus Partners estimated that a GBP 2 maximum stake could impact the UK industry revenues by approximately 6 per cent., which the Company expects would correspond to an approximate 15 per cent. impact on the Enlarged Group's slot revenue on an annualised basis for FY 2022. A hypothetical 15 per cent. decrease in the Enlarged Group's combined expected slot revenue in FY 2022 on an annualised basis is estimated by the Company to reduce the Enlarged Group revenue by approximately GBP 55 million and EBITDA by approximately GBP 16.6 million.

While the nature of any affordability policies remain unclear, the 888 Group has taken several steps over the course of FY 2020 and FY 2021 to increase the level of safer gambling interventions which included, among other things, the ability to set personal system limits and the implementation of the Observer data system. See paragraph 4(a) of Part 8 (*Information on the 888 Group*) of this document for further information on the Observer data system. By FY 2021, approximately 40 per cent. of active players had deposit limits in place; and, moving forward, the Company intends to lower the affordability check trigger from GBP 950 to GBP 500, after reducing it from GBP 2,000 in FY 2021. The 888 Group also introduced new game design features across its full range of slots content in line with a new industry code of conduct aimed at reducing the risks associated with gambling. Over the past few years, both the 888 Group and Target Business have experienced advertising restrictions in Italy and Spain. Potential advertising restrictions in the UK resulting from the UK government's review of the Gambling Act could have similarities to such restrictions in Italy and Spain. Given the strength of 888's brands and market positioning, the advertising restrictions in Italy and Spain had a limited impact on 888 Group revenue, and a positive impact on profitability. As a result, the Company does not expect the potential advertising restrictions to cause a significant negative impact on the Enlarged Group's EBITDA, if at all.

For more information regarding the UK Gambling Act review and its potential impact on the 888 Group, the Target and, following Completion, the Enlarged Group see the risk factor "*The UK government's ongoing review of the Gambling Act may result in more onerous regulation of the betting and gaming industry in the UK, the single largest market for both the Group and the Target Business, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group*" in paragraph 1.2 of Part 1 (*Risk Factors*).

As described in the risk factor "*The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world.*" in paragraph 1.6 of Part 1 (*Risk Factors*), the UKGC imposed a financial penalty of GBP 9.4 million on the 888 Group in respect of social responsibility and anti-money laundering failings following a compliance assessment which concluded in October 2020. Similarly, following a compliance assessment conducted in July and August 2021, the William Hill Group is subject to an ongoing licence review and is addressing certain action points raised by the UKGC in relation to William Hill's social responsibility and anti-money laundering obligations. The Target Business has recorded a provision of GBP 15.0 million in its combined carve-out financial information for Target FY 2021 to cover potential cash outflows resulting from any regulatory sanctions and associated costs resulting

from this compliance assessment and licence review. Certain licenced entities within the Target Business also have the benefit of an indemnity provided by Caesars under an agreement dated 8 March 2022 to apply to certain losses and costs that may arise in the event any of the relevant operating licences are suspended or are subject to conditions imposed by the UKGC in connection with the licence review.

Both the 888 Group and the Target Business hold, and following Completion, the Enlarged Group will hold, gaming software licences issued by the UKGC, which allow them to provide gaming related software to the UK market.

European Union

EU law plays an important role in assessing the legality of the offering of betting and gaming services by operators licensed in one or more EU Member States to customers in other EU Member States. In many EU Member States, there have been attempts by regulatory and prosecutorial authorities, and monopoly operators, seeking to impose domestic administrative prohibition orders, to initiate criminal and administrative sanctions, to initiate civil proceedings or to impose other restrictive measures against online operators licensed in other EU Member States, with a view to preventing such operators from offering their services to domestic customers. Such measures have often been inconsistent with the principles of EU law, in particular those enshrined under Articles 49 and 56 of the Treaty on the Functioning of the European Union (“TFEU”) which guarantee the freedom of establishment and the freedom to provide services. Such inconsistency resulted from domestic legal regimes which restrict either the freedom of establishment or the freedom to provide services and which could, as a result, be unenforceable or void.

The efforts by certain state authorities and licensees to restrict the cross-border supply of online gaming have given rise to litigation in the national courts of a number of Member States, which have resulted in multiple references of questions of EU law to the CJEU under Article 267 TFEU and so leave the position of the 888 Group, the Target Business, and, following Completion, the Enlarged Group unclear with regard to a number of points, as described in the risk factor “*There have been and continue to be attempts by various persons in EU Member States to apply domestic criminal and administrative laws to prevent online gaming operators licensed in other EU Member States from operating in or providing services to customers within their territory; the case law of the CJEU on this issue continues to evolve creating uncertainty for online gaming operators.*” in paragraph 1.8 of Part 1 (*Risk Factors*).

In *Gambelli and others* (Case C-243/01), decided in November 2003, the CJEU held that national law restrictions on the cross-border supply of online gaming services could give rise to restrictions on the freedom to provide services and the freedom of establishment under Articles 49 and 56 TFEU, and that restrictions of that kind were capable of being justified on public interest grounds (such as consumer protection, the prevention of fraud or, as the Italian government argued in the *Gambelli* case itself, the reduction of opportunities for the public to participate in gaming). However, such restrictions could only be justified if they were applied in a non-discriminatory manner and in a manner which was “consistent and systematic”. Those requirements are not satisfied, and EU Member States cannot invoke public order concerns, where the authorities of that EU Member State incite and encourage consumers to participate in gaming to the financial benefit of the public purse.

In *Placanica and others* (Case C-338/04), in 2007, the CJEU held that a blanket exclusion of companies quoted on regulated markets from tendering procedures for the award of gaming licences went beyond what was necessary in order to achieve the objective of preventing gaming operators from being involved in criminal or fraudulent activities. The CJEU also held that Articles 49 and 56 TFEU must be interpreted as precluding national legislation which imposes a criminal penalty on persons for pursuing the organised activity of collecting bets without a licence or a police authorisation (as required under the national legislation), where those persons were unable to obtain licences or authorisations because that EU Member State, in breach of EU law, refused to grant licences or authorisations to such persons.

In September 2009, the CJEU handed down its ruling in a referral from the Portuguese courts in *Liga Portuguesa de Futebol Profissional and bwin International Ltd v Departamento de Jogos da Santa Casa da Misericórdia de Lisboa* (Case C-42/07). The CJEU recalled that national legislation can only be appropriate for ensuring the attainment of the objective it purports to pursue if it genuinely reflects a concern to attain that objective in a consistent and systematic manner. It held that the grant of exclusive rights to operate games of chance via the internet to a single operator, such as the then-

Portuguese monopoly operator Santa Casa, which was subject to strict control by the public authorities, may, in circumstances such as those in the main proceedings, be regarded as appropriate for the purpose of protecting consumers against fraud on the part of operators. In the absence of EU harmonisation, the CJEU rejected the existence of an obligation on EU Member States to recognise gaming licences issued by other EU Member States, and held that an EU Member State is entitled to take the view that the mere fact that a gaming operator which lawfully offers online gaming services in another EU Member State is subject to regulation in that EU Member State, cannot be regarded as amounting to a sufficient assurance that national consumers will be protected against the risks of fraud and crime.

On 8 September 2010, the CJEU handed down rulings in a number of cases referred by the German courts, namely *Markus Stoß et al* (Joined Cases C-316/07, C-358/07 to 360/07, C-409/07 and C-410/07), *Winner Wetten* (Case C-409/06) and *Carmen Media* (Case C-46/08). In those cases, the CJEU held that, while an EU Member State was permitted under EU law to establish a public monopoly on gaming activities (so long as the requirements in *Gambelli* were met), the monopoly established by the German State Treaty on Gambling failed to pursue its stated objectives of preventing incitement to squander money on gaming, combating gaming addiction, and protecting young people in a consistent and systematic manner. Elaborating on the latter requirement, the CJEU noted that a monopoly may not advertise to encourage consumers to participate in gaming, and that any advertising issued by the holder of a public monopoly must remain measured and strictly limited to what is necessary in order thus to channel consumers towards authorised gaming networks. Second, a monopoly can no longer be justified if in relation to more addictive games of chance which are not covered by the public monopoly (such as casino games and slot machines) the competent authorities conduct or tolerate policies aimed at encouraging participation in those other games rather than reducing opportunities for gambling and limiting activities in that area in a consistent and systematic manner. The CJEU concluded that the monopoly established by the German State Treaty did not pursue its objectives in a consistent and systematic manner. It also held that an EU Member State may not apply a criminal penalty for failure to complete an administrative formality where such completion has been refused or rendered impossible by the EU Member State concerned, in infringement of EU law.

With regards to the ban on online gaming in the German State Treaty on Gambling, the CJEU acknowledged that a prohibition of any offer of games of chance via the internet may, in principle, be regarded as suitable for pursuing the legitimate objectives of preventing incitement to squander money on gambling, combating gaming addiction and protecting young persons, even though the offer of such games remains authorised through more traditional channels. In this context, the CJEU noted that the referring court had not been specific about its concerns in that regard. Therefore, the CJEU's examination was limited to the question of whether a complete ban on internet gaming may, in principle, be regarded as suitable for achieving the objectives of preventing incitement to squander money on gaming, combating gaming addiction, and protecting young people.

On 15 September 2011, the CJEU ruled on the matter of *Dickinger and Omer* (C-347/09). The Court noted that a monopoly on games of chance constitutes a restriction of the freedom to provide services but that such a restriction may nevertheless be justified by overriding reasons in the public interest, such as the objective of ensuring a particularly high level of consumer protection. To be consistent with the objective of fighting crime and reducing opportunities for gambling, national legislation establishing a monopoly which allows the holder of the monopoly to follow an expansionist policy must genuinely be based on a finding that the crime and fraud linked to gaming are a problem in the EU Member State concerned, which could be remedied by expanding authorised regulated activities. The CJEU emphasised that the objective of maximising public revenue alone cannot permit such a restriction of the freedom to provide services. The CJEU also stated that only advertising which is moderate and strictly limited to what is necessary to channel consumers towards controlled gaming networks is permissible. An expansionist commercial policy whose aim is to expand the overall market for gaming activities is not consistent with the objective of fighting crime and fraud. However, the CJEU also ruled that, given the absence of harmonisation at EU level regarding online gaming, no duty of mutual recognition of authorisations issued by other EU Member States can exist in the current state of EU law. A similar ruling was handed down on 13 September 2013 in the matter of *Biasci et al* (C-660/11).

On 30 April 2014, the CJEU ruled on another Austrian case, *Pfleger and others* (C-390/12). The CJEU confirmed its case law on national gaming legislation being compliant with EU law only if the declared public interest objectives are not only theoretically, but also actually pursued in a consistent

and systematic manner. The CJEU further ruled that the burden of proof regarding the proportionality and consistency of a measure rests with the EU Member States and reiterated that, where a restrictive system has been established and that system is incompatible with the freedom to provide services, an infringement of that system by an economic operator cannot give rise to penalties.

On 28 February 2018, the CJEU ruled on a Hungarian case, *Sporting Odds Ltd* (C-3/17). The CJEU rules that the Hungarian legislation relating, *inter alia*, to the organisation of online casino games was not compatible with the EU law principle of freedom to provide services, due to the legislation including discriminatory restrictions which the CJEU ruled could not be justified by the objectives of public order and public health, because those objectives may have been attained by less restrictive measures.

There has been an uptick in EU Member States introducing gaming legislation and regulation conforming with EU law in recent years. For example, during 2020-2021 the regulatory landscape in Germany underwent drastic changes, with the introduction of federal sports betting licences, the adoption of a temporary toleration regime for online casino products and the introduction of an online slots and poker licensing regime in the state of Saxony-Anhalt. In the Netherlands, a new Online Gambling Act entered into force in 2021, launching an online betting and gaming licensing regime.

In past years, the European Commission initiated infringement proceedings, including before the CJEU, against EU Member States whose laws regulating online betting and gaming infringe EU law and the market freedoms guaranteed by the TFEU. Examples include Greece, Belgium, Cyprus, the Czech Republic, Lithuania and Poland. The Company believes that domestic legislation in EU Member States that is inconsistent with the principles of EU law, as interpreted in the jurisprudence of the CJEU, is unenforceable and may be void, and therefore cannot impede the offering of online betting and gaming services to customers in those jurisdictions.

Italy

Online betting and gaming in Italy is regulated by the *Agenzia delle Dogane e dei Monopoli* (ADM). In accordance with the relevant Decrees regulating online betting and gaming, licences from ADM are necessary for the provision of online gaming services in Italy. Licences are only awarded through a tender process which opens from time to time and which is specially announced in advance.

Both the 888 Group and the Target Business hold gaming operating licences, issued by ADM, and the Enlarged Group will do so after Completion. The services offered to Italian customers by the 888 Group, the Target Business and which, following Completion, will be offered by the Enlarged Group, are on the basis of these licences.

Middle East, Africa and South America

Both the 888 Group and the Target Business provide services to certain jurisdictions in the Middle East, Africa and South America, based on online betting and gaming licences which are widely referred to as “dot.com” or “point of supply” licences. For completion, these “dot.com” licences differ in nature to “dot.country” or “point of consumption” licences, which are territory specific. “dot.com” licences enable the supply of online betting and gaming to other jurisdictions, in accordance with those licences’ regulations and under the governance of the relevant regulator and regulatory regime, based on the principle of Internet legislation that deems the provision of an online product as provided where the operator is established and located. The 888 Group and the Target Business hold such licences in Malta, Gibraltar and Jersey.

The determination by the 888 Group, the Target Business and, following Completion, the Enlarged Group as to whether or not to permit customers in a given jurisdiction to access any one or more of their products under a “dot.com” licence, is and will be made on the basis of a measured and prudent approach to legislation, regulatory compliance and in accordance with the policy adopted by the respective board. Such decisions are based on a number of factors, which include:

- the laws and regulations of a jurisdiction;
- state, federal, national or supra-national law, including EU law if applicable;
- the approach to the application or enforcement of such laws and regulations by regulatory and other authorities, including the approach of such authorities to the extraterritorial application and enforcement of such laws and the willingness or ability (or absence thereof) of such authorities to take enforcement action;

- the terms of the betting and gaming licences of the 888 Group, the Target Business and, following Completion, the Enlarged Group (as applicable);
- any offline presence or retail operations in the jurisdiction; and
- any changes to these factors.

Where any jurisdiction has in place a clear national prohibition of offshore online services, and such prohibition is set out in legislation that has a clear extra-territorial application, all measures will be implemented to prevent access to the services from that jurisdiction.

Set forth below is an overview of the 888 Group and the Target Business' dot.com licences:

Gibraltar

Online betting and gaming in Gibraltar is regulated under the provisions of the Gibraltar Gambling Act. Part VI of the Gibraltar Gambling Act, "Remote Gambling", is the basis for nearly all aspects of Gibraltar's online betting and gaming regulatory regime. In addition to the Gibraltar Gambling Act, the Gibraltar Gambling Commissioner issued "Codes of Practice", which, by virtue of section 6(6)(f) and 6(7) of the Act, are authoritative in nature.

Both the 888 Group and the Target Business are, and following completion, the Enlarged Group will be, licensed to undertake remote betting and gaming activities in Gibraltar. The 888 Group is headquartered in Gibraltar. Some of the servers which support the gaming activities of the 888 Group are also located in Gibraltar.

The licences held by each of the 888 Group and the Target Business in respect of their online activities in Gibraltar as valid of a period of five years, and are automatically renewed each year during the five-year period, unless there has been a breach of any term or condition of the licence agreement which has not been rectified within 90 days of notification of the breach to the licensee.

Malta

Online betting and gaming is regulated in Malta under the Maltese Gaming Act 2018. No person shall provide or carry out a gaming service or provide a critical gaming supply from Malta or to any person in Malta, or through a Maltese legal entity, except when in possession of a valid licence by the Maltese Gambling Authority (MGA), the primary regulatory body responsible for the governance of all betting and gaming activities in Malta. For the avoidance of any doubt, a gaming service is defined as the act of making a game available for participation by players, whether directly or indirectly, and whether alone or with others, as an economic activity whilst a critical gaming supply is defined as a material supply which is (a) indispensable in determining the outcome of a game or games forming part of the gaming service; and, or (b) an indispensable component in the processing and, or management of essential regulatory data. The Maltese regulatory framework therefore provides for two types of licensure, a B2B licence and a B2C licence. MGA approval is required for each game type to be offered under the licence. The term of the licences is ten years.

As Malta is part of European Union it is subject to EU law, including the EU principle on the free movement of services. In accordance with the aforementioned, Maltese gaming licences entitle licensees to provide online gaming services from Malta or to any person in Malta, or through a Maltese legal entity in compliance with Member States' local regulatory regime.

Both the 888 Group and the Target Business are, and following completion, the Enlarged Group will be, licensed to undertake remote betting and gaming activities in Malta.

Jersey

Online betting and gaming in Jersey is regulated by the Jersey Gambling Commission. B.J. O'Connor Ltd, a subsidiary that is part of the Target Group is, and following Completion will be as part of the Enlarged Group, licensed to provide betting facilities from a dedicated premises in Jersey.

North America

USA

Provision of remote betting and gaming services to US customers is subject to legislation at both a federal and state level in the United States. The Unlawful Internet Gambling Enforcement Act 2006 (“**UIGEA**”) is the principal federal statute relating to online gaming, and contains prohibitions on, *inter alia*, the processing by financial institutions of payments to and from unlawful internet betting and gaming operators.

On 23 December 2011, the US Department of Justice (“**DOJ**”) released a memorandum (“**2011 DOJ Memorandum**”) which addressed in detail, for the first time, a long-disputed legal question, namely, whether the Wire Act (18 U.S.C 1084) applies to all forms of gambling or whether its scope is more limited and covers only sports betting and no other forms of gambling. The DOJ’s longstanding position has been that the Wire Act prohibits “*the transmission in interstate or foreign commerce of bets or wagers*” with respect to all forms of gambling, while many legal scholars (and foreign gaming operators which relied on their opinions) contended that the Wire Act only prohibits the transmission of bets or wagers “*on any sporting event or contest*” but does not apply to other forms of gaming (such as online poker and casino games). The 2011 DOJ Memorandum reversed the DOJ’s position and concluded that the Wire Act applies only to sports betting and hence does not apply to internet gaming or online lotteries.

In January 2019, the DOJ published an updated memorandum, reversing the position and concluding that the Wire Act applies to sports betting as well as to other forms of gambling. This memorandum was successfully challenged by New Hampshire’s lottery and its providers, with the court ruling that the Wire Act applies solely to interstate sports betting. 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 U.S. Supreme Court.

In parallel to the Wire Act interpretation developments, on 14 May 2018, the U.S. Supreme Court struck down the Professional and Amateur Sports Protection Act of 1992 (“**PASPA**”) as unconstitutional. This decision had the effect of lifting federal restrictions on sports betting and thus allows states to autonomously determine the legality of sports betting in their state. Since the repeal of PASPA, several US states have legalised and regulated online sports betting, with more states joining the ranks of regulation by the month.

The 888 Group is, and following completion, the Enlarged Group will be, licensed in various US states. The 888 Group is currently licensed in New Jersey, Nevada, Delaware, Pennsylvania, Colorado, Michigan and Virginia.

Canada

The online provision of gambling services to Canadian customers is primarily regulated by the Canadian federal Criminal Code. The Criminal Code places a prohibition on provision of gambling services unless these are operated by a provincial government (meaning through a provincial lottery corporation).

On a provincial level, Ontario enacted legislation in December 2020 which provided for regulation and licensing of private companies, which would allow private operators to provide gambling services through the provincial government. This legislation established a new subsidiary of the Alcohol and Gaming Commission of Ontario (“**AGCO**”), named iGaming Ontario (“**iGO**”), to conduct and manage the online gaming offerings in Ontario in partnership with private companies. AGCO remains the regulator of all services in order to meet the requirements of the Criminal Code. Based on this new provincial regulatory framework, online gambling in the Canadian province of Ontario have gone live on 4 April 2022, with private operators being awarded licenses from AGCO.

4. ADDITIONAL JURISDICTIONS IN WHICH THE ENLARGED GROUP WILL HAVE A PHYSICAL PRESENCE AFTER COMPLETION

Israel

The 888 Group holds, and following Completion, the Enlarged Group will hold, subsidiaries which are incorporated in Israel. In each case, the subsidiaries operate research and development facilities in Israel and maintain servers for various ancillary and support functions, such as data-mining. The 888

Group and the Target Business do not, and following Completion, the Enlarged Group will not, allow Israeli residents to participate in online gaming on its websites by blocking registrations by customers stating Israel as their country of residence, blocking access from internet servers with internet protocol addresses from Israel and refusing to accept payments from credit cards issued by banks in Israel.

Subject to certain exceptions, the Israeli Penal Law 1977 (the “**Penal Law**”) prohibits the organisation or conduct of, and participation in, gaming in Israel. There is no legislation which specifically regulates online gaming in Israel although some courts have stated that the provisions of the Penal Law may be construed to apply to online gaming. However, the Company believes that the 888 Group and the Target Business do not, and following Completion, the Enlarged Group will not, facilitate, offer or provide gaming activities prohibited under the Penal Law to Israeli residents, and therefore, no offence is committed wholly or in part within Israel.

Romania

The 888 Group holds, and following Completion, the Enlarged Group will hold, a subsidiary which is incorporated in Romania, that operates a research and development facility within Romania.

The current regulatory regime in Romania is governed by Emergency Ordinance 77/2009 as amended. According to the applicable regulatory regime, the organisation and operation of online gambling in Romania requires a licence from the local gambling office. The 888 Group and Target Business hold, and following Completion, the Enlarged Group will hold, through their subsidiaries, licences issued by the Romanian gaming regulator, the National Office for Gambling (“**NOG**”).

Spain (Ceuta)

The 888 Group holds, and following Completion, the Enlarged Group will hold, a subsidiary incorporated in Spain (Ceuta). Service functions for the 888 Group are located in Ceuta.

Spanish Law 13/2011 of 27 May 2011 (Ley 13/2011, de 27 de mayo, de regulacion del Juego) (“**Spanish Law**”) sets out the general legal framework for the offering of online gaming in Spain. According to Spanish Law, operators who wish to offer online gaming services in Spain are required to obtain general gambling and betting licences which cover the activities they wish to offer, and then apply for a specific licence for each individual game variant.

The 888 Group and Target Business hold, and following Completion, the Enlarged Group will hold, through their subsidiaries, online betting and gaming licences issued by the Spanish gaming regulator, Directorate General for the Regulation of Gambling (“**DGOJ**”).

Ireland

The 888 Group holds, and following Completion, the Enlarged Group will hold, a subsidiary incorporated in Ireland, in addition to data centres located in Ireland.

The Irish general regulatory framework is, at present, partially regulated by way of the 1931 Betting Act. The Act was amended in 2015 to include regulation for online bookmaking, regulated by the Irish Revenue Commissioners Office, and licences for online bookmakers are required for operators servicing the Irish market by providing sports betting services. The nominated officers of licence applicants must undergo personal licensure and hold a Tax Clearance certificate in addition to a Certificate of Personal Fitness (COPF). With respect to online casino games, these are provided based on a “dot.com” licence, as explained in depth above.

In January 2021, the Irish Department of Justice has published plans to carry out a reform of the Irish gambling regulatory regime within the course of 2021. This reform has been expected since as early as 2013, with a draft Gambling Control Bill being drafted. According to the publication, the reform would entail a major update to the said draft Bill. This latest publication contradicts earlier media statements by government officials in October 2020, stating that the reform would not be concluded prior to 2023.

Bulgaria

The Target Business holds, and following Completion, the Enlarged Group will hold, a subsidiary which is incorporated in Bulgaria. The subsidiary provides business process services, such as fraud prevention checks, safer gambling support, KYC checking and customer services desks. Neither the Target Business nor the 888 Group offer and, following Completion, the Enlarged Group will not offer

remote gambling services directly from this Bulgarian entity. The activities of the Target Group's Bulgarian subsidiary and, following Completion, the Enlarged Group's Bulgarian subsidiary does not currently require a licence.

The current regulatory regime in Bulgaria is governed by the 2012 Gambling Act. According to the applicable regulatory regime, the organisation and operation of online gambling in Bulgaria requires a licence.

Poland

The Target Business holds, and following Completion, the Enlarged Group will hold, a subsidiary which is incorporated in Poland. The subsidiary provides information technology services, such as technical development and system and help desk support functions. Neither the Target Business nor the 888 Group offer and, following Completion, the Enlarged Group will not offer remote gambling services directly from this Polish entity. The activities of the Target Group's Polish subsidiary and, following Completion, the Enlarged Group's Polish subsidiary does not currently require a licence.

The regulatory regime in Poland is governed by the Polish Gambling Act and its Amendments. According to the applicable regulatory regime, the organisation and operation of online gambling in Poland requires a licence for betting, and there is a state monopoly in place for online casino games.

Philippines

The Target Business holds, and following Completion, the Enlarged Group will hold, a subsidiary which is incorporated in the Philippines. The subsidiary provides business process services, such as fraud prevention checks, safer gambling support, KYC checking, customer services desks and accounting support. Neither the Target Business nor the 888 Group offer and, following Completion, the Enlarged Group will not offer remote gambling services directly from this Philippine entity. The activities of the Target Group's Filipino subsidiary and, following Completion, the Enlarged Group's Filipino subsidiary does not currently require a licence.

The main laws setting out the general legal framework for the offering of online betting and gaming in the Philippines are the Revised Penal Code and Executive Order no. 13 of 2017. According to the applicable regulatory regime, the organisation and operation of online gambling in the Philippines requires a licence for offshore facing online betting and gaming.

Part 11

HISTORICAL FINANCIAL INFORMATION RELATING TO THE 888 GROUP

The audited consolidated financial statements of the 888 Group included in the 2021 888 Annual Report and Accounts, the 2020 888 Annual Report and Accounts and the 2019 888 Annual Report and Accounts, together with the audit reports thereon, are incorporated by reference into this document. All of these financial statements have been prepared in accordance with IFRS.

There are no qualifications in the auditor's reports on the 2021 888 Financial Statements, the 2020 888 Financial Statements or the 2019 888 Financial Statements.

The historical financial information relating to the 888 Group described herein are incorporated by reference into this document as set out in Part 21 (*Documents Incorporated by Reference*).

Part 12

OPERATING AND FINANCIAL REVIEW RELATING TO THE 888 GROUP

The following discussion and analysis should be read in conjunction with the financial information on the 888 Group referred to in Part 11 (Historical Financial Information relating to the 888 Group) of this document which has been incorporated by reference into, and forms part of, this document. Except as stated otherwise, the financial information included or incorporated by reference into this Part 12 (Operating and Financial Review relating to the 888 Group) has been extracted without material adjustment from the financial information referred to in Part 11 (Historical Financial Information relating to the 888 Group) of this document which has been incorporated by reference into, and forms part of, this document. The financial information referred to in this Part 12 (Operating and Financial Review relating to the 888 Group) has been prepared in accordance with IFRS, as explained in Part 11 (Historical Financial Information relating to the 888 Group) of this document.

Some of the information contained in this Part 12 (Operating and Financial Review relating to the 888 Group) contains certain forward-looking statements that reflect the 888 Group's plans, estimates and belief and that may involve risks and uncertainties. The 888 Group's actual results may also differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such risks, uncertainties and/or differences include, but are not limited to, those discussed below and elsewhere in this document, including under Part 1 (Risk Factors) and the section headed "Information regarding forward-looking statements", of Part 5 (Presentation of Information) of this document.

The 888 Group historical financial information referred to in this document reflects the changes in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of cash flows of the 888 Group to align with the form of presentation in the 2020 888 Financial Statements and the 2021 888 Financial Statements (as appropriate). For more information, see the paragraph "Presentation of financial information relating to the 888 Group" in Part 5 (Presentation of Information) of this document.

1. DOCUMENTS INCORPORATED BY REFERENCE

The following cross-reference list is intended to enable investors to easily identify specific items of information that have been incorporated by reference into this document. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this document.

Information incorporated by reference into this document	Reference document	Page number in reference document
At a Glance.....	2021 888 Annual Report and Accounts	2-3
Chairman's Statement.....	2021 888 Annual Report and Accounts	4-5
CEO's Strategic Report.....	2021 888 Annual Report and Accounts	6-9
Key Performance Indicators.....	2021 888 Annual Report and Accounts	22-23
Financial Review.....	2021 888 Annual Report and Accounts	42-47
Risk Management Strategy.....	2021 888 Annual Report and Accounts	50-59
Notes to the Consolidated Financial Statements .	2021 888 Annual Report and Accounts	126-165

Information incorporated by reference into this document	Reference document	Page number in reference document
Highlights.....	2020 888 Annual Report and Accounts	1
Chairman's Statement.....	2020 888 Annual Report and Accounts	2-3
Chief Executive's Strategic Report.....	2020 888 Annual Report and Accounts	6-11
Chief Financial Officer's Report / Financial Review and Key Performance Indicators.....	2020 888 Annual Report and Accounts	14-19

Information incorporated by reference into this document	Reference document	Page number in reference document
Regulation and General Regulatory Developments	2020 888 Annual Report and Accounts	30-33
Notes to the Consolidated Financial Statements .	2020 888 Annual Report and Accounts	115-150

Information incorporated by reference into this document	Reference document	Page number in reference document
Highlights	2019 888 Annual Report and Accounts	1
Chairman’s Statement	2019 888 Annual Report and Accounts	8-9
Chief Executive’s Strategic Report	2019 888 Annual Report and Accounts	10-15
Chief Financial Officer’s Report / Financial Review and Key Performance Indicators	2019 888 Annual Report and Accounts	22-31
Regulation	2019 888 Annual Report and Accounts	42-47
Notes to the Consolidated Financial Statements .	2019 888 Annual Report and Accounts	121-154

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, including for the purposes of the Prospectus Regulation Rules, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

These documents are also available on the Company’s website at <https://corporate.888.com>.

2. KEY PERFORMANCE INDICATORS

The 888 Group uses certain key performance indicators, such as Adjusted EBITDA, Adjusted EPS, Adjusted Profit Before Tax, EBITDA of the Enlarged Group, Adjusted EBITDA of the Enlarged Group and locally regulated and/or taxed vs. non-locally regulated and taxed revenue split which in its view provide alternative measures with which to monitor its economic, financial and operating performance, including on a *pro forma* basis for the Proposed Acquisition and related transactions. These measures have been provided for informational purposes only and are not indicative of historical operating results, nor are they meant to be predictive of future results. These measures are used to monitor its underlying performance and operations. However, these measures are non-IFRS measures and should not be considered as an alternative to similar measures calculated and presented in accordance with IFRS. Not all companies calculate these measures in an identical manner and therefore the 888 Group’s presentation may not be consistent with similar measures used by other companies. See Part 5 (*Presentation of Financial Information*).

Adjusted EBITDA, Adjusted EPS and Adjusted Profit Before Tax

Adjusted EBITDA, Adjusted EPS and Adjusted Profit Before Tax have the meanings given in the paragraphs entitled (i) “*Reconciliation of operating profit and Adjusted EBITDA for the 888 Group*,” (ii) “*Reconciliation of Adjusted EPS for the 888 Group*” and (iii) “*Reconciliation of profit before tax and Adjusted Profit Before Tax*,” respectively, in Part 5 (*Presentation of Financial Information*) of this document.

EBITDA of the Enlarged Group and Adjusted EBITDA of the Enlarged Group

The 888 Group uses EBITDA and Adjusted EBITDA as a means to measure the profitability of its business. It calculates EBITDA as net profit/(loss) for the period adjusted for interest, taxes, depreciation and amortisation and Adjusted EBITDA as EBITDA adjusted for certain exceptional items, share based payments, foreign exchange differences and share of post-tax loss of equity accounted associate. It calculates EBITDA of the Enlarged Group and Adjusted EBITDA of the Enlarged Group on the same basis.

The adjustments from net profit/(loss) for the year to the EBITDA of the Enlarged Group and Adjusted EBITDA of the Enlarged Group are consistent with the Unaudited *Pro Forma* Financial Information of the Enlarged Group, which illustrates the effect of the (i) Placing, (ii) the proposed financing arrangements to part-fund the Proposed Acquisition and (iii) Proposed Acquisition on the FY 2021 consolidated income statement of the 888 Group as if these transactions had taken place on 1 January 2021. The following table shows a reconciliation of net profit/(loss) for the year of the Enlarged Group to EBITDA of the Enlarged Group and Adjusted EBITDA of the Enlarged Group for FY 2021:

	FY 2021
	<i>(USD million)</i>
Enlarged Group Net profit/(loss) for the year.....	(368.5)
Enlarged Group interest expense, net.....	158.6
Enlarged Group taxation.....	(29.4)
Enlarged Group depreciation and amortisation.....	258.7
EBITDA of the Enlarged Group	19.4
Enlarged Group exceptional items	353.9
Enlarged Group share based payments	18.0
Enlarged Group exchange differences.....	4.8
Enlarged Group share of post-tax loss of equity accounted associate	–
Adjusted EBITDA of the Enlarged Group	396.1

For a further description of the exceptional items referenced above, see paragraph 6 (*Exceptional items*) of this Part 12 (*Operating and Financial Review relating to the 888 Group*). The unaudited *pro forma* financial information is for illustrative purposes only. Because of its nature, the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the 888 Group's, or the Enlarged Group's actual financial position.

The unaudited *pro forma* financial information does not purport to represent what the 888 Group's or the Enlarged Group's financial position or results would have been if the Proposed Acquisition had taken place on the dates indicated nor does it purport to represent the 888 Group's or the Enlarged Group's results expected to be achieved in the future.

Locally regulated and/or taxed vs. non-locally regulated revenue split

Locally regulated and/or taxed vs. non-locally regulated and taxed revenue split refers to the amount of revenue the 888 Group derives from its locally regulated and/or taxed markets and non-locally regulated and taxed markets, respectively. Locally regulated and/or taxed jurisdictions refer to jurisdictions where the 888 Group operates under a local licence or where the 888 Group is liable for gaming duties or VAT, GST or similar taxes. In these jurisdictions, gaming duties are imposed on licensed operators. The following table shows the 888 Group's locally regulated and/or taxed vs. non-locally regulated and taxed revenue split for the periods indicated:

	FY		
	2021	2020	2019
	<i>(USD in millions)</i> <i>(unaudited)</i>		
Revenue from locally regulated and/or taxed markets	727.9	621.4	414.6
Revenue from non-locally regulated and taxed markets	252.2	228.3	145.7
Revenue	980.1	849.7	560.3

Notes:

(1) For FY 2021, FY 2020 and FY 2019, the locally regulated and/or taxed jurisdictions were the UK, Spain, Italy, Denmark, the United States (Nevada, Delaware, New Jersey, Colorado, Pennsylvania, Virginia, Michigan), Romania, Sweden, Portugal, Germany, Ireland, Gibraltar, Malta, Austria, New Zealand and Switzerland (for part of FY 2019).

The following table shows the 888 Group's locally regulated and/or taxed markets and non-locally regulated and taxed markets split for the six month period indicated, beginning with December 31, 2019 which was the last six month period that was uninterrupted by the effects of COVID-19:

	Six months ended				
	31 December 2021	30 June 2021	31 December 2020	30 June 2020	31 December 2019
	<i>(USD in millions)</i>				
Revenue from locally regulated and/or taxed markets	329.5	398.4	343.5	276.8	209.8
Revenue from non-locally regulated and/or taxed markets	122.2	130.0	127.1	102.3	73.3
Revenue	451.7	528.4	470.6	379.1	283.1

The figures in the preceding tables regarding the locally regulated and/or taxed vs. non-locally regulated and taxed revenue split are based on management estimates and have not been audited or otherwise reviewed by independent auditors, consultants or experts.

3. KEY FACTORS AFFECTING THE 888 GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

3.1 Macroeconomic environment and the impact of COVID-19

Demand for the gambling industry's products and services is influenced by general economic conditions and trends in consumer spending, both in the global market or in the regional markets in which the 888 Group operates, including as a result of an economic downturn following the COVID-19 pandemic.

Gambling is a form of entertainment and, as such, competes with other forms of entertainment for consumers' disposable income and share of discretionary spending. Although the Company believes gambling tends to be more resilient than some other forms of entertainment, spending on gambling may decrease if the jurisdictions in which the 888 Group operates experience a decline in GDP or an increase of inflation. Spending on gambling may also be negatively impacted by fluctuations in other macroeconomic factors which influence consumer spending, such as unemployment rates, tax rates and general consumer confidence. However, the impact may also be offset by countervailing trends in consumer behaviour. For example, during periods of increasing unemployment, consumers who may otherwise have limited time for entertainment may spend more time and disposable income on various forms of entertainment, including betting and gaming. Furthermore, gambling can be a relatively inexpensive form of entertainment and may therefore be less affected by macroeconomic factors which influence consumer spending than some other forms of entertainment. In this way, lower absolute levels of consumer spending may result in higher relative levels of consumer spending on gambling, which, in turn, may help offset the impact that deteriorating economic conditions or depressed levels of consumer spending may otherwise have on gambling revenues. The 888 Group implements all

applicable responsible gaming measures under all licences and implements all requirements in this regard to minimise the risk of potential harm, including that relating to customers' spend exceeding their means.

The impact of COVID-19 pandemic has also affected the 888 Group's results of operations and financial condition. In March 2020, the World Health Organization declared the outbreak of the COVID-19 pandemic. The COVID-19 pandemic caused an economic recession, high unemployment rates and other disruptions worldwide. Government authorities and businesses implemented numerous measures intended to contain and limit the spread of COVID-19, including travel bans, lockdown orders, business restrictions and other limitations. Although the 888 Group did not receive government support in any of the markets in which it operates, government authorities also enacted strong expansionary measures to provide income support to households and firms, provide credit to the economy and bolster market liquidity.

With people worldwide sheltering at home for prolonged periods of time, and with the widespread closures of in-person gambling facilities and other forms of entertainment, the appeal and popularity of online gambling increased. The 888 Group's financial performance remained strong throughout this time as a result of several factors, including increased consumer demand for online services that accelerated as a result of COVID-19-related restrictions on people's movements and leisure activities and the 888 Group's diversification across product verticals and geographic markets. The following table shows the 888 Group's revenue for the quarterly periods indicated:

Three months ended,									
	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2020	30 June 2020	31 March 2020	31 December 2019
	<i>(USD in millions)</i>								
Revenue	221.8	229.9	255.9	272.5	255.0	215.6	214.5	164.6	145.3

These growth trends were offset in part by the widespread cancellation of sporting events due to the COVID-19 pandemic in the first half of 2020, during which Sport revenue was flat compared with the same period in 2019. However, most sporting events returned in the second half of 2020, with certain cancelled events such as the 2020 Olympics and Euro 2020 being rescheduled during 2021, and revenue rebounded. In FY 2021, sporting events largely continued as normal despite the COVID-19 pandemic, albeit with some disruption to football with several cancelled and rearranged fixtures, principally within the fourth quarter. The potential impacts of the COVID-19 pandemic on the 888 Group's business or operations cannot be predicted, however, and there is no guarantee that these near-term trends will continue, particularly if the COVID-19 pandemic worsens or continues for an extended period of time, which could disrupt the 888 Group's operations or put greater financial pressure on the economy and users' spending habits or discretionary income. See also "*The COVID-19 pandemic could have longer-term effects on the business, financial condition, results of operations and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group*" in paragraph 2.1 of Part 1 (*Risk Factors*) and "*William Hill Retail operates and, following Completion, the Enlarged Group will operate, a large portfolio of LBOs in the UK, which carry significant fixed overhead costs and may be adversely affected by regulatory change, the ongoing COVID-19 pandemic or other factors that could impact the operations and profitability of the LBO portfolio*" in paragraph 2.2 of Part 1 (*Risk Factors*).

In part as a response to the COVID-19 pandemic, various jurisdictions adopted a more stringent approach to player protection, primarily to avoid the emergence of problem gambling patterns amongst those sheltering at home, and to curtail excessive spending on gambling during a period of economic downturn. In addition to implementing measures to comply with the regulations and guidance issued by various regulators, the 888 Group also added additional customer protections in order to mitigate the increased risks arising from customers remaining at home for long periods under conditions of stress, such as adopting social responsibility guidelines and increasing proactive responsible gaming communications and measures for its customers. The adoption of stricter regulations and enhanced internal measures could have an impact on the 888 Group's financial condition and results of operations. See paragraph 3.2 of this Part 12 (*Operating and Financial Reviewing relating to the 888 Group*). See also "*The COVID-19 pandemic could have longer-term effects on the business, financial condition, results of operations and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group*" in paragraph 2.1 of Part 1 (*Risk Factors*).

3.2 Changes in betting and gaming regulation and gaming taxes and duties

The 888 Group operates in a complex regulatory environment, in particular with respect to its betting and gaming operations, which is subject to continuous evolution, and its results of operations are affected by a number of factors prescribed by applicable laws, regulations and gaming taxes. Most countries regulate or, in some cases prohibit, gambling activities. Historically, the regulation of the betting and gaming industry has been arranged at a national level and, currently, there is no international gambling regulatory regime. For a more detailed discussion of the regulations to which the 888 Group is subject, please see Part 10 (*Industry and Regulatory Overview*) of this document and Section 1 (*Risks relating to law and regulation of the betting and gaming industry*) in Part 1 (*Risk Factors*).

The 888 Group's strategic focus remains on growing in sustainable, regulated markets where the 888 Group can leverage its full marketing expertise to capture new opportunities. Revenue from locally regulated and/or taxed markets continued to represent the majority of 888 Group's revenue at 74 per cent. in FY 2021, 73 per cent. in FY 2020 and 74 per cent. in FY 2019, with market share gains in most regulated markets where the 888 Group operates.

Regulation

During 2020 and 2021, in part as a response to the COVID-19 pandemic, various jurisdictions enacted additional regulations, largely seeking to prevent the emergence of problem gambling patterns amongst those sheltering at home, and to inhibit excessive spending on gambling during a period of economic downturn. For example, 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 has continued to take a strict approach towards compliance and has adopted additional restrictions such as a ban that commenced 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 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 December 2020, the UK government launched a review of the Gambling Act, with the aim to ensure it is "fit for the digital age". Further changes to regulation may arise from the UK government's review of the Gambling Act, or recent or further measures introduced by the UKGC, could have a material impact on the 888 Group's business, financial condition and results of operations. For further details, see "*The UK government's ongoing review of the Gambling Act may result in more onerous regulation of the betting and gaming industry in the UK, the single largest market for both the 888 Group and the Target Business, which could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group*" in paragraph 1.2 of Part 1 (*Risk Factors*).

The 888 Group has also experienced a number of other regulatory changes in the jurisdictions in which it operates such as Germany, the Netherlands, Sweden, Spain, the Canadian province of Ontario and the United States. The adoption of new licensing and regulatory frameworks by various jurisdictions may provide growth opportunities for the Enlarged Group in new and existing markets, however, it may also impose onerous conditions, such as particular licensing requirements, together with enforcement sanctions for breach thereof, and taxation liabilities that may make the market unattractive to the Enlarged Group. From time to time, it may be required to exit certain jurisdictions or limit the services it provides as a result of these changes. The imposition of more onerous regulatory standards in any of these jurisdictions or uncertainty surrounding the implementation of these regulations could have a material adverse effect on the 888 Group's business, results of operations, financial condition and prospects. For further details, see Part 10 (*Industry and Regulatory Overview*) of this document and "*The clarification of the regulation of online betting and gaming and the opening of new markets may restrict the ability of the Enlarged Group to continue to derive revenue from the existing markets of the 888 Group and the Target Business and may lead to increased competition*" in paragraph 1.4 of Part 1 (*Risk Factors*).

Corporate tax, gaming taxes and duties

The 888 Group is subject to corporate income taxes and gaming duties in jurisdictions in which betting and gaming is regulated. Changes in tax legislation, increases in such taxes, duties or levies and any increases in the size of the tax base could have a material adverse effect on its business, results of operations, financial condition and prospects. In January 2022, the tax residence of 888 Holdings plc was transferred to the UK by virtue of management and control. While the Company expects that this should have no material adverse impact on the 888 Group's effective tax rate or tax cash outflow for the foreseeable future, the Company has from such date been subject to tax and the reporting obligations applicable to a UK-resident company.

Important international tax rules of relevance to the 888 Group including Pillar Two model rules for domestic implementation of 15 per cent. global minimum tax, the UK's Diverted Profits Tax, Offshore Receipts in respect of Intangible Property rules, the Anti-Tax Avoidance Directive has been implemented in Gibraltar and Malta, including exit tax, General Anti-Abuse Rules and Controlled Foreign Corporation rules. See also "*Recent and potential changes to rules regarding cross-border taxation, the revised interpretation of existing tax rules or increased scrutiny of existing structures could increase the tax liability of the Enlarged Group*" in paragraph 1.12 of Part 1 (*Risk Factors*).

For FY 2020 and FY 2021, the 888 Group's headline corporate tax rate in Malta, Israel, the UK, Romania and the US (federal only) was 35 per cent. (effective rate), 23 per cent., 19 per cent., 16 per cent. and 21 per cent., respectively. In Gibraltar, the headline corporate tax rate was 10 per cent. until August 2021 when the rate increased to 12.5 per cent. In March 2021, the UK government also announced a further increase in the corporate tax rate to 25 per cent., which will begin in 2023.

From time to time, the taxes and gaming duties change in the jurisdictions in which the 888 Group operates. For example, in 2021, it saw increases in Germany and Denmark, in FY 2020, it saw increases in Portugal and in FY 2019, it saw increases in the UK, Italy and Romania and a decrease in the gaming tax rate in Spain. As a result, gaming duties increased by 21 per cent. to USD 184.0 million in FY 2021 from USD 151.8 million in FY 2020 driven by strong revenue growth in regulated and taxed markets, including the UK and Italy, and affected by the new tax regime in Germany commencing in the second half of 2021. Gaming duties increased by 59.0 per cent. to USD 151.8 million in FY 2020 from USD 95.5 million in FY 2019 driven by the proportion of gaming taxes and duties to revenue affected by gaming tax rate increases and a different mix of revenue across regulated markets. In addition, gaming duties also increased in line with the 888 Group's continued expansion in regulated markets such as Sweden and Portugal as well as strong revenue growth in both Italy and Romania where tax rates increased in January 2019, resulting in incremental duties of USD 10.3 million. The increase was partly offset by a reduction of the gaming tax rate in Spain, from 25 per cent. to 20 per cent. effective from July 2019, while following the re-domiciliation to Ceuta of the Spanish licence holder in the 888 Group during 2020, the applicable rate of gaming tax was reduced to 10 per cent. See also "*—Results of Operations—Comparison of results of operations FY 2020 and FY 2021—Gaming duties*" in paragraph 4 of this Part 12.

Regulators across various territories give the 888 Group a licence to operate and set the terms for providing services in their markets. The 888 Group is required to make payments for these licence fees, the type and timing of which vary by jurisdiction. In addition, jurisdictions in which the 888 Group seeks to be licensed may condition such licensing on the retroactive payment of tax allegedly payable on revenue generated by an applicant for licensing from customers in such jurisdictions during a prior period. The 888 Group's compliance with regulatory requirements and the maintenance of regulatory relationships in multiple jurisdictions are key to maintaining its 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 888 Group is locally licensed, the importance of such licences 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 the 888 Group may be exposed to an increasing number of licensing requirements and costs. For further details, see "*Adverse changes to the taxation of betting and gaming or the imposition of statutory levies or other duties or charges could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group*" in paragraph 1.11 of Part 1 (*Risk Factors*).

3.3 Betting and gaming industry trends and new product offerings

The betting and gaming industry is characterised by changing consumer trends and new product innovation. For example, recent years have seen the development and growth of gambling via mobile devices and the growth of in-play betting. In addition, the COVID-19 pandemic has also accelerated the migration of consumer demand toward online services and away from retail. This widespread adoption of new internet technologies or standards could require substantial expenditure to replace, upgrade, modify or adapt the 888 Group's technology and systems, which could impact the 888 Group's business, financial condition and results of operations.

Many of these gambling trends have also been driven by technological developments. The emerging character of these products and services and their evolution requires the 888 Group to use leading technologies effectively, continue to develop its technological expertise, enhance its current products and services and continue to improve the performance, features and reliability of its technology and advanced information systems. The 888 Group's revenue growth has been driven by improving the content, offers and features in its existing games and the release or acquisition of new games or gaming brands. In order to enhance the content, offers and features in existing games and to develop or acquire new games, the 888 Group must invest a significant amount of its technological and creative resources, ensuring that it support a consistent cadence of novel content creation that drives conversion and continued monetisation. Marketing expenses may also moderately increase due to marketing efforts associated with the new products. These expenditures generally occur months in advance of the release of new content or the launch or acquisition of a new game. In FY 2021, the 888 Group launched over 870 new casino games, bringing the current library to approximately 3,000 games. It also migrated most of its sportsbook volumes onto its in-house platform, giving it better control of the customer experience and allowing it to produce differentiated and innovative experiences. The 888 Group intends to continue its ongoing development of AI-powered personalisation across products and investments in Section8, its in-house studio, which delivers industry-leading content that is exclusive to players and brands. Three of the 888 Group's major product initiatives during FY 2020 included the roll-out of its newest online poker platform, Poker8, the launch of its first proprietary sports betting product, and the introduction of the Control Centre, its latest safer gambling innovation, which has now been rolled out to 40 per cent. of customers. The 888 Group has also continued to invest, develop and refine its Observer system, which uses sophisticated algorithms to flag unusual or potentially concerning customer activity to help customers make informed decisions on their customer journey.

3.4 Acquisitions

The 888 Group has made several acquisitions of companies and brands in the online betting and gaming space which have resulted in an increase in the scale and diversification of its business and have affected its results of operations. As a general matter, following an acquisition, its results of operations are affected by the results of the newly acquired business or brands, the purchase accounting for the acquisition, any debt incurred in connection with the acquisition and expenditures made to integrate the newly acquired business or brands. As a result of its acquisitions, the periods presented in the 888 Group Historical Financial Information may not be comparable to one another.

Many of the acquisitions the 888 Group completed during recent years were aimed at diversifying its products, enhancing its geographic coverage, providing ownership over technology and product development across all four key online betting verticals and driving operational efficiencies. For example, in FY 2019, the 888 Group acquired the Costa Bingo brands and other formerly B2B bingo brands from former B2B partner Jet Management, the BetBright sport platform and, in FY 2018, 53 per cent. of AAPN Holdings LLC, or the All American Poker Network, a US sports betting platform. In connection with the Proposed Acquisition, the 888 Group will acquire the Target Group, which will have a significant impact on its business, financial condition and results of operations.

Following an acquisition, the 888 Group seeks to integrate the companies into its existing group structure. When seeking to integrate and improve a newly acquired business, the 888 Group looks to several key areas: (i) reviewing current products and prices and improving operational processes and cost structure to achieve satisfactory operating margins; (ii) implementing network upgrades to bring the acquired business in line with group-wide standards; (iii) evaluating the realization of anticipated synergies and benefits from economies of scale; (iv) sharing knowledge and experience and implementing group-wide best practices; and (v) leveraging its ability to raise financing, including in the international capital markets. Many of these integration measures require expenditures by the 888

Group and it is expected these expenditures will increase following the acquisition of the Target Group. See also “*The 888 Group, the Target Business and, following Completion, the Enlarged Group may be unsuccessful if it undertakes future acquisitions, joint ventures or alliances, and may be unsuccessful in the integration of businesses recently acquired*” in paragraph 2.21 of Part 1 (*Risk Factors*).

In addition, the 888 Group generally records goodwill in connection with such acquisitions. In FY 2021, the 888 Group had goodwill relating to AAPN of USD 30.9 million (2020: USD 30.9 million) and intangible assets of USD 5.6 million (2020: USD 7.0 million) arising from the acquisition in December 2018. In FY 2021, the 888 Group also had goodwill relating to Bingo B2C of USD 50.0 million (2020: USD 50.0 million; 2019: USD 104.4 million) and Bingo B2B of USD 0.0 million (2020: USD 0.0 million; 2019: USD 24.9 million). During 2020 an impairment charge of USD 54.4 million was recorded in respect of Bingo B2C and USD 24.9 million in respect of Bingo B2B. The Bingo cash-generating unit’s goodwill primarily arose from the acquisitions Globalcom in 2007, Wink in 2009 and Jet in 2019. In FY 2021, the carrying value of the Bingo cash-generating units also included intangible assets of USD 10.9 million (2020: USD 15.3 million; 2019: USD 19.5 million), the majority of which related to the value associated with the Jet customer list. For further details, see “*The 888 Group has recorded, and following Completion the Enlarged Group may record, a significant amount of goodwill and the Enlarged Group may never realise the full value thereof*” in paragraph 2.26 of Part 1 (*Risk Factors*).

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 additional risks, including but not limited to, potential increased staff turnover, technological failures in respect of technology migration, increased financial burdens and the requirement of management attention and operational resources.

3.5 Customer acquisition

The 888 Group believes that it will be able to continue to grow its customer base, including through traditional marketing, advertising and promotional activities, informal marketing campaigns, and cross-promoting between games, including new games it develops or acquires. Increased marketing investment in new or regulating markets is in line with the 888 Group’s strategy to build world-class brands and use its data-driven marketing expertise to drive increased customer activity and deliver market share gains in key markets. These marketing and promotional activities include the granting of promotional bonuses, loyalty points, guaranteeing attractive prize-pools and other forms of promotional activities. There are, however, limitations to, and in some cases, prohibitions on the online and offline marketing channels, as well as permitted forms of promotional activity, available to the 888 Group as a result of applicable law and regulation and the 888 Group will incur costs as a result of such customer retention activities. The 888 Group intends to continue to seek new opportunities to enhance and refine these marketing efforts to acquire new customers, including identifying potential technologies to enhance its marketing and advertising capabilities. See “*The success of the 888 Group, the Target Business and, following Completion, the Enlarged Group will depend on the effectiveness of its marketing and promotional activities to expand its customer base and enter new markets and maintain, develop and enhance its brands*” in paragraph 2.16 of Part 1 (*Risk Factors*) and “*—Results of Operations—Comparison of results of operations for FY 2020 and FY 2021— Marketing expenses*” in paragraph 4 of this Part 12.

3.6 Financing arrangements

In the periods under review, finance expenses have not been a very significant factor affecting the 888 Groups’ financial condition and results of operations. In FY 2021, FY 2020 and FY 2019, the 888 Group had finance income of USD 0.1 million, USD 0.1 million, and USD 0.5 million, respectively, and finance expenses of USD 5.8 million, USD 6.1 million and USD 7.2 million, respectively, which resulted in a net expense of USD 5.7 million, USD 6.0 million and USD 6.7 million, respectively. However, in connection with the Proposed Acquisition and related financing, the 888 Group will incur a significant amount of additional financial indebtedness, which, in turn, will result in an increase in interest expense.

3.7 Seasonality

Certain games in the 888 Group's portfolio are subject a limited degree of seasonality, although the seasonality of different products is different, reducing the effect on an aggregate basis. In particular, in sports-betting, the schedule of significant sports events, such as the FIFA World Cup and the UEFA European Football Championship, affect the volumes of bets collected over the course of the year. The volumes of betting activity tend to decline in June and July, when fewer European football matches are typically played and sports-betting, in general, typically decreases while some customers are on vacation. The overall effect of any individual sports event is small due to the number of sports events that take place in any given year and the diversity of the 888 Group's revenue sources.

4. FACTORS AFFECTING COMPARABILITY OF OUR RESULTS OF OPERATIONS

IFRS 16 introduced new or amended requirements with respect to lease accounting and the 888 Group adopted IFRS 16 — Leases from 1 January 2019. It introduced significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting remained largely unchanged. The date of initial application of IFRS 16 for the 888 Group was 1 January 2019. Details of the change in requirements, including a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019, are described in Note 2.2 to the 888 Group's 2019 888 Annual Financial Statements.

5. EXPLANATION OF KEY LINE ITEMS

5.1 Revenue

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

Casino, Bingo and Sport

The 888 Group's income earned from Casino and Bingo (Gaming) and Sports (Betting) is disclosed as revenue although these are accounted for and meet the definition of a gain under IFRS 9.

For these revenue streams, revenue recognised includes gains and losses arising as a result of the outcome of an event which is not controllable by the 888 Group. The amount of the payment the 888 Group may be obliged to pay to the customer is uncertain. The transaction is therefore a derivative financial instrument, initially recognised at fair value and subsequently remeasured with changes recorded in profit and loss.

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

Poker

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

B2B

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

For services provided to business partners through its B2B unit, the 888 Group examines whether the nature of its promise is a performance obligation to provide the defined goods or services itself, which means the 888 Group is a principal and therefore recognises revenue in the gross amount of the revenue generated from use of the 888 Group's platform in online gaming activities with the partners'

share of the revenue charged to marketing expenses; or to arrange that another party provide the goods or services which means the 888 Group is an agent and therefore recognises revenue in the amount of the net commission from use of the 888 Group's platform.

The 888 Group is a principal when it controls the promised services before their transfer to the customer. Indicators that the 888 Group controls the services before their transfer to the customer include, *inter alia*, as follows: The 888 Group is the primary obligor for fulfilling the promises in the contract; the 888 Group has risk before the services are provided to the customer; and the 888 Group has discretion in setting the prices of the goods or services.

Where the 888 Group is considered to be the principal, income is recognised as the gross revenue generated from use of the 888 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 888 Group's share of the net revenue generated from use of the 888 Group's platform.

5.2 **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.

5.3 **Operating expenses**

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

5.4 **Taxes**

Tax expense represents the 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.

5.5 **Goodwill**

Goodwill represents the excess of the fair value of the consideration in a business combination over the 888 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.

6. RESULTS OF OPERATIONS

Comparison of results of operations for FY 2020 and FY 2021

The following table sets forth certain income statement data for FY 2020 and FY 2021.

	FY 2021	FY 2020
	<i>(USD million)</i>	
Revenue	980.1	849.7
Gaming duties.....	(184.0)	(151.8)
Other cost of sales.....	(158.4)	(135.1)
Cost of sales.....	(342.2)	(286.9)
Gross profit	637.7	562.8
Marketing expenses.....	(306.5)	(237.1)
Operating expenses.....	(220.2)	(214.7)
Exceptional items.....	(24.0)	(78.2)
Operating profit	87.0	32.8
Finance income.....	0.1	0.1
Finance expenses.....	(5.8)	(6.1)
Share of post-tax loss of equity accounted associates.....	—	(0.1)
Profit before tax	81.3	26.7
Taxation.....	(12.4)	(15.4)
Profit after tax for the period attributable to equity holders of the parent	68.9	11.3

Revenue

During FY 2021, the 888 Group's revenue increased by USD 130.4 million, or 15.4 per cent., to USD 980.1 million from USD 849.7 million for FY 2020. This increase was a result of particularly strong first quarter results due to COVID-19 lockdowns in FY 2021 across Europe and the UK, and double-digit B2C growth in most of the 888 Group's core and growth markets, driven by competitive advantages in product and content leadership, world class brands and marketing, and customer excellence. The following tables set forth a breakdown of revenue by operating segment and geographies for the periods indicated. A discussion of the revenue per operating segment is also set forth below.

	FY 2021	FY 2020
	<i>(USD million)</i>	
UK.....	388.9	333.5
EMEA (excluding the UK and Italy).....	333.5	320.9
Italy.....	118.3	86.5
Americas.....	125.6	93.7
Rest of World.....	13.8	15.1
Total Revenue	980.1	849.7

	FY	
	2021	2020
	<i>(USD million)</i>	
Gaming (B2C).....	814.5	692.2
Betting (B2C).....	127.4	122.1
B2B.....	38.2	35.4
Total Revenue	980.1	849.7

During FY 2021, the 888 Group's Gaming revenue increased by USD 122.3 million, or 17.7 per cent., to USD 814.5 million from USD 692.2 million for FY 2020. This increase was primarily driven by continued expansion and market share gains in regulated markets mainly from the UK, Italy and Romania and driven by the 888 Group's Casino product, which generated 90 per cent. of its Gaming revenue in FY 2021. This increase was slightly offset by Poker which delivered a solid performance but normalised in FY 2021 following an exceptional boost across the poker industry in FY 2020.

During FY 2021, the 888 Group's Betting revenue increased by USD 5.3 million, or 4.3 per cent., to USD 127.4 million from USD 122.1 million for FY 2020. This increase was primarily due to the successful migration of a majority of the 888 Group's sportsbook business to its in-house platform. Across FY 2021 as a whole win margins were flat, but the impact of sporting results on year-over-year growth trends varied significantly by quarter. In the first half of FY 2021, betting revenue growth was primarily driven by the sports cancellations in the prior year, but was also helped by operator favourable results. Conversely in the second half of FY 2021, betting revenue declined as compared to the second half of FY 2020 driven by stronger comparatives as sporting calendars were condensed into the third quarter of FY 2020 to catch up, together with more customer friendly results.

During FY 2021, the 888 Group's B2B revenue increased by USD 2.8 million, or 7.9 per cent., to USD 38.2 million from USD 35.4 million for FY 2020. This increase was primarily due to the Bingo segment as a result of good progress across the 888 Group's Bingo B2B network and extension of activity into Pennsylvania.

As described in paragraph 11.1(m) of Part 20 (*Additional Information*) of this document, 888 has agreed to sell the entirety of its Bingo Business to the Broadway Gaming group which, subject to the satisfaction of certain conditions, is expected to complete in the second quarter of 2022. This is intended to allow 888 to focus on its core platform, enabling greater resources to drive growth in its core markets and reducing compliance complexity arising from related accounts across B2B and B2C bingo and 888's core platform. Following the completion of the 888 Bingo Sale, the 888 Group will cease to own and operate its Bingo B2C business which is currently reported in the Gaming vertical of its B2C segment as well as its Bingo B2B business which is currently reported in its B2B segment.

For further discussion on the 888 Group's operating segments, see paragraph 4 (*Operating Segments*) in Part 10 (*Information on the 888 Group*). For a more detailed discussion of the 888 Group's revenue drivers by geographic market and segment, see the CFO Operating and Financial Review of the 2021 888 Annual Report and Accounts, which is incorporated by reference into this document (see Part 21 (Documentation Incorporated by Reference)).

Gaming duties

During FY 2021, the 888 Group's gaming duties increased by USD 32.2 million, or 21.2 per cent., to USD 184.0 million from USD 151.8 million for FY 2020. This increase was primarily a result of the strong revenue growth in regulated and taxed markets and the implementation of a new tax regime in Germany commencing July 2021.

Other cost of sales

During FY 2021, the 888 Group's other cost of sales increased by USD 23.3 million, or 17.2 per cent., to USD 158.4 million from USD 135.1 million for FY 2020. This increase was primarily due to USD 9.4 million non-cash currency exchange differences which are related to Other cost of sales items. Excluding non-cash currency exchange differences, the proportion of cost of sales to revenue decreased to 15.2 per cent. (2020: 15.9 per cent.), due to the migration of a majority of the 888 Group's sportsbook business to its in-house platform, with associated third-party revenue share savings, together with additional scale benefits. In certain instances, the 888 Group pays revenue share based on revenue after gaming tax, therefore, this decline in other costs related to increased gaming taxes demonstrates that it was able to mitigate the increase in gaming taxes elsewhere.

Marketing expenses

During FY 2021, the 888 Group's marketing expenses increased by USD 69.4 million, or 29.3 per cent., to USD 306.5 million from USD 237.1 million for FY 2020. This increase was in line with the strategy to build momentum in the business in key markets, including in the United States B2C business under the SI Sportsbook brand, by investing more in growth marketing and long-term brand building.

Operating expenses

During FY 2021, the 888 Group's operating expenses increased by USD 5.5 million, or 2.6 per cent., to USD 220.2 million from USD 214.7 million for FY 2020. This increase was primarily due to the increased professional services linked to the growing complexity of the 888 Group's regulatory footprint and additional investment in safer gambling and customer protection technology. Due to the enhanced scale of the business, among other factors, this increase in operating expenses was less than the corresponding increase in revenue.

Operating expenses divided by revenue, or the ratio of operating expenses to revenue, for FY 2021 decreased to 22.4 per cent., compared to 25.3 per cent., for FY 2020 reflecting the strong revenue growth and the scalability of the 888 Group driven by its proprietary technology and effective cost control throughout the period.

Exceptional items

The following table sets forth a breakdown of exceptional items for the periods indicated. A discussion of the exceptional items is set forth below.

	FY	
	2021	2020
	<i>(USD million)</i>	
Restructuring costs	(3.1)	—
Exceptional legal and professional costs	(15.1)	—
Retroactive duties and associated charges	(5.9)	—
Impairment charges	—	(79.9)
Provision – regulatory matters	0.1	0.1
Gain from sale of equity accounted associate	—	1.6
Total exceptional items.....	(24.0)	(78.2)

In FY 2021, restructuring costs comprised of USD 2.6 million employees redundancy costs related to the 888 Group's decision to close its Antigua office and an additional USD 0.5 million related to the disposal of certain property, plant and equipment.

In FY 2021, the 888 Group incurred legal and professional M&A costs of USD 15.1 million associated with the Proposed Acquisition.

In FY 2021, the 888 Group recorded an exceptional retroactive charge of USD 5.9 million following a reassessment of potential gaming duties relating to activity in prior years.

The 888 Group recognised an impairment of Bingo Goodwill assets during FY 2020, as described in further detail in paragraph 3.4 (*Acquisitions*). In FY 2021 and FY 2020, the 888 Group assessed the provision in respect of past and current regulatory matters and concluded that it should be reduced by USD 0.1 million, respectively.

On 22 September 2020, the 888 Group sold its investment in Come2Play Limited and recorded a capital gain of USD 1.6 million for FY 2020.

The tax effect of the exceptional items was a USD 3.5 million credit in FY 2021 and a USD 0.1 million tax credit in FY 2020.

Finance income

During FY 2021, the 888 Group's finance income remained the same as for FY 2020. These amounts were primarily due to interest income on cash balances.

Finance expenses

During FY 2021, the 888 Group's finance expenses decreased by USD 0.3 million, or 4.9 per cent., to USD 5.8 million from USD 6.1 million for FY 2020. Finance expense mainly comprised USD 1.3 million non-cash interest expenses resulting from operating leases, and USD 4.4 million interest charge related mainly to the settlement with the Israeli tax authorities.

Share of post-tax loss of equity accounted associates

On 22 June 2020, the Company sold its investment in Come2Play Limited. As a result, during FY 2020, the 888 Group's share of post-tax loss of equity accounted associates amounted to USD 0.1 million.

Taxation

During FY 2021, the 888 Group's share of taxation decreased by USD 3.0 million, or 19.5 per cent., to USD 12.4 million from USD 15.4 million for FY 2020. This decrease was primarily due to lower expenses related to a settlement signed with the Israeli tax authorities.

7. LIQUIDITY, CAPITAL RESOURCES AND FUNDING STRUCTURE

During the periods under review, the 888 Group financed its operations principally by using cash flow from operating activities. The 888 Group had USD 255.6 million of cash and cash equivalents at 31 December 2021. From time to time, during the periods under review, the 888 Group had drawn down amounts under its former revolving credit facility (the "**former RCF**") with Barclays Bank plc, agreed in February 2019, but during FY 2020, the 888 Group repaid the outstanding amounts under the former RCF in full and cancelled the facility.

The Company and JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc. and Mediobanca – Banca di Credito Finanziario S.p.A. on 9 September 2021 entered into the Commitment Letter, which was subsequently amended and restated on 1 October 2021 to reflect the addition of Barclays Bank PLC as an additional Commitment Party thereunder, to provide the Company with additional relevant financing to undertake the Proposed Acquisition, including the repayment of certain existing indebtedness of the Target Business (including, among other things, the redemption of the Existing 2023 Notes following Completion). Under the Commitment Letter, the Lenders undertake to make available to the Company the following commitments on a customary certain funds basis:

- term loan facilities in an aggregate principal amount of GBP 1.64 billion (equivalent) (Facility B);
- a multicurrency revolving credit facility in the aggregate principal amount of GBP 150 million; and
- GBP 500 million in the form of a bridge loan.

In light of the revised consideration amount for the Proposed Acquisition pursuant to the Amendment Deed, the Company's overall financing requirements were correspondingly reduced. Further, and in lieu of drawing a proportion of the committed debt financing described above, the 888 Group raised net proceeds of GBP 158.5 million by way of the Placing on 7 April 2022, to enable the Company to target *pro forma* net leverage of under 4.0x.

The Board has set a goal of achieving a *pro forma* net leverage ratio of at or below 3.0x in the medium term. Along with the strong free cash flow expected to arise from the Proposed Acquisition, the Board intends to accelerate de-leveraging by suspending dividend payments until such time as the net leverage ratio is at or below 3.0x (or such earlier time as the Board considers appropriate).

It is also expected that the Company will part finance the Proposed Acquisition by entering into the Senior Facilities Agreement prior to Completion with respect to borrowings in the amount of up to GBP 1.64 billion (equivalent) under Facility B. The aggregate amount of up to GBP 1.64 billion (equivalent) of Facility B is expected to include a delayed draw facility that is only available to the Company for 120 days following Completion to finance any put option exercised by the holders of the Existing 2026 Notes following Completion.

It is also proposed that the Senior Facilities Agreement will include the provision of borrowings in the amount of GBP 150 million under the Revolving Credit Facility to be used in connection with the Proposed Acquisition and for working capital and general corporate purposes.

For further details of the expected terms of the Senior Facilities Agreement, see paragraph 6.2 of Part 7 (*Information about the Proposed Acquisition*) of this document.

In addition, and in lieu of a portion of the total commitments described above, the Company may part finance the Proposed Acquisition by entering into a Second Lien Facility Agreement and/or by procuring the issuance by a member of the 888 Group of senior secured notes, second lien secured

notes and/or senior unsecured notes, in each case prior to Completion. For further details of the expected terms of the Second Lien Facility Agreement, see paragraph 6.3 of Part 7 (*Information about the Proposed Acquisition*) of this document. For further details of the expected terms of any senior secured notes, see paragraph 6.4 of Part 7 (*Information about the Proposed Acquisition*) of this document.

7.1 Cash flows

The consolidated statement of cash flows relating to the 888 Group set out below is extracted from the audited financial statements of the 888 Group prepared under IFRS for FY 2019, FY 2020 and FY 2021:

	FY 2021	FY 2020⁽¹⁾	FY 2019⁽²⁾
Net cash generated from operating activities.....	133.2	205.0	80.5
Net cash used in investing activities.....	(30.5)	(30.9)	(82.9)
Net cash used in financing activities.....	(70.3)	(58.9)	(31.7)
Net increase / (decrease) in cash and cash equivalents	32.4	115.2	(34.1)
Net foreign exchange difference.....	1.0	3.7	(0.5)
Cash and cash equivalents at the beginning of the period	222.2 ⁽¹⁾	103.3	131.5
Cash and cash equivalents at the end of the period	255.6	222.2	96.9

Notes:

- (1) Reflects restatement of on demand deposits held with payment service providers. For more information, see the paragraph “Changes to consolidated statement of cash flows presentation” in Part 5 (*Presentation of Information*) of this document.
- (2) Reflects restatement of restricts short-term deposits. For more information, see the paragraph “Changes to consolidated statement of cash flows presentation” in Part 5 (*Presentation of Information*) of this document.

Net cash generated from operating activities

In FY 2021, net cash generated from operating activities was USD 133.2 million primarily related to USD 138.5 million net cash generated from operating activities before working capital movement. Changes in working capital declined USD 5.3 million mainly attributed to an increase in prepayments and guarantees made during FY 2021.

In FY 2020, net cash generated from operating activities increased to USD 205.0 million, primarily related to USD 145.7 million net cash generated from operating activities before working capital movement. Changes in working capital contributed USD 59.3 million in FY 2020 mainly comprising a USD 18.0 million increase in customer deposits and a USD 44.1 million increase in trade and other payables, offset by an increase in trade receivables related to the sharp increase in trading activity during the fourth quarter of FY 2020.

In FY 2019, net cash generated from operating activities was USD 80.5 million primarily related to USD 78.8 million net cash generated from operating activities before working capital movement.

Net cash used in investing activities

In FY 2021, net cash used in investing activities was USD 30.5 million and mainly includes the acquisition of property, plant and equipment of USD 5.6 million and internally generated intangible assets of USD 22.6 million mainly related to US expansion and further development of 888 Group sport platform.

In FY 2020, net cash used in investing activities was USD 30.9 million, mainly comprising acquisition of property, plant and equipment of USD 10.6 million and internally generated intangible assets of USD 17.9 million.

In FY 2019, net cash used in investing activities was USD 82.9 million explained by the acquisition of BetBright sport platform, Costa Bingo brands and 53 per cent. of AAPN Holdings LLC. Excluding these acquisitions, net cash used in investing activities in FY 2019 was USD 22.3 million.

Net cash used in financing activities

In FY 2021, net cash used in financing activities was USD 70.3 million related mainly to a dividend payment during FY 2021 of USD 61.3 million and payment of lease liabilities of USD 7.2 million.

In FY 2020, net cash used in financing activities was USD 58.9 million, comprising dividend payments of USD 33.2 million, repayments of the former RCF in connection with its cancellation of USD 18.0 million and payment of lease liabilities of USD 6.4 million.

In FY 2019, net cash used in financing activities was USD 31.7 million, mainly comprising proceeds of USD 17.5 million from the former RCF, dividend payments of USD 40.4 million and payment of lease liabilities of USD 7.5 million.

7.2 Borrowings

The table below presents a breakdown of the 888 Group's interest-bearing loans and borrowings as at the dates indicated.

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
		<i>(USD million)</i>	
Lease liabilities ⁽¹⁾	30.9	33.7	34.8
Interest-bearing loan – former RCF	—	—	17.7
Total interest-bearing loans and borrowings.....	<u>30.9</u>	<u>33.7</u>	<u>52.5</u>

Notes:

(1) In FY 2019 the 888 Group applied IFRS 16 – Leases for the first time. Lease liabilities are discounted using a weighted average incremental borrowing rate of 4.2 per cent.

The former RCF was repaid in full and cancelled during FY 2020, and the 888 Group had no outstanding third-party debt as at 31 December 2021.

For a description of the debt financing arrangements and Senior Facilities Agreement, see paragraph 6.2 of Part 7 (*Information about the Proposed Acquisition*) of this document. For details of the expected terms of the Second Lien Facility Agreement, see paragraph 6.3 of Part 7 (*Information about the Proposed Acquisition*) of this document. For further details of the expected terms of any senior secured notes, see paragraph 6.4 of Part 7 (*Information about the Proposed Acquisition*) of this document.

7.3 Provisions and contingent liabilities

The 888 Group has recorded a provision in respect of legal and regulatory matters and update it to reflect the 888 Group's revised assessment of these risks in light of developments arising during FY 2020 and FY 2021 including with regard to customer claims and other legal and regulatory risks. This amount represents management's best estimate of probable cash outflows related to these matters, which are closely monitored by the 888 Group. Provisions include USD 12.7 million relating to a sanction of GDP 9.4 million from the UKGC related to former safer gambling and anti-money laundering policies, procedures and controls of the 888 Group. The sanction of GBP 9.4 million from the UKGC was paid in April 2022. Following this sanction, the 888 Group took immediate and appropriate actions to improve the relevant internal policies, procedures and controls to ensure it is fully compliant with its licensing obligations. The timing and amount of other outflows is ultimately determined by the settlement reached with the relevant authority but would generally be resolved within 24 months of the balance sheet date.

	<u>As at 31 December</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
		<i>(USD million)</i>	
Provisions.....	25.7	19.3	10.2

Similar to other operators from time to time the 888 Group receives claims relating to losses incurred by customers. Civil claims have been received from customers, principally in Austria, claiming refunds due to lack of local licensing. This trend is backed by case law among the higher Austrian courts. In addition, claim-financing bodies are gathering claims against operators. The 888 Group is dealing with these civil claims with help from its local advisors. A similar uptick in civil claims also recently started in Germany, but to a lesser extent. See also “*The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world*” in paragraph 1.6 of Part 1 (*Risk Factors*).

In estimating the size of the potential outflow, the Board assessed claims received to date and the 888 Group’s policy for defending these claims. A liability has been recorded to reflect the most likely cash outflow. However, claims continue to be received at an increasing rate and there is an expectation that this trend will persist. The Board is unable to quantify the outflow of funds associated with future claims. Any potential outflow would then take place over a multi-year period.

The 888 Group has entered into agreements with third parties for a range of fees and expenses in connection with the Proposed Acquisition. GBP 17 million to GBP 21 million of these fees are only payable contingent on the completion of the transaction and as such are considered a contingent liability.

As at 31 December 2021, the 888 Group had a commitment for ongoing operational costs associated with the 888 Group’s exclusive partnership with Authentic Brands Group, a brand development, marketing and entertainment company and owner of the Sports Illustrated brand. The commitment includes certain licence fees, employment costs and marketing activities during the course of the agreement.

8. CAPITAL EXPENDITURES

The following table shows the 888 Group’s capital expenditures for the periods indicated and divided between acquisition of property, plant and equipment, acquisition of intangible assets, internally generated intangible assets, acquisitions and other capital expenditures:

	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
		<i>(USD million)</i>	
Acquisition of property, plant and equipment	(5.6)	(10.6)	(8.4)
Acquisition of intangible assets.....	(2.4)	(4.5)	(2.6)
Internally generated intangible assets.....	(22.6)	(17.9)	(11.8)
Acquisitions ⁽¹⁾	—	—	(60.6)
Other ⁽²⁾	0.1	2.1	0.5
	<u><u>(30.5)</u></u>	<u><u>(30.9)</u></u>	<u><u>(82.9)</u></u>

Notes:

(1) Acquisitions in FY 2019 refer to the acquisition of the BetBright sport platform, Costa Bingo brands during 2019.

(2) Other includes interest received and proceeds from sale of investment in equity accounted associate.

Net capital expenditures for FY 2021 were USD 30.5 million and were primarily related to the development of the 888 Group’s infrastructure in the US, investment across regulated US states, including Colorado and Michigan, and continued investment in the 888 Group’s Sport platform.

Net capital expenditures for FY 2020 were USD 30.9 million. The capital expenditures in FY 2020 were primarily related to the launch of the 888 Group’s latest safer gambling innovation called the Control Centre and our new 888Sport and Poker8 products.

Net Capital expenditures for FY 2019 were USD 82.9 million. The capital expenditures in FY 2019 were primarily related to the acquisition of the BetBright sport platform, Costa Bingo brands and 53 per cent. of AAPN Holdings, LLC, which was completed at the end of FY 2018.

9. OFF BALANCE SHEET ARRANGEMENTS

As of 31 December 2021, the 888 Group did not have any off balance sheet arrangements.

10. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of the 888 Group's business, it is exposed to a variety of market risks arising in relation to its financial assets and liabilities, including credit risk, liquidity risk, currency risk and interest rate risk. The Company has a risk management programme in place through which it seeks to mitigate the adverse effects of these market risks. Following consummation of the Transactions, it may hedge interest and exchange rate exposure. It does not enter into financial instruments for trading or speculative purposes.

10.1 Credit Risk

Trade receivables

The 888 Group's credit risk is primarily attributable to trade receivables, most of which are due from the 888 Group's PSPs. These are third-party companies that facilitate deposits and withdrawals of funds to and from customers' virtual wallets with the 888 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 888 Group. The 888 Group reduces this credit risk by:

- monitoring balances with PSPs on a regular basis;
- arranging for the shortest possible cash settlement intervals;
- replacing rolling reserve requirements, where they exist, with a letter of credit by a reputable financial institution;
- ensuring a new PSP is only contracted following various due diligence and "Know Your Customer" procedures; and
- ensuring policies are in place to reduce dependency on any specific PSP and as a limit on any concentration of risk.

The 888 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 31 December 2021 amounting to USD 0.5 million arising from a PSP failing to discharge its obligation (2020: USD 0.6 million; 2019: USD 0.1 million). This has been charged to the consolidated income statement.

An additional credit risk the 888 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 888 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 888 Group. As such the 888 Group provides for these eventualities by way of an impairment provision based on analysis of past transactions. This provision is set off against trade receivables and at 31 December 2021 was USD 1.5 million (2020: USD 1.5 million; 2019: USD 1.0 million).

The 888 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 888 Group controls its cash position from its Gibraltar offices. 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 888 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 888 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.

For FY 2021, the 888 Group's maximum exposure to credit risk is limited to the amount of financial assets presented above, totalling USD 306.3 million (2020: USD 267.5 million; 2019: USD 137.1 million).

10.2 Liquidity Risk

Liquidity risk exists where the 888 Group might encounter difficulties in meeting its financial obligations as they become due. The 888 Group monitors its liquidity in order to ensure that sufficient liquid resources are available to allow it to meet its obligations.

10.3 Currency risk

The 888 Group's financial risk arising from exchange rate fluctuations is mainly attributed to:

- mismatches between customer deposits, which are predominantly denominated in USD, 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 USD (the 888 Group's reporting currency and the functional currency of the majority of its subsidiaries), and a significant portion of deposits settled in local currencies; and
- expenses, the majority of which are denominated in foreign currencies including Pounds Sterling (GBP), Euros (EUR) and New Israeli Shekels (ILS).

The 888 Group continually monitors the foreign currency risk and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level. This includes the potential use of foreign exchange forward contracts designed to fix the economic impact of known liabilities when considered appropriate.

At 31 December 2021, the 888 Group did not have any open foreign exchange forward contracts. However, from time to time the 888 Group may enter into hedging agreements related to cash management services.

The table below details the effect on profit before tax of a 10 per cent. strengthening (and weakening) in the USD exchange rate at the balance sheet date for balance sheet items denominated in Pounds Sterling (GBP), Euros (EUR) and New Israeli Shekels (ILS):

	FY 2021		
	Pounds Sterling (GBP)	Euros (EUR)	New Israeli Shekels (ILS)
	<i>(USD million)</i>		
10 per cent. strengthening	1.4	(2.6)	1.5
10 per cent. weakening.....	(1.4)	2.6	(1.5)

10.4 Interest Rate Risk

The 888 Group's exposure to interest rate risk is limited to the interest-bearing deposits in it invests surplus funds.

The 888 Group's policy is to invest surplus funds in low risk money market funds and in interest-bearing bank accounts. The 888 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 888 Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
	Interest bearing deposits	Interest bearing deposits	Interest bearing deposits
		<i>(USD million)</i>	
50bp increase	—	0.1	0.1
50bp decrease.....	—	(0.1)	(0.1)

11. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

11.1 Critical Judgements

Revenue

The 888 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 888 Group considers, by examining each contract with its business partners, which party controls the promised services before their transfer to the customer. The indicators that the 888 Group take into account in order to assess the control about the goods or services before their transfer to the customer include, *inter alia*, as follows: The 888 Group is the primary obligor for fulfilling the promises in the contract; the 888 Group has risk before the services are provided to the customer; and the 888 Group has discretion in setting the prices of the goods or services.

Internally generated intangible assets

Costs relating to internally generated intangible assets, are capitalised if the criteria for recognition as assets are met. The initial capitalisation of costs is based on management's judgement that technological and economic feasibility criteria are met. In making this judgement, management considers the progress made in each development project and its latest forecasts for each project. Other expenditure is charged to the consolidated income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill

There is uncertainty over whether or not the 888 Bingo Sale will complete in 2022 as completion of the transaction is conditional upon, among other items, completing the reorganisation of the Bingo business and that new structure receiving its own UKGC licence. Therefore, the recoverable amount of the Bingo B2C CGU has been determined based on a value in use calculation using cash flow projections on an ongoing basis and also taking into account the probability of the completion of the 888 Bingo Sale, as at 31 December 2021, to create a risk weighted value in use calculation of the cash generating unit. The resulting valuation is above the carrying value and so the CGU has not been impaired however the carrying value exceeds the potential sales price.

Exceptional items and adjusted performance measures

The 888 Group classifies and presents certain items of income and expense as exceptional items. The 888 Group presents adjusted performance measures which differ from statutory measures due to exclusion of exceptional items and certain non-cash items as the 888 Group considers that it allows a further understanding of the underlying financial performance of the 888 Group. These measures are described as "adjusted" and are used by management to measure and monitor the 888 Group's underlying financial performance. Non-cash items that are excluded from adjusted performance measures of underlying financial performance include share benefit charge, foreign exchange differences and share of post-tax loss of equity associates.

The 888 Group also seeks to present a measure of underlying performance which is not impacted by exceptional items. The 888 Group considers any items of income and expense for classification as exceptional by virtue of their nature and size.

11.2 Key Accounting Estimates

Taxation

Due to the international nature of the 888 Group and the complexity of tax legislation in the jurisdictions in which it operates, the 888 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 888 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 888 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 888 Group believes that its accruals or, where applicable, provisions for tax liabilities are appropriate.

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.

Provisions, contingent liabilities and regulatory matters

The 888 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.

The 888 Group operates in numerous jurisdictions. Accordingly, the 888 Group files gaming tax returns, provides for and pays all gaming taxes and duties it believes are due based on local tax laws and tax advice obtained. The 888 Group is also periodically subject to audits and assessments by local taxing authorities. Provisions for uncertain items are made using judgement of the most likely tax expected to be paid and the basis thereon, based on a qualitative assessment of all relevant information. The Board considers that any exposure for additional taxes, if any, that may arise from the final settlement of such assessments is unlikely to result in any further liability.

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

Given the nature of the legal and regulatory landscape of the industry, from time to time the 888 Group has received notices, communications and legal actions from regulatory authorities and other parties in respect of its activities. The 888 Group is furthermore subject to regular compliance assessments of its licensed activities, from time to time. The 888 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 888 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 Section 7.3, these amounts are not material at 31 December 2021.

Part 13

CAPITALISATION AND INDEBTEDNESS OF THE 888 GROUP

The tables below set out the capitalisation and indebtedness of the 888 Group as at 28 February 2022 which has been extracted without material adjustment from unaudited management information and accounting books and records as at 28 February 2022.

The following tables do not reflect the significant impact that the Transaction will have on 888 or developments subsequent to 28 February 2022.

Statement of capitalisation

	As at 28 February 2022 (unaudited)
	<i>(USD million)</i>
Total current debt (including current portion of non-current debt)	81.7
Guaranteed	—
Secured	—
Unguaranteed/unsecured	81.7
Total non-current debt (excluding current portion of non-current debt)	19.3
Guaranteed	—
Secured	—
Unguaranteed/unsecured	19.3
Shareholder equity (excluding retained earnings)	5.7
Share capital	3.3
Share premium	3.7
Treasury shares	(1.3)
Total capitalisation	106.7

Statement of liquidity/ (indebtedness)

	As at 28 February 2022 (unaudited)
	<i>(USD million)</i>
Cash ⁽¹⁾	210.1
Cash equivalents	—
Other current financial assets.....	—
Liquidity	210.1
Current financial debt (including debt instruments but excluding current portion of non-current financial debt) ⁽¹⁾	75.6
Current portion of non-current financial debt ⁽²⁾	6.1
Current financial indebtedness	81.7
Net current financial indebtedness/(liquidity)	(128.4)
Non-current financial debt (excluding current portion and debt instruments) ⁽²⁾	19.3
Debt Instruments.....	—
Non-current trade and other payables	—
Non-current financial indebtedness	19.3
Total financial indebtedness/(liquidity)	(109.1)

Notes:

(1) Cash includes USD 75.6 million of restricted cash matched to liabilities to customers and progressive prize pools included in current financial debt.

(2) The current portion of non-current financial debt and non-current financial debt relate to lease liabilities

As of 28 February 2022, the 888 Group does not have indirect or contingent indebtedness.

Since 28 February 2022, there have been no material changes in the capitalisation and indebtedness of the 888 Group. The above tables do not reflect the impact of the Proposed Acquisition or the financing arrangements contemplated by the Commitment Letter (including the proposed Senior Facilities Agreement) in connection with the funding of the Proposed Acquisition, which are described in Part 17 (*Unaudited Pro Forma* Financial Information of the Enlarged Group) of this document.

Part 14

HISTORICAL FINANCIAL INFORMATION RELATING TO THE TARGET BUSINESS

Section A: Basis of financial information

The historical financial information of the Target Business for Target FY 2021, Target FY 2020 and Target FY 2019 is set out in Section B of Appendix A to this document.

The Target Business Historical Financial Information has been prepared in accordance with IFRS and using accounting policies consistent with those used to prepare the latest audited consolidated financial statements of the 888 Group.

Section B: Accountant’s report in respect of the Target Business Historical Financial Information

A report from Deloitte LLP in respect of the Target Business Historical Financial Information is set out in set out in Section A of Appendix A to this document.

Part 15

OPERATING AND FINANCIAL REVIEW RELATING TO THE TARGET BUSINESS

The following discussion and analysis is intended to assist in providing an understanding of the Target Business' financial condition and results of operations for Target FY 2021, Target FY 2020 and Target FY 2019 and as at the end of each such period.

The financial information for Target FY 2021, Target FY 2020 and Target FY 2019 and as at the end of each such period has been derived from the Target Business Historical Financial Information referred to in Section A of Part 14 (Historical Financial Information relating to the Target Business) and contained in Section B of Appendix A to this document.

Some of the information contained in this Part 15 (Operating and Financial Review relating to the Target Business) contains certain forward-looking statements that reflect plans, estimates and belief and that may involve risks and uncertainties. The Target Business' actual results may also differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such risks, uncertainties and/or differences include, but are not limited to, those discussed below and elsewhere in this document, including under Part 1 (Risk Factors) and the section headed "Information regarding forward-looking statements", of Part 5 (Presentation of Information) of this document.

1. OVERVIEW

On 22 April 2021, Caesars Entertainment, Inc., a US-based gaming-entertainment company, completed its acquisition of the entire issued share capital of William Hill Limited. Prior to the Caesar Acquisition, William Hill Limited operated three distinct business lines: William Hill Online, William Hill Retail and William Hill US. For financial reporting purposes, certain centralized corporate functions were reported under a further corporate segment ("**Corporate**"). William Hill US was created in 2012 by merging three small sports book operators under the William Hill brand, initially providing the group with access to Nevada, and eventually providing access to 26 states in the US in 2021 following the US Supreme Court's 2018 decision in respect of PASPA. Following the acquisition, Caesars is seeking to consolidate its core business by retaining the William Hill US business, and has proposed to sell the Target Business to 888, comprised of William Hill Online and William Hill Retail, pursuant to the Sale and Purchase Agreement. In anticipation of the Proposed Acquisition, the Target further segmented operations by splitting William Hill Online into UK Online and International Online. Corporate operations will also be transferred pursuant to the Sale and Purchase Agreement. The Target Group includes the Target Business and its subsidiary undertakings and, where the context requires, its associated undertakings, in each case, following the implementation of the Reorganisation.

The Target Business' operating segments are UK Online and International Online (together referred to as William Hill Online) and William Hill Retail. William Hill Online is a leading online betting and gaming provider to customers primarily in the UK (under its UK Online operating segment) and Southern Europe, Central Europe and the Nordics (under its International Online operating segment). As at 31 December 2021, William Hill Retail operated 1,407 LBOs throughout the UK. The overall revenue of the Target Business for Target FY 2019, Target FY 2020 and FY 2021 was GBP 1,455.3 million, GBP 1,157.0 million and GBP 1,241.4 million, respectively.

2. KEY PERFORMANCE INDICATORS

The Target Business uses certain IFRS financial metrics, such as revenue, gross profit and operating profit to assess its financial performance, as well as certain key performance indicators, such as the number of retail shops, Target Adjusted EBITDA and Target Adjusted Operating Profit/(loss) which in its view provide alternative measures with which to monitor its economic, financial and operating performance. These measures have been provided for informational purposes only and are not indicative of historical operating results, nor are they meant to be predictive of future results. These measures are used to monitor its underlying performance and operations. However, certain of these measures are non-IFRS measures and should not be considered as an alternative to similar measures calculated and presented in accordance with IFRS. See Part 5 (*Presentation of Financial Information*).

2.1 Number of Retail Shops

The number of retail shops represents the total number of LBOs operated by William Hill Retail in a given period. The following table shows the total number of retail shops operated by the Target Business for the periods indicated:

	As at								
	28 December 2021	28 September 2021	29 June 2021	30 March 2021	29 December 2020	29 September 2020	30 June 2020	31 March 2020	31 December 2019
Number of Retail Shops	1,407	1,408	1,409	1,414	1,414	1,414	1,533	1,535	1,568

2.2 Target Adjusted EBITDA

The Target Business uses Target Adjusted EBITDA, Retail Adjusted EBITDA, UK Online Adjusted EBITDA, International Online Adjusted EBITDA and Corporate Adjusted EBITDA as a means to measure the profitability of the Target Business, the William Hill Retail business, the UK Online business, the International Online business and its corporate costs, as applicable. Target Adjusted EBITDA is calculated as net (loss)/profit for the period, deducting tax, finance expenses and finance income, operating exceptional items and adjustments, depreciation, and amortisation for the Target Group. Target Adjusted EBITDA for each segment is calculated as adjusted operating profit adjusted for depreciation and amortisation for the William Hill Retail business, the UK Online business, the International Online business and the Target Business' corporate costs, as applicable. The following table shows Target Adjusted EBITDA for the Target Group and by segment for the periods indicated.

	Target FY		
	2021	2020	2019
	<i>(GBP in millions)</i>		
	(unaudited)	(unaudited)	(unaudited)
Retail Adjusted EBITDA.....	0.6	14.6	141.0
UK Online Adjusted EBITDA	154.1	130.4	128.3
International Online Adjusted EBITDA.....	35.8	44.4	36.2
Corporate Adjusted EBITDA	(26.2)	(40.5)	(47.5)
Target Adjusted EBITDA	164.3	148.9	258.0

Target Adjusted EBITDA and the related measures by segment are non-IFRS measures and should not be considered in isolation or as a substitute for analysis of the Target Business' operating results as reported under IFRS. Not all companies calculate EBITDA-based measures in an identical manner and therefore it may not be comparable to other similarly titled measures used by other companies and may have limitations as an analytical tool. See "Non-IFRS Measures" in Part 5 (*Presentation of Financial Information*). See "Reconciliation of Target Adjusted EBITDA, Retail Adjusted EBITDA, UK Online Adjusted EBITDA, International Online Adjusted EBITDA and Corporate Adjusted EBITDA for the Target Group" in in Part 5 (*Presentation of Financial Information*) for a reconciliation of Target Adjusted EBITDA, Retail Adjusted EBITDA, UK Online Adjusted EBITDA, International Online Adjusted EBITDA and Corporate Adjusted EBITDA to net (loss)/profit for the period or Adjusted Operating Profit, as applicable.

2.3 Revenue

The following table shows revenue by segment for the periods indicated.

	Target FY		
	2021	2020	2019
	<i>(GBP in millions)</i>		
Retail revenue	336.8	354.2	717.0
UK Online revenue	628.6	503.2	480.9
International Online revenue	276.0	299.6	257.4
Total revenue	1,241.4	1,157.0	1,455.3

The following table shows revenue by segment for the six month periods ended 31 December 2019, 30 June 2020, 29 December 2020, 29 June 2021 and 28 December 2021.

	Six months ended				
	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
	<i>(GBP in millions)</i>				
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail revenue	249.5	87.3	207.3	146.9	325.3
UK Online revenue.....	275.6	353.0	277.5	225.7	235.8
International Online revenue	119.3	156.7	155.9	143.7	135.3
Total revenue	644.4	597.0	640.7	516.3	696.4

Online revenue split

The following table shows revenue by product type for the periods indicated for UK Online and International Online.

	Target FY		
	2021	2020	2019
	<i>(GBP in millions)</i>		
	(unaudited)	(unaudited)	(unaudited)
UK Online sportsbook revenue	302.4	245.3	232.3
UK Online gaming revenue.....	326.2	257.9	248.6
International Online sportsbook revenue.....	83.0	75.4	75.3
International Online gaming revenue	193.0	224.2	182.1
Total Online revenue	904.6	802.8	738.3

Retail revenue split

The following table shows revenue by product type for the period indicated for William Hill Retail.

	Target FY		
	2021	2020	2019
	<i>(GBP in millions)</i>		
	(unaudited)	(unaudited)	(unaudited)
William Hill Retail sportsbook revenue.....	190.3	212.7	400.0
William Hill Retail gaming revenue.....	146.5	141.5	317.0
Total William Hill Retail revenue	336.8	354.2	717.0

Locally regulated and/or taxed vs. non-locally regulated revenue split

Locally regulated and/or taxed vs. non-locally regulated revenue split refers to the amount of revenue the Target Group derives from its locally regulated and/or taxed and non-locally regulated markets, respectively. In locally regulated and/or taxed jurisdictions, gaming duties are imposed on licensed operators. The following table shows the Target Group's locally regulated and/or taxed vs. non-locally regulated revenue split for the periods indicated.

	Target FY		
	2021	2020	2019
	<i>(GBP in millions)</i>		
	(unaudited)	(unaudited)	(unaudited)
Revenue from locally regulated and/or taxed markets	1,127.0	993.7	1,316.6
Revenue from non-locally regulated markets	114.4	163.3	138.7
Total revenue	1,241.4	1,157.0	1,455.3

The following table shows the Target Group's locally regulated and/or taxed vs. non-locally regulated revenue split for the six month periods ended 31 December 2019, 30 June 2020, 29 December 2020, 29 June 2021 and 28 December 2021.

	Six months ended				
	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
	<i>(GBP in millions)</i>				
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from locally regulated and/or taxed markets	596.2	530.8	559.6	434.1	620.8
Revenue from non-locally regulated markets	48.2	66.2	81.0	82.3	75.6
Total revenue	644.4	597.0	640.6	516.4	696.4

2.4 Gross Profit

The following table shows gross profit by segment for the periods indicated.

	Target FY			Six months ended				
	2021	2020	2019	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
	<i>(GBP in millions)</i>							
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail Gross Profit	263.9	516.5	554.8	195.2	68.7	170.4	346.1	255.7
UK Online Gross Profit	426.8	354.7	348.1	187.1	239.7	195.1	159.6	170.3
International Gross Profit	187.3	217.7	187.9	78.8	108.5	113.1	104.6	97.8
Total Gross Profit	878.0	1,088.9	1,090.8	461.1	416.9	478.6	610.3	523.8

2.5 Operating Profit/(loss)

The following table shows operating profit/(loss) by segment for the periods indicated.

	Target FY			Six months ended				
	2021	2020	2019	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
	(unaudited)	(unaudited)	(unaudited)	<i>(GBP in millions)</i>				
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail Operating Profit/(loss)	(84.7)	83.2	(11.9)	(11.4)	(73.3)	(52.3)	135.5	43.0
UK Online Operating Profit/(loss)	94.2	96.8	98.1	7.2	87.0	52.8	44.0	54.0
International Online Operating Profit/(loss)	(6.9)	13.4	2.1	(13.9)	7.0	7.5	5.9	2.6
Corporate Operating Profit/(Loss)	(180.6)	(63.6)	(70.6)	(65.2)	(115.4)	(41.6)	(22.0)	(42.8)
Total Operating Profit/(loss)	(178.0)	129.8	17.7	(83.3)	(94.7)	(33.6)	163.4	56.8

2.6 Adjusted Operating Profit/(loss)

The Target Business uses Adjusted Operating Profit/ (loss) for the Target Business and each segment as a means to measure the profitability of the Target Business and each of its segments.

The following table shows adjusted operating profit/(loss) for the Target Group and by segment for the periods indicated.

	Target FY			Six months ended				
	2021	2020	2019	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
	(unaudited)	(unaudited)	(unaudited)	<i>(GBP in millions)</i>				
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail Adjusted Operating Profit/(loss)	(45.7)	(29.5)	83.2	24.3	(70.0)	(15.5)	(14.0)	41.0
UK Online Adjusted Operating Profit/(loss)	126.5	96.8	98.1	39.5	87.0	52.8	44.0	54.0
International Online Adjusted Operating Profit/(loss)	14.7	25.9	20.8	3.7	11.0	13.9	12.0	10.0
Corporate Adjusted Operating Profit/(loss)	(37.6)	(54.5)	(57.5)	(5.6)	(32.0)	(32.5)	(22.0)	(33.0)
Adjusted Operating Profit/(loss)	57.9	38.7	144.6	61.9	(4.0)	18.7	20.0	72.0

Adjusted Operating Profit/ (loss) is calculated as net (loss)/profit for the period before finance income and expenses, tax and excluding exceptional items and other defined adjustments (as described below) for the Target Group and each segment, respectively.

Exceptional items are those items the management consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Target Business's financial performance.

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the Target Business to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions. This item is defined as an adjustment as the Target Business believes it would impair the visibility of the underlying activities across each segment as it is not closely related to the Target Business' or any associated operational cash flows. The amortisation of specific intangible assets recognised in acquisitions is recurring and recognised over their useful life.

Certain key exceptional items and adjustments are listed below:

	Target FY			Six months ended				
	2021	2020	2019	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
	(GBP in millions)							
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating								
Cost of Sales								
VAT Income ⁽¹⁾	—	238.3	—	—	—	8.0	230.3	—
Other operating expenses								
On-sale related costs ⁽²⁾	(24.5)	—	—	(23.9)	(0.6)	—	—	—
Impairment of Retail Segment ⁽³⁾	—	(125.7)	—	—	—	(43.8)	(81.9)	—
Caesars transaction related costs ⁽⁴⁾	(70.5)	(9.0)	—	(0.9)	(69.6)	(9.0)	—	—
Portfolio shop closures ⁽⁵⁾	—	—	(93.9)	—	—	—	—	1.2
Regulatory provision and related fees ⁽⁶⁾	(15.2)	—	—	(15.2)	—	—	—	—
Impairment of goodwill ⁽⁷⁾	(70.4)	—	—	(70.4)	—	—	—	—
Other ⁽⁹⁾	—	—	(21.6)	—	—	—	—	(11.2)
Adjustments								
Amortisation of acquired intangibles ...	(55.3)	(12.5)	(11.4)	(34.8)	(20.5)	(6.4)	(6.1)	(5.2)
Non-operating								
Finance Income								
Finance Income in respect of VAT reclaim	—	18.9	—	—	—	0.3	18.6	—
Costs in respect of refinancing ⁽⁸⁾	(2.0)	—	—	—	(2.0)	—	—	—
Total exceptional items and adjustments before tax	(237.9)	110.0	(126.9)	(145.2)	(92.7)	(50.9)	160.9	(15.2)

Notes:

- (1) *VAT Income*: In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Target Business submitted claims which were substantially similar, and these claims were agreed and settled. The Target Business continues to engage with HMRC on a number of smaller related claims of an amount of GBP 1.2 million, which have not been recognised in this financial information as they are not virtually certain to be receivable. The refund, net of associated costs, was classified as an exceptional item as it is both material and one-off in nature. The net of the gross refund of VAT from HMRC and the associated third-party costs were recognised in cost of sales to match where the original charges were recognised. The interest income was recognised within finance income. After corporation tax, the net profit recognised in respect of the VAT reclaim in the period was GBP 208.3 million. This relates to the Retail segment.
- (2) *On-sale related costs*: Following the acquisition of Target Group by the Seller on 22 April 2021, the Target Business has incurred costs associated with the on-sale to 888 Group and separation of the William Hill US segment from the Target Business. These costs are recognised as an exceptional item given their material size and one-off nature. Costs include GBP 3.4 million of technology spend to separate the platform and product so that US sports book can stand alone from the rest of the Target Business, GBP 3.0 million of redundancy costs following the separation, GBP 6.7 million of legal and consultancy costs, as well as GBP 11.4 million of employee incentive costs as part of the on-sale to 888 Group. The costs are recognised within the Corporate segment.
- (3) *Impairment of the Retail segment*: As a result of the conclusion of the Triennial Review in 2018 and the announcement of the maximum stakes on B2 gaming products reducing to GBP 2, management recognised an impairment of the assets of the Retail segment in the year ended December 2018. This was presented as an exceptional item due to its material and one-off nature. Subsequently in 2020, following the impact of the COVID-19 pandemic, management recognised an impairment of intangible assets of the Retail segment in December 2020. These were presented as exceptional items due to their material nature and relate to the Retail segment.
- (4) *Caesars transaction related costs*: The Target Business has incurred costs associated with the transaction with the Seller, which it has aggregated and presented as an exceptional item given their material size and one-off nature. Of these costs, GBP 35.9 million inclusive of VAT where applicable (GBP 9.0 million for Target FY 2020) relates to amounts paid to financial, corporate broking and legal advice. In addition, the Target Business has incurred GBP 8.6 million (net of tax) of retention payments to key employees following the completion of the transaction to the Seller, GBP 14.3 million stamp duty charge, GBP 6.0 million of share-based payment charges and GBP 5.7 million of employee sharesave scheme costs as the Target Business delisted from the London Stock Exchange on 21 April 2021.
- (5) *Portfolio shop closures*: During 2019 and 2020 there were two separate shop closure programmes. In 2019, 713 shops were closed as a part of the Triennial Review mitigation restructuring costs programme and in 2020 a further 119 shops were not re-opened post the first COVID-19 lockdown. As a result, during 2020 GBP 6.6 million of credit relating to the Triennial mitigation shop closures was recognised principally in relation to the negotiated early exit of certain property leases, sale of freehold properties and disposal of operations in Northern Ireland and Isle of Man. In the same period, a charge of GBP 6.2 million relating to the 2020 shop

closures, being a combination of specific asset write offs (GBP 3.3 million) and provision creation (GBP 3.2 million), with a GBP 0.3 million provision release recognised.

In Target FY 2019, GBP 47.3 million related to an impairment charge against the relevant right-of-use assets and GBP 46.6 million related to other costs of closure, onerous costs, redundancy costs and other related costs.

All portfolio shop closure costs are not presented as an exceptional item from 1 January 2020 as management do not deem these costs to be material.

- (6) *Regulatory provision and related fees:* The industry in which the Target Business operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. As discussed above in the Risk Factor entitled “*The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world*” in paragraph 1.6 of Part 1 (*Risk Factors*), following a periodic compliance assessment undertaken by the UKGC in July and August 2021 the Target Business is currently addressing action points raised by the UKGC. In that context it has made a provision of GBP 15.0 million to cover the potential for any regulatory fine, penalty or settlement and associated costs resulting from that compliance assessment as well as a further GBP 0.2 million legal fees charged in the period. This provision is the Business’s best estimate based on the action points raised to date by the UKGC, management’s current knowledge and third party regulatory and legal advice reflecting outcomes of previous compliance assessments and regulatory action across the industry.
- (7) *Impairment of goodwill:* As a result of the reduction in the consideration for the sale of the Target Business to the 888 Group under the Amendment Deed, the Target Business recognised an impairment of goodwill. Details of the impairment are provided in note 12 to the Target Business Historical Financial Information set out in Section B of Appendix A to this document.
- (8) *Costs in respect of refinancing:* On 22 April 2021, the Target Business’ committed revolving credit facilities of GBP 425 million provided by a syndicate of banks, expiring in November 2022 (GBP 35 million) and October 2023 (GBP 390 million) were cancelled as part of the acquisition of William Hill Limited (formerly William Hill plc) by the Seller. As a result, GBP 2.0 million was charged as an exceptional finance cost to profit and loss, being accelerated amortisation of finance fees associated with the facilities which were being amortised over the lives of each facility.
- (9) *Other:* The Other category combines several items that were previously disclosed separately and all relating to items that were presented as exceptional items in previous financial reporting periods. From 1 January 2020, these items have not been included as exceptional items as management no longer deem these costs to be individually material.
- In FY 2019, the other category includes GBP 3.5 million related to a transformation programme restructuring costs, GBP 8.2 million mainly related to corporate transaction and integration costs associated with the acquisition of Mr Green, GBP 6.0 million represented other business-wide costs relating to the Triennial Review mitigation programme aside from shop closure related costs and GBP 5.2 million of this relates to dual running costs from moving the Target Business’ land-based data centres into the cloud. This is offset by GBP 1.2 million credits relating to historical shop closure exits before the Triennial Review.

Adjusted Operating Profit/(loss) and the related measures by segment are non-IFRS measures and should not be considered in isolation or as a substitute for analysis of the Target Business’ operating results as reported under IFRS. Not all companies calculate Adjusted Operating Profit/(loss) measures in an identical manner and therefore it may not be comparable to other similarly titled measures used by other companies and may have limitations as an analytical tool. For a reconciliation from operating profit/(loss) to adjusted operating profit/(loss) by segment, see “*Non-IFRS Measures*” in Part 5 (*Presentation of Financial Information*).

3. KEY FACTORS AFFECTING THE TARGET BUSINESS’ RESULTS OF OPERATIONS AND FINANCIAL CONDITION

3.1 Macroeconomic environment and impact of COVID-19

Similar to the 888 Group, the Target Group has experienced an impact to its business, financial condition and results of operations as a consequence of COVID-19 and the macroeconomic environment. Many of the factors described in paragraph 3.1 of Part 12 (*Operating and Financial Review relating to the 888 Group*) of this document also affect the Target Group’s business in broadly the same manner as they impact the 888 Group’s business. However, certain of these macroeconomic and COVID-19 impacts had a more pronounced and different impact on the Target Group’s business as a result of its retail operations. Given the LBO portfolio of William Hill Retail, the operations and profitability of the land-based betting and gaming segments of the Target Business have been, and may continue to be, impacted by the long-term structural shift away from retail to online gambling. For Target FY 2020 and Target FY 2021, the shift to online gambling was accelerated as a result of the COVID-19 pandemic due to social distancing restrictions, public gathering restrictions and lockdown restrictions that were introduced in the UK and elsewhere in response to the COVID-19 pandemic. In addition to accelerating the shift toward online gambling, government mandated closures of non-essential stores in response to the COVID-19 pandemic impacted the Target Group’s results of operations as the William Hill Retail business was unable to produce revenue for significant periods of Target FY 2020 and for the first half of Target FY 2021, while the fixed cost base, including leases and employee salaries, remained. The impact of store closures was partially offset by increased revenues from the Online business, as customers transitioned to online betting due to the temporary closure of retail shops. During FY 2020, the substitution effect in favour of the Online business was less pronounced—as many sporting events were cancelled during this period due to COVID-19 related restrictions; however, the substitution effect from retail to online gambling was more pronounced during Target FY 2021, as many sporting events were not cancelled during this period despite certain

restrictions on non-essential businesses remaining in place in many jurisdictions during portions of the year. The impacts of COVID-19 to William Hill Retail were minimal in the second half of Target FY 2021, albeit with some disruption as a result of new masking requirements and reduced foot traffic following the outbreak of the Omicron variant.

Despite the macroeconomic impact of COVID-19 and related restrictions, the Target Business results were resilient. See paragraphs 2.2 (*Target Adjusted EBITDA*), 2.3 (*Revenue*), 2.4 (*Gross Profit*) and 2.5 (*Adjusted Operating Profit*) above for the Target Adjusted EBITDA, revenue, gross profit and operating profit by segment for the Target Business for the six and twelve month periods, as applicable, indicated and beginning with December 31, 2019, which was the last semi-annual period not impacted by COVID-19. In addition, Target Retail Adjusted EBITDA and revenue for William Hill Retail for the six months ended 28 December 2021 were GBP 48.1 million and GBP 249.5 million, respectively. Although there were minimal impacts following the outbreak of the Omicron variant in the fall of 2021, the Company believes trading in this second half of 2021 is largely representative of the underlying trading performance of retail shops across a period when LBOs were open with no lockdown restrictions from COVID-19 and sporting events were being played on a regular basis.

3.2 **Betting and gaming industry trends and new product offerings**

Similar to the 888 Group, the Target Group has experienced an impact to its business, financial condition and results of operations as a result of betting and gaming industry trends. The factors described under paragraph 3.3 of Part 12 (*Operating and Financial Review relating to the 888 Group*) of this document also affect the Target Group's business in broadly the same manner as they impact the 888 Group's business. Since emerging in the mid-1990s, the online gaming industry has continued to grow, bolstered by technological developments, expansion of mobile access and increased penetration of high-speed internet. Regulus Partners estimates that the total revenue in the EMEA online gambling market during 2020 was EUR 31.0 billion, which represents a relatively consistent compound annual growth rate of 19 per cent. since 2014. For a further discussion of the online gambling market, see paragraph 2 of Part 12 (*Industry and Regulatory Overview*) of this document.

As with the shift from in-person retail gambling to online gambling in the EMEA, the UK has also seen a gradual shift toward online gambling. In particular, following the Triennial Review, and in light of policies adopted in response to the COVID-19 pandemic, the number of overall betting shops have fallen from a peak of over 9,000 in 2014 to approximately 6,500 as of September 2020. 888 management believe that the shift toward online betting was more pronounced during 2020 and parts of 2021 due to the closure of non-essential shops in response to COVID-19, however, the UK is highly mature in terms of digital adoption and the sustained impact from these pandemic-response policies is anticipated to be limited. According to Regulus Partners, the UK online gambling market is expected to have a compound annual growth rate of 5.2 per cent. between 2019-2026 (estimated) demonstrating that the medium term trend will be more limited than during the pandemic impacted years 2020 and 2021.

3.3 **Changes in gaming and betting regulation, gaming taxes and duties**

Similar to the 888 Group, the Target Group operates in a complex regulatory environment, in particular with respect to its betting and gaming operations, which is subject to continuous evolution. The general factors described under paragraph 3.2 of Part 12 (*Operating and Financial Review relating to the 888 Group*) of this document also affect the Target Group's business in broadly the same manner as they impact the 888 Group's business. In addition, the Target Group is impacted by certain of the regulations and taxes outlined below.

Regulation

The Target Group is regulated by certain authorities and has licensed entities in the UK, Gibraltar and Malta. Additional service functions of the Target Business are located in Bulgaria, Poland, Italy, Spain and the Philippines. As a result of the retail and LBO portfolio of William Hill Retail, the Target Business is also subject to additional regulations that are not applicable to, or less impactful on, the 888 Group. Changes to such gaming and betting laws and regulations or licensing regimes could require the Target Business to make changes in its operations, suspend or limit services in certain jurisdictions and have a material adverse effect on its business, financial condition and results of operations. For example, with effect from April 2019, new regulations were introduced in the UK under the Triennial Review reducing the staking limits on B2 gaming products from GBP 100 to

GBP 2. This reduced the revenues within the William Hill Retail portfolio and resulted in the Target Group permanently closing 713 LBOs during Target FY 2019. Coupled with the additional 119 LBOs the Target Business chose to permanently close during FY 2020 as a result of the impact of COVID-19, it is estimated that the closure of these LBOs resulted in an approximate GBP 83.0 million impact on the Target Adjusted EBITDA of William Hill Retail. See also “*The LBOs operated by William Hill Retail will subject the Enlarged Group to additional regulation that does not apply to the current operations of the 888 Group*” in paragraph 2.5 of Part 1 (*Risk Factors*) and Section 5.2 (*William Hill Retail*) in Part 9 (*Information on the Target Business*) of this document.

In addition, the International Online business has been impacted by regulatory changes in particular in Germany and to a lesser extent in the Netherlands. During 2021, the International Online business experienced significant negative impact from the regularisation of the German and Dutch markets. The German market was regularised late in 2020 and the Target Business applied for three new licences that are still pending to date. Until the licences are granted, the Target Business is unable to launch campaigns, pay bonuses or engage in marketing in the German market which restricts its ability to acquire and retain customers.

The Dutch market became a regulated market on 1 October 2021. The Target Business pulled out of the Dutch market until a new licence is obtained.

See Section B (“*Regulatory Overview*”) of Part 10 (*Industry and Regulatory Overview*) of this document for additional detail on the regulations to which the Target Business is subject.

Taxes

The Target Group is subject to various taxes and levies in various jurisdictions, and changes in tax legislation or the application or interpretation of tax legislation may affect its results of operations. In particular, VAT and betting taxes affected its results of operations during the period under review.

In particular, the Target Group is subject to significant taxation and levies in the UK, including the following:

- a general betting duty of 15 per cent. on gross betting profits (stakes received less winnings paid out) earned in its LBOs in the UK;
- Remote Gaming Duty of 21 per cent. (increased from 15 per cent. for accounting periods that begin on or after 1 April 2019) on its remote gaming (online and telephone) revenues derived from UK customers;
- Machine Games Duty payable at 20 per cent. of the revenue from gaming machines in its LBOs;
- the Horserace Betting Levy, a statutory levy on bets struck in the UK on horse races held in the UK; and
- significant irrevocable VAT, leading to increases in the Target Group’s cost base.

4. EXPLANATION OF KEY LINE ITEMS

4.1 Revenue

Revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Target Business is in business to provide, net of discounts, marketing inducements and VAT.

From FY 2019 and subsequent periods, after implementation of IFRS 15 ‘Revenue from contracts with customers; and IFRS 9 ‘Financial Instruments’, revenue has been treated as a derivative under IFRS 9 ‘Financial Instruments’ and is not treated as revenue under IFRS 15 ‘Revenue from Contracts with Customers’.

In the case of LBOs (including gaming machines), William Hill Online’s sportsbook and teletotting and William Hill Online’s casino (including games on William Hill Online’s arcade and other numbers bets) revenue represents gains and losses from gambling activity in the period. Open positions are carried at fair value, and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Revenue from William Hill Online's poker business is within the scope of IFRS 15 'Revenue from Contracts with Customers' and reflects the net income (rake) earned when a poker game is completed, which is when the performance obligation is deemed to be satisfied.

4.2 Gaming duties

Gaming duties include the duties and taxes imposed by regulators on licensed operators in jurisdictions in which betting and gaming is regulated.

4.3 Other cost of sales

Cost of sales primarily include profit sharing with third-party providers of sports and gaming content. In addition, in connection with the VAT Reclaim (as defined below), the net of the gross refund of VAT from HMRC and the associated third-party costs have been recognised in cost of sales to match where the original charges were recognised.

In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the third-party cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Target submitted a number of claims which were substantially similar, some of which have been settled and resulted in VAT refunds. The Target continues to engage with HMRC on a number of smaller related claims, which have not been recognised in the Target Business Historical Financial Information as they are not virtually certain to be receivable (collectively, the "VAT Reclaim"). The refund, net of associated costs, has been classified as an exceptional item as it is both material and one-off in nature. The net of the gross refund of VAT from HMRC and the associated third-party costs have been recognised in cost of sales to match where the original charges were recognised.

4.4 Marketing expenses

Marketing expenses primarily include advertising and promotional expenses. The Target Group undertakes both "online" and "offline" marketing to promote its brand and products to customers. Offline marketing typically involves television based advertising and online marketing involves a number of internet based marketing methods.

4.5 Operating expenses

Operating expenses primarily relate to the costs of operating the business, including staff costs, depreciation, amortisation and property related costs, as well as certain exceptional operating expenses. Exceptional operating expenses include the impairment of the retail segment, transaction related costs, portfolio shop closures, amortisation of acquired intangibles and other, which includes costs such as dual running costs from moving the Target's land-based data centres into the cloud, costs related to corporate transaction and integration costs associated with the acquisition of Mr Green in 2019 and transformation restructuring costs.

4.6 Other operating income

Other operating income mostly represents rents receivable on properties let by the Target Business, bookmaking software licensing income and brand licensing income.

4.7 Finance income

Finance income is comprised of interest on cash and cash equivalents, interest on net pension scheme assets or liabilities and finance income in respect of the VAT Reclaim. Interest income is included within finance income and is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

4.8 Finance expenses

Finance expenses include interest payable and similar charges on bank loans, bonds and overdrafts, the amortisation of capitalised borrowing, interest on lease liabilities and exceptional finance expenses related to costs in respect of a refinancing in Target FY 2021. Finance expenses include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

4.9 **Share of post-tax profit /(loss) of equity accounted associate**

Share of results of post-tax profit /(loss) of equity accounted associates represents the Target Business' share of the results of Sports Information Services (Holdings) Limited, Lucky Choice Limited and 49s Limited (which was disposed in Target FY 2020).

At 28 December 2021, William Hill Organization Limited, a principal subsidiary of the Target Group, held an investment of 19.5 per cent. (31 December 2019: 19.5 per cent.; 29 December 2020: 19.5 per cent.) of the ordinary share capital of Sports Information Services (Holdings) Limited, a company incorporated in Great Britain. The Target Group uses the equity method of accounting for Sports Information Services (Holdings) Limited.

At 28 December 2021, William Hill Organization Limited held, directly or indirectly, an investment of 33 per cent. (31 December 2019: 33 per cent.; 29 December 2020: 33 per cent.) of the entire share capital of Lucky Choice Limited. The results of this company are not material to the results of the business and the investment in Lucky Choice Limited has been stated at cost and has not been accounted for under the equity method.

As at 31 December 2019, William Hill Organization Limited held 33 per cent. Of 49s Limited but during the period ending 29 December 2020, the Target Business sold its entire shareholding in 49s Limited for proceeds of GBP 2.0 million.

4.10 **Taxation**

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. It is comprised of the UK corporation tax, the overseas tax and adjustments in respect of prior periods. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

4.11 **Net (loss)/profit for the period attributable to net parent investment**

As the Target Group is not a separate legal group and has not previously prepared standalone financial statements, it does not believe it is meaningful to disclose share capital or an analysis of reserves. The net assets of the Target Group are represented by the cumulative investment of the Seller in the Target Business and disclosed as net parent investment.

4.12 **Net (loss)/profit for the period attributable to non-controlling interests**

Represents share of results attributable to non-controlling interests primarily relating to operations in Latvia and Columbia.

4.13 **Exceptional items and adjustments**

Exceptional items are those items the management considers to be one-off or material in nature that should be brought to the reader's attention in understanding the Target Business's financial performance. The classification of exceptional and adjusting items requires significant management judgement after considering the nature and materiality of a transaction. The Target Business's definitions of exceptional and adjusting items are outlined within the Target Business's accounting policies. Note 3 to the Target Business Historical Financial Information further details the exceptional and adjusting items and their adherence to the Target Business's policies.

5. RESULTS OF OPERATIONS

5.1 Comparison of results of operations for Target FY 2021 and Target FY 2020

The following table sets forth certain income statement data for Target FY 2020 and Target FY 2021.

	Target FY 2021 (unaudited)	Target FY 2020 (unaudited)
	<i>(GBP million)</i>	
Revenue	1,241.4	1,157.0
Gaming duties	(237.1)	(190.9)
Other cost of sales.....	(126.3)	122.8
Total cost of sales	(363.4)	(68.1)
<i>Which includes exceptional cost of sales of</i>	—	238.3
Gross Profit	878.0	1,088.9
Marketing expenses.....	(217.4)	(196.3)
Operating expenses	(842.9)	(765.8)
Other operating income.....	4.3	3.8
Total operating expenses	(1,056.0)	(958.3)
<i>Which includes exceptional and adjusting items within operating expenses</i>	<i>(235.9)</i>	<i>(147.2)</i>
Operating (loss)/profit	(178.0)	130.6
Finance income	1.7	22.5
Finance expense	(67.6)	(50.5)
<i>Which includes exceptional finance (expense)/income of</i>	<i>(2.0)</i>	<i>18.9</i>
Share of post-tax profit/(loss) of equity accounted associate.....	—	(0.8)
(Loss)/profit before tax	(243.9)	101.8
Taxation	14.5	(13.6)
<i>Which includes tax on exceptional and adjusting items of</i>	<i>(8.0)</i>	<i>(24.6)</i>
Net (loss)/profit for the period	(229.4)	88.2
Net (loss)/profit for the period attributable to net parent investment ..	(230.1)	88.0
Net profit for the period attributable to non-controlling interests	0.7	0.2

Revenue

During Target FY 2021, the Target Business' revenue increased by GBP 84.4 million, or 7.3 per cent., to GBP 1,241.4 million from GBP 1,157.0 million for Target FY 2020. This increase was primarily due to growth in the UK Online business and more sporting events caused by the COVID-19 pandemic cancellations in Target FY 2020 which in turn drove bigger Online staking numbers in Target FY 2021 than in the corresponding period in Target FY 2020.

Gaming duties

During Target FY 2021, the Target's gaming duties increased by GBP 46.2 million, or 24.2 per cent., to GBP 237.1 million from GBP 190.9 million for Target FY 2020. This increase was primarily due to increased cost of sales as a result of increased revenue, specifically impacted by the mix of revenue by division with more weighted toward UK Online, which pays higher rates of gaming duties, due to COVID-19.

Other cost of sales

During Target FY 2021, the Target's other cost of sales increased by GBP 249.1 million to a cost of GBP 126.3 million from positive GBP 122.8 million for Target FY 2020. This increase was primarily due to exceptional costs of sales of positive GBP 238.3 million related to the VAT Reclaim in Target FY 2020. The net gross refund of VAT from HMRC and the associated third-party costs were recognised as cost of sales to match where the original charge was located.

Marketing expenses

During Target FY 2021, the Target's marketing expenses increased by GBP 21.1 million, or 10.7 per cent, to GBP 217.4 million from GBP 196.3 million for Target FY 2020. This increase was primarily due to increased revenues coupled with major sporting events which took place in Target FY 2021 such as Euro 2020 that did not take place in Target FY 2020.

Operating expenses

During Target FY 2021, the Target's operating expenses increased by GBP 77.1 million, or 10.1 per cent., to GBP 842.9 million from GBP 765.8 million for Target FY 2020, with a broadly consistent cost base year-on-year, excluding exceptional items. Exceptional operating expenses for the Target FY 2021 and Target FY 2020 were GBP 235.9 million and GBP 147.2 million, respectively. In Target FY 2021, these exceptional operating expenses were primarily related to GBP 70.5 million of costs related the acquisition of William Hill Limited by the Seller, GBP 24.5 million of costs associated with the on-sale and separation of the William Hill US segment from the Target Business to prepare the Target Business for sale and GBP 70.4 million related to impairment of goodwill related to the reduction in purchase price to the Base Consideration in connection with the Amendment Deed. See note 12 to the Target Business Historical Financial Information set out in Section B of Appendix A to this document for further detail. In Target FY 2020, these exceptional operating expenses were primarily related to an impairment of GBP 125.7 million that was recognised in the William Hill Retail segment following the impact of the COVID-19 pandemic, as well as a change in the useful economic life of the Retail licences intangible asset.

Other operating income

During Target FY 2021, the Target's other operating income increased by GBP 0.5 million, or 13.2 per cent., to GBP 4.3 million from GBP 3.8 million for Target FY 2020.

Finance income

During Target FY 2021, the Target's finance income decreased by GBP 20.8 million, or 92.4 per cent., to GBP 1.7 million from GBP 22.5 million for Target FY 2020. This decrease was primarily due to finance income in respect of the VAT Reclaim of GBP 18.9 million in Target FY 2020, which was classified as an exceptional item.

Finance expenses

During Target FY 2021, the Target's finance expenses increased by GBP 17.1 million, or 33.9 per cent., to GBP 67.6 million from GBP 50.5 million for Target FY 2020. This increase was primarily due to higher finance expenses on bank loans, bonds and overdrafts in Target FY 2021 as compared to Target FY 2020. In addition, on 22 April 2021, the Target Business cancelled certain of its former committed revolving credit facilities as part of the acquisition of William Hill PLC by Caesars Entertainment Inc. As a result, GBP 2.0 million was charged as an exceptional finance expense, related to accelerated amortisation of finance fees associated with the facilities which were being amortised over the lives of each facility.

Share of post-tax profit / (loss) of equity accounted associates

During Target FY 2021, the Target's share of post-tax loss of equity accounted associates decreased by GBP 0.8 million to nil from a loss of GBP 0.8 million for Target FY 2020. This movement was primarily due to no profit or loss by Sports Information Services (Holdings) Limited in Target FY 2021 as compared to losses in Target FY 2020.

Taxation

During Target FY 2021, the Target's taxes decreased by GBP 28.1 million to a credit of GBP 14.5 million from a charge of GBP 13.6 million for Target FY 2020. This decrease was primarily due to a decrease in the tax on the exceptional items described above, with taxes on exceptional items and adjustments decreasing from GBP 24.6 million in FY 2020 to GBP 8.0 million in FY 2021.

(Loss)/profit for the period attributable to non-controlling interests

During Target FY 2021, profit for the period attributable to non-controlling interests increased GBP 0.5 million to GBP 0.7 million from GBP 0.2 million for Target FY 2020 as a result of improved financial performance in Latvia.

5.2 Comparison of results of operations for Target FY 2020 and Target FY 2019

The following table sets forth certain income statement data for Target FY 2020 and Target FY 2019.

	Target FY 2020	Target FY 2019
	<i>(GBP million)</i>	
Revenue	1,157.0	1,455.3
Gaming duties	(190.9)	(214.8)
Other cost of sales	122.8	(149.7)
Total cost of sales	(68.1)	(364.5)
<i>Which includes exceptional cost of sales of</i>	<i>238.3</i>	<i>—</i>
Gross Profit	1,088.9	1,090.8
Marketing expenses	(196.3)	(187.2)
Operating expenses	(765.8)	(892.9)
Other operating income	3.8	5.5
Total operating expenses	(958.3)	(1,074.6)
<i>Which includes exceptional and adjusting items within operating expenses</i> ...	<i>(147.2)</i>	<i>(126.9)</i>
Operating profit	130.6	16.2
Finance income	22.5	3.0
Finance expense	(50.5)	(52.7)
<i>Which includes exceptional finance income/(expense) of</i>	<i>18.9</i>	<i>—</i>
Share of post-tax (loss)/profit of equity accounted associates	(0.8)	1.5
Profit/(Loss) before tax	101.8	(32.0)
Taxation	(13.6)	8.7
<i>Which includes tax on exceptional and adjusting items</i>	<i>(24.6)</i>	<i>11.5</i>
Net profit/(loss) for the period	88.2	(23.3)
Net profit/(loss) for the period attributable to net parent investment	88.0	(23.3)
Net profit for the period attributable to non-controlling interests	0.2	—

Revenue

During Target FY 2020, the Target Group's revenue decreased by GBP 298.3 million, or 20.5 per cent., to GBP 1,157.0 million from GBP 1,455.3 million for Target FY 2019. This decrease was primarily due to a decrease of GBP 362.8 million in William Hill Retail revenue to GBP 354.2 million in Target FY 2020 from GBP 717.0 million in Target FY 2019 driven by the reduction in retail activities as a result of the COVID-19 pandemic. The Target Group experienced an increase in UK Online revenue of GBP 22.3 million from GBP 480.9 million in Target FY 2019 to

GBP 503.2 million in Target FY 2020 and an increase in International Online revenue of GBP 42.2 million from GBP 257.4 million in Target FY 2019 to GBP 299.6 million in Target FY 2020.

Gaming duties

During Target FY 2020, the Target Group's gaming duties decreased by GBP 23.9 million, or 11.1 per cent., to GBP 190.9 million from GBP 214.8 million for Target FY 2019. This decrease was primarily due to decreased revenues partially offset by increases in the UK Remote Gaming Duty to 21 per cent. from 1 April 2019.

Other cost of sales

During Target FY 2020, the Target Group's other cost of sales decreased by GBP 272.5 million to positive GBP 122.8 million from a cost of GBP 149.7 million for Target FY 2019. This decrease was primarily due to exceptional costs of sales of positive GBP 238.3 million related to the VAT Reclaim. The net gross refund of VAT from HMRC and the associated third-party costs were recognised as cost of sales to match where the original charge was located

Marketing expenses

During Target FY 2020, the Target Group's other marketing expenses increased by GBP 9.1 million, or 4.9 per cent., to GBP 196.3 million from GBP 187.2 million for Target FY 2019. This increase was primarily due to increased marketing to drive growth in the International Online business.

Operating expenses

During Target FY 2020, the Target Group's operating expenses decreased by GBP 127.1 million, or 14.2 per cent., to GBP 765.8 million from GBP 892.9 million for Target FY 2019. This decrease was primarily due to shop closures and resizing of the retail estate in Target FY 2019 and Target FY 2020, including the related reduction of staff and associated costs. Exceptional operating expenses for the Target FY 2020 and Target FY 2019 were GBP 147.2 million and GBP 126.9 million, respectively, and were primarily related to an impairment of the William Hill Retail segment following the impact of the COVID-19 pandemic in Target FY 2020 and costs related to the closure of 713 shops in Target FY Target 2019.

Other operating income

During Target FY 2020, the Target Group's other operating income decreased by GBP 1.7 million, or 30.9 per cent., to GBP 3.8 million from GBP 5.5 million for Target FY 2019.

Finance income

During Target FY 2020, the Target Group's finance income increased by GBP 19.5 million to GBP 22.5 million from GBP 3.0 million for Target FY 2019. This increase was primarily due to finance income in respect of the VAT reclaim of GBP 18.9 million recognised in the Target FY 2020, which was considered exceptional finance income.

Finance expenses

During Target FY 2020, the Target Group's finance expenses decreased by GBP 2.2 million, or 4.2 per cent., to GBP 50.5 million from GBP 52.7 million for Target FY 2019. This decrease was primarily due to slight decreases in finance expenses on bank loans, bonds and overdrafts in Target FY 2020.

Share of post-tax (loss)/profit of equity accounted associates

During Target FY 2020, the Target Group's share of post-tax (loss)/profit of equity accounted associates decreased by GBP 2.3 million to a loss of GBP 0.8 million from a profit of GBP 1.5 million for Target FY 2019. This decrease was primarily due to decreased profit due to the impact of the COVID-19 pandemic by Sports Information Services (Holdings) Limited in the Target FY 2020 as compared to Target FY 2019.

Taxation

During Target FY 2020, the Target's taxes increased by GBP 22.3 million to a charge of GBP 13.6 million from a credit of GBP 8.7 million for Target FY 2019. This increase was primarily due to an increase in the UK corporation tax from GBP 3.1 million in Target FY 2019 to

GBP 25.8 million in Target FY 2020, which includes a tax charge on exceptional items of GBP 24.6 million in Target FY 2020 compared to a tax credit on exceptional items of GBP 11.5 million in Target FY 2019, and an increase in the deferred tax credit from GBP 15.1 million in Target FY 2019 to a deferred tax credit of GBP 25.7 million in Target FY 2020.

6. LIQUIDITY, CAPITAL RESOURCES AND FUNDING STRUCTURE

The Target Business, and in particular William Hill Retail when it is open and trading without restrictions, is highly cash generative, typically converting a high proportion of profits into net cash from operating activities. The Target Business' principal sources of funds have been cash generated from its operating activities and borrowings under the Existing 2023 Notes and the Existing 2026 Notes. The Target Group's principal uses of cash were to fund capital expenditures, working capital and debt service obligations. As of 28 December 2021, the Target had cash and cash equivalents of GBP 203.7 million. Following the Proposed Acquisition, the Target Group's financing requirements will be part of the financing requirements for the Enlarged Group, however, actual financing requirements will depend on a number of factors, some of which may be beyond their control. For further details, see Part 1 (*Risk Factors*) and paragraph 3 of Part 12 (*Operating and Financial Review relating to the 888 Group*) of this document.

The table below sets forth a summary of the Target Group's combined carve-out financial information of cash flows for the periods indicated:

	Target FY		
	2021	2020	2019
	<i>(GBP in millions)</i>		
	(unaudited)	(unaudited)	(unaudited)
Net cash from operating activities.....	27.8	311.6	105.6
Net cash (used in) investing activities.....	(2,921.0)	(42.3)	(218.6)
Net cash (used in)/from financing activities.....	2,515.3	(53.9)	34.0
Net increase/(decrease) in cash and cash equivalents in the period	(377.9)	215.4	(79.0)
Cash and cash equivalents at start of period.....	588.4	367.7	447.1
Changes in foreign exchange rates.....	(6.8)	5.3	—
Other	—	—	(0.4)
Cash and cash equivalents at end of period.....	203.7	588.4	367.7

Cash flows from operating activities

Net cash flows from operating activities decreased by GBP 283.8 million, or 91.1 per cent., from GBP 311.6 million for Target FY 2020 to GBP 27.8 million for Target FY 2021. This decrease was primarily attributable to the VAT refund from HMRC received in Target FY 2020.

Net cash flows from operating activities increased by GBP 206.0 million from GBP 105.6 million for Target FY 2019 to GBP 311.6 million for Target FY 2020. This increase was primarily attributable to the VAT refund from HMRC received in Target FY 2020.

Cash flows used in investing activities

Net cash flows used in investing activities increased by GBP 2,878.7 million from GBP 42.3 million for Target FY 2020 to GBP 2,921.0 million for Target FY 2021. This increase was primarily attributable to the Caesars Acquisition.

Net cash flows used in investing activities decreased by GBP 176.3 million, or 80.6 per cent., from GBP 218.6 million for Target FY 2019 to GBP 42.3 million for Target FY 2020. This decrease was primarily attributable to the acquisition of Mr Green in Target FY 2019.

Cash flows (used in)/from financing activities

Net cash flows from/used in financing activities increased by GBP 2,569.2 million from GBP 53.9 million used for Target FY 2020 to GBP 2,515.3 million from financing activities for Target FY 2021. This increase was primarily attributable to the financing used to fund the Caesars Acquisition.

Net cash flows from/used in financing activities decreased by GBP 87.9 million from GBP 34.0 million from financing activities for Target FY 2019 to GBP 53.9 million used in financing activities for Target FY 2020. This decrease was primarily attributable to the repayment of unsecured notes in Target FY 2020, partially offset by an equity placement.

7. CAPITAL EXPENDITURE

The following table shows the Target's capital expenditures for the periods indicated and divided between UK Online, International Online, William Hill Retail and Corporate capital expenditures:

	Target FY		
	2021	2020	2019
	<i>(GBP in millions)</i>		
UK Online.....	41.8	33.1	41.6
International Online.....	10.4	16.9	13.2
William Hill Retail.....	22.6	4.5	6.0
Corporate ⁽¹⁾	2.5	1.3	5.6
Net capital expenditures	77.3	55.8	66.4

Notes:

⁽¹⁾ Corporate capital expenditures consist of capital expenditures related to head office systems.

Net capital expenditures for Target FY 2021 were GBP 77.3 million. The capital expenditures in Target FY 2021 were primarily related to investments in the proprietary 'Unity' platform. The Unity platform and 'MTT' user interface are ongoing developments at the Target Group that use modular technology to unify customer data, empower markets to personalize customer experiences and leverage standardized operating procedures for scaling new markets. Unity is a wholly-owned and operated William Hill backend that includes account management, betting engine, and existing trading technology. The MTT user interface further allows the Target Group to drive product improvements in days, experiment with new features, access to real-time streams for usage, customer transactions and compliance, and grants back-office for front-end to control CMS integration, bonusing and layout for streamlined operations.

Net capital expenditures for Target FY 2020 were GBP 55.8 million. The capital expenditures in Target FY 2020 were primarily related to the continued investment in product and technology during the year despite the impact of COVID-19 on the business leading to a reduction in spend in the William Hill Retail business.

Net capital expenditures for Target FY 2019 were GBP 66.4 million. The significant capital expenditures in Target FY 2019 included investments in new sportsbook front-end and single wallet in Spain.

8. OFF BALANCE SHEET ARRANGEMENTS AND CONTINGENT LIABILITIES

As of 28 December 2021, the Target Group did not have any off balance sheet arrangements.

The Target Group has disclosed a contingent liability surrounding legal claims from consumers relating to the provision of gambling services in a number of (principally continental European) jurisdictions. The claims allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question (in which consumers contractually agree to the terms and conditions of play, which are subject to the laws of Gibraltar or Malta) are null and void given local licensing regimes. The Target Group also noted a key source of estimation uncertainty in

providing an estimate of the financial effect of these claims being a potential outflow of economic benefits of up to GBP 45.0 million, which is an increase to the estimation as at 29 December 2020 recognising the increase in claims trends during Target FY 2021.

Separately a provision of GBP 1.2 million is held at 28 December 2021 for claims in separate jurisdictions, where the likelihood of an outcome in favour of the consumers in question is considered probable.

The Target Group has a contingent liability reflecting certain payments, including employee retention scheme payments, which will be payable upon Completion of the Proposed Acquisition.

9. CONTRACTUAL OBLIGATIONS

The following table sets forth the Target Group's contractual obligations as of 28 December 2021:

	Within 1 year	In the second year	In the third to fifth years inclusive	More than 5 years	Total
	<i>(GBP in millions)</i>				
Existing 2023 Notes including interest.....	17.1	361.9	—	—	379.0
Existing 2026 Notes including interest.....	16.6	16.6	388.0	—	421.2
GBP 1,044 million Asset bridge loan.....	356.2	—	—	—	356.2
Bank facilities.....	120.1	—	—	—	120.1
Other financial liabilities.....	267.1	—	—	—	267.1
Total.....	777.1	378.5	388.0	—	1,543.6

10. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

10.1 Liquidity risk

Liquidity risk is the risk that the Target Group has insufficient funds available to settle its liabilities as they fall due. The Target Business generates strong operating cash flows and the Target aims to maintain sufficient cash balances to meet its anticipated working capital requirements based on regularly updated cash flow forecasts. Liquidity requirements that cannot be met from operational cash flow or existing cash resources would previously have been satisfied by its overdraft facilities and facilities provided by the Seller.

10.2 Capital management and financing risk

The Target Group seeks to maintain an appropriate capital structure which enables it to continue as a going concern, supports its business strategy and takes into account the wider economic environment. The Target Group's capital comprises net parent investment and debt finance, and these elements are managed to balance the requirements of the business and the interests of debt providers. The Target Group manages its capital structure through cash flows from operations and the raising or repayment of debt and the receipt of contributions through net parent investment.

Financing risk is the risk that the Target Group is unable to access sufficient finance to refinance its debt obligations as they fall due. The Target manages this risk by maintaining a balance between different funding sources including net parent investment and debt. It seeks to mitigate its debt financing risk by diversifying its sources of debt capital. The bank loan and sterling corporate bond markets are currently used for this purpose. The Target Group also seeks to mitigate its refinancing risk by having an appropriately balanced debt maturity profile.

10.3 Credit risk

The Target Group is exposed to credit risk from counterparties defaulting on their obligations, resulting in financial loss to the Target Group. It arises in relation to transactions with commercial counterparties and financial institutions. It also arises from customers who have been granted access to credit facilities.

The Target Group manages its counterparty risk by closely monitoring and, where appropriate, limiting the amount that can be deposited or accumulated with any one counterparty. The Target Group will only deposit funds with pre-approved financial institutions with specified minimum credit ratings or strong balance sheet. The Target Group's policy is to mitigate its credit risk with respect to derivative transactions by using a number of different counterparties for material transactions.

10.4 Interest rate risk

Interest rate risk arises from the Target Group's borrowings. Protecting earnings from rising interest rates is predominantly achieved by fixing the interest costs on a significant proportion of the Target Group's debt.

Current treasury policy stipulates that at least 70 per cent. of the Target Group's debt should be at fixed rates. At 28 December 2021, all of the Target Group's borrowings were at fixed rates.

The Target Group also earns finance income from deposits placed with certain approved financial institutions. Based on the level of variable interest-bearing deposits and borrowing facilities as at Target FY 2021, a 100 basis points change in interest rates would have the following impact on the Target financial statements:

	Increase of 100 basis points	Decrease of 100 basis Points
	<i>(GBP million)</i>	
Increase/(decrease) in profit	2.1	(1.7)
Increase/(decrease) in equity reserves	2.1	(1.7)

10.5 Currency risk

The Target Group earns revenues in foreign currencies other than pound sterling, primarily euros, which exposes it to foreign exchange risk. The Target Group mitigates this risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. Material individual foreign currency transaction exposures are considered for hedging on an ad hoc basis. The Target Business does not use derivative financial instruments for speculative purposes.

As at 28 December 2021, the Target Group had no derivative contracts for currency hedging purposes (29 December 2020: nil; 31 December 2019: nil). The Target is also exposed to foreign currency accounting translation risk on the earnings and net assets of its overseas operations which are denominated in foreign currencies. The Target does not hedge such translation risk.

In Target FY 2021, a 5 per cent. weakening in the euro would have reduced profit before interest and tax by GBP 0.2 million and net assets by GBP 14.0 million.

10.6 Pensions risk

The Target Group operates defined benefit and defined contribution pension schemes for its employees. Pensions risk arises in respect of the defined benefit scheme where the cost of funding retirement benefits ultimately falls upon the Target Group. The last triennial actuarial valuation as at 30 September 2019 showed a funding surplus on the defined benefit scheme of GBP 23.6 million. The Target Group agreed to pay GBP 1.9 million per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

During the period ended 28 December 2021, the Target Group agreed a buy-in of the scheme's liabilities. On 28 June 2021, a transaction was completed which insured the liabilities of the scheme with Rothesay Life. As a result of the transaction, the scheme holds annuities with Rothesay Life which are qualifying insurance policies as defined in IAS 19.8 'Employee benefits'. The income from these policies exactly matches the amount and timing of all benefits to those members covered under the policies.

Through the scheme, following the buy-in, the only risk that the Target Group has is counterparty risk with the Insurance company backing the policies.

11. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, the Target Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

11.1 Critical accounting judgements

Deal perimeter

The legal entities that comprise the Target Group are set out in note 35 to the Target Business Historical Financial Information set out in Section B of Appendix A to this document. Certain investments in associates, NeoGames S.à.r.l and Green Jade Games Limited, were transferred (or are in the process of being transferred) from the deal perimeter to Caesars during the period to 28 December 2021. As these do not represent activities of the Target Group, the results for these investments in associates have been excluded from the Target Business Historical Financial Information for all reporting periods presented.

Exceptional items and adjustments

The Target Group separately reports exceptional items and adjustments in order to calculate adjusted results, as it believes these measures provide additional useful information on underlying performance and trends to management, together with an understanding of the effect of non-recurring or large individual items upon the overall profitability of the Target Group.

The classification of exceptional and adjusting items requires significant management judgement after considering the nature and materiality of a transaction. The Target Group's definitions of exceptional and adjusting items are outlined within the Target Group accounting policies.

Where there are individually material items that have not been presented as exceptional items, the nature and amount of these items have been separately disclosed within the Target Business Historical Financial Information where relevant.

IFRS 16 'Leases'

IFRS 16 'Leases' replaced IAS 17 'Leases' in its entirety in the period ended 31 December 2019. Management of the Target Group addressed the key judgements, including the assessment of the lease term at the point where the lessee can be reasonably certain of its right to use the underlying asset.

Across the William Hill Retail estate, the Target Group has recognised a lease liability of GBP 121.3 million at 31 December 2019, GBP 93.9 million at 29 December 2020, and GBP 95.1 million at 28 December 2021. The William Hill Retail estate has experienced regulatory change with the implementation of the GBP 2 stake limit on B2 gaming products on 1 April 2019 leading to the Target Group deciding to close 713 shops in the third quarter of 2019, followed by the COVID-19 pandemic, which led to the Target Group deciding to close a further 119 shops in 2020. Given these closure programmes, and the continued uncertainty surrounding the William Hill Retail estate from both these external shocks to the Target Group, management determined the lease term under IFRS 16 across the William Hill Retail estate as the next available break date as this means the Target Group is not 'reasonably certain' that any lease break will not be exercised.

Contingent liabilities

The Target Group has disclosed a contingent liability surrounding legal claims from consumers relating to the provision of gambling services in a number of European jurisdictions as described in "*Off balance sheet arrangements and contingent liabilities.*" The claims allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question (in which consumers contractually agree to the terms and conditions of play, which are subject to the laws of Gibraltar or Malta) are null and void given local licencing regimes.

The Target Group assesses and defends individual claims as they are received both on the individual underlying factual basis and also with regard to legal advice received as to whether such jurisdictions and their local licencing regimes are incompatible with European Union law on the free movement of services. Since the last quarter of 2020, the Target Group has been subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 at a broadly consistent rate with a slight increase in claims early in 2021 but a small decrease across second half of 2021.

The Target Group has made a critical judgement that these claims, and future claims for services already rendered, are a contingent liability as they are only considered a possible, but not probable, legal obligation based on external legal advice received from the Target Group's lawyers (in relation to the compatibility or otherwise of the Austrian licencing regime with EU law, and in relation to other arguments about applicable law).

The Target Group also noted a key source of estimation uncertainty in providing an estimate of the financial effect of these claims being a potential outflow of economic benefits of up to the value of GBP 45.0 million as at 28 December 2021, which is an increase to the estimation as at 29 December 2020 recognising the increase in claims trends during 2021. This range was assessed based on (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage, (ii) the steps that the Target Group intends to take to defend those claims and (iii) the fact that the Target Group has been advised that any outflow would be expected to be on a net of tax basis.

Separately a provision of GBP 1.2 million is held at 28 December 2021 for claims in separate jurisdictions where an outcome in favour of the consumers in question is probable.

Mr Green valuation of intangibles

The Target Group acquired Mr Green on 28 January 2019 for GBP 244.8 million. As part of the purchase price allocation the Target Group recognised separately identifiable acquired intangibles comprising brands (GBP 83.9 million); customer relationships (GBP 12.8 million) and platform software (GBP 16.3 million). Goodwill of GBP 153.0 million was recognised on acquisition.

The Target Group exercised judgement in determining the intangible assets acquired and their fair value on the Mr Green business combination, with the support of external experts to support the valuation process, where appropriate. The judgements made were based on recognised valuation techniques such as the "relief from royalty" method for brands, recognised industry comparative data and the Target Group's industry experience and specialist knowledge.

Valuation of William Hill intangibles

On 22 April 2021, the Seller (specifically Caesars UK Holdings Limited, which is included within the deal perimeter) acquired William Hill Limited (formerly William Hill PLC) for GBP 2.9 billion. Of this GBP 2.9 billion, a critical accounting judgement has been applied to split the consideration between the Target Business proposed to be acquired by the 888 Group and included within this perimeter and the William Hill US business which will continue to be owned by Caesars Entertainment Inc. The consideration has been split based on the proposed acquisition price by 888 of GBP 2.2 billion (and specifically the GBP 0.8 billion cash consideration expected to be received, after repayment of the outstanding debt and other working capital adjustments) as the appropriate valuation of the Target Business as at 22 April 2021.

The consideration of GBP 2.2 billion for the Target Business has led to the recognition of separately identifiable acquired intangibles as part of the purchase price allocation of brands, customer relationships and an uplift in the value of computer software assets. Goodwill was also recognised on the acquisition.

The Target Business exercised judgement in determining the intangible assets acquired and their fair value on the Target Business combination, with the support of external experts to support the valuation process where appropriate. The judgements made were based on recognised valuation techniques such as the "relief from royalty" method for brands and developed computer software and the Target Business's industry experience and specialist knowledge.

11.2 Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of intangible assets with indefinite lives

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires management 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.

In 2018, the Target Group recognised an impairment of GBP 882.8 million in the William Hill Retail segment due to the reduced expected future cash flows as a result of the announcement of the GBP 2 stake limit on B2 gaming products in the William Hill Retail business. The GBP 2 stake limit was then implemented from 1 April 2019, which led to the Target Group taking the decision to close 713 shops in the third quarter of 2019.

The COVID-19 pandemic has had a further sizeable impact on the William Hill Retail business, with shops shut or under restrictions across much of 2020. As such, the Target Group recognised impairments totalling GBP 125.7 million in Target FY 2020.

As such, the William Hill Retail estate had been re-sized twice in recent years, and the industry is naturally moving away from retail space in the UK towards an online/digital presence. These factors led the Target Group to the conclusion that the value of a licence to operate a LBO / group of LBOs is depreciating over time and is not expected to hold its value indefinitely. Therefore, the Target Group decided as at 30 December 2020 to amortise the assets over a 20-year useful economic life (“UEL”). This change in UEL is an estimate that management made based on the available information. This change was made prospectively from the 52-week financial period starting 30 December 2020 and is a change in accounting estimate. The impact on the Target Business Historical Financial Information is an increased amortisation charge of GBP 3.3 million until the acquisition by the Seller on 22 April 2021, at which point this balance was subsumed into goodwill.

Retirement benefit costs

The determination of the pension cost and defined benefit obligation of the Target Business’ defined benefit pension scheme depends on the selection of certain assumptions which include discount rate, inflation rate and mortality assumptions. Differences arising from actual experience or future changes in assumptions are reflected in subsequent periods. During Target FY 2021, the Target Business performed a pension buy-in, as such, although the gross obligation may fluctuate, this does not change the net position for the Target Business. This is therefore not deemed as a key source of estimation uncertainty for Target FY 2021.

Dilapidations provisions

As a result of the implementation of the GBP 2 stake limit on B2 gaming products in the William Hill Retail business on 1 April 2019, the Target Group took the decision to close 713 shops in the third quarter of 2019. The Target Group provided for costs of closure with a remaining provision held at 31 December 2019 of GBP 17.4 million. Within this provision, GBP 12.1 million related to dilapidations and shop strip out cost provisions which were estimated using a best estimate cost per square foot and exit date on each lease. The actual results were expected to differ as lease exits were negotiated with any changes to the amount provided recognised in the Target Business Historical Financial Information as part of the portfolio shop closure cost classified as an exceptional item in 2019. Based on management’s knowledge and experience and third-party advice at the time, the directors believed the range of reasonably possible values for the dilapidations provisions as at 31 December 2019 to be GBP 7.7 million to GBP 18.6 million. Since 2019 and as dilapidations costs are being settled over time, the provision has reduced to a level management consider not material to be a key source of estimation uncertainty

Valuation of deferred consideration

The annual impairment test of goodwill performed at 28 December 2021 has used fair value less cost of disposal for determining the recoverable amount of each segment (being the level at which goodwill is assessed for impairment), given this is higher than the value in use for each segment. This fair value less cost of disposal has been calculated using the observable transaction price for the acquisition of the Target Business by 888 Holdings plc. On 7 April 2022 revised transaction terms

were announced with an enterprise value of GBP 1.95 billion to GBP 2.05 billion with up to GBP 100 million deferred consideration payable in 2024, based on the Adjusted EBITDA of the Enlarged Group in 2023.

The revised transaction terms have led to the recognition of an impairment to goodwill of GBP 70.4 million. Within the calculation of the fair value less cost of disposal, a best estimate was made for the deferred consideration payable based on estimated Adjusted EBITDA figures for the Enlarged Group in 2023. This best estimate of deferred consideration payable was then discounted using a discount rate of 5.5 per cent. to its present value. The methodology for calculating the deferred consideration was a probability weighted set of scenarios based on a distribution of potential outcomes around the expected outcome, which incorporates the FY 2023 EBITDA forecasts for the 888 Group, the Target Business, and expected synergies of the combination. A range of assumptions about future performance of the Enlarged Group were included within this best estimate and actual results are likely to differ from this estimate. The most sensitive assumption is the estimated Adjusted EBITDA for the Enlarged Group in 2023. If there was an assumption that no deferred consideration would be payable, the impairment of goodwill across the Target Business would be greater by GBP 75.4 million. The undiscounted amount of the deferred consideration is GBP 85.1 million.

12. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

For description of new and revised accounting standards and interpretations the Target Business adopted in preparing the combined financial information included in the Target Business Historical Financial Information, see “Adoption of new and revised standards” of the Target Business Historical Financial Information set out in Section B of Appendix A to this document.

Part 16

CAPITALISATION AND INDEBTEDNESS OF THE TARGET BUSINESS

The table below sets out the indebtedness of the Target Business as at 22 February 2022 and has been derived from unaudited management information and accounting books and records as at 22 February 2022.

The Target Business has not in the past formed a separate legal group and has not previously prepared standalone financial statements and therefore it is not meaningful to show share capital or an analysis of reserves for the Target Business.

	As at 22 February 2022 (unaudited)
	<i>(GBP million)</i>
Total current debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	456.6
Total current indebtedness	<u>456.6</u>
Total non-current debt	
Guaranteed	—
Secured	—
Unguaranteed/unsecured	760.6
Total non-current indebtedness	<u>760.6</u>
Total gross indebtedness	1,217.2

The following table sets out the Target Business' net indebtedness as at 22 February 2022.

	As at 22 February 2022
	(unaudited)
	<i>(GBP million)</i>
A. Cash ⁽¹⁾	207.3
B. Cash equivalents.....	—
C. Trading securities	—
D. Liquidity (A+B+C)	207.3
E. Current portion of financial receivables.....	55.5
F. Current bank debt	456.6
G. Current portion of non-current debt.....	—
H. Other current financial debt ⁽²⁾	26.5
I. Current financial debt (F+G+H).....	483.1
J. Net current financial indebtedness (I-E-D)	220.3
K. Non-current bank loans.....	—
L. Bonds issued.....	760.6
M. Non-current financial indebtedness ⁽³⁾	68.8
N. Total non-current indebtedness (K+L+M)	829.4
O. Net Financial Indebtedness (J+N).....	1,049.7

Notes:

- (1) Cash includes client funds held of GBP 85.5 million and restricted deposits in respect of Spanish and Italian regulatory requirements of GBP 4.4 million. Cash excluding customer balances and restricted cash is GBP 117.4 million.
- (2) Relates to current lease liabilities in full.
- (3) Relates to non-current lease liabilities in full.
- (4) As at 22 February 2022, the Target Business had indirect or contingent indebtedness as follows:
 - The Target Business has a contingent liability of up to GBP 45 million surrounding legal claims from consumers relating to the provision of gambling services in a number of European jurisdictions. These claims are recognised as a contingent liability as the legal obligation arising is considered possible but not probable based on external legal advice received.
 - The Target Business has a contingent liability of GBP 12.0 million (inclusive of tax) of retention payments to key employees to be paid contingent on completion of the Proposed Acquisition.
 - The Target Business has a contingent liability of GBP 0.3 million (inclusive of VAT) payable to a third party for public relations advice in connection to the acquisition, contingent on completion of the Proposed Acquisition.
- (5) As at 22 February 2022, the Target Business held provisions relating to the following items:
 - GBP 6.5 million shop closure provisions of which GBP 4.0 million is held as a current liability and GBP 2.5 million is held as a non-current liability.
 - GBP 48.7 million indirect tax provision relating to gaming tax liabilities in Austria, which is held as a current provision.
 - GBP 1.2 million legal provisions relating to consumer claims received in various European jurisdictions, and a GBP 2.6 million fine from the Swedish Gaming Inspectorate, which is held as a current provision.
 - GBP 15.0 million regulatory provision in relation to a periodic compliance assessment undertaken by the UKGC, to cover the potential for any regulatory fine, penalty or settlement and associated costs resulting from that compliance assessment, which is held as a current provision.

Since 22 February 2022, there have been no material changes in the indebtedness of the Target Business. The above tables do not reflect the impact of the Proposed Acquisition or the proposed financing arrangements to part-fund the Proposed Acquisition, which are described in Part 17 (*Unaudited Pro Forma Financial Information of the Enlarged Group*) of this document.

Part 17

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Section A: Basis of preparation

The unaudited *pro forma* financial information of the Enlarged Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared to illustrate the effect of the (i) the Placing; (ii) the proposed financing arrangements to part-fund the Proposed Acquisition; and (iii) the Proposed Acquisition on:

- the consolidated net assets of the 888 Group as at 31 December 2021, as if these transactions had taken place on that date; and
- the consolidated income statement of the 888 Group for the twelve months ended 31 December 2021, as if these transactions had taken place on 1 January 2021.

The Unaudited *Pro Forma* Financial Information has been prepared for illustrative purposes only. The hypothetical financial position or results included in the Unaudited *Pro Forma* Financial Information may differ from the Enlarged Group’s actual financial position or results. The Unaudited *Pro Forma* Financial Information has been prepared on the basis set out in the notes below and has been prepared in a manner consistent with the accounting policies that will be applied by the Enlarged Group for the year ending 31 December 2021 and in accordance with the requirements of sections 1 and 2 of Annex 20 of the UK Prospectus Delegated Regulation.

The Unaudited *Pro Forma* Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Ernst & Young LLP’s report on the Unaudited *Pro Forma* Financial Information is set out in Section B of this Part 17 (*Unaudited Pro Forma Information of the Enlarged Group*) of this document.

Unaudited pro forma statement of net assets of the Enlarged Group as at 31 December 2021

	Adjustments						Unaudited pro forma Enlarged Group
	888 Group net assets as at 31 December 2021	Target Business net assets as at the 52 weeks ended 28 December 2021	Debt financing adjustment*	Proposed Acquisition adjustments	Net proceeds from the Placing	Presentation adjustments	
USD millions	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
Assets							
Non-current assets							
Goodwill and other intangible assets.....	167.2	2,759.2	—	68.9	—	—	2,995.3
Right-of-use assets.....	25.3	—	—	—	—	121.4	146.7
Property, plant, and equipment.....	12.6	258.3	—	—	—	(121.4)	149.5
Interests in associates	—	15.0	—	—	—	—	15.0
Investments	—	1.4	—	—	—	—	1.4
Non-current receivables.....	7.8	—	—	—	—	—	7.8
Deferred tax assets.....	3.0	10.3	—	—	—	—	13.3
	215.9	3,044.2	—	68.9	—	—	3,329.0
Current assets							
Cash and cash equivalents ..	255.6	275.6	742.7	(884.6)	214.4	—	603.7
Trade and other receivables.	68.5	74.5	3.6	—	—	—	146.6
Income tax receivable.....	—	41.7	—	—	—	—	41.7
Freehold property held for sale	—	0.3	—	—	—	—	0.3
	324.1	392.1	746.3	(884.6)	214.4	—	792.3
Total assets.....	540.0	3,463.3	746.3	(815.7)	214.4	—	4,121.3
Liabilities							
Non-current liabilities							
Severance pay liability	5.0	—	—	—	—	—	5.0
Deferred tax liability	2.6	122.6	—	—	—	—	125.2
Lease liabilities	24.4	92.8	—	—	—	—	117.2
Interest bearing loans more than one year	—	1,033.2	1,342.0	—	—	—	2,375.2
Provisions.....	—	3.8	—	—	—	—	3.8
Liability for contingent consideration.....	—	—	—	102.4	—	—	102.4
	32.0	1,252.4	1,342.0	102.4	—	—	2,728.8
Current liabilities							
Trade and other payables	196.1	544.9	—	—	—	(127.4)	613.6
Provisions.....	25.7	94.7	—	—	—	—	120.4
Income tax payable.....	30.7	45.6	—	—	—	—	76.3
Lease liabilities	6.5	35.9	—	—	—	—	42.4
Interest bearing loans less than one year	—	616.5	(616.5)	—	—	—	—
Customer deposits	81.1	—	—	—	—	127.4	208.5
Derivative financial instruments.....	—	11.9	—	—	—	—	11.9
	340.1	1,349.5	(616.5)	—	—	—	1,073.1
Total liabilities	372.1	2,601.9	725.5	102.4	—	—	3,801.9
Net assets/(liabilities)	167.9	834.4	20.8	(918.1)	214.4	—	319.4

* The debt financing structure has not been finalised, thus will be subject to further change.

Notes:

- 1) The 888 Group's net assets information as at 31 December 2021 has been extracted, without material adjustment, from the 2021 888 Financial Statements, which are incorporated by reference into this document as set out in Part 11 (*Historical Financial Information relating to the 888 Group*) of this document.
Cash and cash equivalents includes restricted cash of USD 81.1 million relating to customer deposits and progressive prize pools.
- 2) The Target Business' net assets information as at 28 December 2021 has been extracted, without material adjustment, from the Target Business Historical Financial Information as at and for the 52 weeks ended 28 December 2021 set out in Part 14 (*Historical Financial Information relating to the Target Business*) and Section B of Appendix A of this document.
These financial statements have been converted to USD at the period end rate of 1.35 USD/GBP.
Cash and cash equivalents includes restricted cash of USD 133.4 million relating to customer deposits (USD 127.4 million) and restricted deposits in respect of Spanish and Italian regulatory requirements (USD 6.0 million).
- 3) The debt financing adjustment relates to the term loan facilities with a principal amount of USD 1,840.8 million net of estimated expenses. In addition, the debt financing adjustment reflects the settlement of the existing debts of USD 1,115.3 million net of unamortised debt transaction costs.

	Debt financing adjustment
	<i>(USD million)</i>
New debt financing	1,840.8
Settlement of existing debt.....	(1,115.3)
	725.5

The new debt financing is assumed to comprise a mix between USD, Euro and GBP term loan B senior debt with a maturity of seven years. The pro forma adjustment has assumed that a maximum margin percentage which has resulted in a weighted average cost of debt of 6.1 per cent.

The settlement of existing debt represents the repayment of USD 498.8 million aggregate principal amount outstanding under the Existing 2023 Notes and the repayment of USD 616.5 million drawn under the existing Target Group facilities. This amount assumes the Existing 2026 Notes are not required to be redeemed in connection with a change of control offer. If noteholders accept the offer to redeem the Existing 2026 Notes, and to the extent that the Delayed Draw Portion is made available under the Senior Facilities Agreement, the issuer will use the Delayed Draw Portion available to fund such redemption. In accordance with terms of the Existing 2026 Notes, a change of control event will result in the Enlarged Group having to redeem the notes equal to 101 per cent. of the principal amount plus accrued interest. The expected interest on the Delayed Draw Portion is expected to be in line with other new debt financing cost. The amount outstanding under each facility and the accrued and unpaid interest on the redemption or repayment dates is subject to change.

The adjustment to cash and cash equivalents comprises the net proceeds of the new debt financing, net of the settlement of existing loans. The adjustment to trade and other receivables comprises of the prepayment of the undrawn credit facility commitment fees of USD 3.6 million.

- 4) The Unaudited *Pro Forma* Financial Information has been prepared on the basis that the Proposed Acquisition will be treated as a business combination in accordance with IFRS 3 *Business Combinations*. Under IFRS acquisition accounting, it is necessary to fair value the consideration paid and all the assets and liabilities of the acquired business. In the unaudited *pro forma* statement of net assets, no adjustment has been made to the fair values of the individual net assets of the Target Business to reflect any re-measurement to fair value that may arise and any resultant deferred tax as this exercise will not be undertaken until the effective completion date. The fair value adjustments, when finalised, may be material. For the purposes of the Unaudited *Pro Forma* Financial Information the excess of the purchase consideration over the carrying amount of net assets acquired has been attributed to intangible assets. The calculation of the adjustment to intangible assets is set out below:

	<i>(USD million)</i>	
Cash consideration paid	791.3	
Estimated fair value of contingent consideration	102.4	
Total consideration paid		893.7
Less carrying value of net liabilities assumed as at 31 December 2021		
Target Business net assets acquired	834.4	
Target Business goodwill and acquisition-related intangibles derecognised	(2,516.0)	
Less: estimated transaction costs incurred by Target Business.....	(9.6)	
<i>Pro forma</i> net liabilities assumed		1,691.2
Intangibles on acquisition		2,584.9
Adjustment to goodwill and other intangible assets		68.9

The adjustment to cash and cash equivalents comprises of the consideration paid (excluding contingent consideration as explained below) for the acquisition of the Target Business including the transaction costs of USD 93.3 million assumed to have been paid on the date of acquisition.

	<i>(USD million)</i>
Consideration paid.....	791.3
Transaction costs paid.....	93.3
	884.6

The adjustment to liability for contingent consideration comprises of contingent consideration which forms part of the purchase consideration. Management have made a best estimate of the fair value of the contingent consideration of USD 102.4 million as at 31 December 2021 by present valuing the estimated contingent consideration of USD 115.6 million due by April 2024 discounted at a weighted average discount rate for the Enlarged Group. The estimation of the fair value of the contingent consideration is aligned to how it

will be treated in the future financial statements of the Enlarged Group, however it is noted that the fair value estimated may be different to what is actually recorded in the future financial statements of the Enlarged Group.

- 5) Under the terms of the Placing, the Company issued 70,806,504 888 Shares on a non-pre-emptive basis was issued at a placing price of 311.2 cents per placing share to raise aggregate gross proceeds of USD 220.3 million. The estimated expenses (excluding VAT) in connection with this Placing is USD 5.9 million. The net proceeds of USD 214.4 million of the Placing will be used to part-fund the Proposed Acquisition.
- 6) The following reclassifications were made to reflect the difference in accounting presentation under the Target Business' presentation as opposed to that of 888:
 - i. Right of use assets have been reclassified from property, plant and equipment and have been presented as a separate line item within the statement of net assets.
 - ii. Customer deposits have been reclassified from trade and other payables and have been presented as a separate line item within the statement of net assets.
- 7) No adjustment has been made to reflect the trading results of 888 since 31 December 2021 or the Target Business since 28 December 2021.

Unaudited pro forma statement of profit or loss of the Enlarged Group for the year ended 31 December 2021

	Adjustments						Unaudited <i>pro forma</i> Enlarged Group
	888 Group profit or loss statement for the year ended 31 December 2021	Target Business profit or loss statement for the 52 weeks ended 28 December 2021	Debt Financing adjustment*	Transaction costs	Proposed Acquisition adjustment	Presentation adjustment	
USD millions	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7/8
Revenue	980.1	1,707.8	—	—	—	—	2,687.9
Gaming duties.....	(184.0)	(326.2)	—	—	—	—	(510.2)
Other cost of sales.....	(158.4)	(173.7)	—	—	—	—	(332.1)
Cost of sales.....	(342.4)	(499.9)	—	—	—	—	(842.3)
Gross profit.....	637.7	1,207.9	—	—	—	—	1,845.6
Marketing expenses.....	(306.5)	(299.1)	—	—	—	—	(605.6)
Operating expenses.....	(220.2)	(1,159.5)	—	—	—	248.4	(1,131.3)
Other operating income	—	5.9	—	—	—	—	5.9
Exceptional items	(24.0)	—	—	(76.1)	(5.4)	(248.4)	(353.9)
Operating profit	87.0	(244.8)	—	(76.1)	(5.4)	—	(239.3)
Finance income.....	0.1	2.3	—	—	—	—	2.4
Finance expenses.....	(5.8)	(93.0)	(45.0)	(17.2)	—	—	(161.0)
Share of post-tax loss of equity accounted associate.....	—	—	—	—	—	—	—
Profit before tax	81.3	(355.5)	(45.0)	(93.3)	(5.4)	—	(397.9)
Taxation	(12.4)	19.9	6.9	14.2	0.8	—	29.4
Net profit for the year	68.9	(315.6)	(38.1)	(79.1)	(4.6)	—	(368.5)
Attributable to:							
Equity holders of the Parent	68.9	(316.6)	(38.1)	(79.1)	(4.6)	—	(368.5)
Non-controlling interest	—	1.0	—	—	—	—	1.0

* The debt financing structure has not been finalised, thus will be subject to further change.

Notes:

- 1) The income statement of the 888 Group for the year ended 31 December 2021 has been extracted, without material adjustment, from the 2021 888 Financial Statements, which are incorporated by reference into this document as set out in Part 11 (*Historical Financial Information relating to the 888 Group*) of this document.
- 2) The income statement of the Target Business for the 52 weeks ended 28 December 2021 have been extracted, without material adjustment, from the Target Business Historical Financial Information as at and for the 52 weeks ended 31 December 2021 set out in Part 14 (*Historical Financial Information relating to the Target Business*) and Section B of Appendix A of this document.
These financial statements have been converted to USD at an average rate of 1.38 USD/GBP for transactions during the period.
Target Business and 888 disclose equivalent income statement line items using different terms. The narrative used is summarised below:

Narrative used by the Target Business
(Loss)/profit for the period

Narrative used by 888
Net profit for the year attributable to equity holders of the parent

- 3) The adjustment to finance expenses reflects:

	<i>(USD million)</i>
Target Business finance expense removed*.....	78.6
Finance cost associated with new term loans.....	(121.5)
Annual revolving credit facility fees	(1.7)
Amortisation of capitalised Revolving credit facility fees	(0.4)
	<u>(45.0)</u>

* All Finance expenses (with the exception of lease related finance expenses and finance expenses relating to the Existing 2026 Notes) of the Target Business have been removed, which is associated to the existing debt that has been settled on completion of the Proposed Acquisition.

The adjustment to finance expenses assumes that the fair value uplift on the debt relating to the acquisition of the Target Business by Caesars and unamortised debt expenses relating to the repayment of the Existing 2023 Notes and other debt facilities of the Target Business will be adjusted as part of the re-measurement to fair value of the net assets of the Target Business on completion of this transaction which will impact the value of goodwill and not the statement of profit and loss.

The adjustment to taxation reflects the tax charge for the changes in the interest costs shown above, calculated as USD 6.9 million at 888's effective tax rate of 15.25 per cent. for the period. For the purpose of the *pro forma* it was assumed that all transactions are deductible for tax purposes. The effective tax rate is the current rate of corporation tax for Gibraltar, where 888 is incorporated.

These adjustments are expected to have a continuing impact.

- 4) Transaction costs of USD 76.1 million incurred in connection with the Proposed Acquisition are reflected as an exceptional item. The adjustment relates to estimated transaction costs of USD 74.7 million incurred by 888 and transaction costs of USD 1.4 million incurred by the Target Business.

All costs that relate solely to the Proposed Acquisition have been expensed in accordance with IFRS 3 *Business Combinations*.

The transaction costs exclude the following:

	<i>(USD million)</i>
Estimated cost of Placing (netted off with equity).....	100.3
Estimated cost of debt (netted off with liabilities).....	47.8
Breakage costs (included as a finance expense).....	17.2
Costs already recognised in 888	15.1
Costs already recognised in the Target Business	8.1

The adjustment to tax on profit / (loss) on ordinary activities reflects the tax adjustment in relation to the transaction costs, calculated as USD 14.2 million at 888's effective tax rate of 15.25 per cent. for the period. For the purpose of the *pro forma* it was assumed that all transactions are deductible for tax purposes. The effective tax rate is the current rate of corporation tax for Gibraltar, where 888 is incorporated.

- 5) The adjustment related to the Proposed Acquisition of USD 5.4 million to exceptional items relates to the fair value movement of the contingent consideration for the period ending 31 December 2021.

The adjustment to tax on profit / (loss) on ordinary activities reflects the tax adjustment in relation to the fair value movement on the contingent consideration, calculated as USD 0.8 million at 888's effective tax rate of 15.25 per cent. for the period. For the purpose of the *pro forma* it was assumed that all transactions are deductible for tax purposes. The effective tax rate is the current rate of corporation tax for Gibraltar, where 888 is incorporated.

- 6) The following reclassifications were made to reflect the difference in accounting presentation under 888's presentation as opposed to that of the Target Business:

- i. The Target Business included exceptional items in operating expenses while 888 disclosed these under 'Exceptional items'. Amortisation of acquired intangibles (USD 76.1 million) is disclosed as an exceptional item in the Target Business' exceptional operating expenses, which is correctly classified in operating expenses as per 888's accounting policies and will therefore not be reclassified to 'Exceptional items'. The remaining exceptional items (USD 248.4 million) included in operating expenses includes costs relating to the Caesar Acquisition and US separation, and other costs; as well as an impairment of goodwill (USD 97.0 million) as a result of the reduced consideration for the acquisition of the Target Business, will be reclassified to 'Exceptional items'.

- 7) A reconciliation of *pro forma* earnings before interest, taxes, depreciation, and amortisation (EBITDA) and exceptional items, share based payments, foreign exchange differences and share of equity accounted profits/losses from associate (Adjusted EBITDA) to *pro forma* net profit/ (loss) for the year determined in accordance with GAAP is provided below:

	<i>(USD million)</i>	
Net profit/(loss) for the year	(368.5)	
Interest expense, net.....	158.6	
Taxation	(29.4)	
Depreciation and amortisation.....	258.7	<i>a</i>
EBITDA	19.4	
Exceptional items	353.9	
Share Based Payments	18.0	<i>a</i>
Foreign exchange differences.....	4.8	<i>a</i>
Share of post-tax loss of equity accounted associate.....	-	
Adjusted EBITDA	396.1	

The breakup of these balances by party within the Enlarged Group are as follows:

	888	Target Business	Total
	<i>(USD million)</i>	<i>(USD million)</i>	<i>(USD million)</i>
Depreciation and amortisation	36.3	222.4	258.7
Share Based Payments	8.4	9.6	18.0
Foreign exchange differences.....	9.3	(4.5)	4.8

- 8) No adjustment has been made to reflect the trading results of 888 since 31 December 2021 or the Target Business since 28 December 2021.

Section B: Accountants report on the Unaudited *Pro Forma* Financial Information of the Enlarged Group

The Board of Directors
888 Holdings plc
Suite 601 / 701 Europort
Europort Road
Gibraltar

29 April 2022

Dear Ladies and Gentlemen

888 Holdings plc (the “Company”)

We report on the *pro forma* financial information (the “*Pro Forma* Financial Information”) set out in Section A of Part 17 of the circular and prospectus of 888 Holdings plc dated 29 April 2022 (the “Document”).

This report is required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 to the UK version of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the Document.

Opinion

In our opinion:

- the *Pro Forma* Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company to prepare the *Pro Forma* Financial Information in accordance with Sections 1 and 2 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the *Pro Forma* Financial Information and to report that opinion to you.

No reports or opinions have been made by us on any financial information of William Hill Cayman Holdings (the “Target”) used in the compilation of the *Pro Forma* Financial Information. In providing this opinion we are not providing any assurance on any source financial information on the target on which the *Pro Forma* Financial Information is based beyond the above opinion.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information of 888 Holdings plc used in the compilation of the *Pro Forma* Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Preparation

The *Pro Forma* Financial Information has been prepared on the basis described in the notes to the *Pro Forma* Financial Information, for illustrative purposes only, to provide information about how the: (i) gross proceeds of £162.9 million equity capital raise by the Company on 7 April 2022; (ii) the proposed acquisition of the Target by the Company from Caesars Entertainment, Inc (the “Acquisition”); and (iii) proposed financing arrangements to part-fund the Acquisition might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2021.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro Forma* Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro Forma* Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

Ernst & Young LLP

Part 18

TAXATION

THE CONTENTS OF THIS PART 18 (TAXATION) ARE NOT TO BE CONSTRUED AS TAX ADVICE IN RESPECT OF THE IMPACT OF THE PROPOSED ACQUISITION OR OTHERWISE. EACH 888 SHAREHOLDER SHOULD CONSULT THEIR OR ITS OWN TAX ADVISER FOR TAX ADVICE.

1. UK TAXATION

1.1 Overview

The following statements are intended only as a general guide to certain United Kingdom tax considerations and do not purport to be a complete analysis of all potential United Kingdom tax consequences of acquiring, holding or disposing of 888 Shares (including Depositary Interests) in connection with the Proposed Acquisition or otherwise. They are based on current United Kingdom tax law and what is understood to be the current practice (which may not be binding) of HMRC as at the date of this document, both of which are subject to change at any time, possibly with retrospective effect.

Except where express reference is made to the treatment of non-United Kingdom residents, the following statements relate only to persons who are resident (and, in the case of individuals, domiciled) for tax purposes only in the United Kingdom. They also relate only to persons who hold their 888 Shares (including Depositary Interests) as an investment (other than under an individual savings account or a self-invested personal pension), and who hold less than 10 per cent. of any class of 888 Share, and who are the absolute beneficial owner of the 888 Shares and any dividends paid on them.

The discussion does not address all possible tax consequences relating to the Proposed Acquisition or an investment in the 888 Shares (including Depositary Interests). The tax position of certain categories of 888 Shareholders who are subject to special rules (such as persons acquiring (or deemed to acquire) their 888 Shares (including Depositary Interests) in connection with an office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the 888 Group, persons holding 888 Shares (including Depositary Interests) as part of hedging or conversion transactions and collective investment schemes) are not considered.

Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.

1.2 The Company

The Directors have conducted the affairs of the Company in the United Kingdom from 11 January 2022, so that the central management and control of the Company is exercised in the United Kingdom. As a result, the Company is treated as resident in the United Kingdom for UK tax purposes from January 2022. Accordingly, the Company is subject to UK taxation on its income and gains from that date, except where an exemption applies.

A Gibraltar incorporated company will not be treated as resident in Gibraltar for Gibraltar tax purposes where: (i) such company's management and control is not exercised in Gibraltar, (ii) such company's management and control is not exercised outside of Gibraltar by persons who are ordinarily resident in Gibraltar for the purposes of the Gibraltar Income Tax Act 2010, and (iii) in relation to an investment company only (as defined in the Gibraltar Income Tax Act 2010), such company's control is not exercised by persons ordinarily resident in Gibraltar for the purposes of the Gibraltar Income Tax Act 2010. For these purposes, 'control' in an investment company shall be deemed to be exercised by a person if such person has power to secure by means of the holding of shares or the possession of voting power in or in relation to that or any other company or by virtue of any powers conferred by the articles of association or other document regulating that or any other company, that the affairs of that investment company are conducted in accordance with the wishes of that person.

On that basis, the Company should not be considered as a dual resident of the United Kingdom and Gibraltar for tax purposes after the central management and control of the Company has been moved to the United Kingdom provided that the Company is not tax resident in Gibraltar by virtue of (iii) above. After the Company has ceased to be resident in Gibraltar for tax purposes it could still be chargeable to tax in Gibraltar to the extent any of its income falls within one of the heads of charge and is considered to be accruing in or deriving from Gibraltar. However any double taxation may be mitigated under the UK-Gibraltar double tax treaty.

1.3 Taxation of dividends

The Company will not be required to withhold United Kingdom tax at source from dividend payments it makes. The amount of any liability to tax on dividends paid by the Company will depend upon the individual circumstances of an 888 Shareholder.

Individuals

Different rates of tax apply to different bands of an individual's dividend income, which for these purposes includes UK and non-UK source dividends and certain other distributions in respect of shares.

An individual Shareholder who is resident for tax purposes in the United Kingdom and who receives a dividend from the Company in respect of their 888 Shares (including Depositary Interests) will not be liable to UK tax on the dividend to the extent that (taking account of any other dividend income received by the Shareholder in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement) that dividend falls within the nil rate band (i.e. the band of an individual's dividend income to which the dividend nil rate of 0 per cent. applies).

In the tax year 2021/2022, the nil rate band applies to the first GBP 2,000 of an individual's dividend income.

To the extent that (taking account of any other dividend income received by the Shareholder in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement) the dividend exceeds the nil rate band, it will be subject to income tax at 7.5 per cent. in tax year 2021/2022 (increasing to 8.75 per cent. from 6 April 2022) to the extent that it falls below the threshold for higher rate income tax. To the extent that (taking account of other dividend income received in the same tax year and excluding any dividends paid within an individual savings account or exempt pension arrangement) it falls above the threshold for higher rate income tax then the dividend will be taxed at 32.5 per cent. in tax year 2021/2022 (increasing to 33.75 per cent. from 6 April 2022) to the extent that it is within the higher rate band, or 38.1 per cent. in the tax year 2021/2022 (increasing to 39.35 per cent. from 6 April 2022) to the extent that it is within the additional rate band. For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the nil rate band which (in the absence of the nil rate band exemption) would otherwise have fallen within the basic or higher rate bands will use up those bands respectively and so will be taken into account in determining whether the threshold for higher rate or additional rate income tax is exceeded.

Companies

It is likely that dividends paid on the 888 Shares (including Depositary Interests) to UK resident corporate Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax (subject to special rules for holders of the 888 Shares that are small companies). However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. If a dividend paid on the 888 Shares (including Depositary Interests) to a UK resident corporate Shareholder does not fall within one of the exempt classes, that Shareholder will be subject to corporation tax on the gross amount of the dividend at a current rate of 19 per cent. (although it has been announced that this rate will increase to 25 per cent. from 1 April 2023).

Non-UK resident Shareholders

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of 888 Shares (including Depositary Interests) unless, at the relevant time, they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent

establishment) in connection with which the 888 Shares (including Depositary Interests) are, or have been, used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who acquires 888 Shares (including Depositary Interests) whilst resident for tax purposes in the United Kingdom but subsequently ceases to be so resident or is subsequently treated as resident outside the UK for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of their 888 Shares (including Depositary Interests) during that period may be liable to UK capital gains tax on their return to the UK, subject to any available exemptions or reliefs.

1.4 Taxation of chargeable gains

Disposals of 888 Shares

(a) UK resident Shareholders

A disposal or deemed disposal of 888 Shares (including Depositary Interests) by a Shareholder who is resident in the United Kingdom for tax purposes may, depending upon the Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals of GBP 12,300 for 2021/2022), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

For such individual Shareholders, any chargeable gain on their disposal of 888 Shares (including Depositary Interests) will be subject to capital gains tax at 10 per cent. to the extent it does not exceed the income tax basic rate band and 20 per cent. to the extent that it exceeds the income tax basic rate band (in each case when treated as received on top of any income and other chargeable gains in that tax year and each such rate as applicable in 2021/2022). Individual Shareholders will not be able to benefit from any indexation allowance in respect of any disposal of 888 Shares (including Depositary Interests).

For corporate Shareholders, any chargeable gain, subject to the availability of any exemptions, reliefs and/or allowable losses, will be subject to corporation tax at the prevailing rate (currently 19 per cent., although it has been announced that the corporation tax rate will increase to 25 per cent. from 1 April 2023).

(b) Non-UK resident Shareholders

Shareholders who are not resident in the United Kingdom will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of 888 Shares (including Depositary Interests) unless, at the relevant time, they are carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the 888 Shares (including Depositary Interests) are, or have been, used, held or acquired. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who acquires 888 Shares (including Depositary Interests) whilst resident for tax purposes in the United Kingdom but subsequently ceases to be so resident or is subsequently treated as resident outside the UK for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of their 888 Shares (including Depositary Interests) during that period may be liable to UK capital gains tax on their return to the UK, subject to any available exemptions or reliefs.

1.5 Stamp duty and SDRT

The following statements are intended as a general guide to the current United Kingdom stamp duty and SDRT position and apply to holders of 888 Shares (including Depositary Interests) whether or not resident or domiciled in the United Kingdom. Certain categories of person, including intermediaries, brokers, dealers and persons connected with depositary receipt systems and clearance services, may not be liable to stamp duty or SDRT or may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Transfers of 888 Shares

No SDRT should arise on any agreement to transfer the 888 Shares, provided that no register of members is kept in the United Kingdom by or on behalf of the Company.

No United Kingdom stamp duty is expected to be required to be paid in practice in connection with a transfer of the 888 Shares.

888 Shares held through CREST – Depositary Interests

888 Shares held within CREST must be held in the form of Depositary Interests. A United Kingdom Depositary Interest in foreign securities will not be within the charge to SDRT. However, the 888 Shares in respect of which the Depositary Interests are issued are not “foreign securities” after the Company became resident for tax purposes in the United Kingdom, on the basis that central management and control of the Company does not reside outside of the United Kingdom.

An agreement to transfer the Depositary Interests within CREST is therefore expected to be within the charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. The charge is generally borne by the purchaser. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Shares into the system unless such a transfer is made for a consideration in money or money’s worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

2. GIBRALTAR TAXATION

2.1 Overview

The following statements are intended only as a general guide to certain Gibraltar tax considerations and do not purport to be a complete analysis of all potential Gibraltar tax consequences of acquiring, holding or disposing of 888 Shares. They are based on current Gibraltar tax law and what is understood to be the current practice (which may not be binding) of the ITO as at the date of this document, both of which are subject to change, possibly with retrospective effect. They relate only to 888 Shareholders who are ordinarily resident for tax purposes in Gibraltar in respect of Gibraltar tax liability (except insofar as express reference is made to the treatment of non-Gibraltar residents), who hold their 888 Shares as an investment) and who are the absolute beneficial owner of both the 888 Shares and any dividends paid on them. The discussion does not address all possible tax consequences relating to an investment in the 888 Shares. The tax position of certain categories of 888 Shareholders who are subject to special rules (such as persons acquiring (or deemed to acquire) their 888 Shares in connection with an office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the 888 Group, persons holding 888 Shares as part of hedging or conversion transactions, and collective investment schemes are not considered nor is the tax position of any person holding investments in any ITO-approved arrangements or schemes or 888 Shareholders that hold the 888 Shares in connection with a trade, profession or vocation carried on in Gibraltar (whether through a branch or agency or, in the case of a corporate 888 Shareholder, a permanent establishment or otherwise).

Shareholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than Gibraltar are strongly recommended to consult their own professional advisers. In particular, it is recommended that an individual ordinarily resident in Gibraltar and also resident in any one or more other jurisdictions or who is a citizen of a jurisdiction which retains taxation rights on the basis of citizenship should take advice from their professional advisers in each of those jurisdictions in respect of potential liability in those other jurisdictions.

2.2 Taxation of dividends

The Company will not be required to withhold Gibraltar tax at source from dividend payments it makes. Pursuant to Schedule 1, Table C, Class 1 (a) (iii) of the Income Tax Act 2010, dividends paid or payable by a company the shares of which are listed on a recognised stock exchange are not subject to taxation.

2.3 **Taxation of disposals**

There is no capital gains taxation in Gibraltar and there will therefore be no charge to taxation in Gibraltar on any disposal of 888 Shares by a Shareholder who is at any time ordinarily resident in Gibraltar for tax purposes.

It is recommended that any such shareholder who is an individual and has relocated to Gibraltar in the relatively recent past (e.g. in the case of the UK less than five complete tax years ago) or is a citizen of a jurisdiction which retains taxation rights over its citizens wherever they reside or who has substantive assets in another jurisdiction and spends substantial time there (for example, Spain) consult their advisers in the previous jurisdiction or jurisdiction of citizenship in respect of potential liability in those jurisdictions.

2.4 **Stamp duty**

There is no stamp duty payable by shareholders in Gibraltar. The Company is required to pay a nominal GBP 10 on any increase (whatever the amount) of the authorised share capital of the Company.

2.5 **Subsequent transfers**

There is no stamp duty payable in Gibraltar on any transfer of 888 Shares.

3. **ISRAEL TAXATION**

3.1 **Capital Gain on the Sale, Exchange or Disposition of 888 Shares by Israeli Residents**

Overview

Israeli law generally imposes capital gains tax on the sale of capital assets by residents of Israel, and on the disposal of such assets by non-Israeli residents if those assets either (i) are located in Israel, (ii) are shares or a right to a share in an Israeli resident company, or (iii) represent, directly or indirectly, rights to assets located in Israel; unless a specific exemption is available or unless a tax treaty between Israel and the non-resident investor's country of residence provides otherwise. The Israeli Income Tax Ordinance (New Version), 1961 (the "**Ordinance**"), distinguishes between the "Real Capital Gain" and the "Inflationary Surplus". The Inflationary Surplus is a portion of the total capital gain which is equivalent to the increase of the relevant asset's purchase price which is attributable to the increase in the Israeli consumer price index or, in certain circumstances, fluctuations in foreign currency exchange rate, between the date of purchase and the date of sale. The Real Capital Gain is the excess of the total capital gain over the Inflationary Surplus.

Israeli Resident Individuals

Generally, the tax rate applicable to Real Capital Gains derived by Israeli individuals from the sale of 888 Shares which have been purchased on or after 1 January 2003, whether or not listed on a stock exchange, is 25 per cent., unless the holder claims a deduction for interest and linkage fluctuation expenses in connection with the purchase and holding of such 888 Shares, in which case the gain will generally be taxed at a rate of 30 per cent. Additionally, if a holder is considered to be a "Substantial Shareholder" (i.e., generally, a person who holds, directly or indirectly, alone or together with another, 10 per cent. or more of any of the company's "means of control" (including, among other things, the right to receive profits of the company, voting rights, the right to receive the company's liquidation proceeds and the right to appoint a director)), at the time of sale or at any time during the preceding 12-month period, such gain will be taxed at the rate of 30 per cent. Holders dealing in 888 Shares in Israel for whom the income from the sale of 888 Shares is considered "business income" as defined in Section 2(1) of the Ordinance are taxed at the marginal tax rates applicable to business income (up to 48 per cent.).

Israeli individuals who have taxable income that exceeds NIS 647,640 (in 2021) (linked to the Israeli consumer price index), will be subject to an additional tax at the rate of three per cent. on their taxable income for such tax year that is in excess of that threshold. For this purpose, taxable income includes taxable capital gains from the sale of 888 Shares and taxable income from interest, discount and linkage differentials.

Upon the sale of 888 Shares which are traded on a stock exchange, a detailed return, including a computation of the tax due, must be filed and an advance payment must be made by 31 January and 31 July of every tax year in respect of sales of 888 Shares made within the previous six months.

However, if all tax due was withheld at source according to applicable provisions of the Ordinance and regulations promulgated thereunder, the aforementioned return need not be filed and no advance payment must be made. Capital gain is also reportable on the annual income tax return.

Israeli Resident Companies

Under present Israeli tax legislation, the tax rate applicable to Real Capital Gain derived by Israeli resident companies from the sale of 888 Shares is the general corporate tax rate (23 per cent. in 2021).

An exempt public institution, provident fund or other entity that is exempt from tax under section 9(2) of the Ordinance is exempt from tax on capital gains.

Withholding Obligations

Payors of consideration for 888 Shares which are traded on a stock exchange, including the purchaser, the Israeli stockbroker effectuating the transaction, or the financial institution through which the sold 888 Shares are held, are required to withhold tax upon the sale of the 888 Shares from the consideration or from the Real Capital Gain derived from such sale, as applicable, at a rate of 25 per cent. for individuals or at the corporate tax rate (currently 23 per cent.) for companies, subject to any of the foregoing exemptions or reduced tax rates under applicable tax treaties and/or under domestic law.

The ITA may request a recipient to provide documentation or evidence confirming the recipient's eligibility for reduced tax rates or an exemption from withholding tax.

3.2 Payment of dividends to Israeli Residents

Israeli Resident Individuals

Israeli residents who are individuals are generally subject to Israeli income tax for dividends paid on 888 Shares at 25 per cent., or 30 per cent. if the recipient of such dividend is a Substantial Shareholder at the time of distribution or at any time during the preceding 12-month period.

Israeli individuals who have taxable income that exceeds NIS 647,640 (in 2021) (linked to the Israeli consumer price index), will be subject to an additional tax at the rate of three per cent. on their taxable income for such tax year that is in excess of that threshold. For this purpose, taxable income includes dividends on 888 Shares and taxable income from interest, discounts and linkage differentials.

Israeli Resident Companies

Israeli resident companies are taxable on worldwide dividend income. Dividend income distributed from non-Israeli source income or distributed by a non-Israeli company is generally subject to corporate tax (currently at a rate of 23 per cent.) Dividends distributed by an Israeli company which are subject to corporate tax in Israel and which are distributed out of Israeli source income will be exempt from tax in Israel.

An exempt public institution, provident fund or other entity that is exempt from tax under section 9(2) of the Ordinance is exempt from tax on dividend income subject to certain conditions.

Withholding Obligations

Payors of dividends, including an Israeli broker who effectuates a transaction, or a financial institution through which the 888 Shares are held, are generally required to withhold tax on payments of dividends at a rate of 25 per cent. or 30 per cent. if the recipient of such dividend is a Substantial Shareholder for individuals and at the corporate tax rate (currently 23 per cent.) for companies, subject to any applicable exemptions or reduced tax rates under domestic law.

The ITA may request a recipient to provide documentation or evidence confirming the recipient's eligibility for reduced tax rates or an exemption from withholding tax.

Part 19

DIRECTORS AND CORPORATE GOVERNANCE

1. DIRECTORS

1.1 Current directors

The following table lists the names, ages and positions of the Directors:

Name	Age	Position
Lord Jon Mendelsohn	55	Chairman
Anne de Kerckhove	49	Senior Independent Director
Itai Pazner	49	Chief Executive Officer
Yariv Dafna	48	Chief Financial Officer
Mark Summerfield	55	Independent Non-Executive Director
Limor Ganot.....	49	Independent Non-Executive Director

1.2 Profiles of the directors

Lord Jon Mendelsohn

Chairman

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 cofounded LLM Communications, a corporate and public affairs consultancy which was acquired by Financial Dynamics to create one of the largest global financial and business communications companies. He served as a Managing Director and later as 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 digital marketing, post-production and fusion energy. Lord Mendelsohn graduated from the University of Leeds.

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.

Anne de Kerckhove

Senior Independent Director

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.

Itai Pazner

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 888 Group since 2001, initially launching the 888.com brand in the UK and bringing the 888 brands and products to leading positions in the European gaming space. 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 888 Group, Mr. Pazner held managerial positions at Internet Gold, a leading ISP. Mr. Pazner graduated from the College of Management Academic Studies and holds a diploma in corporate finance from the London Business School.

Yariv Dafna*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.

Mark Summerfield*Independent Non-executive Director*

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 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 Group's interim chief financial officer between January 2016 to January 2018, helping set the group's strategic direction and assisting with its transformation and technology programmes.

Limor Ganot*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, a member of the management of the Israeli friends of the Weizmann institute of science, which is one of the world's leading multidisciplinary basic research institutions in the natural and exact sciences, 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.

2. INTERESTS OF THE DIRECTORS

The interests of the Directors, and their respective closely associated persons (within the meaning of UK MAR), in the share capital of the Company on the Latest Practicable Date and as they are expected to be immediately following Readmission (assuming that no 888 Shares are issued pursuant to options exercised under the 888 Share Schemes are exercised between the date of this document and Readmission becoming effective), are as follows:

Name ⁽¹⁾	Interests in Shares at Latest Practicable Date ⁽²⁾		Interests in Shares immediately following Readmission ⁽²⁾	
	No.	per cent. ⁽³⁾	No.	per cent. ⁽³⁾
Directors				
Lord Jon Mendelsohn	71,985	0.02	71,985	0.02
Anne de Kerckhove	0	0.00	0	0.00
Itai Pazner ⁽⁴⁾	1,248,388	0.28	1,248,388	0.28
Yariv Dafna	1,977	0.00	1,977	0.00
Mark Summerfield	32,412	0.01	32,412	0.01
Limor Ganot	0	0.00	0	0.00

Notes:

- (1) The interests of the Directors in 888 Shares together represent 0.30 per cent. (rounded to the nearest second decimal place) of the issued ordinary share capital of the Company as at the Latest Practicable Date.
- (2) Comprising 888 Shares held legally or beneficially by the relevant Director or their closely associated persons (within the meaning of UK MAR).
- (3) Rounded to nearest second decimal place.

The Directors have the same voting rights as all other Shareholders.

In addition to the interests noted above, certain Directors also have interests in 888 Shares as a result of having been granted awards under the 888 LTIP. No exercise price is applicable to these awards. Details of these awards as at the Latest Practicable Date are:

Name	Number of 888 Shares over which awards granted ⁽¹⁾	Vesting date
Directors		
Itai Pazner	898,332	15 April 2023
	358,810	18 March 2024
	728,529	10 March 2025
Yariv Dafna	172,166	18 March 2024
	277,484	10 March 2025

Notes:

- (1) Comprising the maximum number of 888 Shares to which, subject to the satisfaction of performance conditions, the relevant individual would be entitled on vesting.

Certain Directors also have interests in 888 Shares as a result of having been granted awards under the 888 Deferred Share Bonus Plan. No exercise price is applicable to these awards. Details of these awards as at the Latest Practicable Date are:

Name	Number of 888 Shares over which awards granted ⁽¹⁾	Vesting date
Directors		
Itai Pazner.....	7,182	16 April 2023
	21,245	18 March 2023
	21,245	18 March 2024
	65,380	18 March 2023
	65,380	10 March 2024
	65,381	10 March 2025
Yariv Dafna.....	1,977	18 March 2023
	1,976	18 March 2024
	18,041	10 March 2023
	18,041	10 March 2024
	18,041	10 March 2025

No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the 888 Group or any of its subsidiary undertakings and which were effected by the 888 Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

There are no outstanding loans or guarantees granted or provided by any member of the 888 Group to or for the benefit of any of the Directors.

Save as set out in this paragraph 2, it is not expected that any Director will have any interest in the share or loan capital of the Company following the Readmission and there is no person to whom any capital of any member of the 888 Group is under option or agreed unconditionally to be put under option.

3. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Details of the service contracts of the Executive Directors and the letters of appointment of the Non-Executive Directors are set out on pages 88 and 89 of the 2021 888 Annual Report and Accounts, which is incorporated by reference into this document (see Part 21 (*Documentation Incorporated by Reference*)).

Save as referred to in this paragraph 3, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the 888 Group.

4. DIRECTORS' REMUNERATION AND BENEFITS

Details of the remuneration (including any contingent or deferred compensation) and benefits in kind paid (including pension contributions) to each of the Directors by the 888 Group in FY 2021 are set out in the Annual Report on Remuneration on pages 91 to 101 of the 2021 888 Annual Report and Accounts, which is incorporated by reference into this document (see Part 21 (*Documentation Incorporated by Reference*)).

There is no arrangement under which any Director has waived or agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

5. CURRENT AND PAST MEMBERSHIPS

5.1 Directors

In addition to their directorships of the Company and other members of the 888 Group, the Directors hold, or have held within the past five years, the following directorships and are or were members of the following partnerships:

Name	Current directorships/partnerships	Former directorships/partnerships
Lord Jon Mendelsohn	The Reel One Partnership LLP Red Capital Ltd Cyber Protection Ltd Cavendish Investment Group Ltd International Follicular Lymphoma Challenge Inc. No Pasaran Media Ltd Hellstorm Ltd Barnet Youth Zone 14 Chesterford Gardens Ltd Europa Healthcare Group Ltd Follicular Lymphoma Foundation The Hofenung Foundation Franks Family Foundation NGS Foundation Limited Charles Wolfson Charitable Trust Cedarsoak Ltd Cedarsoak 2 Ltd The UK-Israel Partnership Group Ltd Middle East Forum Cogress St Edmunds Terrace 2 Limited Partnership Commonwealth Jewish Council Linell Trust World Jewish Affairs Fund	Green Bay Capital Ltd Heath Street Limited Sportsarchivesco Ltd Progressive Britain Ltd Oakvale Capital Advisory Ltd GDSZ Limited B'nai B'rith Hillel Foundation Holocaust Educational Trust Europa Hospitals (UK) Ltd Europa Hospitals (Spain) Ltd Dakota Holdings Ltd Build Up Academy Ltd Cogress Regents Park Road Limited Partnership
Anne de Kerckhove	Freespee AB Freespee Ltd	DNA Bridge Limited Metail Limited 7Digital Group plc Iron SLS Limited Verizon Upstart Tech Limited
Itai Pazner	—	—
Yariv Dafna	—	—
Mark Summerfield	The Angling Trust	—
Limor Ganot	Twine Solutions Ltd. Ametrine Technologies Ltd. Saturas Ltd. US Israel Gefen Capital Management LTD Diners Club Israel Ltd Luminarium A.G. Ltd	—

5.2 General

Save as set out above, none of the Directors has any business interests, or performs any activities, outside the 888 Group which are significant with respect to the 888 Group.

Save in their capacities as persons legally or beneficially interested in 888 Shares (as applicable), there are no actual or potential conflicts of interest between any duties owed by the Directors to the Company and their private interests or other duties they may also have. No Director was selected

pursuant to any arrangement or understanding with any major customer, supplier or other person having a business connection with the 888 Group. There are no family relationships between any of the Directors.

As at the Latest Practicable Date, none of the Directors has, at any time within the last five years:

- (a) had any prior convictions in relation to fraudulent offences;
- (b) been declared bankrupt or been the subject of any individual voluntary arrangement;
- (c) been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager;
- (d) been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including designated professional bodies);
- (e) been disqualified by a court from acting in the management or conduct of the affairs of any Company;
- (f) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any Company;
- (g) been a partner or senior manager in a partnership which, while they were a partner or within 12 months of their ceasing to be a partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;
- (h) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where they were a partner at the time or within the 12 months preceding such event; or
- (i) been a director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which they were an executive director or senior manager of that company or within 12 months of their ceasing to be an executive director or senior manager.

6. CORPORATE GOVERNANCE

For a description of the 888 Group's corporate governance arrangements, including the structure of the Board, see pages 64 to 71 of the 2021 888 Annual Report and Accounts, incorporated into this document as described in Part 21 (*Documentation Incorporated by Reference*).

Part 20

ADDITIONAL INFORMATION

1. PERSONS RESPONSIBLE

The Company and the Directors, whose names and principal functions are set out in paragraph 1 of Part 19 (*Directors and Corporate Governance*), accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

2. INCORPORATION AND REGISTERED OFFICE

The Company was incorporated in the British Virgin Islands on 12 March 1997 as Virtual Holdings Limited under the International Business Companies Act (Cap.291) 1984, as an international business company with registered number 222087. On 12 January 2000, the Company was continued in Antigua and Barbuda as a corporation under the International Business Corporations Act 1982 with registered number 12512. On 17 December 2003, the Company was re-domiciled in Gibraltar under the Companies (Redomiciliation) Regulations as a limited company with registered number 90099. On 16 February 2005, the Company re-registered as a public limited company with the name Virtual Holdings Public Limited Company. On 18 February 2005, the name of the Company was changed to 888 Holdings Public Limited Company.

The Company is currently domiciled in Gibraltar and has its registered office and principal place of business at Suite 601/701 Europort, Europort Road, Gibraltar. The telephone number is +350 2004 9800. The Company's legal entity identified is 213800H84UJQYSVF9750.

The principal legislation under which the Company operates, under which the 888 Shares were created is the Gibraltar Companies Act.

EY Limited, Gibraltar, which is approved as registered auditors under the Gibraltar Financial Services Act 2019 is the statutory auditor of the Company.

When re-admitted, the 888 Shares will be registered with ISIN GI000A0F6407 and SEDOL number B0L4LM9.

3. SHARE CAPITAL OF THE COMPANY AND SHARE CAPITAL HISTORY

3.1 Issued share capital

The issued and fully paid share capital of the Company as at the Latest Practicable Date is 446,265,077 ordinary shares of GBP 0.005 each, all of which are fully paid or credited as fully paid, totalling GBP 2,231,325.39 in nominal value. All of the 888 Shares are admitted to the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.

The rights attaching to the 888 Shares are summarised in paragraph 5 of this Part 20 (*Additional Information*).

The 888 Shares are in registered form and, subject to the provisions of the CREST Regulations, the Directors may permit the holding of shares in any class of shares in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where shares are held in certificated form, share certificates will be sent to the registered members by first class post.

As at the Latest Practicable Date the aggregate number of 888 Shares in respect of which options or other rights to subscribe had been granted by the Company was 8,152,407 (representing approximately 1.83 per cent. of the issued ordinary share capital of the Company, excluding shares held in treasury at that date).

3.2 History of the share capital

As at 1 January 2019 (being the first day covered by the 888 historical financial statements incorporated by reference into this document), 364,284,539 888 Shares were in issue fully paid or credited as fully paid. There have been the following changes in the share capital of the Company between 1 January 2019 and the Latest Practicable Date:

	FY 2019	FY 2020	FY 2021	31 December 2021 to the Latest Practicable Date
Shares issued pursuant to the 888 All-Employee Share Plan.....	32,440	Nil	Nil	Nil
Shares issued pursuant to the 888 LTIPs	4,030,815	669,628	3,741,780	2,699,371

3.3 Other

Save as disclosed in this document:

- no share or loan capital of the Company or any of its subsidiaries has within the period covered by the historical financial information set out in this document (other than intra-group issues by wholly owned subsidiaries or pursuant to the Proposed Acquisition) been issued or been agreed to be issued fully or partly paid, either for cash or for a consideration other than cash and no such issue is now proposed;
- no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries within the period covered by the historical financial information set out in this document in connection with the issue or sale of any share or loan capital of any such company;
- no share or loan capital of the Company or any of its subsidiaries is under option or agreed, conditionally or unconditionally, to be put under option;
- there are no acquisition rights or obligations in relation to the issue of shares in the capital of the Company or any undertaking to increase the capital of the Company;
- no convertible securities, exchangeable securities or securities with warrants have been issued or agreed to be issued by the Company; and
- neither the Company, nor any member of the 888 Group, holds any treasury shares in the Company.

4. CREST AND DEPOSITARY INTERESTS

The Company has entered into depositary arrangements to enable Shareholders to deliver, hold, settle and pay for interests in the 888 Shares through the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by certain non-UK companies, such as the Company, cannot be held electronically (i.e. in uncertificated form) or transferred in the CREST system. This means that the 888 Shares are not themselves admitted to CREST. However, Depositary Interests allow securities to be de-materialised and settled electronically.

Pursuant to a method utilised by Euroclear under which transactions in international securities may be settled through the CREST system and arrangements put in place by the Company, the Depositary, which is a subsidiary of the Company's Registrar, may hold the 888 Shares on trust for Shareholders and may issue Depositary Interests to individual Shareholders' CREST accounts representing the underlying 888 Shares. The Depositary Interests are independent securities constituted under English law which may be held and transferred through the CREST system.

The Depositary Interests are created pursuant to and issued on the terms of a Deed Poll. Prospective holders of Depositary Interests should note that they will have no rights in respect of the underlying 888 Shares or the Depositary Interests representing them against Euroclear or its subsidiaries. 888 Shares are transferred to an account of the Depositary or its Custodian and the Depositary issues Depositary Interests to participating members and provide the necessary custodial services.

In relation to those 888 Shares held by Shareholders in uncertificated form, although the Company's register shows the Custodian as the legal holder of the 888 Shares, the beneficial interest in the 888 Shares remains with the DI Holder, who through the Depositary has the benefit of many of the rights attaching to the 888 Shares as if the DI Holder were named on the certificated 888 Share register itself.

Each Depositary Interest is treated as one 888 Share for the purposes of determining, for example, eligibility for any dividends. The Depositary will pass on to holders of Depositary Interests any stock or cash benefits received by it as holder of 888 Shares on trust for such DI Holder. DI Holders are also to receive notices of meetings of Shareholders and other notices issued by the Company to its Shareholders.

The Depositary Interests have the same security code (ISIN) as the underlying 888 Shares being GI000A0F6407 and do not require a separate listing on the Official List. The Depositary Interests can then be traded and settlement will be within the CREST system in the same way as any other CREST security.

For further information on these depositary arrangements, see Part XV of the 2015 888 Prospectus, which is incorporated by reference into this document (see Part 21 (*Documentation Incorporated by Reference*)). A copy of the Deed Poll is available for inspection in accordance with paragraph 18 (*Documents available for inspection*) of Part 20 (*Additional Information*) of this document.

5. SUMMARY OF THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company were adopted pursuant to a special resolution of the Company passed on 14 September 2005 and amended pursuant to special resolutions of the Company passed on 24 May 2011, 14 May 2014, 20 May 2020 and 16 December 2021, respectively. The following is a summary of the rights of the holders of 888 Shares and of certain significant provisions of the Articles of Association and relevant laws and regulations of various regulatory bodies.

The Articles of Association are available for inspection at the address specified below in paragraph 18 of this Part 20 (*Additional Information*).

Authorised share capital

The Company's authorised share capital is GBP 5,131,937.50 divided into 1,026,387,500 ordinary shares of GBP 0.005 each.

Directors

The number of Directors shall not be less than two.

Powers of the Board and Election of Directors

The Board manages the business and affairs of the Company. However, the shareholders must approve certain matters, such as changes to the share capital and the election of Directors (including the approval at any annual general meeting of any director appointed by the Board since the preceding annual general meeting in order to fill a casual vacancy). Directors are appointed subject to the Articles of Association. At every annual general meeting, all the Directors retire and are subject to re-election as provided in the UK Corporate Governance Code and the Articles.

The shareholders may, by ordinary resolution, appoint a person who is willing to be a director either to fill a vacancy or, subject to any limit provided in the Articles of Association, as an additional director. Shareholders may also remove any director before the end of their term of office by ordinary resolution of which 21 clear days' notice has been given, or by special resolution, and may by ordinary resolution appoint another person in their place. In addition, under the Articles of Association, the Board also has the power to appoint a director to fill a vacancy on the Board or to serve as an additional director, provided that a director so elected may only serve until the next following AGM of the company, at which time the director may be elected by shareholders.

Directors' Interests

Section 227 of the Gibraltar Companies Act provides that a director who is directly or indirectly interested in a contract or proposed contract or arrangement or proposed arrangement connected to the Company or any of its subsidiaries must declare the nature of their interest at a meeting of the Board. In the case of a proposed contract or proposed arrangement, the declaration must be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or, if the director was not at the date of the meeting interested in the proposed contract or arrangement, at the next meeting of the Board held after they became so interested. In a case where the director becomes interested in a contract after it is entered into or an arrangement after it is made, the declaration must be made at the first meeting of the Board held after the director becomes so interested.

If the contract was entered into or the arrangement made or the proposed contract or arrangement was considered before the director was appointed or elected, the declaration must be made at the first meeting of the Board following the appointment or election of the director or, if the director was not then aware of the existence of the contract or arrangement or proposed contract or arrangement, at the next meeting following the director becoming so aware.

A director may hold any other office (other than that of auditor) in any other company in which they are in any way interested in conjunction with their office of director for such period and on such terms (as to remuneration and otherwise) as the Board may determine, and no person is disqualified from appointment or election as a director by reason of their holding any office (other than that of auditor).

No director or director candidate is disqualified by their office from contracting either with regard to their tenure of any such office, nor is any such contract to be avoided, nor is any director so contracting or being so interested to be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship established by their directorship.

Directors' Remuneration

A director is not required to hold any shares by way of qualification. The Chairman and the Non-executive Directors are remunerated for their services in accordance with the Remuneration Policy, which provides that the amount of the remuneration paid is to be determined by the Remuneration Committee in consideration of the specific director's time commitment and responsibility, and the prevailing fee rates amongst other gaming companies. The remuneration payable accrues from day to day. A director is entitled to be repaid all reasonable travelling, accommodation and other expenses incurred by such director in or about the performance of their duties as director, (including any tax incurred thereon) including any expense deemed a taxable benefit in kind and the tax payable thereon.

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. The Chairman and the Executive Directors determine the fees paid to the Non-Executive Directors. No Director or manager shall be involved in any decisions as to their own remuneration.

Proceedings of the Board and Committees

The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit and decide the quorum necessary for the transaction of business. No business may be transacted without the requisite quorum. Questions arising at any meeting are decided by a majority of votes. In case of an equality of votes, the chairman of the meeting has a second or casting vote.

A director may and, upon request of a director, the secretary shall summon a Board meeting at any time, by notice given to all of the directors. Notice of a meeting of the Board is deemed to be duly given to a director if it is given to them personally, by word of mouth, by electronic communication to an address given by them for that purpose or sent in writing to them at their last-known address or another address given by them for that purpose. A director absent from Gibraltar is entitled to receive notice of any meeting of the Board and account must be taken of such absent directors when considering the adequacy of the period of notice of the meeting.

Liabilities of Directors and Officers

Gibraltar law does not permit a company to exempt any director or other officer of the company, or any person employed by the company as auditor, from any liability that by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company. Under the Articles of Association, the Company may however indemnify any director or officer of the Company, among others, against all costs, charges, losses, expenses and liabilities incurred by such person in connection with the discharge of their duties or the exercise of their powers. Indemnity letters in this respect have been entered into by the Company in favour of each of the Directors. Gibraltar law enables also companies to purchase and maintain insurance for directors, officers and auditors against any such liability. The Company maintains such insurance for its directors and executive officers.

Debt Limitations

The Articles of Association grant the Board authority to exercise the Company's power to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities, whether outright or as security for any debt, liability or obligation of the Company's or of any third party.

Uncertificated Shares

The Directors have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title and transfer of uncertificated shares, and no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

Depositary Interests

The Directors have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in shares in the capital of the Company in the form of depositary interests or similar interests, instruments or securities.

Special Share Rights

Subject to any special rights previously conferred on the holders of any shares or class of shares, the Company may issue any share with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise.

If at any time the capital of the Company is divided into different classes of shares, any reduction of the capital paid up on that class of share, otherwise than by a purchase or redemption of its own shares by the Company, and the conferring on any other shares of rights to either dividend or return of capital ranking before that class are generally deemed a variation of the rights attached to that class of shares.

Subject to legislation and unless otherwise expressly provided by the terms on which shares of that class are held, any of the rights attached to any class of shares may be varied or abrogated with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. The provisions of the Articles of Association as to general meetings of the Company apply, with any necessary modifications, to a variation of class rights meeting, except that the necessary quorum is two persons present holding at least one-third in nominal value of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

Allotment of Securities

The Board may not allot equity securities for cash unless authorised by a resolution of the members of the Company. Such authorisation may be given for a particular exercise of the power or for exercise generally and may be unconditional or subject to conditions.

Pre-emptive Rights

In accordance with the Articles of Association of the Company, the issue for cash of equity securities or rights to subscribe for or convert into equity securities must be offered in the first instance to the existing equity shareholders in proportion to the respective nominal values of their holdings in the class of equity securities being offered, unless a special resolution has been passed in a general meeting of shareholders dis-applying (whether generally or specifically) this requirement. As is the custom of many companies listed on the Official List, the Company generally obtains authority annually from its shareholders to allot up to a specified amount of equity share capital for cash, instead of allotting *pro rata* to its existing shareholders.

Calls on Shares

The Board may from time to time make calls on the shareholders in respect of any monies unpaid on their shares or on any class of their shares, whether on account of the nominal value of the shares or by way of premium, and not by the conditions of allotment thereof made payable at fixed times. Each shareholder will be required, subject to the shareholder having been given at least fourteen clear days' notice specifying the time or times and place of payment, to pay at the time and place so specified the amount called on such shareholder's shares. A call may be made payable by instalments, may be revoked by the Board before receipt of any sum due or postponed as the Board may decide and be deemed to have been made at the time when the resolution of the Board authorising the call was passed. A person upon whom a call is made remains liable for calls made upon them notwithstanding the subsequent transfer of the shares.

Forfeiture of Shares

If the whole or any part of any call or instalment of a call in regard to a share is not paid on forfeiture notice or before the day appointed for payment, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on the shareholder in whose name the share is registered requiring payment of so much of the call or instalment as is unpaid, together with any interest and expenses which may have accrued by reason of such non-payment.

Lien on Shares

The Company have a first and paramount lien and charge on every share that has not been fully paid for all monies, whether presently payable or not, called or payable at a fixed time in respect of that share.

Transfer of Shares

Subject to such restrictions in the Articles of Association as may apply, any shareholder may transfer all or any of their certificated shares by written instrument, in any usual form or in any other form which the Board may approve, executed by or on behalf of the transferor and, in the case of a transfer of a share not fully paid, by or on behalf of the transferee.

A shareholder may be required to dispose of any or all of their shares at any time by the Company within 14 days of receipt of a disposal notice if the Company determines, in its absolute discretion, that a gaming regulatory authority has indicated that such shareholder is unsuitable or not licensed to be a person interested in shares of the Company under relevant legislation or that such an authority has refused, revoked or opposed, or indicated that it will or is likely to refuse, revoke or oppose, the grant or renewal of any necessary licence or approval sought or held by the Company (a "**Shareholder Regulatory Event**"). If a disposal notice is not complied with to the satisfaction of the Company within the specified period, the Company will be entitled to dispose of the shares to which the disposal notice relates at the highest price reasonably obtainable. The net proceeds of any disposal will be received by the Company and shall be paid to the former registered holder of the disposed shares upon surrender of all relevant share certificates and other documents of title relating to the disposed shares. The transferee shall not be bound to see the application of such proceeds and the validity of the transfer shall not be questioned once the name of the transferee has been entered in the register in respect of the disposed shares.

Transmission of Shares

In case of the death of a shareholder, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where such person was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to such shares, but nothing in the Articles of Association shall release the estate of the deceased shareholder from any liability, whether sole or joint, in respect of any share which has been solely or jointly held by the deceased shareholder.

Any person becoming entitled to a share as a result of the death or bankruptcy of a shareholder may, upon production of sufficient evidence of their right, either elect to be registered as a shareholder or to nominate some person as a registered shareholder in respect of the share.

Shareholders Resident Abroad

If a shareholder has not provided the Company with an address in the United Kingdom, Gibraltar or territory in the EEA, or an address to which a notice may be sent using electronic communications, the Company is not required to send notices to such shareholder directly. Any notice of a general meeting which is in fact sent or purports to be sent to such shareholders shall be ignored for the purpose of determining the validity of the proceedings at such general meeting. Alternatively, so long as a shareholder has so agreed, the Company may give notice of a general meeting by posting on its website, provided the Company has notified the shareholder of the posting in a manner agreed with the Company. There are no limitations on non-resident or foreign shareholders' rights to own 888 securities or exercise voting rights where such rights are given under Gibraltar company law.

Equity Share Capital – Rights of Purchase and Redemption

Under Gibraltar law, a company may issue redeemable shares if authorised by its articles of association and subject to the conditions stated therein. The Articles of Association authorise the issue of redeemable shares. A Gibraltar company may purchase its own shares, including any redeemable shares, if so authorised by its articles of association and provided that the purchase must be previously approved by a general or specific ordinary resolution of its shareholders in the case of an on-market purchase (although the Investment Association prefers a special resolution), or a special resolution in the case of an off-market purchase. The shares may be redeemed or repurchased only if fully paid and, in the case of public companies such as the Company, only out of distributable profits or the proceeds of a new issue of shares issued for the purpose of the purchase or redemption.

As with many other companies listed on the Official List, the Company regularly seeks authority at annual general meetings to approve on-market purchases of its ordinary shares subject to specified limitations. When a company purchases its own shares wholly out of profits, an amount equal to the nominal amount of the shares purchased and subsequently cancelled must be transferred to the capital redemption reserve, which is generally treated as paid-up share capital. In addition, any amount payable by the company on purchase of its shares in excess of the par value may be paid out of the proceeds of a new issue of shares up to an amount equal to whichever is the lesser of (i) the aggregate of the original premiums received by the company on the issue of those shares or (ii) the amount of the company's share premium account as at the time of the repurchase, including any sum transferred to that account in respect of premiums on the new issue. The FCA usually requires that on-market purchases of 15 per cent. or more of a company's equity share capital pursuant to a general shareholder authority must be made through either a tender or partial offer to all shareholders (or to all shareholders of the relevant class), and in the case of a tender offer, at a stated maximum or fixed price. Purchases pursuant to a general shareholder authority below the 15 per cent. threshold may be made through the market in the ordinary way, provided that the price is not more than five per cent. above the average of the market value of the company's shares for the five business days before the purchase date.

Winding Up

In the event of a winding up, all ordinary shares shall rank *pari passu*. The Company is subject to the general insolvency law applicable to Gibraltar companies.

Dividends and Reserves

Dividends are based on the Company's profits and are paid out to shareholders for each share they hold, and do not generally have any restrictions. Dividends are usually paid as cash to both UK and overseas shareholders. Dividends can be paid by cheque or as a direct bank transfer.

Dividends on ordinary shares are generally paid twice a year following the announcement of the Company's full year and half-year results. A final dividend is normally paid in May and an interim dividend in October on ordinary shares. Lost dividend cheques can be re-issued. A shareholder may obtain a replacement cheque from the Company registrar. The Company may declare dividends but no dividend may exceed the amount recommended by the Board. The Board may pay to the shareholders such interim dividends as appear to the Board to be justified by the Company's profits and, provided that the Board acts in good faith, it shall not incur any responsibility to the holders of any shares conferring a preference which may at any time be issued for any damage they may suffer by reason of the lawful payment of an interim dividend on any shares ranking after such preference shares. No dividend payable in respect of a share shall bear interest against the Company. Any dividend unclaimed after a period of 12 years from the date fixed for payment will be forfeited and revert to the Company.

All dividends unclaimed may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company is not a trustee in respect of this. The Articles of Association do not contain any sinking fund provisions.

The Company may, in its absolute discretion, suspend a shareholder's right to receive any dividends payable where a Shareholder Regulatory Event has occurred in respect of that shareholder.

General Meetings

All general meetings of the Company other than the annual general meetings are called extraordinary meetings. The Company holds annual general meetings in accordance with the requirements of the Gibraltar Companies Act. Gibraltar company law provides for shareholders to exercise their power to decide on corporate matters at general meetings. The quorum required for a general meeting is three shareholders present in person, by electronic means (in the case of an electronic general meeting or hybrid general meeting) or by proxy and entitled to vote on the business to be transacted.

The shareholders or their proxies present shall be counted in the quorum for, and entitled to vote at, an electronic general meeting or hybrid general meeting, and that meeting shall be duly constituted and its proceedings valid if the chairman of the general meeting is satisfied that adequate facilities are available throughout the electronic general meeting or hybrid general meeting to ensure that members attending the meeting who are not present together at the same place may, by electronic means, attend and speak and vote at it.

Convening and Notice of Meetings

The Board may convene a general meeting as the Company's annual general meeting. The Board may convene a general meeting whenever it thinks fit. The Board shall determine whether any general meeting is to be held as a physical general meeting, an electronic general meeting for which attendance facilitated via an electronic platform, or a hybrid general meeting for which attendance facilitated at a physical location and via an electronic platform. The time and place (including the use of any electronic platform) of any annual general meeting or other general meeting called by the Board shall be decided by the Board.

The Board will convene a general meeting upon receiving requests to do so from shareholders representing at least 10 per cent. of such of the paid-up capital of the Company as carries the right of voting at general meetings (excluding any paid-up capital held as treasury shares). A request to call a general meeting must state the objects of the proposed meeting. A request may include the text of a resolution, which may be properly moved at the proposed meeting. A request must be in hard copy or electronic form and must be authenticated by the person or persons making it.

The Board will call any annual general meeting by at least 21 days' notice in accordance with the Articles of Association. Any other general meeting will be called by at least 14 days' notice also in accordance with the Articles of Association. The notice period calculation under the Articles of Association excludes the day of the relevant meeting and the day on which the notice of meeting is given. Notice of every general meeting will be given in any manner authorised by the Articles of

Association to every shareholder holding shares conferring the right to attend and vote at the meeting who, at the time of the convening of the meeting, has paid all calls or other sums presently payable by such shareholder in respect of all shares held by such shareholder, the auditor and the directors.

Constitution of Meetings

No business is transacted at a general meeting unless the requisite quorum is present at the commencement of the business. The quorum for all purposes of a general meeting is three persons present and entitled to vote upon the business to be transacted, each being a shareholder, a person authorised to act as a representative (in relation to the meeting) of a corporation that is a shareholder or a person appointed as a proxy of a shareholder in relation to the meeting, except that three persons only acting as representatives of a single corporation that is a shareholder or three persons only appointed as proxies of a single shareholder does not constitute a requisite quorum.

Voting

Under Gibraltar law, the voting rights of shareholders are governed by the Articles of Association, and are subject to the statutory rights of shareholders, including the right to demand a poll. Voting at any physical meeting of shareholders is by a show of hands unless a poll is demanded. Voting at any electronic or hybrid general meeting shall be by a poll. On a show of hands, each shareholder present in person or by a corporate representative or proxy has one vote. On a poll, each shareholder who is present in person or by a corporate representative or by proxy has one vote for every ordinary share held. Subject to any special rights or restrictions attached to any class of shares and to the provisions of the Articles of Association, on a show of hands every shareholder present in person or by proxy will have one vote and on a poll every shareholder present in person or by proxy will have one vote for every share of which they are the holder. A person entitled to more than one vote on a poll need not use all their votes or cast all their votes in the same way. Only the holders of ordinary shares on which all sums payable have been paid are entitled to attend meetings and vote. If more than one joint holder votes, only the vote of the shareholder whose name appears first in the register is counted. Any shareholder who is entitled to attend and vote at a meeting is entitled to appoint one or more proxies to attend and vote at the meeting on their behalf.

The Company may, in its absolute discretion, suspend a shareholder's right to vote either personally or by proxy at a general meeting where a Shareholder Regulatory Event has occurred in respect of that shareholder.

Shareholder Proposals

Under Gibraltar law, shareholders in a listed entity (such as the Company) may requisition a resolution to be voted on at a general meeting if the requisition is made by a holder or the holders of shares that represent not less than one-tenth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates.

The requisition must be deposited at the company's registered office not less than 30 days before the general meeting to which it relates unless the general meeting is called after the requisition is deposited. At any general meeting, the appointment of two or more persons as directors of a public company (such as the Company) by a single resolution (and not by a separate resolution for each proposed director) may not be proposed unless a resolution approving its proposal is passed by the general meeting with no dissenting votes.

Proxies

A shareholder may appoint more than one proxy in relation to a general meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A form of proxy is, unless otherwise stated, valid for any adjournment of the meeting to which it relates. When two or more valid but differing forms of proxy are delivered or received for the same share for use at the same meeting, the one which is last validly delivered or received regardless of its date or the date of its execution) is to be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which form of proxy was last validly delivered or received, none of them is treated as valid.

Accounts

The Board decides whether and to what extent the accounts and books or any of them are to be open to the inspection of shareholders who are not directors. No shareholder who is not a director or an officer has any right of inspecting any account or book or document except as conferred by statute or authorised by the Board or by the Company in a general meeting or by an order of a court in a competent jurisdiction.

A copy of the Company's annual accounts and reports is, not less than 21 clear days before the date of the meeting, sent or supplied to every shareholder and to every holder of debentures or debenture or loan stock and every person entitled to receive notice of general meeting. The required number of printed copies of every such document is at the same time sent to the London Stock Exchange and to any other stock exchange which has granted a quotation for, or a listing of, any of the shares, as required by their regulations.

Notices

A notice, document or other information may be given to any shareholder either personally or by sending it in hard copy form by post to the shareholder at their registered address or, if the shareholder has no registered address within the UK, Gibraltar or other territory in the EEA, to the address (if any) in the UK, Gibraltar or other territory in the EEA, supplied by the shareholder for the giving of notices to such shareholder or by advertisement or by giving notice in electronic form to an address supplied to the Company by the shareholder for that purpose or by any other means authorised in writing by the shareholder concerned.

Change of Control

There is no specific provision in the Articles of Association that would have an effect of delaying, deferring or preventing a change in control and that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company or any of its subsidiaries.

However, Gibraltar law provides for schemes of arrangement. These are arrangements or compromises between a company and its shareholders, creditors, any class of its shareholders, or any class of its creditors, and are used for certain types of reconstructions, amalgamations, capital reorganisations or takeovers. They require sanction of the court and the approval at a meeting of the company convened by an order of the court of a majority of the shareholders or creditors or class of shareholders or creditors representing not less than 75 per cent. in value of the capital or debt held by the shareholders or creditors or class present and voting, either in person or by proxy. Once the scheme becomes effective, all shareholders or creditors (or, if it applies to a class, the shareholders or creditors of the relevant class) are bound by the terms of the scheme.

Under the rules of the FCA, shareholder approval is required for an acquisition or disposal by a listed company if the gross assets of the company or the business to be acquired or disposed of represent 25 per cent. or more of the gross assets of the company or if various other size ratios prescribed by the Listing Rules of the FCA are satisfied. Shareholder approval is also required in some circumstances relating to the giving by the listed company of indemnities and similar arrangements. Where the size of the acquisition or disposal falls below the 25 per cent. threshold, information may nevertheless be required to be published. Shareholder approval may also be required for an acquisition or disposal of assets between a listed company and related parties including:

- directors of the company or its subsidiaries;
- holders of 10 per cent. or more of the nominal value of any class of the company's or any holding company's or subsidiary's shares having the right to vote in all circumstances at general meetings of the relevant company; or
- any associate of persons described in the two preceding bullet points above.

Gibraltar law also provides that where a takeover offer is made for the shares of a company incorporated or registered in Gibraltar and within four months the offeror has acquired or unconditionally contracted to acquire not less than nine-tenths in value of the shares of any class to which the offer relates and, where the shares to which the offer relates are voting shares, not less than nine-tenths of the voting rights carried by those shares, the offeror may, within two months of the last day on which the offer could be accepted, by notice require shareholders who have not accepted the offer to transfer their shares to the offeror on the terms of the offer. A dissenting shareholder may

apply to the court within one month of the date on which the notice was given objecting to the transfer or its proposed terms. The court is unlikely, absent unfair treatment, fraud or oppression, to exercise its discretion to order that the transfer shall not take effect, but it may specify the terms of the transfer as it finds appropriate. Where an offeror has reached such nine-tenths level, a minority shareholder is also entitled to require the offeror to acquire their shares on the terms of the offer (“**sell-out right**”) within two months of the last day on which the offer could be accepted.

Mergers are sometimes effected through the use of a members’ voluntary liquidation of a company pursuant to the Gibraltar Companies Act, which provides for the transfer of the whole or part of the assets of that company to another company in return for shares in the transferee company. To effect the transfer, a resolution must be passed by at least 75 per cent. of shareholders conferring authority on the liquidator. Any shareholder who does not vote in favour of the resolution may express their dissent by writing to the liquidator within seven days after the passing of the resolution, requiring the liquidator either to abstain from carrying the resolution into effect or to purchase the shareholder’s interest at a price to be determined by agreement or by arbitration under the Gibraltar Companies Act. The liquidator may apply to the court if it disputes the shareholder’s contention and the court may make such an order on the application as it thinks just.

Major Shareholding and Disclosure of Interests

The Articles of Association do not contain any provisions requiring disclosure of shareholdings over and above that which is required by Gibraltar law.

The Disclosure Guidance and Transparency Rules promulgated by the FCA impose an obligation on a person to notify the FCA and the Company of the percentage of the voting rights in the Company such person holds or controls directly or indirectly. The Disclosure Guidance and Transparency Rules set out the circumstances in which an obligation of disclosure arises as well as certain exemptions from those obligations for specified persons. This obligation is triggered if the percentage of voting rights reaches, exceeds or falls below five per cent. (for a non-UK Company) and any subsequent whole percentage figure as a result of an acquisition or disposal reaches, exceeds or falls below any such threshold as a result of any change in the number of voting rights attached to 888 Shares. The Disclosure Guidance and Transparency Rules also deal with the disclosure by certain persons including directors, of interests in shares of the listed companies of which they are directors, and in derivatives and other financial instruments relating to those shares. The Company may, under Gibraltar law, require a person that the Company know or have cause to believe is or was during the three years preceding the date of notice interested in 888 Shares to indicate whether or not that is the case and to provide certain information as is permitted under the law.

6. CITY CODE AND STATUTORY SQUEEZE OUT PROVISIONS UNDER THE GIBRALTAR COMPANIES ACT

As the Company is registered in Gibraltar, the UK City Code on Takeovers and Mergers (the “**City Code**”) does not apply to the Company and a takeover offer for the Company will not be regulated by the Panel. The Company has incorporated certain takeover protections in the Articles of Association, summarised in paragraph 5 of this Part 20 (*Additional Information*) although these do not provide the full protections afforded by the City Code. The EU Takeover Bids Directive 2004/25/EC has been transposed into Gibraltar law pursuant to the Financial Services (Takeover Bids) Act 2006, however it has no practical impact in Gibraltar given that there is no stock exchange operating in Gibraltar and no competent authority for this purpose.

Gibraltar law contains statutory squeeze out provisions in section 352(A) of the Gibraltar Companies Act which allows for the acquisition of the shares of the dissenting shareholders in any arrangement or contract for sale of shares where 90 per cent. of the shareholders are in favour.

7. MAJOR SHAREHOLDERS

So far as the Company is aware: (i) as at the Latest Practicable Date no person other than those listed below was interested (within the meaning of the UK Companies Act 2006), directly or indirectly, in five per cent. or more of the 888 Shares, and the amount of such persons' interests was as set out below; and (ii) immediately following Readmission, the following persons will be interested, directly or indirectly, in five per cent. or more of the 888 Shares and the amount of such persons' interests will be as set out below:

888 Shareholder	Interests in 888 Shares as at the Latest Practicable Date		Interests in 888 Shares immediately following Readmission ⁽¹⁾	
	Number of 888 Shares	Per cent. of voting rights attached to the 888 Shares ⁽²⁾	Number of 888 Shares	Per cent. of voting rights attached to the 888 Shares ⁽²⁾
Sinitus Nominees Limited in trust on behalf of Dalia Shaked.....	86,283,534	19.33	86,283,534	19.33
Aberdeen Standard Investments	38,023,452	8.52	38,023,452	8.52

Notes:

(1) Assumes that no 888 Shares are issued in respect of options exercised under the 888 Share Schemes between the date of this document and Readmission.

(2) Rounded to nearest second decimal place.

Save as disclosed in this paragraph 7, the Company is not aware of any holdings of voting rights (within the meaning of Chapter 5 of the Disclosure Guidance and Transparency Rules) which will represent five per cent. or more of the total voting rights in respect of the issued share capital of the Company following Readmission.

There are no differences between the voting rights enjoyed by the 888 Shareholders described above and those enjoyed by any other holder of 888 Shares.

So far as the Company is aware, the Company is not directly or indirectly owned or controlled by another corporation, any foreign government or any other natural or legal person, severally or jointly.

The DS Trust is a substantial shareholder of, a “person exercising significant influence” over, and a “related party” to, the Company for the purposes of the Listing Rules. For a description of the Amended Relationship Agreement entered into between the Company and the DS Trust, please see pages 74 and 75 of the 2021 888 Annual Report and Accounts, which are incorporated by reference into this document (see Part 21 (*Documentation Incorporated by Reference*)).

Save in connection with the Proposed Acquisition where there will be a change in control of the Target Business, the Company is not aware of any arrangements, the operation of which may at a subsequent date following Completion, result in a change of control of the Company.

8. 888 SHARE PLANS

The 888 Group operates:

- (a) an equity-settled employee share incentive plan, the 888 Long Term Incentive Plan 2015 (the “**888 LTIP**”); and
- (b) a Deferred Share Bonus Plan (the “**888 Deferred Share Bonus Plan**”), which was adopted in May 2017 in order to allow the Company to comply with the requirement set out in its Remuneration Policy pursuant to which any annual bonus payment made to an Executive Director in excess of 100 per cent. of their annual salary is deferred into equity awards in the form of nil-cost options or share awards,

(together, the “**888 Share Plans**”).

A wholly-owned Gibraltar subsidiary of the Company named Virtual Share Services Limited has been established for the purpose of administering certain equity grants under the 888 Share Plans including holding shares and paid dividends to satisfy future exercise of options by various group personnel who received such equity awards.

As at 31 December 2021, Virtual Share Services Limited held 374,488 issued and outstanding 888 Shares in connection with the administration of the 888 Share Plans.

8.1 888 LTIP

Summary

The 888 Long-Term Incentive Plan 2015 was adopted on 29 September 2015 and was amended and restated on 7 March 2019. The 888 LTIP permits the grant of four types of share award, Conditional Share Awards, Nil-Cost Options, Restricted Share Awards and Market Value Options (together referred to as “**LTIP Awards**”) over Ordinary Shares. The LTIP is administered by the Remuneration Committee. LTIP Awards are granted by the Company.

General participation

Eligibility

Any employee (including Executive Directors) within the 888 Group and full-time consultants who provide services to the 888 Group will be eligible to participate in the LTIP. The Remuneration Committee is responsible for determining who will be granted LTIP Awards.

Nature of LTIP Awards

LTIP Awards may be granted as Conditional Share Awards, Nil-Cost Options, Restricted Share Awards, Market Value Options or any combination thereof. No payment is required to exercise a Nil-Cost Option.

LTIP Awards are not pensionable benefits and may not be transferred, assigned, charged or otherwise encumbered. No consideration will be payable by participants on the grant of an LTIP Award. Except for in respect of the Ordinary Shares subject to Restricted Share Awards, until a participant acquires any Ordinary Shares subject to an LTIP Award, the participant has no rights to the Ordinary Shares, including voting or dividend rights.

Grant of awards

LTIP Awards will normally only be granted within 42 days following the announcement of the Company’s results for any period. LTIP Awards may also be granted if the Remuneration Committee resolves that exceptional circumstances exist which justify the grant of LTIP Awards at any other time. No LTIP Awards can be granted under the LTIP more than ten years after it is adopted by the Company.

Individual limits

No employee may be granted an LTIP Award in any financial year which would cause the market value of the Ordinary Shares subject to the LTIP Awards granted to the employee in the financial year to exceed 200 per cent. of the annual rate of the employee’s total basic salary at the date of grant or such higher limit as determined by the Remuneration Committee in its sole discretion.

888 LTIP limits

No LTIP Award will be granted on any day where such event would mean that the aggregate number of Ordinary Shares that could be issued on the exercise, vesting or release of that LTIP Award when added to Ordinary Shares issued or to be issued or transferred from treasury over the previous ten year period under all employee share plans adopted by the Company exceeds 10 per cent. of the ordinary share capital of the Company from time to time in issue, provided that the limit will be 5 per cent. of the ordinary share capital of the Company from time to time in issue for LTIP Awards that are granted subject to performance conditions.

Performance conditions

Vesting of LTIP Awards granted to employees at the senior management level is subject to the satisfaction of performance conditions, and other employees may be subject to performance conditions also. The vesting of LTIP Awards granted to other employees may be subject to the satisfaction of performance conditions at the discretion of the Remuneration Committee. Any performance conditions to which an LTIP Award is subject will be stated at the date of grant of the LTIP Award. Any performance conditions to which LTIP Awards are subject may be changed with Remuneration Committee consent, provided that the amended conditions are, in the opinion of the Remuneration Committee, no more and no less challenging to meet than the original conditions. This includes amendments to any performance condition in accordance with its terms or if anything happens which causes the Remuneration Committee reasonably to consider it appropriate to make the change including cases in which such adjustment is necessary to override a formulaic outcome and ensure that the Participant's total reward.

Normal vesting

LTIP Awards normally vest, subject to the satisfaction of any relevant performance condition, on the third anniversary of their date of grant ("**LTIP Vesting Date**"), provided that the participant is still employed within the 888 Group at that time. The Ordinary Shares in respect of which an LTIP Award has vested will be delivered to the participant within 30 days of vesting. The Ordinary Shares in respect of which an option has been exercised will be delivered to the participant within 30 days of the date of exercise. Where the delivery of Ordinary Shares to a participant is restricted by local securities laws, the Remuneration Committee may determine that a participant will receive cash instead of Ordinary Shares following the vesting of an LTIP Award or the exercise of an option. The cash amount would be equal to the value of the Ordinary Shares they would have received. The Remuneration Committee may require that some or all of a Participant's Shares are subject to a holding condition ("**Holding Condition**") for a period of up to two years. If the Participant ceases to be an Employee during any period when a Holding Condition applies, the Remuneration Committee may, in its discretion, reduce the applicable Holding Condition as it deems appropriate.

Payment on account of dividends

Following the vesting of an LTIP Award, a participant may, if the Remuneration Committee so determines, receive further Ordinary Shares equal in value (so far as possible) to any dividends paid or payable in respect of the Ordinary Shares acquired between the date of grant of the LTIP Award and the LTIP Vesting Date. The payment on account of dividends may be made in cash rather than Ordinary Shares, at the discretion of the Remuneration Committee.

Recovery and withholding

The Remuneration Committee may determine at any time before, or within three years after, the date on which an LTIP Award granted to a participant vests that the LTIP Award will be reduced (including to nil) or that the participant will be required to pay back an amount received in respect of the LTIP Award if (i) there has been a materially adverse misstatement or misrepresentation of the Company's financial statements or the results of any member of the 888 Group or part thereof and that misstatement or misrepresentation would result or resulted either directly or indirectly in the Award being granted or Vesting to a greater extent than would have been the case had that misstatement or misrepresentation not been made (ii) the extent to which any performance conditions and/or any other condition was satisfied was based on an error, or on inaccurate or misleading information or assumptions which resulted either directly or indirectly in that LTIP Award being granted or vesting to a greater extent than would have been the case had that error not been made; (iii) the Company suffers serious reputational damage, financial downturn, corporate failure or failure of risk management; or (iv) circumstances arose (or continued to arise) during the vesting period of the LTIP Award which would have warranted the summary dismissal of the participant including for gross misconduct. The maximum value of any LTIP Award that the Remuneration Committee may seek to recover will be limited to the value of the LTIP Award received by the participant. The LTIP Award may be recovered through the lapse of unvested deferred bonus awards, the lapse of vested but unexercised LTIP Awards, withholding some/all of the next cash bonus payable or LTIP Awards to be granted to the participant or by repayment of a cash sum at the discretion of the Remuneration Committee, whether under the 888 LTIP or other incentive plans operated by the Company.

Leavers

If a participant ceases to be employed within the 888 Group before the end of the vesting period because of ill health, disability, redundancy, agreed retirement, or any other reason at the discretion of the Remuneration Committee, the participant will be required to exercise any vested but unexercised part of their LTIP Award within six months after the cessation and if not exercised or released within that period it will lapse immediately unless the LTIP Award was exercised within the six month period but the exercise took place during a close period, when the LTIP Award will be exercised immediately following the end of the close period and will then lapse immediately to the extent unexercised. Any part of the LTIP Award unvested at time of cessation of employment will vest and be released or exercised at the normal vesting date (with exercise to take place within one month of the vesting date). If the participant ceases employment before the end of the vesting period in other circumstances an LTIP Award will lapse. If a participant ceases to be an employee before the end of the vesting period for any reason other than as set out above and not in circumstances in which the participant's employer could have dismissed the participant without notice or payment in lieu of notice, any vested but unexercised part of the participant's LTIP Award may be exercised within six months after the cessation and, if it is not exercised or released within that period it will lapse immediately unless the LTIP Award was exercised within the six month period but the exercise took place during a close period, when the LTIP Award will be exercised immediately following the end of the close period and will then lapse immediately to the extent unexercised. Any part of the LTIP Award that is unvested at the time of cessation of employment will lapse immediately.

Corporate events

In the event of a change of control of the Company as a result of:

- (i) a general offer to acquire shares becoming wholly unconditional;
- (ii) a scheme of arrangement (within the meaning of Section 295 of the Gibraltar Companies Act 2014);
- (iii) a person (or a group of persons acting in concert) obtaining control (within the meaning of Section 352A of the Gibraltar Companies Act 2014) of the Company in any other way; or
- (iv) on a winding up of the Company,

any part of an LTIP Award may be exercised or released within such period before completion of the relevant event is due to occur as may be determined and notified to participant's by the Remuneration Committee or within one month of the date on which the relevant occurs and if it is not exercised within that period it will lapse. Time pro-rating will also apply unless the Remuneration Committee determines otherwise. Alternatively, with the consent of the acquiring company, subsisting LTIP Awards will be exchanged for equivalent rights to acquire shares in the acquiring company, either at the participant's election or automatically, if the Remuneration Committee and acquiring company so determine.

Rights attaching to Ordinary Shares

Ordinary Shares acquired under the 888 LTIP will rank equally in all respects with the Ordinary Shares in issue on the date of acquisition. They will not rank for any rights attaching to Ordinary Shares by reference to a record date preceding the date of acquisition.

Variation of capital

If there is a variation in the equity share capital of the Company (including a capitalisation or rights issue, sub-division, consolidation or reduction), a demerger, a special dividend or distribution or any other corporate event which might affect the current or future value of any LTIP Award, the Remuneration Committee may adjust the terms of the LTIP Award which has not been exercised or released. The Company will take any steps it considers necessary to notify Employees of any such adjustments.

Amendment

The Remuneration Committee may not make any amendment to the 888 LTIP that would be of material disadvantage of the participants' rights under the 888 LTIP unless it first obtains either (i) the written consent of participants holding LTIP Awards to acquire 75 per cent. of the Ordinary Shares which would be delivered if all the LTIP Awards granted and subsisting under the 888 LTIP vested

and/or were exercised; or (ii) by resolution of a meeting of participants passed by not less than 75 per cent. of those who attend and voted either in person/proxy. No amendment to the advantage of employees or participants may be made to the structure of the 888 LTIP without prior approval of the Company in general meeting save for minor amendments to benefit the administration of the 888 LTIP or to take account of applicable legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the 888 Group.

Participation in Israel

General

The following rules are applicable to participants employed/contracted by an Israeli subsidiary of the Company who are residents of Israel or deemed to be so for tax purposes upon date of grant of an LTIP Award (“**Israeli Participants**”).

Grant of Awards

Persons eligible will not include any Israeli Participant who is or would as a result of the grant, exercise, conversion or release of an LTIP Award, become a holder of a “controlling interest” in the Company as defined in Section 32(9) of the Israeli Income Tax Ordinance 1961 (“**Ordinance**”). The grant of 102 Awards is conditional on submission of the 888 LTIP for approval by the Israeli Tax Authority (“**ITA**”) and compliance with the terms of Section 102 of the Ordinance.

Trust

The Israeli subsidiary will have sole power to appoint/replace the Israeli trustee of the Company. 102 Awards granted under the 888 LTIP and/or Ordinary Shares issued under a 102 Award or other shares received following any realisation of rights will be issued in name of Israeli trustee for benefit of Israeli Participants for at least the period of time required by Section 102 or shorter period as determined by the ITA (“**Holding Period**”) in accordance with the terms set out in Section 102. If any sale or release occurs during the Holding Period, the sanctions under Section 102 will apply to the Israeli Participant. If Section 102 requirements are not met then 102 Awards will become subject to tax under Section 102(c), Section 3(i) and Section 2 of the Ordinance. The Israeli trustee will not release from trust or sell any 102 Award or Ordinary Shares unless the Company and relevant subsidiary and Israeli trustee are satisfied all taxes have been paid or will be paid. The Remuneration Committee will have the authority to determine the specific procedures and conditions of the trusteeship with the Israeli trustee in a separate agreement between the Company, Israeli subsidiary and Israeli trustee. The tax treatment of any LTIP Award is not guaranteed.

Assignment, Transfer, Sale and Exercise of Awards

Unless otherwise determined by the board of the Company, a 102 Award and/or Ordinary Share received under it will not be subject to mortgage, attachment or other wilful encumbrance and no power of attorney will be issued in respect thereof. During the lifetime of an Israeli Participant, only they will be able to exercise their rights under the 888 LTIP. It can be transferred to those of the deceased who are so authorised. Israeli Participants will not be required to pay consideration for any 102 Award by way of surrendering common shares of the Company before end of the Holding Period.

Tax Consequences

Israeli Participants will be taxed in respect of an LTIP Award in accordance with Section 102 provisions, including provisions of the Income Tax (Tax Abatement on the Grant of Shares to Employees) Regulations 2003 and any tax ruling or agreement obtained by the Company or subsidiary regarding the 888 LTIP. Any tax consequence arising from the grant, conversion or exercise of any 102 Award, from the sale of Ordinary Shares or from any other event or act of the subsidiary, Israeli trustee or Israeli Participant, will be borne solely by the Israeli Participant. The Company, subsidiary and/or Israeli trustee will withhold taxes according to applicable law. The company and/or Israeli trustee will not be required to release any consideration or share certificate to an Israeli Participant until all required tax has been paid in full.

Underlying shares

102 Awards will only be satisfied by newly issued Ordinary Shares to Israeli Participants.

One-time benefit

The LTIP Awards and underlying Ordinary Shares are a one-time benefit granted to Israeli Participants and are not deemed to be a salary component for any purpose whatsoever, nor will such receipt entitle an Israeli Participant to any future LTIP Awards.

8.2 888 Deferred Share Bonus Plan

Summary

The 888 Deferred Share Bonus Plan permits the grant of two types of share award to executives – conditional share awards and options over Ordinary Shares in the Company (“Award”). The Plan is administered by the Remuneration Committee.

Eligibility

Any Executive Director, employee of any Group Company who was formerly an Executive Director or any employee of a Member of the 888 Group who is a senior vice president and a member of the operational management team of the 888 Group (“Employees”).

Nature of awards

Awards under the 888 Deferred Share Bonus Plan may be granted as conditional share awards and/or options. The amount of the Employee’s bonus that exceeds 100 per cent. of their salary shall be deferred into an Award and the number of Ordinary Shares comprised in an Award will have an aggregate market value (measured at the grant date) equal as far as practicable to the amount of bonus which exceeds 100 per cent. of the Employee’s salary.

Grant of awards

Under the 888 Deferred Share Bonus Plan, grants may be made to those who are eligible within a period of 42 days following the publication of the 888 Group’s financial results, or any other day on which the Remuneration Committee resolves exceptional circumstances exist to justify the grant of an Award. Where dealing restrictions prohibit such Award being made then the Award will be granted the day following when the relevant dealing restriction ceases to apply.

Normal vesting

Awards typically vest over a fixed period of up to three years from the date determined by the Remuneration Committee at the time of grant, unless otherwise stated on the Award certificate. The Ordinary Shares in respect of which a conditional share award has vested will be delivered to the participant within 30 days of vesting. The Ordinary Shares in respect of which an option has been exercised will be delivered to the participant within 30 days of the date of exercise. Once an option has vested, it will normally remain exercisable until the tenth anniversary of its date of grant. Options can be exercised in whole or in part and on more than one occasion.

Dividend Equivalents

All Awards carry a right to dividend equivalents which may be satisfied in cash or in such whole number of Ordinary Shares as has a market value at the date the Award vests or is exercised as nearly practicably equal to that amount. The cash will be paid/Ordinary Shares delivered in satisfaction of any dividend equivalents on or around the date or dates the relevant Award is satisfied.

Leavers

If a participant ceases to be employed within the 888 Group before the end of the vesting period because of ill health, disability, redundancy, agreed retirement, or any other reason at the discretion of the Remuneration Committee, the participant’s Award will vest at the end of the vesting period, or earlier at the discretion of the Remuneration Committee. Where the Award is an option it must be exercised within 12 months of vesting and to the extent the option vested prior to cessation of employment, it must be exercised by the earlier of 6 months of the date of cessation of employment and the end of the exercise period. If the option had not lapsed but had vested and not been exercised at the time the Employee ceased to be employed by the 888 Group, the option must be exercised within 12 months of each date that such proportion of their option vested.

If the participant ceases to be an Employee of the 888 Group before the end of the vesting period in other circumstances, such proportion of Award that had not vested or lapsed at that date will immediately lapse upon them ceasing to be an Employee.

Where an option has vested but not been exercised, and provided the participant was not dismissed without notice or payment in lieu of notice, then their option must be exercised within 12 months of each date that the proportion of their option vested. If the participant ceases to be engaged within Group after expiry of the vesting period for any reason other than where they were dismissed without notice or payment in lieu of notice, their option must be exercised by earlier of 12 months of date of cessation of employment and end of the exercise period.

If the participant dies and their Award hasn't lapsed (whether or not they are employed in Group at time of death), then their Award to the extent unvested will lapse unless the Remuneration Committee determines otherwise, and where their Award is an option which has vested then it must be exercised within 12 months after the date of their death and prior to end of exercise period.

Corporate events

In the event of a change of control of the Company as a result of:

- (i) a general offer to acquire shares becoming wholly unconditional;
- (ii) any person becomes bound or entitled to give a notice under section 352A of the Gibraltar Companies Act 2014 to acquire compulsorily any Shares;
- (iii) the court sanctions a scheme of arrangement pursuant to section 295 of the Gibraltar Companies Act 2014; or
- (iv) a resolution is passed for the voluntary winding-up of the Company,

any part of an Award may vest (and where relevant, become exercisable) within such period commencing immediately prior to the relevant event is due to occur as may be determined by the Remuneration Committee and notified to participants by the Remuneration Committee or within one month of the date on which such relevant event occurs and if not vested (and in case of an option, not exercised) within that period it will lapse in full.

Alternatively, with the consent of the acquiring company, subsisting Awards will be exchanged for equivalent rights to acquire shares in the acquiring company if the Remuneration Committee and acquiring company so determines.

Adjustments

If the Company is or may be affected by any variation in the share capital (including, without limitation, a capitalisation or rights issue or any consolidation, sub-division, bonus issue or reduction) or reserves of the Company or there is the implementation by the Company of a demerger or the payment of a dividend or super-dividend which would otherwise materially affect the value of the Award, the Remuneration Committee may adjust the terms of any Award that has not been satisfied (in the case of a conditional share award) or exercised (in the case of an option) in such manner as the Remuneration Committee determines in its absolute discretion. The Remuneration Committee will take any steps it considers necessary to notify Employees of any adjustment made.

Malus

Subject to the relevant employment law, where a conditional share award has not yet vested (or an option has not been exercised), the Remuneration Committee may determine the number of Ordinary Shares subject to an Award will be reduced (including to zero) if the Remuneration Committee determines there is an Event relevant to the participant and/or their Award. Such Events include: (i) materially adverse misrepresentation/misstatement of the Company's financial statements or of any member of the 888 Group; (ii) discovery that an assessment of a condition taken into account when determining the participant's bonus was based on error, inaccurate or misleading information; (iii) Company has suffered serious reputational damage, financial downturn, corporate failure or failure of risk management; or (iv) circumstances arose which would have warranted the Participant's employer summarily dismissing the Participant for gross misconduct ("**Event**").

Clawback

Subject to the relevant applicable employment law, the Award will be subject to a clawback period of three years from the date that an Award vests. The Remuneration Committee may reduce the amount of bonus payable to a participant, reduce any award which would be payable to a participant under any other incentive plan of the Company, reduce the amount of shares underlying an existing Award, transferring shares acquired upon vesting or exercise of Awards, or claim repayment, if the Remuneration Committee determines that an Event has occurred.

Amendment

The Remuneration Committee may not make any amendment to the 888 Deferred Share Bonus Plan that would be of material disadvantage of the participants' rights under the 888 Deferred Share Bonus Plan unless it first obtains either (i) the written consent of participants holding Awards to acquire 75 per cent. of the Ordinary Shares which would be delivered if all the Awards granted and subsisting under the 888 Deferred Share Bonus Plan vested and/or were exercised; or (ii) by resolution of a meeting of participants passed by not less than 75 per cent. of those who attend and voted either in person/proxy.

Termination

No Award may be granted after 8 May 2027 but the Remuneration Committee may terminate the 888 Deferred Share Bonus Plan at any earlier time.

9. SUBSIDIARIES AND CORPORATE STRUCTURE

9.1 Subsidiaries and subsidiary undertakings

The Company is the holding company of the 888 Group and, on Readmission and Completion of the Proposed Acquisition, will become the holding company of the Enlarged Group.

Neither the Company nor the Target have any material investments, other than their respective primary operating subsidiaries and their respective investments in the associate companies or joint ventures set out below.

The principal and significant subsidiary undertakings and associated undertakings of the Company and the Target that the Company considers are, on Readmission and Completion, likely to have a significant effect on the assessment of the Enlarged Group's assets and liabilities, financial position or profits and losses are set out below.

Principal and significant subsidiary undertakings and associated undertakings of 888

The subsidiary undertakings of 888 as at 31 December 2021 are listed in Note 22 of the 2021 888 Financial Statements, which is incorporated by reference into this document (see Part 21 (*Documentation Incorporated by Reference*)). Following 31 December 2021, 888 JerseyCo was incorporated to facilitate the Placing, with the entire interests in the company being transferred to 888 on 11 April 2022. 888 JerseyCo was subsequently dissolved on 14 April 2022.

As at the Latest Practicable Date, 888 does not have any investments in associated undertakings.

Principal and significant subsidiary undertakings and associated undertakings of Target

Name	Country of incorporation	Percentage of ownership and voting power
Caesars UK Holdings Limited	Great Britain	100%
Caesars UK Interactive Holdings Limited	Great Britain	100%
Caesars Cayman Finance Limited	Cayman Islands	100%
William Hill Limited	Great Britain	100%
Will Hill Limited, Sucursal Argentina Branch	Argentina	100%
William Hill Holdings Limited	Great Britain	100%
Mr Green & Co AB	Sweden	100%
Admar Services (Gibraltar) Limited	Gibraltar	100%
Admar Services (Malta) Limited	Malta	100%
Alfabet S.A.S	Colombia	90%
Arena Racing Limited	Great Britain	100%
B.B.O'Connor (Lottery) Limited	Jersey	100%
B.J.O'Connor Limited	Jersey	100%
B.J.O'Connor Holdings Limited	Jersey	100%
Bradlow Limited	Great Britain	100%
Brooke Bookmakers Limited	Great Britain	100%
Camec (Scotland) Limited	Great Britain	100%
Camec Limited	Great Britain	100%
Cellpoint Investments Limited	Cyprus	100%
Dansk Underholding Ltd	Malta	100%
Deviceguide Limited	Great Britain	100%
Evoke Gaming Ltd	Malta	100%
Fred Parkinson Management Limited	Great Britain	100%
Grand Parade Limited	Great Britain	100%
Grand Parade sp. z o.o	Poland	100%
Green Gaming Group PLC	Malta	100%
Gus Carter (Cash) Limited	Great Britain	100%
Gus Carter Limited	Great Britain	100%
Ivy Lodge Limited	Guernsey	100%
James Lane (Bookmaker) Limited	Great Britain	100%
James Lane Group Limited	Great Britain	100%
James Lane (Turf Accountants) Limited	Great Britain	100%
Laystall Limited	Great Britain	100%
Matsbest Limited	Great Britain	100%
Matsgood Limited	Great Britain	100%
Mr Green & Co Optionsbarare AB	Sweden	100%
Mr Green Consultancy Services Ltd	United Kingdom	100%
Mr Green Consulting AB	Sweden	100%
Mr Green Limited	Malta	100%
MRG IP Limited	Malta	100%
MRG Spain PLC	Malta	100%

Name	Country of incorporation	Percentage of ownership and voting power
Nalim Limited.....	Great Britain	100%
Phonethread Limited.....	Great Britain	100%
Regency Bookmakers (Midlands) Limited	Great Britain	100%
Selwyn Demmy (Racing) Limited	Great Britain	100%
SIA Mr Green Latvia.....	Latvia	100%
SIA Viensviens.lv.....	Latvia	90%
Sports Information Services (Holdings) Limited	Great Britain	19.5%
St James Place Limited	Guernsey	100%
T H Jennings (Harlow Pools) Limited.....	Great Britain	100%
The William Hill Foundation	Great Britain	100%
Trackcycle Limited	Great Britain	100%
WHG Customer Services Philippines, Inc.....	Philippines	100%
WHG IP Licensing Limited	Gibraltar	100%
WHG Italia S.R.L.....	Italy	100%
WHG Online Marketing Spain S.A.	Spain	100%
WHG (Malta) Limited.....	Malta	100%
WHG Services (Philippines) Ltd.....	Gibraltar	100%
WHG Services Limited	Great Britain	100%
WHG Trading Limited	Gibraltar	100%
WHG (International) Limited.....	Gibraltar	100%
WHG Services (Bulgaria) Limited EOOD.....	Bulgaria	100%
WHG Spain PLC	Gibraltar	100%
Will Hill Limited	Great Britain	100%
William Hill (Alba) Limited.....	Great Britain	100%
William Hill (Caledonian) Limited	Great Britain	100%
William Hill (Edgware Road) Limited.....	Great Britain	100%
William Hill (Effects) Limited.....	Great Britain	100%
William Hill (Essex) Limited	Great Britain	100%
William Hill (Football) Limited	Great Britain	100%
William Hill (Goods) Limited.....	Great Britain	100%
William Hill (IOM) No.3 Limited.....	Isle of Man	100%
William Hill (London) Limited.....	Great Britain	100%
William Hill (Malta) Limited	Malta	100%
William Hill (Midlands) Limited	Great Britain	100%
William Hill (North Eastern) Limited	Great Britain	100%
William Hill (North Western) Limited.....	Great Britain	100%
William Hill (Resources) Limited	Great Britain	100%
William Hill (Scotland) Limited.....	Great Britain	100%
William Hill (Southern) Limited	Great Britain	100%
William Hill (Wares) Limited.....	Great Britain	100%
William Hill (Western) Limited.....	Great Britain	100%
William Hill Bookmakers (Ireland) Limited.....	Ireland	100%

Name	Country of incorporation	Percentage of ownership and voting power
William Hill Call Centre Limited.....	Ireland	100%
William Hill Credit Limited.....	Great Britain	100%
William Hill Employee Shares Trustee Limited.....	Great Britain	100%
William Hill Finance Limited.....	Great Britain	100%
William Hill Gametek AB (.....	Sweden	100%
William Hill (Global) PLC.....	Malta	100%
William Hill Investments Limited.....	Great Britain	100%
William Hill Malta PLC.....	Malta	100%
William Hill Offshore Limited.....	Ireland	100%
William Hill Organization Limited.....	Great Britain	100%
William Hill Steeplechase Limited.....	Gibraltar	100%
William Hill Trustee Limited.....	Great Britain	100%
Wise Entertainment DK Aps.....	Denmark	100%
Willstan Properties Limited.....	Northern Ireland	100%
Willstan Racing (Ireland) Limited.....	Ireland	100%
Willstan Racing Holdings Limited.....	Great Britain	100%
Willstan Racing Limited.....	Great Britain	100%
Windsors (Sporting Investments) Limited.....	Great Britain	100%
Wizard's Hat Limited.....	Malta	100%

Target has ongoing interests in the following operations that are classified as associates or joint ventures:

Name	Country of incorporation	Percentage of ownership and voting power
Sports Information Services (Holdings) Limited.....	Great Britain	19.5%
Lucky Choice Limited.....	Great Britain	33%

10. RELATED PARTY TRANSACTIONS

10.1 888 Group

Save as described in note 24 in each of the 2022 888 Financial Statements, 2020 888 Financial Statements and the 2019 888 Financial Statements, which are incorporated by reference into this document (see Part 21 (*Documentation Incorporated by Reference*)), there were no related party transactions entered into by the Company or any member of the 888 Group during the period commencing 1 January 2019 and up to the date of this document.

10.2 Target Business

Save as described in note 33 in the Target Business Historical Financial Information, which is set out in Section B of Appendix A to this document, there were no related party transactions entered into by any member of the Target Group during the period commencing 2 January 2019 and up to the date of this document.

11. MATERIAL CONTRACTS

11.1 888 Group

Other than the contracts set out below, no member of the 888 Group has entered into any contracts (not being contracts entered into in the ordinary course of business) either: (i) within the two years immediately preceding the publication of this document which are, or may be, material to the 888 Group; or (ii) which contain any provision under which any member of the 888 Group has any obligation or entitlement which is, or may be, material to the 888 Group as at the date of this document.

(a) Sale and Purchase Agreement

A summary of the principal terms and conditions of the Sale and Purchase Agreement is set out in paragraph 1 of Part 7 (*Information about the Proposed Acquisition*) of this document.

(b) Amendment Deed

A summary of the principal terms and conditions of the Amendment Deed is set out in paragraph 1 of Part 7 (*Information about the Proposed Acquisition*) of this document.

(c) Warranty Deed

A summary of the principal terms and conditions of the Warranty Deed is set out in paragraph 2 of Part 7 (*Information about the Proposed Acquisition*) of this document.

(d) W&I Insurance Policy

The W&I Insurance Policy provides coverage for any breach of the warranties given by the Seller and the Management Warrantors in the Warranty Deed and with respect to the covenants to be provided by the Seller in the Tax Deed which is to be entered into on Completion, up to an aggregate limit of GBP 110 million, subject to customary exceptions and the terms thereof. Coverage is provided for breaches of the fundamental warranties for seven years from Completion, breaches of the business warranties for two years from Completion and for breaches of warranties relating to taxes or the tax covenants for seven years from Completion. The retention is GBP 22 million of covered losses before the 888 Bidco can begin to recover.

(e) Tax Deed

A summary of the principal terms and conditions of the Tax Deed is set out in paragraph 3 of Part 7 (*Information about the Proposed Acquisition*) of this document.

(f) Transitional Services Agreement

A summary of the principal terms and conditions of the Transitional Services Agreement is set out in paragraph 4 of Part 7 (*Information about the Proposed Acquisition*) of this document.

(g) Trade mark Licence Agreements

A summary of the principal terms and conditions of the Trade mark Licence Agreements is set out in paragraph 5 of Part 7 (*Information about the Proposed Acquisition*) of this document.

(h) Commitment Letter

A summary of the principal terms and conditions of the Commitment Letter is set out in paragraph 6.1 of Part 7 (*Information about the Proposed Acquisition*) of this document.

(i) DS Trust Irrevocable Undertaking

A summary of the principal terms and conditions of the DS Trust Irrevocable Undertaking is set out in paragraph 7 of Part 7 (*Information about the Proposed Acquisition*) of this document.

(j) Placing Agreement

On 7 April 2022, the Company, J.P. Morgan Cazenove, Morgan Stanley, Mediobanca Banca di Credito Finanziario S.p.A. (“**Mediobanca**”) and Barclays Bank PLC (“**Barclays**”) entered into a placing agreement (the “**Placing Agreement**”) pursuant to which J.P. Morgan Cazenove and Morgan Stanley were appointed to act as Joint Global Coordinators in respect of the Placing, and J.P. Morgan Cazenove, Morgan Stanley, Mediobanca and Barclays were appointed Joint Bookrunners as agent for the Company in connection with the Placing.

The Placing Agreement also set out the terms under which the Company has appointed J.P. Morgan Cazenove as sole sponsor in connection with the Placing.

In connection with the Placing, the Company agreed to pay the Joint Bookrunners an aggregate base commission of 1.50 per cent. of the amount equal to the gross proceeds of the Placing, and a further discretionary commission of up to 0.60 per cent. of the amount equal to the gross proceeds of the Placing which was to be allocated and paid at the Company’s sole discretion.

Under the Placing Agreement, the Company gave certain customary (for a transaction of this nature) representations, warranties and undertakings to the Joint Bookrunners concerning, among other things, the accuracy of the information in the announcements published in connection with the Placing and in relation to other matters relating to the 888 Group and the Target Business. The Company also provided a customary indemnity to Joint Bookrunners.

(k) Subscription and Transfer Agreement and Option Agreement

In connection with the Placing, the Company, J.P. Morgan Cazenove and Project Everest Funding Limited (“**888 JerseyCo**”) entered into several agreements, each dated 7 April 2022, in relation to the subscription and transfer of ordinary shares and redeemable preference shares in 888 JerseyCo.

Under the terms of these agreements:

- the Company and J.P. Morgan Cazenove acquired ordinary shares in 888 JerseyCo and entered into certain put and call options in respect of the ordinary shares in 888 JerseyCo subscribed for by J.P. Morgan Cazenove that was exercisable if the Placing did not proceed; and
- the Company allotted and issued the 888 Shares to those persons entitled thereto in consideration of J.P. Morgan Cazenove transferring its holding of redeemable preference shares and ordinary shares in 888 JerseyCo to the Company.

(l) Sponsor’s Agreement

On or around the date of this document, the Company and J.P. Morgan Cazenove (the “**Sponsor**”) entered into a sponsor’s agreement pursuant to which the Sponsor agreed to act as sponsor to the Company in connection with Readmission (the “**Sponsor’s Agreement**”).

For their services in connection with Readmission, the Sponsor shall be entitled to fees as set out in the Sponsor’s Agreement. The Sponsor will be entitled to be reimbursed by the Company for all its costs, fees and expenses in connection with or incidental to Readmission.

Under the Sponsor’s Agreement, the Company has given certain customary (for a transaction of this nature) representations, warranties and undertakings to the Sponsor concerning, among other things, the accuracy of the information contained in this document. The Company also provides a customary indemnity to the Sponsor.

The Sponsor has the right to terminate the Sponsor’s Agreement, which is exercisable in certain customary circumstances prior to Readmission. These circumstances include any statement contained in this document becoming or being discovered to be untrue, inaccurate or misleading and which is, in the opinion of the Sponsor, acting in good faith, material in the context of the Proposed Acquisition or Readmission, or any of the warranties in the Sponsor’s Agreement, when given (by reference to the facts and circumstances then existing) being or having become untrue, inaccurate or misleading. The Sponsor’s Agreement is not capable of termination following Readmission.

(m) **888 Bingo SPA**

On 14 December 2021, 888, VHL Financing Limited (“**VHL**”), a wholly-owned subsidiary of 888, Broadway Holdings Limited (“**Broadway Gaming**”) and Saphalata Holdings Limited (“**Saphalata**”), a member of the Broadway Gaming group, entered into a sale and purchase agreement (the “**888 Bingo SPA**”), pursuant to which Saphalata will acquire the entire B2B and B2C Bingo businesses of 888.

Under the terms of the 888 Bingo SPA, VHL has agreed to sell, and Saphalata has agreed to acquire, the entire issued share capital of Grand Battery Holdings Limited (“**Grand Battery**”), prior to which the Bingo Business will be transferred from other members of the 888 Group to Grand Battery pursuant to the terms of a reorganisation plan that has been agreed between the parties. Completion of the transaction is conditional upon, amongst other items, the implementation of the reorganisation plan and Grand Battery receiving its own UKGC licence.

Saphalata will pay approximately USD 50 million consideration on a cash-free debt-free basis, including a potential earn-out of up to USD 4 million, based on achievement over six months of revenue-based performance criteria. Consideration will be paid in cash upon completion of the 888 Bingo Sale, with the potential earn-out payable within approximately six months thereafter.

If any of the conditions to completion has not been satisfied on or before 5.00 p.m. on 30 June 2022 (the “**Bingo Sale LSD**”), Saphalata may extend the Bingo Sale LSD date by up to 60 days. If Saphalata does not elect to extend the Bingo Sale LSD or if any one of the conditions to completion remains unsatisfied on the Bingo Sale LSD as extended, Saphalata or VHL may terminate the agreement, provided that the cause for any one of the conditions to completion not to have been satisfied is not the breach of the agreement by the terminating party. Saphalata also has the right to terminate if there is a material breach of warranty by VHL or certain other provisions of the agreement by VHL or if there is a material adverse change in the 888 Bingo Business, in each case which is not cured. Upon termination in any such circumstances, VHL may be required to repay a deposit to that was paid by Saphalata on signing and pay to Saphalata break-fee of USD 350,000.

VHL also has certain termination rights if there is a material breach of warranty by Saphalata or certain other provisions of the agreement by Saphalata, in each case which is not cured.

The 888 Bingo SPA includes customary conduct of business restrictions that apply to the 888 Group in respect of the Bingo Business between the date of the agreement and completion or termination, as well as requirements for the parties to cooperate in respect of the implementation of the reorganisation. The agreement also includes customary business warranties that are given by VHL in respect of the Bingo Business, as well as customary non-compete and non-solicitation restrictive covenants that will apply to the 888 Group following completion of the Bingo Sale.

888 has agreed to guarantee the obligations of VHL under the sale and purchase agreement and to indemnify Saphalata for any loss incurred due to the breach of such obligations by VHL. Broadway Gaming has agreed to guarantee the obligations of Saphalata and to indemnify VHL for any loss incurred due to the breach of such obligations by Saphalata.

On completion of the 888 Bingo Sale, the 888 Group and Grand Battery will enter into a transitional services agreement under which the 888 Group will provide certain services in respect of the operations of the Bingo Business on a transitional basis, as well as licence agreement with respect to certain trade marks and domain names with respect to the Bingo Business.

11.2 Target Business

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Target Group (i) within the two years immediately preceding the date of this document which are or may be, material to the Target Business or (ii) which contain any provision under which any member of the Target Group has any obligation or entitlement which is material to the Target Business as at the date of this document.

(a) **Indemnity Deed between Caesars and the Licensed Entities**

On 8 March 2022, Mr Green Limited, WHG (International) Limited and William Hill Organization Limited (together, the “**Licensed Entities**”) and Caesars entered into a deed of indemnity (the “**Indemnity Deed**”). Pursuant to the Indemnity Deed, with effect from Completion, Caesars shall indemnify each of the Licensed Entities from and against certain liabilities arising from any licence suspension or licence condition imposed by the UKGC during the course of the licence review

currently being carried out by the UKGC (see the risk factor “*The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world*” in paragraph 1.6 of Part 1 (*Risk Factors*)).

The total aggregate liability of Caesars in respect of all claims under the Indemnity Deed in connection with (i) any licence suspension imposed by the UKGC in respect of the Licensed Entities shall not exceed GBP 152 million in aggregate; and (ii) any licence conditions imposed by the UKGC in respect of the Licensed Entities shall not exceed GBP 78 million in aggregate. Following the lifting of any licence suspension, Caesars shall make an additional one-time reactivation payment to the Licensed Entities determined by reference to the identity of the affected Licensed Entity and the duration of the suspension which payment shall not exceed GBP 150 million in aggregate.

Any such liability must be notified by any affected Licensed Entity to Caesars as soon as practicable after it becomes aware of such liability and in any event no later than three months after the date on which the UKGC issues its final decision notice in relation to the relevant licence review in accordance with the terms of the Indemnity Deed or, in the case of a reactivation payment, the conclusion of the relevant suspension.

If Caesars and the Licensed Entities cannot agree the amount of revenue lost as a result of any licence conditions imposed by the UKGC, the matter may be referred to an independent expert for determination in accordance with the terms of the Indemnity Deed.

The liability of Caesars under the Indemnity Deed is subject to the Licensed Entities complying with certain conduct provisions in respect of the compliance assessments and licence reviews which require the Licensed Entities to cooperate with, and provide certain information to, Caesars in respect of such matters, as well as customary limitations relating to mitigation, tax and contingent liabilities.

The Indemnity Deed shall terminate if Completion does not occur in accordance with the terms of the Sale and Purchase Agreement.

(b) Credit Agreement and related security documents

Caesars Cayman Finance Limited entered into a New York law governed credit agreement dated 22 April 2021 as a borrower thereunder (the “**Credit Agreement**”), as amended on or around 14 June 2021. The loan facilities under the Credit Agreement include, among other things: (i) an asset sale bridge loan facility; (ii) a cash confirmation bridge loan facility; and (iii) a revolving credit facility.

The terms of the Credit Agreement required amounts borrowed thereunder to be used, among other things, for the acquisition by Caesars UK Holdings Limited of 100 per cent. of the issued shares in William Hill Limited (formerly known as William Hill plc).

The Proposed Acquisition is anticipated to constitute a “change of control” under the terms of the Credit Agreement, following which the facilities and related outstanding indebtedness thereunder will be repaid and/or cancelled in full.

Caesars UK Holdings Limited granted a guarantee in respect of the Credit Agreement pursuant to a New York law governed guarantee agreement dated 22 April 2021 (the “**Guarantee Agreement**”).

The following entities granted further guarantees in respect of the Credit Agreement pursuant to a New York law governed first supplement to the Guarantee Agreement dated 27 August 2021: (i) Grand Parade sp. z o.o.; (ii) Admar Services (Gibraltar Limited); (iii) WHG (International) Limited; (iv) Admar Services (Malta) Limited; (v) MR Green Limited; (vi) William Hill Limited; (vii) William Hill Organization Limited; and (viii) Grand Parade Limited. It is anticipated that each of the guarantees described above will be discharged and terminated in conjunction with repayment and cancellation of the Credit Agreement.

The obligations under the Credit Agreement are secured pursuant to certain security documents, including:

- a Cayman law governed share charge dated 22 April 2021 between Caesars UK Holdings Limited and Deutsche Bank AG, London Branch as security agent (the “**Security Agent**”);
- an English law governed debenture dated 22 April 2021 (the “**Debenture**”) between the Caesars Cayman Finance Limited and the Security Agent;

- an English law governed security accession deed to the Debenture dated 27 August 2021 entered into between Caesars UK Holdings Limited, Grand Parade Limited, William Hill Limited, William Hill Organization Limited and the Security Agent (the “**Security Accession Deed**”);
- an English law governed share charge dated 27 August 2021 between the Caesars Cayman Finance Limited and the Security Agent;
- an English law governed third-party share charge dated 27 August 2021 between William Hill Limited and the Security Agent (together with the Debenture and Security Accession Deed, the “**English Security Agreements**”);
- a Gibraltar law governed mortgage over the shares dated 27 August 2021 between, among others, William Hill Organization Limited and the Security Agent (the “**Gibraltar Mortgage over Shares**”);
- a Gibraltar law governed debenture dated 27 August 2021 between WHG (International) Limited and the Security Agent (the “**WHG Debenture**”);
- a Gibraltar law governed debenture dated 27 August 2021 between Admar Services (Gibraltar) Limited and the Security Agent (together with the Gibraltar Mortgage over Shares and the WHG Debenture, the “**Gibraltar Security Agreements**”);
- a Polish law governed account pledge dated 27 August 2021 between Grand Parade sp. z o.o. and the Security Agent (the “**Polish Account Pledge Agreement**”); and
- a Polish law governed share pledge dated 27 August 2021 between Grand Parade Limited and the Security Agent (together with the Polish Account Pledge Agreement, the “**Polish Security Agreements**”).

It is anticipated that the aforementioned security will be discharged and terminated in conjunction with repayment and cancellation of the Credit Agreement upon Completion.

(c) NeoGames Facility Agreement

On 20 October 2020, William Hill Finance Limited, a wholly-owned subsidiary of William Hill, entered into a term loan facility agreement (the “**NeoGames Facility Agreement**”) with NeoGames S.à.r.l. At the time that the NeoGames Facility Agreement was entered into, a member of the Target Group held a minority interest in the issued share capital of NeoGames S.à.r.l., which has since been transferred to Caesars Entertainment, Inc. pursuant to the Reorganisation.

Under the terms of the NeoGames Facility Agreement, NeoGames S.à.r.l. can avail itself of six separate term loan facilities, Tranches A to F, in an aggregate amount of up to USD 17,032,349.98. The final maturity date for Tranches B, C, D and E is 15 June 2023 and no provision has been made for extensions. The final maturity dates for Tranches A and F were 18 September 2020 and 30 June 2021 respectively. The term loan facilities are made available to fund the general corporate and working capital purposes of NeoGames S.à.r.l.

The NeoGames Facility Agreement contains customary representations, undertakings, events of default and prepayment events. William Hill Finance Limited may cancel the term loan facilities on five business days’ notice in the event that there is a change of control of NeoGames S.à.r.l. or the master software development and licence agreement between NeoGames US, LLP and William Hill U.S. Holdco, Inc. is terminated. Interest accrues on a 12 month basis and is payable by the final maturity date of the relevant term loan facility. The margin is fixed at 5.0 per cent. per annum for Tranches A and F, and 1.0 per cent. per annum for Tranches B, C, D and E.

Pursuant to the Reorganisation, the rights and obligations of William Hill Finance Limited under the NeoGames Facility Agreement will be transferred to Caesars Entertainment, Inc. prior to Completion.

(d) Existing 2023 Notes and Existing 2026 Notes

The Existing 2023 Notes issued by William Hill Limited (formerly William Hill plc) are constituted under a trust deed dated 27 May 2016 and made between the William Hill Limited (formerly William Hill plc) (as issuer), certain subsidiaries of the William Hill Limited (as guarantors on a joint and several basis) and The Law Debenture Trust Corporation p.l.c. (as trustee) (the “**2023 Notes Trust Deed**”). The Existing 2023 Notes were issued with an aggregate principal amount of GBP 350 million, have a scheduled maturity of 7 September 2023 (the “**2023 Notes Maturity Date**”)

and are admitted to trading on the London Stock Exchange's regulated market. A fixed rate of interest of 4.875 per cent. is payable in respect of the Existing 2023 Notes semi-annually in arrears on 7 March and 7 September in each year.

The Existing 2026 Notes issued by William Hill Limited (formerly William Hill plc) are constituted under a trust deed dated 1 May 2019 and made between William Hill Limited (as issuer), certain of the subsidiaries of the William Hill Limited (as guarantors on a joint and several basis) and The Law Debenture Trust Corporation p.l.c. (as trustee) (the "**2026 Notes Trust Deed**" and, together with the 2023 Notes Trust Deed, the "**Trust Deeds**" and each, a "**Trust Deed**"). The Existing 2026 Notes were issued with an aggregate principal amount of GBP 350 million, have a scheduled maturity of 1 May 2026 (the "**2026 Notes Maturity Date**") and are admitted to trading on the London Stock Exchange's regulated market. A fixed rate of interest of 4.750 per cent. is payable in respect of the Existing 2026 Notes semi-annually in arrears on 1 May and 1 November in each year.

Upon the occurrence of a Put Event, as defined in the respective terms and conditions (each, the "**Terms and Conditions**") of the Existing 2023 Notes and Existing 2026 Notes, related to certain change of control events relating to William Hill Limited (and then only if certain rating conditions in respect of the relevant Existing 2023 Notes and Existing 2026 Notes are met, as the case may be), each holder has the option to require William Hill Limited to redeem or (at the option of the William Hill Limited) to purchase the Existing 2023 Notes and Existing 2026 Notes, as the case may be, of such holder at a cash purchase price equal to 101 per cent. of the principal amount thereof together with interest accrued to but excluding the date of redemption or purchase, as the case may be. William Hill Limited has the option to redeem all, or some only, of the Existing 2023 Notes and Existing 2026 Notes, as applicable, at any time at the relevant redemption amount described under the applicable Terms and Conditions. In addition, William Hill Limited may, at its option, redeem each of the Existing 2023 Notes and Existing 2026 Notes in whole (but not in part) at their principal amount plus accrued interest in the event of certain tax changes described under the respective Terms and Conditions of such Existing 2023 Notes and Existing 2026 Notes, as the case may be.

The Terms and Conditions of each of the Existing 2023 Notes and Existing 2026 Notes contain a negative pledge covenant pursuant to which none of William Hill Limited, the guarantors or any other subsidiary of William Hill Limited may have in place security in respect of certain indebtedness without securing the Existing 2023 Notes and Existing 2026 Notes, as applicable, equally and rateably therewith, subject to certain exceptions. As contemplated by the negative pledge, the Notes are secured by the English Security Agreements, the Gibraltar Security Agreements and the Polish Security Agreements described in paragraph 11.2(a) of this Part 20 (*Additional Information*).

The Terms and Conditions also contain customary events of default including for the non-payment of principal or premium or purchase moneys due under the Terms and Conditions for seven days, the non-payment of interest for 14 days breach of other obligations under the Existing 2023 Notes and Existing 2026 Notes, as applicable, or the applicable Trust Deed (which breach is not remedied within 30 days), cross-acceleration relating to indebtedness for borrowed money of William Hill Limited, a guarantor or any principal subsidiary (as defined in the Terms and Conditions) subject to an aggregate threshold of GBP 25 million and certain events related to insolvency or winding up of William Hill Limited, a guarantor or any principal subsidiary.

12. LITIGATION AND ARBITRATION PROCEEDINGS

12.1 888 Group

Following a compliance assessment which concluded in October 2020, the UKGC imposed a financial penalty of GBP 9.4 million on the 888 Group in respect of social responsibility and anti-money laundering failings.

Save as disclosed in this paragraph 12.1, there are no governmental, legal or arbitration proceedings nor, so far as the Company is aware, are any such proceedings pending or threatened which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position or profitability of the 888 Group.

12.2 Target Business

Following a compliance assessment conducted in July and August 2021, the Target Group is subject to an ongoing licence review and is addressing certain action points raised by the UKGC in relation to William Hill's social responsibility and anti-money laundering obligations. Similarly, in

November 2021, the William Hill Group also self-reported the results of its own internal compliance review to the UKGC, identifying separate areas to be addressed, and is in the process of taking action points to address these areas as well. It has provided the UKGC with an action plan to address the action points raised by them and is in the process of implementing that action plan. The Target Business has recorded a provision of GBP 15.0 million in its combined carve-out financial information for Target FY 2021 to cover potential cash outflows resulting from any regulatory sanctions and associated costs resulting from this compliance assessment and licence review, noting that the UKGC has a wide range of enforcement powers at its disposal, including the power to request remedial actions, impose fines and suspend licences.

Further, during the COVID-19 pandemic, the UKGC published aggregated data from operators in the market to add an additional layer of insight on its monitoring and understanding of the risks and impact of the pandemic on gambling behaviour. However, on 23 December 2021, the UKGC advised caution when analysing this data after it emerged it had been supplied incorrect data points by the William Hill Group between March 2020 and September 2021. As a result, the UKGC has confirmed that it is reviewing the regulatory consequences, if any, of the William Hill Group's failure to submit accurate data.

Save as disclosed in this paragraph 12.2, there are no governmental, legal or arbitration proceedings nor, so far as the Company is aware, are any such proceedings pending or threatened which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Target Business.

13. WORKING CAPITAL

13.1 888 Group

The Company is of the opinion that, taking into account the facilities available to the 888 Group, the 888 Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

13.2 Enlarged Group

The Company is of the opinion that, taking into account the facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

14. NO SIGNIFICANT CHANGE

14.1 888 Group

There has been no significant change in either the financial performance or the financial position of the 888 Group since 31 December 2021, being the date to which the 2021 888 Financial Statements were prepared.

14.2 Target Business

There has been no significant change in either the financial performance or the financial position of the Target Business since 28 December 2021, being the date to which the historical financial information relating to the Target Business referred to in Section A of Part 14 (*Historical Financial Information relating to the Target Business*) and contained in Section B of Appendix A to this document was prepared.

15. DIVIDEND POLICY

The following table sets out the dividend per 888 Share paid in respect of each FY 2021, FY 2020 and FY 2019 and during the period up to the Latest Practicable Date:

	<u>cents per 888 Share</u>
Interim dividend for the six months ended 30 June 2021	4.5
Final dividend for FY 2020	10.4
Additional one-off dividend for FY 2020	1.6
Interim dividend for the six months ended 30 June 2020	3.2
Additional one-off dividend for the six months ended 30 June 2020	2.8
Final dividend for FY 2019	3.0
Interim dividend for the six months ended 30 June 2019	3.0

Following Completion of the Proposed Acquisition, the Board of 888 intends to suspend dividend payments until such time as the net leverage ratio of the Enlarged Group is at or below 3.0x (or such earlier time as the Board considers appropriate).

16. CONSENTS

Each of J.P. Morgan Cazenove and Stifel has given and not withdrawn their written consent to the inclusion herein of the references to their respective names in the form and context in which they appear.

Regulus Partners has given and not withdrawn its consent to the inclusion in Section A of Part 10 of its report of on the industry within which the 888 Group, and following Completion, the Enlarged Group, operates in the form and context in which it is included, and has authorised the contents of such report for the purposes of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of the UK Prospectus Delegated Regulation.

Ernst & Young LLP has given and not withdrawn its written consent to the inclusion in Section B of Part 17 of this document of its report on the Unaudited *Pro Forma* Financial Information of the Enlarged Group in the form and context in which it is included, and has authorised the contents of such report for the purposes of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of the UK Prospectus Delegated Regulation.

Deloitte LLP has given and not withdrawn its written consent to the inclusion in this document of its accountant's report on the historical financial information of the Target Business in Section A of Appendix A of this document in the form and context in which it is included, and has authorised the contents of such report for the purposes of paragraph 5.3.2R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of the UK Prospectus Delegated Regulation.

17. MISCELLANEOUS

Where information included in this document has been sourced from a third party, 888 confirms that the information has been accurately reproduced and, as far as 888 is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has been identified wherever it appears.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays in the United Kingdom and Gibraltar excepted) from the date of this document up to and including the date of Readmission at the offices of Latham & Watkins (London) LLP located at 99 Bishopsgate, London EC2M 3XF, United Kingdom and the registered office of the Company at Suite 601/701 Europort, Europort Road, Gibraltar:

- (a) the Sale and Purchase Agreement;
- (b) the Amendment Deed;
- (c) the Articles of Association;

- (d) the Deed Poll from the Depositary in favour of DI Holders;
- (e) the report from Ernst & Young LLP on the Unaudited *Pro Forma* Financial Information of the Enlarged Group, which is set out in Section B of Part 17 (*Unaudited Pro Forma* Financial Information of the Enlarged Group) of this document;
- (f) the report from Deloitte LLP in respect of the Target Business Historical Financial Information, which is set out in Section A of Appendix A of this document;
- (g) the consent letters referred to in “Consents” in paragraph 16 above;
- (h) the Regulus Report;
- (i) the information incorporated by reference into this document, as described in Part 21 (*Documentation incorporated by Reference*) of this document; and
- (j) this document.

The above documentation (other than documents (a) and (b)) will also be available on the Company’s website at <https://corporate.888.com>, and also for inspection on the date and at the place of the General Meeting for at least 15 minutes before the General Meeting is held until its conclusion.

Part 21

DOCUMENTATION INCORPORATED BY REFERENCE

The table below sets out the documentation incorporated by reference into this document. The parts of these documents which are not incorporated by reference are either not relevant for Shareholders or are covered elsewhere in this document. For the avoidance of any doubt, no information incorporated by reference in such documentation shall be incorporated by reference into this document.

This document should be read and construed in conjunction with these documents, each of which has been previously published and is available for viewing on the Company's website at <https://corporate.888.com> and has been filed with the National Storage Mechanism.

Reference document	Information incorporated by reference into this document	Page number in reference document
2021 888 Annual Report and Accounts	At a Glance	2-3
2021 888 Annual Report and Accounts	Chairman's Statement	4-5
2021 888 Annual Report and Accounts	CEO's Strategic Report	6-9
2021 888 Annual Report and Accounts	Key Performance Indicators	22-23
2021 888 Annual Report and Accounts	Financial Review	42-47
2021 888 Annual Report and Accounts	Risk Management Strategy	50-59
2021 888 Annual Report and Accounts	Corporate Governance Statement	64-71
2021 888 Annual Report and Accounts	Details of Amended Relationship Agreement	74-75
2021 888 Annual Report and Accounts	Details of Directors' Service Contracts	88-89
2021 888 Annual Report and Accounts	Directors' Remuneration	91-101
2021 888 Annual Report and Accounts	Independent auditor's Report to the Members of 888 Holdings plc	112-121
2021 888 Annual Report and Accounts	Consolidated Income Statement	122
2021 888 Annual Report and Accounts	Consolidated Statement of Comprehensive Income	122
2021 888 Annual Report and Accounts	Consolidated Balance Sheet	123
2021 888 Annual Report and Accounts	Consolidated Statement of Changes in Equity	124
2021 888 Annual Report and Accounts	Consolidated Statement of Cash Flows	125
2021 888 Annual Report and Accounts	Notes to the Consolidated Financial Statements	126-165
2020 888 Annual Report and Accounts	Highlights	1
2020 888 Annual Report and Accounts	Chairman's Statement	2-3
2020 888 Annual Report and Accounts	Chief Executive Officer's Strategic Report	6-11
2020 888 Annual Report and Accounts	Chief Financial Officer's Report / Financial Review and Key Performance Indicators	14-19
2020 888 Annual Report and Accounts	Regulation and General Regulatory Developments	30-33
2020 888 Annual Report and Accounts	Independent auditor's Report to the Members of 888 Holdings plc	99-110
2020 888 Annual Report and Accounts	Consolidated Income Statement	111
2020 888 Annual Report and Accounts	Consolidated Statement of Comprehensive Income	111
2020 888 Annual Report and Accounts	Consolidated Balance Sheet	112
2020 888 Annual Report and Accounts	Consolidated Statement of Changes in Equity	113
2020 888 Annual Report and Accounts	Consolidated Statement of Cash Flows	114
2020 888 Annual Report and Accounts	Notes to the Consolidated Financial Statements	115-145
2020 888 Annual Report and Accounts	Company Balance Sheet	146
2020 888 Annual Report and Accounts	Company Statement of Changes in Equity	147
2020 888 Annual Report and Accounts	Company Statement of Cash Flows	148
2020 888 Annual Report and Accounts	Notes to the Company Financial Statements	149-150
2019 888 Annual Report and Accounts	Highlights	1
2019 888 Annual Report and Accounts	Chairman's Statement	8-9

Reference document	Information incorporated by reference into this document	Page number in reference document
2019 888 Annual Report and Accounts	Chief Executive's Strategic Report	10-15
2019 888 Annual Report and Accounts	Chief Financial Officer's Report / Financial Review and Key Performance Indicators	22-31
2019 888 Annual Report and Accounts	Regulation	42-47
2019 888 Annual Report and Accounts	Independent auditors' report to the Members of 888 Holdings plc	108-116
2019 888 Annual Report and Accounts	Consolidated Income Statement	117
2019 888 Annual Report and Accounts	Consolidated Statement of Comprehensive Income	117
2019 888 Annual Report and Accounts	Consolidated Balance Sheet	118
2019 888 Annual Report and Accounts	Consolidated Statement of Changes in Equity	119
2019 888 Annual Report and Accounts	Consolidated Statement of Cash Flows	120
2019 888 Annual Report and Accounts	Notes to the Consolidated Financial Statements	121-154
2019 888 Annual Report and Accounts	Company Balance Sheet	155
2019 888 Annual Report and Accounts	Company Statement of Changes in Equity	156
2019 888 Annual Report and Accounts	Company Statement of Cash Flows	157
2019 888 Annual Report and Accounts	Notes to the Company Financial Statements	158-159
2015 888 Prospectus.....	Part XV (<i>CREST and Depositary Interests</i>)	153-156

Part 22

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

888 or Company	888 Holdings plc, a public limited company registered under the laws of Gibraltar with registered number 90099, whose registered office is Suite 601/701 Europort, Europort Road, Gibraltar
888 Bidco	888 Acquisitions Limited, an indirect, wholly owned subsidiary of the Company
888 Bingo Sale	the sale of the 888 Bingo by 888 to the Broadway Gaming group pursuant to the terms of the 888 Bingo SPA
888 Bingo SPA	the sale and purchase agreement relating to the sale of the 888 Bingo by 888 to the Broadway Gaming group, as described in paragraph in paragraph 11.1(l) of Part 20 (<i>Additional Information</i>) of this document
888 Deferred Share Bonus Plan	the 888 Holdings plc Deferred Share Bonus Plan
888 Group	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings
888 JerseyCo	Project Everest Funding Limited, a company incorporated in connection with the Placing and subsequently dissolved on 14 April 2022
888 LTIP	the 888 Holdings plc Long Term Incentive Plan
888 Shareholders or Shareholders	holders of the 888 Shares, including a holder of Depositary Interests as the context permits
888 Shares or Ordinary Shares	the ordinary shares of GBP 0.005 each in the capital of the Company
888 Share Schemes	the 888 LTIP and the 888 Deferred Share Bonus Plan
2011 DOJ Memorandum	has the meaning given in paragraph 3 of Section B of Part 10 (<i>Industry and Regulatory Overview</i>) of this document
2015 888 Prospectus	the prospectus published by the Company on 28 August 2015
2019 888 Annual Report and Accounts	the annual report and accounts prepared by the Company for FY 2019
2019 888 Financial Statements	audited consolidated financial statements of the Company included in the 2019 Company Annual Report and Accounts
2020 888 Annual Report and Accounts	the annual report and accounts prepared by the Company for FY 2020
2020 888 Financial Statements	audited consolidated financial statements of the Company included in the 2020 Company Annual Report and Accounts
2021 888 Annual Report and Accounts	the annual report and accounts prepared by the Company for FY 2021
2021 888 Financial Statements	audited consolidated financial statements of the Company included in the 2021 888 Annual Report and Accounts
2023 Notes Trust Deed	has the meaning given in paragraph 11.2(d) of Part 20 (<i>Additional Information</i>) of this document
2023 Notes Maturity Date	has the meaning given in paragraph 11.2(d) of Part 20 (<i>Additional Information</i>) of this document
2026 Notes Trust Deed	has the meaning given in paragraph 11.2(d) of Part 20 (<i>Additional Information</i>) of this document
2026 Notes Maturity Date	has the meaning given in paragraph 11.2(d) of Part 20 (<i>Additional Information</i>) of this document

Acquisition Resolution	the ordinary resolution of the Company seeking approval at the General Meeting for the Proposed Acquisition, as set out in the Notice of General Meeting
AGCO	Alcohol and Gaming Commission of Ontario
Amended Relationship Agreement	the relationship agreement between, among others, the Company and Sinitus Nominees Limited as trustee for Dalia Shaked dated 14 September 2005, as amended on 16 July 2015
Amendment Deed	the deed of amendment in relation to the Sale and Purchase Agreement entered into between 888 Bidco, 888 and Caesars, as described in paragraph 1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Articles or Articles of Association	the memorandum and articles of association of the Company
Base Consideration	the cash consideration to be paid by 888 Bidco to Caesars on Completion in accordance with the Sale and Purchase Agreement, as amended by the Amendment Deed, as described in paragraph 1.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Benchmark Rate	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
BEPS	the G20 / OECD Base Erosion and Profit Shifting project
Betting	the betting reporting segment of the 888 Group, which is comprised of the Sport product vertical
Bingo Business	the entire B2C and B2B Bingo business operated by the 888 Group
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London
certificated or in certificated form	a share or other security which is not in uncertificated form (that is, not in CREST)
Certificated Shareholders	a 888 Shareholder who holds their 888 Shares in certificated form
Chairman	the chairman of the Company, Lord Jon Mendelsohn
City Code	the UK City Code on Takeovers and Mergers
CJEU	the Court of Justice of the European Union
Closing Date	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Code	The US Internal Revenue Code of 1986, as amended
Commitment Letter	the commitment letter the principal terms and conditions of which are summarised in paragraph 6.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Commitment Parties	JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc., Mediobanca – Banca di Credito Finanziario S.p.A. and Barclays Bank PLC
Committees	888's Audit Committee, Nomination Committee, Remuneration Committee, Gaming Compliance Committee and Environment, Social and Governance (ESG) Committee
Completion	the completion of the Proposed Acquisition pursuant to the Sale and Purchase Agreement
Conditions	means the conditions to Completion under the Sale and Purchase Agreement, as described in paragraph 1.4 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document

Consideration	the aggregate of the Base Consideration and the Deferred Consideration calculated in accordance with the Sale and Purchase Agreement
Contractual Obligations Regulation	Regulation (EC) No. 593/2008 of the European Parliament and the Council of 17 June 2008 on the law applicable to contractual obligations
Convention	the European Community's 1980 Rome Convention on the Law Applicable to Contractual Obligations
COVID-19	the novel coronavirus (SARS-CoV-2) and related respiratory disease (coronavirus disease (COVID-19))
CREST	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the United Kingdom, of which Euroclear is the operator (as defined in the CREST Regulations)
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure, CREST Glossary of Terms and CREST Terms and Condition (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 as amended since)
CREST Member	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
CREST Sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST Sponsored Member	a CREST Member admitted to CREST as a CREST sponsored member
Cure Amount	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Custodian	the custodian nominated by the Depositary
Deed Poll	the deed poll executed by the Depositary in favour of DI Holders
Deferred Consideration	the deferred consideration that may be payable by 888 Bidco to Caesars on Completion pursuant to with the Sale and Purchase Agreement, as described in paragraph 1.3 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Delayed Draw Portion	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Depositary	Link Market Services Trustees Limited
Depositary Agreement	the depositary agreement between the Company and the Depositary dated 14 September 2005
Depositary Interest	a dematerialised depositary interest in respect of the 888 Shares issued or to be issued by the Depositary
DI Holder	a holder of Depositary Interests
Directors or Board	the Executive Directors and Non-Executive Directors as at the date of this document
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules of the FCA
Disclosure Letter	has the meaning given in paragraph 2.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
DoJ	the US Department of Justice

DS Trust	Sinitus Nominees Limited as trustee for Dalia Shaked
DS Trust Irrevocable Undertaking	the irrevocable undertaking entered into between the DS Trust and 888, a summary of which is set out in paragraph 7 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
EBITDA Cure	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
EEA	the European Economic Area
Employee Shareholders	888 Group employees who have a beneficial interest in 888 Shares registered in the name of a nominee or custodian appointed by the Depositary
Enlarged Group	the 888 Group following Completion, including the Target Business
EU	European Union
EU Member State	a member state of the EU
Euroclear	Euroclear UK & International Limited
Exchange Act	United States Exchange Act of 1934, as amended
Executive Directors	the executive directors of the Company as at the date of this document
Existing 2023 Notes	the 4.875 per cent. guaranteed notes due 7 September 2023 (ISIN XS1412547660 and SEDOL BYT2PK9) issued by William Hill Limited (formerly William Hill plc) on 27 May 2016
Existing 2026 Notes	the 4.750 per cent. guaranteed notes due 1 May 2026 (ISIN XS1989833816 and SEDOL BJRFB2) issued by William Hill Limited (formerly William Hill plc) on 1 May 2019
Existing William Hill Bonds	together, the Existing 2023 Notes and the Existing 2026 Notes
Facility B	term loan facilities in an aggregate principal amount of GBP 1.64 billion (equivalent), which shall be available in tranches denominated in Euro (“ Facility B (EUR) ”), sterling (“ Facility B (GBP) ”) and US Dollars (“ Facility B (USD) ”)
FATCA	sections 1471 through 1474 of the Code, otherwise known as the Foreign Account Tax Compliance Act
FATCA Withholding	Withholding under FATCA or an IGA (or any law implementing an IGA)
FCA	the UK Financial Conduct Authority
FFI	has the meaning given in FATCA
Financial Covenant	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Financial Covenant Facilities	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Form of Direction	the blue form of direction enclosed with this document, for use by DI Holders in connection with the General Meeting and/or the green form of direction enclosed with this document, for use by Employee Shareholders in connection with the General Meeting, as the context requires
Form of Proxy	the white form of proxy enclosed with this document, for use by Certificated Shareholders in connection with the General Meeting
FSMA	the Financial Services and Markets Act 2000, as amended
FY 2019	the 888 Group financial year ended 31 December 2019
FY 2020	the 888 Group financial year ended 31 December 2020

FY 2021	the 888 Group financial year ended 31 December 2021
G20	the international forum comprised of the governments and central bank governors from 19 of the world's largest economies and the European Union
Gambling Act	the UK Gambling Act 2005
Gaming	the gaming reporting segment of the 888 Group, which is comprised of the Casino, Poker and Bingo product verticals
GBP or pounds sterling or £	the lawful currency of the United Kingdom of Great Britain and Northern Ireland
General Meeting	the general meeting of the Company to be held at 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 16 May 2022, as described in the Notice of General Meeting
Gibraltar Companies Act	the Companies Act 2014 of Gibraltar (as amended)
Gibraltar Gambling Act	Gibraltar Gambling Act 2005
Guarantor Coverage Test	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Guarantor Jurisdictions	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
HMRC	Her Majesty's Revenue and Customs
IFRS	collectively, (i) UK adopted international accounting standards, in accordance with which 888 prepared the 2021 888 Financial Statements, (ii) International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002, as it applies in the European Union, in accordance with which 888 prepared the 2020 888 Financial Statements, and (iii) the International Financial Reporting Standards as adopted by the European Union, in accordance with which 888 prepared its 2019 888 Financial Statements
IGA	any intergovernmental agreement between the US and another jurisdiction to facilitate the implementation of FATCA
iGO	iGaming Ontario, a subsidiary of the AGCO
Incremental Senior Facilities	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Indemnity Deed	the deed of indemnity entered into between Caesars, Mr Green Limited, WHG (International Limited) and William Hill Organization Limited, as described in paragraph 11.2(a) of Part 20 (<i>Additional Information</i>) of this document
Inter-creditor Agreement	has the meaning given in paragraph 6.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Interim Facilities Agreement	has the meaning given in paragraph 6.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Interim Facilities	has the meaning given in paragraph 6.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
ITA	the Israel Tax Authority
ITO	HM Government of Gibraltar's Income Tax Office
Joint Financial Advisers	J.P. Morgan Cazenove and Stifel
J.P. Morgan Cazenove	J.P. Morgan Securities plc

Latest Practicable Date	27 April 2022, being the latest practicable date prior to the publication of this document for the purposes of ascertaining certain information contained in this document
Leakage	has the meaning given in paragraph 1.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Lenders	JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc., Mediobanca – Banca di Credito Finanziario S.p.A. and Barclays Bank PLC
Licensee	has the meaning given in paragraph 5.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Licensors	has the meaning given in paragraph 5.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Link Group	a trading name of Link Market Services Limited
Listing Rules	the Listing Rules of the FCA
London Stock Exchange	London Stock Exchange plc
Long Stop Date	being 5.00 p.m. on 30 June 2022 or such other date agreed between the 888 Bidco and the Seller
Management Warrantors	has the meaning given in paragraph 2.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Mandated Lead Arrangers	J.P. Morgan Securities plc, Morgan Stanley Bank International Limited, Mediobanca – Banca di Credito Finanziario S.p.A. and Barclays Bank PLC
Material Subsidiary	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Money Laundering Regulations	Money Laundering Regulations 2007 (SI 2007/2157)
Morgan Stanley	Morgan Stanley & Co. International plc
NeoGames Facility Agreement	has the meaning given in paragraph 11.2(c) of Part 20 (<i>Additional Information</i>) of this document
Net Debt Cure	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Non-Executive Directors	the non-executive directors of the Company as at the date of this document
Notice of General Meeting	the notice of General Meeting which is set out in Part 24 (<i>Notice of General Meeting</i>) of this document
OECD	the Organisation for Economic Co-operation and Development
Official List	the Official List of the FCA
Ordinance	the Israeli Income Tax Ordinance (New Version), 1961
Original Senior Facilities	Facility B and the Revolving Credit Facility
PASPA	the Professional and Amateur Sports Protection Act of 1992
Penal Law	the Israeli Penal Law 1977
Placing	the placing of new 888 Shares by 888 on the terms and subject to the conditions contained in the Placing Agreement and the terms and conditions contained in the announcement of the Placing dated 7 April 2022
Placing Agreement	the placing agreement described in paragraph 11.1(j) of Part 20 (<i>Additional Information</i>) of this document

Prepayment Cure	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Proposed Acquisition	the proposed acquisition of the Target Business by 888 Bidco from Caesars pursuant to the Sale and Purchase Agreement
Prospectus Regulation Rules	the Prospectus Regulation Rules of the FCA
QEF	a qualified electing fund for US federal income tax purposes
Readmission	the re-admission of the 888 Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities immediately prior to Completion
Readmission Condition	the approval by the FCA of Readmission
Recommendation	has the meaning given in paragraph 1.5 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Registrar	Link Market Services Limited (the trading name is Link Group) 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom
Regulatory Information Service	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers maintained by the FCA
Regulus Partners	Regulus Partners Limited
Regulus Report	the industry report prepared by Regulus Partners and dated 27 October 2021
Reorganisation	the intra-group reorganisation in order to separate William Hill US from the Target Group, which is to be implemented by Caesars prior to Completion in accordance with a reorganisation steps plan agreed between 888 and Caesars
Reporting FI	an FFI that is not subject to withholding under FATCA on any payments that it receives
Revolving Credit Facility	a multi-currency revolving credit facility in an aggregate principal amount of GBP 150 million
Sale and Purchase Agreement	the sale and purchase agreement, as amended by the Amendment Deed, which is described in paragraph 1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
SDRT	Stamp Duty Reserve Tax
SEC	the United States Securities and Exchange Commission
Second Lien Facility	a second lien facility to be made available to 888 Bidco pursuant to the Second Lien Facility Agreement
Second Lien Facility Agreement	the second lien facility agreement that may be entered into by 888 Bidco in connection with the Acquisition, a summary of which is set out in paragraph 6.3 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
SEDOL	Stock Exchange Daily Official List
Seller or Caesars	Caesars Entertainment, Inc.
Seller's Nominee	has the meaning given in paragraph 4.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Senior Facilities	the Original Senior Facilities and the Incremental Senior Facilities

Senior Facilities Agreement	the senior facilities agreement that may be entered into by 888 Bidco in connection with the Acquisition, a summary of which is set out in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Service Term	has the meaning given in paragraph 4.4 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Shareholder Approval	has the meaning given in paragraph 1.4 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Shareholder Circular	has the meaning given in paragraph 1.5 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Spanish Law	Spanish Law 13/2011 of 27 May 2011 (Ley 13/2011, de 27 de mayo, de regulacion del Juego)
Sponsor	J.P. Morgan Securities plc, acting in its capacity as sponsor to the Company
Stifel	Stifel Nicolaus Europe Limited
Target	William Hill Cayman Holdings Limited
Target Business or William Hill International	together, the international non-US business operated by the Target Group, comprised of the William Hill Online and William Hill Retail businesses
Target FY 2019	the Target Business 52-week period ended 31 December 2019
Target FY 2020	the Target Business 52-week period ended 29 December 2020
Target FY 2021	the Target Business 52-week period ended 28 December 2021
Target Group	Target and its subsidiary undertakings and, where the context requires, its associated undertakings, in each case following the implementation of the Reorganisation
Target Business Historical Financial Information	the historic financial information of the Target Business for Target FY 2021, Target FY 2020 and Target FY 2019
Tax Deed	the tax deed described in paragraph 3 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Term Sheet	has the meaning given in paragraph 6.1 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Terms and Conditions	has the meaning given in paragraph 11.2(d) of Part 20 (<i>Additional Information</i>) of this document
Territory	has the meaning given in paragraph 5.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Test Condition	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Test Date	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
TFEU	the Treaty on the Functioning of the European Union
Trade mark Licence Agreements	the trade mark licence agreements as described in paragraph 5 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Transaction	has the meaning given in paragraph 6.2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
Transitional Services Agreement	the transitional services agreement as described in paragraph 4 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document

Trust Deed	has the meaning given in paragraph 11.2(d) of Part 20 (<i>Additional Information</i>) of this document
UIGEA	Unlawful Internet Gambling Enforcement Act 2006
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UKGC	Gambling Commission of Great Britain
UK Corporate Governance Code	the UK Corporate Governance Code published by the Financial Reporting Council in July 2018
UK MAR	the Market Abuse Regulation (EU) No 596/2014, as it forms part of domestic law by virtue of the European Union (Withdrawal Act) 2018
UK Prospectus Delegated Regulation	the UK version of the Commission Delegated Regulation (EU) 2019/980 supplementing the UK Prospectus Regulation as regards format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
UK Prospectus Regulation	the UK version of Regulation (EU) No 2017/1129, as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
US-Gibraltar IGA	the IGA between the US and Gibraltar, based largely on the Model 1 IGA
U.S. Securities Act	the U.S. Securities Act of 1933, as amended
Unaudited Pro Forma Financial Information	the unaudited <i>pro forma</i> statement of net assets and <i>pro forma</i> income statements of the Enlarged Group, set out in Part 17 (<i>Unaudited Pro Forma Financial Information of the Enlarged Group</i>) of this document
uncertificated or in uncertificated form	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
US, USA or United States	the United States of America
W&I Insurance Policy	the warranty and indemnity insurance policy described in paragraph 11.1(d) of Part 20 (<i>Additional Information</i>) of this document
Warranty Deed	has the meaning given in paragraph 2 of Part 7 (<i>Information about the Proposed Acquisition</i>) of this document
William Hill	William Hill Limited (formerly William Hill PLC)
William Hill Group	William Hill and its subsidiary undertakings and, where the context requires, its associated undertakings, in each case prior to the implementation of the Reorganisation
William Hill Online	the two online business segments operated by the Target Group, consisting of UK Online and International Online, which are together referred to as “William Hill Online” throughout this document
William Hill Retail	the retail business operated by the Target Group excluding, for the avoidance of doubt, William Hill US
William Hill US	the online business operated by the William Hill Group in the US

Part 23

GLOSSARY

AAPN	All American Poker Network
active player	B2C players that wagered a positive amount during the relevant period
Adjusted EBITDA	has the meaning given in the paragraph entitled “ <i>Reconciliation of operating profit and Adjusted EBITDA for the 888 Group</i> ” in Part 5 (<i>Presentation of Financial Information</i>) of this document
Adjusted EPS	has the meaning given in the paragraph entitled “ <i>Reconciliation of Adjusted EPS for the 888 Group</i> ” in Part 5 (<i>Presentation of Financial Information</i>) of this document
Adjusted Profit	has the meaning given in the paragraph entitled “ <i>Reconciliation of Adjusted EPS for the 888 Group</i> ” in Part 5 (<i>Presentation of Financial Information</i>) of this document
Adjusted Profit Before Tax	has the meaning given in the paragraph entitled “ <i>Reconciliation of profit before tax and Adjusted Profit Before Tax</i> ” in Part 5 (<i>Presentation of Financial Information</i>) of this document
B2	B2 gaming products are those games that are played on FOBTs
B2B	business-to-business
B2C	business-to-customer
Bingo	the bingo product vertical within the 888 Group’s reporting segments
Casino	the casino product vertical within the 888 Group’s reporting segments
CRM	client relationship management
EBITDA	earnings before interest, tax, depreciation and amortisation
EMEA	Europe, the Middle East and Africa
EPS	earnings per share
ESG	environment, social and governance
FOBT	fixed odds betting terminal
funded active player	B2C players that wagered a positive amount during the relevant period and have placed at least one deposit during their lifetime
Gross Win	total customer stakes less winnings
International Online	the reporting segment of the Target Business that comprises all online activity of William Hill Online (including sports betting, casino, poker and other gaming products along with telephone betting services) that are incurred within all territories excluding the United Kingdom
LBO	licensed betting offices
Poker	the poker product vertical within the 888 Group’s reporting segments
PPC	pay-per click
PSP	payment service provider
SEO	search engine optimisation
Sports	the sport product vertical within the 888 Group’s reporting segments
SSBTs	self-service betting terminal

UK Online

the reporting segment of the Target Business that comprises all online activity of William Hill Online (including sports betting, casino, poker and other gaming products along with telephone betting services) that are incurred within the United Kingdom

**William Hill International
Normalised EBITDA**

in relation to William Hill International is presented on a post IFRS 16 basis, adjusted to include a full year of contribution from William Hill Retail based on the second half of Target FY 2021

Part 24

NOTICE OF GENERAL MEETING

888 HOLDINGS PLC

(registered in Gibraltar with registered number 90099)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of 888 Holdings plc (the “**Company**”) will be held at 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 16 May 2022 at the office of Hudson Sandler LLP at 25 Charterhouse Square, London EC1M 6AE, United Kingdom to consider and, if thought fit, pass the following resolution 1, which will be proposed as an ordinary resolution.

Capitalised terms not defined below are references to those terms as defined in the combined circular and prospectus sent to shareholders of the Company dated 29 April 2022 (the “**Prospectus**”).

ORDINARY RESOLUTION

1. THAT the Proposed Acquisition under and on the terms set out in the Sale and Purchase Agreement be and is hereby approved and the Directors (or a committee of the Directors) be and are hereby authorised to waive, amend, vary or extend any of the terms of the Sale and Purchase Agreement (provided that any such waivers, amendments, variations or extensions are not of a material nature) and to do all things as they may consider to be necessary or desirable to implement and give effect to, or otherwise in connection with, the Proposed Acquisition and any matters incidental to the Proposed Acquisition.

By order of the board of directors of the Company,

Lord Jon Mendelsohn

Chairman

29 April 2022

Registered office:

Suite 601/701 Europort, Europort Road, Gibraltar

Notes:

1. The General Meeting has been arranged as a physical meeting. However, taking into account the evolving and unpredictable nature of the COVID-19 pandemic, 888 Shareholders are strongly encouraged to instruct the voting of their 888 Shares at the General Meeting by completing and returning a Form of Proxy or Form of Direction (as appropriate). If there are any changes to the arrangements regarding the General Meeting, 888 will communicate such changes on its website at <https://corporate.888.com> and, where appropriate, through an announcement to the market, before the General Meeting.
2. The right to vote at the General Meeting and the number of votes a 888 Shareholder is entitled to cast at the General Meeting is determined by reference to the Company's register of members at 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 12 May 2022 (or, in the event of any adjournment, on the date not more than 48 hours prior to the time of the adjourned meeting, excluding any part of a day that is not a Business Day).
3. A member of the Company entitled to vote at the General Meeting is entitled to appoint a proxy to vote instead of them. A proxy need not be a member of the Company. A Form of Proxy, which must be lodged with the Company's registrars at Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL in person or by post by no later than 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 12 May 2022, is enclosed for this purpose. You must inform the company's registrars in writing of any termination of the authority of a proxy. The enclosed blue Form of Direction, for use in connection with the General Meeting by DI Holders only, and the enclosed green Form of Direction, for use in connection with the General Meeting by Employee Shareholders only, should be completed and returned, in accordance with the instructions printed thereon, as soon as possible and by no later than 10.00 a.m. (UK time) (11.00 a.m. (Gibraltar time)) on 11 May 2022. Alternatively, CREST Members may instruct the Depositary how to vote the 888 Shares underlying their Depositary Interests by using the electronic voting service. Further details are set out in the notes to the blue Form of Direction and the green Form of Direction.
4. A member of the Company may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attaching to a different 888 Share or 888 Shares held by the member. To do this, a member must complete a separate Form of Proxy for each proxy or, if appointing multiple proxies electronically, follow the instructions given on the relevant electronic facility (see note (6)). Members can copy their original Form of Proxy, or additional Forms of Proxy can be obtained from Link Group by telephone on +44 (0) 371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9:00 a.m. and 5:30 p.m. (UK time), Monday to Friday excluding public holidays in England and Wales. A member appointing more than one proxy should indicate on the relevant Forms of Proxy the number of 888 Shares for which each proxy is authorised to act on their behalf. When two or more valid proxy appointments are delivered or received in respect of the same 888 Share, the one which was last delivered or received (regardless of its date or signature) shall be treated as replacing and revoking the others as regards that 888 Share; if the Company is unable to determine which was last received, none of them shall be treated as valid in respect of that 888 Share.
5. DI Holders may instruct the Depositary how to vote utilising the CREST electronic voting service. To instruct the Depositary how to vote or amend an instruction to vote via the CREST system, the CREST message must be received by the issuer's agent, using the Receiving Agent ID RA10, by not less than 72 hours (excluding any day that is not a Business Day) before the time of the holding of the General Meeting or any adjournment thereof. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message. After this time any change of voting instructions through CREST should be communicated to the issuer's agent by other means. CREST personal members or other CREST Sponsored Members, and those CREST Members who have appointed voting service provider(s) should contact their CREST Sponsor or voting service provider(s) for assistance. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual (available by logging in at www.euroclear.com).

6. 888 Shareholders may also appoint a proxy electronically by logging on to <https://www.signalshares.com> and following the instructions given on the website. Such participants will need to register first before using this internet voting facility and will be asked to agree to certain terms and conditions. The proxy deadlines set out in this Notice of General Meeting apply to electronic proxy appointments.
7. Copies of the following documents may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays in the United Kingdom and Gibraltar excepted) from the date of this document up to and including the date of Readmission at the offices of Latham & Watkins (London) LLP located at 99 Bishopsgate, London EC2M 3XF, United Kingdom and the registered office of the Company at Suite 601/701 Europort, Europort Road, Gibraltar:
 - (a) the Sale and Purchase Agreement;
 - (b) the Amendment Deed;
 - (c) the Articles of Association;
 - (d) the Deed Poll from the Depositary in favour of DI Holders;
 - (e) the report from Ernst & Young LLP on the Unaudited *Pro Forma* Financial Information of the Enlarged Group, which is set out in Section B of Part 17 (*Unaudited Pro Forma* Financial Information of the Enlarged Group) of the Prospectus;
 - (f) the report from Deloitte LLP in respect of the Target Business Historical Financial Information, which is set out in Section A of Appendix A of the Prospectus;
 - (g) the consent letters referred to in “Consents” in paragraph 16 of Part 20 (*Additional Information*) of the Prospectus;
 - (h) the Regulus Report;
 - (i) the information incorporated by reference into this document, as described in Part 21 (*Documentation incorporated by Reference*) of the Prospectus; and
 - (j) the Prospectus.
8. As at the Latest Practicable Date, the Company’s issued share capital consisted of 446,265,077 888 Shares, carrying one vote each. No 888 Shares are held in treasury. Therefore the total number of voting rights in the Company as at the Latest Practicable Date is 446,265,077. All resolutions put to the General Meeting shall be decided by poll. This will result in a more accurate reflection of the views of 888 Shareholders by ensuring that every vote is recognised, including the votes of all 888 Shareholders who are unable to attend the General Meeting but who appoint a proxy for the General Meeting. On a poll, each 888 Shareholder has one vote for every 888 Share held.
9. Members are invited to submit any questions in respect of the business of the General Meeting for the Board to consider. Questions may be submitted in advance or during the General Meeting over the Investor Meet Company platform (<https://www.investormeetcompany.com/888-holdings-plc/register-investor>) following registration, and the Board will aim to respond to any such questions relevant to the business of the General Meeting. No answer need be given by the Company to any question if (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information, or (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
10. The Company will publish this Notice of General Meeting and other relevant information on its corporate website <https://corporate.888.com>.
11. Any member has the right to require the Company to give notice of a resolution or other business to be dealt with at the General Meeting pursuant to the Gibraltar Listed Companies (Members’ Rights) Regulations 2011.

Appendix A

HISTORICAL FINANCIAL INFORMATION ON THE TARGET BUSINESS

Section A: Accountant's report in respect of the Target Business Historical Financial Information

Deloitte.

Deloitte LLP
1 New Street Square
London
EC4A 1HQ
United Kingdom

The Board of Directors
on behalf of 888 Holdings PLC
Suite 601-701 Europort Road
Europort
Gibraltar City
Gibraltar

J.P. Morgan Securities PLC
25 Bank Street
Canary Street
London
E14 5JP
United Kingdom

29 April 2022

Dear Sirs/Mesdames

William Hill Cayman Holdings Limited and its subsidiaries (the "Target Group")

We report on the financial information of the Target Group for the 52 weeks ended 31 December 2019, the 52 weeks ended 29 December 2020, and the 52 weeks ended 28 December 2021 set out in Section B of Appendix A of the combined Circular and the Prospectus relating to the acquisition of Target dated 29 April 2022 of 888 Holdings PLC (the "Company") (the "Prospectus"). This report is required by Annex 1 item 18.3.1 of the UK version of the Commission delegated regulation (EU) No 2019/980 (the "Prospectus Delegated Regulation") as applied by Listing Rule 13.5.21R and is given for the purpose of complying with that requirement and for no other purpose.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Target Group as at 31 December 2019, 29 December 2020, and 28 December 2021 and of its profits, cash flows and changes in net parent investment for the 52 weeks ended 31 December 2019, the 52 weeks ended 29 December 2020, and the 52 weeks ended 28 December 2021 in accordance with the basis of preparation set out in the notes to the financial information and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the

purposes of complying with Annex 1 item 1.3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

Basis of preparation

This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in the notes to the financial information.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council (“FRC”) in the United Kingdom. We are independent of the Group and of the Target Group in accordance with the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions Relating to Going Concern

In performing this engagement on the financial information, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial information is appropriate.

Our evaluation of the directors’ assessment of the Target Group’s ability to continue to adopt the going concern basis of accounting included:

- Evaluating Target Group management’s cash flow forecast for the period to 30 June 2023, which included reasonable downside scenarios and a reverse stress test, through:
 - reviewing the cash flow forecasts prepared by Target Group management including consideration of Target Group management’s historical forecasting accuracy and comparison to previous periods;
 - using internal specialists to test the integrity of the model and challenge the underlying data and key assumptions used in Target Group management’s forecasts;
 - challenging the downside scenarios and the reverse stress test alongside mitigating actions that Target Group management could undertake, including considering the potential for the UK Gambling Commission suspending the licences of Mr Green Limited, WHG (International) Limited and William Hill Organization Limited (together, the “Licensed Entities” of the Target Group);
 - reading and considering the terms of the indemnity provided by Caesars Entertainment Inc. (“Caesars”) to the Target Group (as described in section 11.2(a) *Indemnity Deed between Caesars and the Licensed Entities* of the Prospectus);
 - reading and considering the terms of the financial support committed by Caesars to the Target Group up to the date of Completion of the Proposed Acquisition; and
 - considering the extent to which the Target Group’s debt obligations could be met in the event of the holders of the Target Group’s Senior Unsecured Notes due in 2023 and 2026 exercise their redemption option upon a change of control of the Group.

- Evaluating management’s qualitative assessment of going concern, including their consideration of the possible consequences of the licence review by the UK Gambling Commission, by holding discussions with management and their external legal advisors and holding discussions with the UK Gambling Commission about its overall approach to licence reviews.

Based on the work we have performed, we have not identified any material uncertainties related to events or conditions that, individually or collectively, may cast significant doubt on the Target Group’s ability to continue as a going concern for a period of at least twelve months from 29 April 2022.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge the information contained in this report is, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1 item 1.2 of the Prospectus Delegated Regulation and for no other purpose.

Yours faithfully

Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients.

Section B: Target Business Historical Financial Information

**COMBINED CARVE-OUT FINANCIAL INFORMATION OF WILLIAM HILL
INTERNATIONAL BUSINESS (THE “BUSINESS”)**

**FOR THE PERIODS ENDED 28 DECEMBER 2021, 29 DECEMBER 2020
AND 31 DECEMBER 2019**

COMBINED CARVE-OUT INCOME STATEMENT
for the 52 weeks ended 28 December 2021

	Notes	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Continuing operations				
Revenue	1,2	1,455.3	1,157.0	1,241.4
Gaming duties		(214.8)	(190.9)	(237.1)
Other cost of sales		(149.7)	122.8	(126.3)
Cost of sales	2,3	(364.5)	(68.1)	(363.4)
<i>Which includes exceptional cost of sales of:</i>	3	—	238.3	—
Gross profit	2	1,090.8	1,088.9	878.0
Marketing expenses		(187.2)	(196.3)	(217.4)
Operating expenses		(892.9)	(765.8)	(842.9)
Other operating income		5.5	3.8	4.3
Total operating expenses		(1,074.6)	(958.3)	(1,056.0)
<i>Which includes exceptional and adjusting items within operating expenses of:</i>	3	(126.9)	(147.2)	(235.9)
Operating profit/(loss)		16.2	130.6	(178.0)
Finance income	2,7	3.0	22.5	1.7
Finance expenses	2,8	(52.7)	(50.5)	(67.6)
<i>Which includes exceptional finance income/ (expense) of:</i>	3	—	18.9	(2.0)
Share of post-tax profit/(loss) of equity accounted associate	2,4	1.5	(0.8)	—
(Loss)/profit before tax	2	(32.0)	101.8	(243.9)
Tax	3,9	8.7	(13.6)	14.5
<i>Which includes tax on exceptional and adjusting items of:</i>	3	11.5	(24.6)	(8.0)
(Loss)/profit for the period		(23.3)	88.2	(229.4)
Attributable to:				
Net parent investment		(23.3)	88.0	(230.1)
Non-controlling interests		—	0.2	0.7

COMBINED CARVE-OUT STATEMENT OF COMPREHENSIVE INCOME
for the 52 weeks ended 28 December 2021

	Notes	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
(Loss)/profit for the period		(23.3)	88.2	(229.4)
Items that may be reclassified subsequently to profit or loss:				
Translation of foreign operations.....		(3.4)	14.7	(15.7)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial remeasurements in defined benefit pension scheme.....	32	(2.0)	(1.2)	1.9
Defined benefit pension buy-in.....	32	–	–	(59.5)
Tax on remeasurements in defined benefit pension scheme.....	28	0.3	0.2	10.9
Fair value movements on fair value through OCI financial assets		–	–	(0.3)
Other comprehensive (loss)/income for the period.....		(5.1)	13.7	(62.7)
Total comprehensive (loss)/income for the period.....		(28.4)	101.9	(292.1)
Attributable to:				
Net parent investment.....		(28.4)	101.7	(292.8)
Non-controlling interests.....		–	0.2	0.7

COMBINED CARVE-OUT STATEMENT OF FINANCIAL POSITION
as at 28 December 2021

	Notes	As at 31 December 2019 £m	As at 29 December 2020 £m	As at 28 December 2021 £m
Assets				
Non-current assets				
Goodwill and other intangible assets	12	885.2	758.1	2,039.5
Property, plant and equipment.....	13	238.6	180.7	190.9
Interests in associates.....	14	11.7	11.1	11.1
Investments.....	15	0.4	1.5	1.0
Deferred tax assets.....	28	8.0	11.4	7.6
Retirement benefit asset.....	32	48.4	49.2	–
		1,192.3	1,012.0	2,250.1
Current assets				
Trade and other receivables.....	19	57.8	85.4	55.1
Cash and cash equivalents.....	20	367.7	588.4	203.7
Income tax receivable.....		0.3	–	30.8
Investment property held for sale.....	21	1.7	1.7	–
Freehold property held for sale	16	0.7	1.1	0.2
Disposal group asset held for sale.....	16	10.1	–	–
		438.3	676.6	289.8
Total assets		1,630.6	1,688.6	2,539.9
Liabilities				
Non-current liabilities				
Interest-bearing loans more than one year	24	(693.5)	(694.6)	(763.7)
Lease liabilities	17	(116.8)	(70.8)	(68.6)
Provisions.....	23	(1.6)	(4.0)	(2.8)
Deferred tax liabilities.....	28	(48.5)	(28.9)	(90.6)
		(860.4)	(798.3)	(925.7)
Current liabilities				
Trade and other payables.....	22	(354.9)	(377.0)	(402.8)
Provisions.....	23	(76.9)	(84.4)	(70.0)
Income tax payable.....		(22.0)	(32.4)	(33.7)
Lease liabilities	17	(37.5)	(36.5)	(26.5)
Derivative financial liabilities.....	27	(9.7)	(8.8)	(8.8)
Interest-bearing loans less than one year	24	(203.2)	–	(455.7)
Disposal group liabilities held for sale.....	16	(3.5)	–	–
		(707.7)	(539.1)	(997.5)
Total liabilities		(1,568.1)	(1,337.4)	(1,923.2)
Total net assets		62.5	351.2	616.7
Net parent investment.....	29	61.0	349.5	615.0
Non-controlling interests.....		1.5	1.7	1.7
Total net investment		62.5	351.2	616.7

**COMBINED CARVE-OUT STATEMENT OF CHANGES IN NET PARENT INVESTMENT
for the 52 weeks ended 28 December 2021**

	Net parent investment £m	Non- controlling interests £m	Total net investment £m
At 1 January 2019	212.8	–	212.8
Loss for the financial period	(23.3)	–	(23.3)
Actuarial remeasurements in defined benefit pension scheme (note 32)	(2.0)	–	(2.0)
Tax on remeasurements in defined benefit pension scheme	0.3	–	0.3
Exchange differences on translation of foreign operations ..	(3.4)	–	(3.4)
Total comprehensive loss for the period	(28.4)	–	(28.4)
Purchase and issue of own shares	(0.5)	–	(0.5)
Credit recognised in respect of share remuneration (note 31)	4.5	–	4.5
Tax credit in respect of share remuneration	1.4	–	1.4
Acquisition of Mr Green (note 18).....	–	1.5	1.5
Other net movement in parent investment	(37.9)	–	(37.9)
Distribution to parent	(90.9)	–	(90.9)
At 31 December 2019	61.0	1.5	62.5
	Net parent investment £m	Non- controlling interests £m	Total net investment £m
At 31 December 2019	61.0	1.5	62.5
Profit for the financial period.....	88.0	0.2	88.2
Actuarial remeasurements in defined benefit pension scheme (note 32)	(1.2)	–	(1.2)
Tax on remeasurements in defined benefit pension scheme	0.2	–	0.2
Exchange differences on translation of foreign operations ..	14.7	–	14.7
Total comprehensive income for the period	101.7	0.2	101.9
Transfer of own shares to recipients.....	1.5	–	1.5
Purchase and issue of own shares	(1.6)	–	(1.6)
Credit recognised in respect of share remuneration (note 31)	3.1	–	3.1
Net parent investment contributions (note 29)	218.6	–	218.6
Tax charge in respect of share remuneration.....	(2.2)	–	(2.2)
Other tax taken directly to net parent investment	(0.3)	–	(0.3)
Other net movement in parent investment	(32.3)	–	(32.3)
At 29 December 2020	349.5	1.7	351.2

**COMBINED CARVE-OUT STATEMENT OF CHANGES IN NET PARENT INVESTMENT
for the 52 weeks ended 28 December 2021**

	Net parent investment £m	Non- controlling interests £m	Total net investment £m
At 29 December 2020	349.5	1.7	351.2
(Loss)/profit for the financial period.....	(230.1)	0.7	(229.4)
Actuarial remeasurements in defined benefit pension scheme (note 32).....	1.9	–	1.9
Defined benefit pension buy-in (note 32).....	(59.5)	–	(59.5)
Tax on remeasurements in defined benefit pension scheme and buy-in.....	10.9	–	10.9
Fair value movements on fair value through OCI financial assets.....	(0.3)	–	(0.3)
Exchange differences on translation of foreign operations..	(15.7)	–	(15.7)
Total comprehensive (loss)/income for the period	(292.8)	0.7	(292.1)
Transfer of own shares to recipients.....	5.3	–	5.3
Credit recognised in respect of share remuneration	6.5	–	6.5
Tax credit in respect of share remuneration	1.3	–	1.3
Net parent investment contributions (note 29).....	315.7	–	315.7
Conversion of loan into net parent investment	310.8	–	310.8
Increased investment in ViensViens.lv	(4.9)	(0.7)	(5.6)
Tax on items taken directly to reserves.....	(1.6)	–	(1.6)
Other net movement in parent investment	(74.8)	–	(74.8)
At 28 December 2021	615.0	1.7	616.7

In the 52-week period ending 28 December 2021, the other net movement in parent investment largely reflects the cash payments made by the Business in respect of the US element of the Caesars acquisition.

COMBINED CARVE-OUT CASH FLOW STATEMENT
for the 52 weeks ended 28 December 2021

	Notes	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Net cash from operating activities	30	105.6	311.6	27.8
Investing activities				
Interest received on cash and cash equivalents		1.5	3.2	1.2
Dividends from associates	14	1.4	–	–
Proceeds on disposal of property, plant and equipment		6.1	0.2	0.9
Proceeds on disposal of investment properties	21	–	–	1.8
Amounts (drawn down)/repaid on loan facility with related undertakings		(5.0)	–	1.5
Acquisition of William Hill plc	11	–	–	(2,848.3)
Increase of investment in ViensViens.lv		–	–	(5.3)
Acquisition of Alfabet – net of cash acquired	12	–	(0.4)	–
Acquisition of Mr Green – net of cash acquired	18	(173.7)	–	–
Cash paid on disposal of investments		–	–	(0.2)
Net proceeds on disposals of NI/IOM businesses	16	–	7.4	–
Proceeds on disposal of investments in associates		2.1	2.0	–
Purchases of property, plant and equipment		(10.7)	(2.0)	(7.4)
Expenditure on intangible assets		(40.3)	(52.7)	(65.2)
Net cash used in investing activities		(218.6)	(42.3)	(2,921.0)
Financing activities				
Purchase of own shares	29	(0.5)	(1.6)	–
Transfer of own shares to recipients		–	–	5.3
Net proceeds on net parent investment contributions	29	–	218.6	315.7
Intercompany loans with related parties		–	(27.7)	1,796.0
Proceeds on issue of external financing		–	–	1,522.5
Repayment of external financing		–	–	(1,202.6)
Amounts drawn down on Revolving Credit Facilities	24	–	425.0	114.3
Amounts repaid on Revolving Credit Facilities		–	(425.0)	–
Amounts paid on redemption of senior unsecured loan notes	24	(171.6)	(203.4)	(0.9)
Lease liabilities – principal payments		(43.4)	(39.8)	(35.0)
Existing senior unsecured notes redemption costs		(8.1)	–	–
Proceeds on issue of 4.75% senior unsecured notes – May 2026	24	350.0	–	–
Debt facility issue costs		(1.5)	–	–
Distributions to parent	10	(90.9)	–	–
Net cash from/(used in) financing activities		34.0	(53.9)	2,515.3
Net (decrease)/increase in cash and cash equivalents in the period		(79.0)	215.4	(377.9)
Changes in foreign exchange rates		–	5.3	(6.8)
Cash and cash equivalents at start of period		447.1	367.7	588.4
Cash transferred to held for sale		(0.4)	–	–
Cash and cash equivalents at end of period	20	367.7	588.4	203.7

STATEMENT OF THE BUSINESS'S ACCOUNTING POLICIES

Background to the transaction

On 30 September 2020, the Boards of William Hill Limited (formerly William Hill PLC) ("William Hill"), Caesars UK Holdings Limited ("Caesars UK Bidco") and Caesars Entertainment, Inc. ("Caesars") announced that they had reached agreement on the terms of a recommended cash acquisition pursuant to which Caesars UK Bidco was to acquire the entire issued and to be issued share capital of William Hill not already owned by or on behalf of the Caesars Group. The legal completion of the acquisition occurred on 22 April 2021 ("Completion").

Subsequent to this, on 8 September 2021, 888 Holdings PLC ("888") announced that it had entered into an agreement with Caesars to acquire the international (non-US) business of William Hill ("WHI" or "The William Hill International Business" or the "Business") at an enterprise value of £2.2 billion (the "Acquisition"). The US business of William Hill ("William Hill US") will remain part of the Caesars Group. The Business has prepared this financial information of the combined carve-out Business to support the Acquisition process.

Nature of the business

The Business is engaged in the business of online sportsbook operations and the operation of Licenced Betting Offices ('LBOs'). In addition to its sportsbook operations, the Business offers online casino games, 'skill games', online bingo and online poker. The Business operates on a global basis from within separate legal entities.

This financial information has therefore been prepared on a combined and carve-out basis from the consolidated financial information of William Hill for the purpose of presenting the financial position, results of operations and cash flows of the Business as set out within the Basis of Preparation section below. This combined carve-out financial information includes every non-US territory in which the Business operates and certain holding companies to facilitate the Acquisition. The entities acquired form the perimeter of the combined carve-out financial information and are included in note 35.

Pounds sterling is the Group's presentational currency. The functional currency is the currency of the primary economic environment in which each entity operates. The functional currencies of Group companies are primarily pound sterling and euro. The combined carve-out financial information is prepared using uniform accounting policies for all companies in the Business.

Going concern

The combined carve-out financial information has been prepared using the going concern basis of accounting.

The Business meets its day-to-day working capital requirements, capital expenditures and debt service requirements from the positive cash flows generated by its trading activities and its available cash resources. The Business's forecasts, based on reasonable assumptions, indicate that it will be able to operate within the level of its currently available and committed facilities and has sufficient cash reserves to enable it to meet its obligations as they fall due, for a period of at least 12 months from the date of signing of this combined carve-out financial information. The Business has performed separate reverse stress tests and has identified further actions to conserve cash that would be actioned to mitigate any impact of a reasonably plausible downside scenario occurring.

Caesars, as owners of the Business, have provided a letter of support, stating that they will provide financial support to the Business to enable it to meet its liabilities as and when they become due, should that be necessary, for a period of 12 months from the date of signing this combined carve-out financial information or until the completion of the sale to 888, whichever occurs first. Certain licenced entities within the Business also have the benefit of an indemnity provided by Caesars under an agreement dated 8 March 2022 to apply to certain losses and costs that may arise in the event any of the relevant operating licences are suspended or are subject to conditions imposed by the Gambling Commission of Great Britain ("UKGC") in connection with the ongoing licence review. That indemnity would become effective from completion of the sale to 888.

Based on the above considerations, the Business has adopted the going concern basis in preparing this combined carve-out financial information.

Basis of preparation

The Business has not comprised a separate group of entities for the periods ended 28 December 2021, 29 December 2020, and 31 December 2019. This combined carve-out financial information has been prepared on a basis that combines the results, assets and liabilities for the Business by applying the principles of IFRS 10 ‘Consolidated Financial Statements’ for each of the periods ended 28 December 2021, 29 December 2020, and 31 December 2019 and as at these dates, which includes uniform accounting policies, intragroup eliminations that occurred within the combined carved-out reporting entity and the accounting for non-controlling interests. On such basis, this financial information sets out the combined balance sheet as at 28 December 2021, 29 December 2020, and 31 December 2019, and the results of operations and cash flows for the periods then ended.

This combined carve-out financial information has been prepared in accordance with this basis of preparation. This basis of preparation describes how this financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the UK Endorsement Board and the IFRS Interpretation Committee interpretations (together “IFRS”) as modified by the Annexure to SIR 2000 “Standards for Investment Reporting applicable to public reporting engagements on historical financial information” issued by the U.K. Auditing Practices Board and in accordance with the Listing Rules and Prospectus Directive Regulation. The principal accounting policies that have been applied to this financial information are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

This combined carve-out financial information is presented in millions of pounds (£m) and is prepared on a going concern basis and a historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in the accounting policies.

The following summarises the accounting and other principles applied in preparing this financial information:

- This combined financial information was prepared at the William Hill Limited level for the periods ended 29 December 2020 and 31 December 2019, and as at these dates. Following the Caesars acquisition, from 22 April 2021 this financial information is prepared at the Caesars UK Bidco level. Purchase price accounting arising on the Caesars acquisition is included in this carve-out financial information, please see note 11. Further, it is noted that there is a departure from “IFRS 3 – Business Combinations” as disclosures have only been included in this financial information to the extent that it is deemed relevant to the users.
- This combined carve-out financial information was prepared using the Business’s historical records of its assets and liabilities, and includes all sales, costs, assets and liabilities directly attributable to the Business. Costs directly associated with the Business are separately identifiable. These amounts have been derived from the underlying financial records of the Business, which also includes recharges by William Hill of indirect central costs and general corporate expenses.
- The Business has not in the past constituted a separate legal group and therefore it is not meaningful to show share capital or an analysis of reserves for the Business. The net assets of the Business (shown as “Net parent investment”) are represented by the cumulative investment of William Hill Limited in the Business until 22 April 2021 and represented by the cumulative investment of Caesars UK Bidco from 22 April 2021.
- This combined carve-out financial information of the Business excludes amounts due from other related undertakings within the Caesars Group including William Hill US as these are intended to be distributed to the parent prior to the Acquisition.
- The results of subsidiaries acquired or disposed of during the period are included in the Combined Carve-Out Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial information of subsidiaries within the Business to bring the accounting policies used into line with those used by the Business. Within the Business, all intra-group transactions, balances, income and expenses are eliminated on consolidation.
- Certain investments in associates, NeoGames S.a.r.l and Green Jade Games Limited, were excluded from the deal perimeter. As these do not represent activities of the Business, the results for these investments in associates, as well as any loan balances held with these associates, have been excluded from this financial information for all reporting periods presented.

- William Hill Limited uses a centralised approach to cash management and financing its operations. Certain transactions between William Hill US and the Business are accounted through net parent investment. For the purpose of the transaction, debt or related interest expense at the corporate level has been assigned to the Business in this financial information, along with cash that is being held by the legal entities being divested by Caesars as part of the transaction.
- Management applies judgement in allocating centrally incurred costs to each reportable segment. These expenses are allocated to the William Hill International Business segments on the basis of direct usage when identifiable. Tax charges/credits in this financial information have been determined based on the tax charges/credits recorded in the legal entities comprising the Business, together with an allocation of the tax charges recorded in William Hill Group associated with the Business transferred. The tax charges recorded in the Combined Carve-Out Income Statement may not necessarily be representative of the charges that may arise in the future.
- As the combined carve-out financial information has been prepared on a combined basis, and there is no legal share capital of the Business, the requirement of IAS 33 'Earnings per Share' to disclose earnings per share is not relevant for this financial information.
- The assets, liabilities, income and expenses that management have determined relate to the Business includes all those that are directly attributable and/ or separately identifiable to the Business, together with an allocation of the items that are not.

This combined carve-out financial information has been prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Business been a separate entity or the future results of the Business as it will exist upon completion of the Acquisition. The combined carve-out financial information is herein referred to as the "financial information".

The accounting policies as applied by the Business in this combined financial information of the carve-out business adhere to IFRS and are set out below.

Revenue recognition

Revenue

Revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Business is in business to provide, net of discounts, marketing inducements and VAT, as set out below.

From 2019 onwards, after implementation of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments', revenue is treated as a derivative under IFRS 9 and is not treated as revenue under IFRS 15.

In the case of LBO (including gaming machines), Online sportsbook and telebetting and Online casino (including games on the Online arcade and other numbers bets) revenue represents gains and losses from gambling activity in the period. Open positions are carried at fair value, and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Revenue from the Online poker business is within the scope of IFRS 15 'Revenue from Contracts with Customers' and reflects the net income (rake) earned when a poker game is completed, which is when the performance obligation is deemed to be satisfied.

Other operating income

Other operating income mostly represents rents receivable on properties let by the Business, bookmaking software licensing income, and brand licensing income.

Exceptional items and adjustments

The Business separately identifies exceptional items and adjustments, as described in note 3.

Exceptional items are those items management consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Business's financial performance.

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by management to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Business's accounting policies, which are described within this Statement of Business's Accounting Policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period, where it affects only that period, or in the period and future periods if it affects both current and future periods.

Critical accounting judgements

The following are the critical accounting judgements that management have made in the process of applying the Business's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

Deal perimeter

The legal entities that comprise the Business are set out in note 35. Certain investments in associates, NeoGames S.a.r.l and Green Jade Games Limited, were transferred (or are in the process of being transferred) from the deal perimeter to Caesars during the period to 28 December 2021. As these do not represent activities of the Business, the results for these investments in associates have been excluded from this financial information for all reporting periods presented.

Exceptional items and adjustments

The Business separately reports exceptional items and adjustments in order to calculate adjusted results, as it believes these measures provide additional useful information on underlying performance and trends to management, together with an understanding of the effect of non-recurring or large individual items upon the overall profitability of the Business.

The classification of exceptional and adjusting items requires significant management judgement after considering the nature and materiality of a transaction. The Business's definitions of exceptional and adjusting items are outlined within the Business's accounting policies. Note 3 provides further details on current year exceptional and adjusting items and their adherence to the Business's policies.

Where there are individually material items that have not been presented as exceptional items, the nature and amount of these items have been separately disclosed within this financial information where relevant.

IFRS 16 'Leases'

IFRS 16 'Leases' replaced IAS 17 'Leases' in its entirety in the period ended 31 December 2019. Management addressed the key judgements, including the assessment of the lease term at the point where the lessee can be reasonably certain of its right to use the underlying asset.

Across the Retail estate, the Business has recognised a lease liability of £121.3m at 31 December 2019, £93.9m at 29 December 2020, and £95.1m at 28 December 2021. The Retail estate has experienced unprecedented regulatory change with the implementation of the £2 stake limit on B2 gaming products on 1 April 2019, leading to the Business deciding to close 713 shops in the third quarter of 2019, followed by the Covid-19 pandemic, which led to the Business deciding to close a further 119 shops in 2020. Given these closure programmes, and the continued uncertainty surrounding the Retail estate from both these external shocks to the Business, management determined the lease term under IFRS 16 across the Retail estate as the next available break date, as this means the Business is not 'reasonably certain' that any lease break will not be exercised.

Contingent liabilities

The Business has disclosed a contingent liability surrounding legal claims from consumers relating to the provision of gambling services in a number of European jurisdictions. The claims allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question (in which consumers contractually agree to the terms and conditions of play, which are subject to the laws of Gibraltar or Malta) are null and void given local licencing regimes (note 34).

The Business assesses and defends individual claims as they are received both on the individual underlying factual basis and also with regard to legal advice received as to whether such jurisdictions and their local licencing regimes are incompatible with European Union law on the free movement of services. Since the last quarter of 2020, the Business has been subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 at a broadly consistent rate with a slight increase in claims early in 2021 but a small decrease across the second half of 2021.

The Directors have made a critical judgement that these claims, and future claims for services already rendered, are a contingent liability as they are only considered a possible, but not probable, legal obligation based on external legal advice received from the Business' lawyers (in relation to the compatibility or otherwise of the Austrian licencing regime with EU law, and in relation to other arguments about applicable law), see note 34 for further detail.

Management also noted a key source of estimation uncertainty in providing an estimate of the financial effect of these claims being a potential outflow of economic benefits of up to the value of £45.0m (note 34), which is an increase to the estimation as at 29 December 2020, which was a range of between £nil to £25.0m, recognising the increase in claims trends during 2021. This range was assessed based on (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage, (ii) the steps that the Business intends to take to defend those claims and (iii) the fact that the Business has been advised that any outflow would be expected to be on a net of tax basis.

Separately a provision of £1.2m (note 23) is held at 28 December 2021 for claims in separate jurisdictions where an outcome in favour of the consumers in question is probable.

Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of Mr Green intangibles

The Business acquired Mr Green & Co AB (Mr Green) on 28 January 2019 for £244.8m. As part of the purchase price allocation the Business recognised separately identifiable acquired intangibles comprising brands (£83.9m); customer relationships (£12.8m) and platform software (£16.3m). Goodwill of £153.0m was recognised on acquisition. See note 18 for additional information.

The Business exercised judgement in determining the intangible assets acquired and their fair value on the Mr Green business combination, with the support of external experts to support the valuation process where appropriate. The judgements made were based on recognised valuation techniques such as the "relief from royalty" method for brands, recognised industry comparative data and the Business's industry experience and specialist knowledge.

Valuation of William Hill intangibles

On 22 April 2021, Caesars (specifically Caesars UK Holdings Limited, which is included within the deal perimeter) acquired William Hill Limited (formerly William Hill PLC) for £2.9bn. Of this £2.9bn, a critical accounting judgement has been applied to split the consideration between the William Hill Business proposed to be acquired by 888 and included within this perimeter and the William Hill US business which will continue to be owned by Caesars Entertainment Inc. The consideration has been split based on the proposed acquisition price by 888 of £2.2bn (and specifically the £0.8 billion cash consideration expected to be received, after repayment of the outstanding debt and other working capital adjustments) as the appropriate valuation of the Business as at 22 April 2021 .

The consideration of £2.2bn for the Business has led to the recognition of separately identifiable acquired intangibles as part of the purchase price allocation of brands of £505.7m; customer relationships of £135.1m and an uplift in the value of computer software assets of £63.0m. Goodwill of £1,317.1m was recognised on acquisition. See note 11 for additional information.

The Business exercised judgement in determining the intangible assets acquired and their fair value on the William Hill business combination, with the support of external experts to support the valuation process where appropriate. The judgements made were based on recognised valuation techniques such as the "relief from royalty" method for brands and developed computer software and the Business's industry experience and specialist knowledge.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of intangible assets with indefinite lives

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires management 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. Note 12 provides information on the assumptions used in this financial information, as well as the degree of sensitivity to changes in assumptions.

In 2018, the Business recognised an impairment of £882.8m in the Retail segment due to the reduced expected future cash flows as a result of the announcement of the £2 stake limit on B2 gaming products in the Retail business. The £2 stake limit was then implemented from 1 April 2019, which led to the Business taking the decision to close 713 shops in the third quarter of 2019.

The Covid-19 pandemic has had a further sizeable impact on the Retail business, with shops shut or under restrictions across much of 2020. As such, the Business recognised impairments totalling £125.7m in 2020.

As such, the Retail estate had been re-sized twice in recent years, and the industry is naturally moving away from retail space in the UK towards an online/digital presence. These factors led the Business to the conclusion that the value of a licence to operate an LBO / group of LBOs is depreciating over time and is not expected to hold its value indefinitely. Therefore, management decided as at 30 December 2020 to amortise the assets over a 20-year useful economic life (UEL). This change in UEL is an estimate that management made based on the available information. This change was made prospectively from the 52-week financial period starting 30 December 2020 and is a change in accounting estimate. The impact on this financial information is an increased amortisation charge of £3.3m until the acquisition by Caesars on 22 April 2021, at which point this balance was subsumed into goodwill.

Retirement benefit costs

The determination of the pension cost and defined benefit obligation of the Business's defined benefit pension scheme depends on the selection of certain assumptions which include discount rate, inflation rate and mortality assumptions. Differences arising from actual experience or future changes in assumptions are reflected in subsequent periods. Note 32 provides information on the assumptions used in this financial information, including a sensitivity analysis of the principal assumptions used to measure scheme liabilities. During 2021, the Business performed a pension buy-in, as such, although the gross obligation may fluctuate, this does not change the net position for the Business. This is, therefore, not deemed as a key source of estimation uncertainty for the 52-week period ended 28 December 2021.

Dilapidations provisions

As a result of the implementation of the £2 stake limit on B2 gaming products in the Retail business on 1 April 2019, the Business took the decision to close 713 shops in the third quarter of 2019. The Business provided for costs of closure with a remaining provision held at 31 December 2019 of £17.4m. Within this provision, £12.1m related to dilapidations and shop strip out cost provisions which were estimated using a best estimate cost per square foot and exit date on each lease. The actual results were expected to differ as lease exits were negotiated with any changes to the amount provided recognised in the Combined Carve-Out Income Statement as part of the portfolio shop closure cost classified as an exceptional item in 2019. Based on management's knowledge and experience and third-party advice at the time, the directors believed the range of reasonably possible values for the dilapidations provisions as at 31 December 2019 to be £7.7m – £18.6m. Since 2019, and as dilapidations costs are being settled over time, the provision has reduced to a level management consider not material to be a key source of estimation uncertainty.

Valuation of deferred consideration

The annual impairment test of goodwill performed at 28 December 2021 has used fair value less cost of disposal for determining the recoverable amount of each segment (being the level at which goodwill is assessed for impairment), given this is higher than the value in use for each segment. This fair value less cost of disposal has been calculated using the observable transaction price for the acquisition of the Business by 888 Holdings plc. On 7 April 2022 revised transaction terms were announced with an

Enterprise Value of £1.95 - £2.05bn with up to £100m deferred consideration payable in 2024, based on the Adjusted EBITDA of the Enlarged Group in 2023.

The revised transaction terms have led to the recognition of an impairment to goodwill of £70.4m (note 12). Within the calculation of the fair value less cost of disposal, a best estimate was made for the deferred consideration payable based on estimated Adjusted EBITDA figures for the Enlarged Group in 2023. This best estimate of deferred consideration payable was then discounted using a discount rate of 5.5% to its present value. The methodology for calculating the deferred consideration was a probability weighted set of scenarios based on a distribution of potential outcomes around the expected outcome, which incorporates the FY23 EBITDA forecasts for 888, William Hill, and expected synergies of the combination. A range of assumptions about future performance of the Enlarged Group were included within this best estimate and actual results are likely to differ from this estimate. The most sensitive assumption is the estimated Adjusted EBITDA for the Enlarged Group in 2023. If there was an assumption that no deferred consideration would be payable, the impairment of goodwill across the Business would be greater by £75.4m. The undiscounted amount of the deferred consideration is £85.1m.

Adoption of new and revised standards

In preparing this combined financial information, the Business has adopted the following new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations for each of the financial reporting periods presented. All standards do not have a significant impact on the results or net assets of the Business. Key changes are detailed below.

The following standards and amendments were applied in the financial period ended 28 December 2021:

IFRS 16 (amended)..... Covid-19 Related Rent Concessions beyond 30 June 2021

Amendments to IFRS 16 – Covid-19 Related Rent Concessions

This amendment provides relief for lessees from assessing whether a Covid-19 related rent concession is a lease modification.

The following standards and amendments were applied in the financial period ended 29 December 2020:

IAS 1 (amended)..... Definition of Material
IAS 8 (amended)..... Definition of Material
IAS 39 (amended)..... Interest Rate Benchmark Reform – Phase 1
IFRS 3 (amended)..... Definition of a Business
IFRS 7 (amended)..... Interest Rate Benchmark Reform – Phase 1
IFRS 9 (amended)..... Interest Rate Benchmark Reform – Phase 1
IFRS 16 (amended)..... Covid-19 Related Rent Concessions

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRSs and the Conceptual Framework. Adoption of this standard has not had a material impact on the Business’s financial information.

Amendments to IFRS 3: Definition of a Business

This amendment provides clarification in assessing whether a transaction results in a business or an asset acquisition. There was an acquisition of a business in the period by the Business. Given the transaction involves purchase of the whole business, this amendment has not had a material impact on the Business’s financial information.

Amendments to IFRS 9, IAS 39, IFRS 16 and IFRS 7: Interest Rate Benchmark Reform – Phase 1

The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The changes relating to hedge accounting have not impacted the Business’s financial information.

The following standards and amendments were applied in the financial period ended 31 December 2019:

IAS 12 (amended).....	Amendments to References to the Conceptual Framework Annual Improvements to IFRS Standards 2015-2017
IAS 19 (amended).....	Plan Amendments, Curtailment or Settlement Amendments to References to the Conceptual Framework
IAS 23 (amended).....	Annual Improvements to IFRS Standards 2015-2017
IAS 28 (amended).....	Amendments to References to the Conceptual Framework
IAS 40 (amended).....	Amendments to References to the Conceptual Framework
IFRIC 22	Amendments to References to the Conceptual Framework
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 1 (amended).....	Uncertainty over Income Tax Treatments Amendments to References to the Conceptual Framework
IFRS 2 (amended).....	Amendments to References to the Conceptual Framework
IFRS 3 (amended).....	Amendments to References to the Conceptual Framework Annual Improvements to IFRS Standards 2015-2017
IFRS 9	Financial Instruments
IFRS 11 (amended).....	Annual Improvements to IFRS Standards 2015-2017
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Lease

IFRS 16 ‘Leases’

IFRS 16 ‘Leases’ replaced IAS 17 ‘Leases’ in its entirety. The distinction between operating leases and finance leases for lessees was removed and it resulted in most leases being recognised on the Combined Carve-Out Statement of Financial Position as a right-of-use asset and a lease liability. For leases previously classified as operating leases, the lease cost changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability. The Business’s previously classified operating leases included rentals payable by the Business for certain of its LBOs and office properties and amounts payable for the use of certain office and computer equipment and vehicles.

The Business applied IFRS 16 using the modified retrospective approach. A lease liability was recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate. A right-of-use asset was recognised equal to the lease liability adjusted for prepaid and accrued lease payments. The Business applied the below practical expedients permitted under the modified retrospective approach:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics
- the weighted average of the discount rates used on transition was 2.76%;
- adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

IFRS 9 ‘Financial Instruments’

IFRS 9 ‘Financial Instruments’ sets out the requirements for recognising, classifying and measuring financial assets and financial liabilities in respect of general hedge accounting. This standard replaced IAS 39 ‘Financial Instruments Recognition and Measurement.’ During the financial period ended 31 December 2019, the Business had elected not to restate prior period comparatives on adoption of IFRS 9.

Classification and measurement

The classification and measurement criteria of IFRS 9 require financial assets to be classified into one of the three categories being amortised cost, fair value through other comprehensive income or fair value through

profit or loss. The vast majority of the Business's financial assets were previously recorded at amortised cost and this continues to be the case. During 2019, the Business held an investment that it elected to classify as fair value through the profit and loss under IFRS 9. The Business disposed of this investment in the period and the gain from this disposal was recognised in the Combined Carve-Out Income Statement (note 16). The Business held a number of small investments that it has elected to classify as fair value through the Combined Carve-Out Statement of Other Comprehensive Income.

There are no significant classification differences between IFRS 9 and IAS 39 for financial liabilities, and as such, our classification of financial liabilities remains unchanged.

Impairment

IFRS 9 requires the Business to use an expected credit loss model for its financial assets measured at amortised cost, on either a 12-month or a lifetime basis. The Business's financial assets at amortised cost currently consist of cash and cash equivalents, trade receivables and loans receivable. None of these financial assets have a significant financing component, and the Business applies the simplified approach and records lifetime expected losses on all trade receivables and loans receivable measured at amortised cost.

Hedge accounting

The general hedge accounting mechanism of IAS 39 has been retained, however greater flexibility has been introduced over the instruments eligible for hedge accounting and effectiveness testing. The changes relating to hedge accounting have not impacted the Business's financial information.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 'Revenue from contracts with customers' establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Business's core revenues of sports betting and gaming are not within the scope of IFRS 15. This is due to these revenues being treated as derivatives under IFRS 9 'Financial Instruments' and thus falling out the scope of IFRS 15. The Business's other income streams mostly represents rents receivable on properties let by the Business and bookmaking software licensing income. These other income streams are also not within the scope of IFRS 15.

Revenue from the Online poker business is within the scope of IFRS 15 'Revenue from Contracts with Customers' and reflects the net income (rake) earned when a poker game is completed, which is when the performance obligation is deemed to be satisfied.

The Business elected to apply the Cumulative Effect Method of transition and therefore prior period comparatives are not restated retrospectively in line with IFRS 15.

Adoption of this standard has not had a material impact on this financial information or its revenue recognition accounting policy.

Standards in issue but not effective

At the date of authorisation of the Business's financial information, the following standards, amendments and interpretations, which have not been applied in the Business's financial information, were in issue but not yet effective:

Amendments and interpretations

IAS 1 (amended).....	Classification of Liabilities as Current or Non-Current (effective 1 January 2023)
IAS 8 (amended).....	Definition of Accounting Estimates (effective 1 January 2023)
IAS 12 (amended).....	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective 1 January 2023)
IAS 16 (amended).....	Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)
IAS 37 (amended).....	Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)
IAS 39 (amended).....	Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021)
IFRS 1 (amended).....	Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022), Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective 1 January 2023)
IFRS 3 (amended).....	Referencing to the Conceptual Framework (effective 1 January 2022)
IFRS 7 (amended).....	Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021)
IFRS 9 (amended).....	Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022), Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021)
IFRS 16 (amended).....	Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022), Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2021)

The Business does not currently believe that the adoption of these amendments would have a material effect on the results or financial position of the Business.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired, including separately identifiable intangible assets, is recognised as goodwill. Any discount on acquisition, i.e., where the cost of acquisition is below the fair values of the identifiable net assets acquired, is credited to the Combined Carve-Out Income Statement in the period of acquisition.

Acquisition-related costs are recognised in profit or loss as incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

When the consideration transferred in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as net parent investment is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within net parent investment. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Interests in associates

An associate is an entity over which the Business is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in the Business’s financial information using the equity method of accounting. Interests in associates are carried in the Combined Carve-Out Statement of Financial Position at cost as adjusted by post-acquisition changes in the Business’s share of the net assets of the entity, less any impairment in the value of individual investments. Losses of the associates in excess of the Business’s interest in those entities are not recognised.

Any excess of the cost of acquisition over the Business's share of the fair values of the identifiable net assets of the entity at the date of acquisition is recognised as goodwill within the interests in associates line. Any deficiency of the cost of acquisition below the Business's share of the fair values of the identifiable net assets of the entity at the date of acquisition (i.e., discount on acquisition) is credited to the Combined Carve-Out Income Statement in the period of acquisition.

Where a Company within the Deal perimeter (see note 35) transacts with an associate of the Business, profits and losses are eliminated to the extent of the Business's interest in the relevant entity. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Business's interest in the fair value of the identifiable assets and liabilities, including separately identifiable intangible assets, of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Finance income

Interest income is included within finance income and is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

From the IFRS 16 transition date of 2 January 2019 onwards, leases are accounted for using the below policy.

At inception of a contract, the Business considers whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Business recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Business uses an incremental borrowing rate for its leases, which is determined based on the margin requirements of our revolving credit facilities as well as country specific adjustments. A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the lease term. From the date of initial application, the Business has assessed the lease term of properties within its Retail estate to be up to the first available contractual break within the lease. The Business has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Business's Retail operations.

The Business has also applied the below practical expedients:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- exclude low value leases for lease values less than £5,000;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

The Business has a very small number of sublet properties. In these instances, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Business is an intermediate lessor, the sublease classification is assessed with reference to the head lease right of use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Business's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic

rate of return on the Business's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Foreign currencies

Transactions in currencies other than pound sterling are recorded at the rates of exchange prevailing on the dates of the transactions.

At each period end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities, where the changes in fair value are recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Business makes efforts to match its foreign currency assets and liabilities and, where necessary, the Business takes out foreign currency hedges.

On consolidation, the assets and liabilities of the Business's overseas operations are translated at exchange rates prevailing at the period end date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the spot rate for significant items is used. Exchange differences arising, if any, are classified as net parent investment and transferred to the Business's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Finance expenses

Finance expenses and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the Combined Carve-Out Income Statement using the effective interest rate method. Finance expenses include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Profit before interest and tax

Profit before interest and tax is stated after the share of post-tax profit of equity accounted associates but before finance income and finance expenses.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each period end date. Actuarial remeasurements are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the Combined Carve-Out Statement of Other Comprehensive Income.

The net retirement benefit asset or obligation recognised in the Combined Carve-Out Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service costs plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Combined Carve-Out Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Business's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally

recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Business is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is charged or credited in the Combined Carve-Out Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Internally generated intangible assets – computer software and systems

Expenditure on initial investigation and research of computer software and systems is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Business's development of computer systems is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives, generally between three and ten years. Amortisation of internally generated intangible assets are presented in operating expenses on the Combined Carve-Out Income Statement. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets – licences

Prior to 2020, betting licences recognised in acquisitions were recorded at fair value. They were judged to have an indefinite life and were accordingly not amortised but were subject to annual impairment reviews. Management considered that the Business's licences had an indefinite life owing to: the fact that the Business was a significant operator in a well-established market; the proven and sustained demand for bookmaking services; and the Business's track record of successfully renewing its betting permits and licences.

The Retail estate has been re-sized twice in recent years, and the industry is naturally moving away from retail space in the UK towards an online/digital presence. These factors led the Business to the conclusion that the value of a licence to operate an LBO / group of LBOs is depreciating over time and is not expected to hold its value indefinitely. Therefore, management decided as at 30 December 2020 to amortise the assets over a 20-year useful economic life (UEL). This change in UEL is an estimate that management made based on the available information. This change was made prospectively from the 52-week financial period starting 30 December 2020 and is a change in accounting estimate.

Intangible assets arising on acquisitions

Intangible assets arising on acquisitions are recorded at their fair value.

Amortisation is provided at rates calculated to write off the valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Acquired brands	assessed separately for each asset, with lives ranging up to 20 years
Customer relationships	between 18 months and ten years
Bookmaking and mobile technology	between three and five years
Wagering/lottery contracts	ten to 12 years

Amortisation of assets arising on acquisition is recognised as an adjusting item, please see note 3 for further information.

Property, plant and equipment

All property, plant and equipment are stated in the Combined Carve-Out Statement of Financial Position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is provided on all property plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Long leasehold properties	50 years
Short leasehold properties	over the unexpired period of the lease
Short leasehold improvements	the shorter of ten years or the unexpired period of the lease
Fixtures, fittings and equipment and motor vehicles	at variable rates between three and ten years
Right-of-use asset	reasonably certain lease term

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property plant and equipment and intangible assets

At each period end date, the Business reviews the carrying amounts of its goodwill, property plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Business estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. This process is described in more detail in note 12.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the point that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Share-based payments

Prior to completion of the Caesars deal, the Business issued equity settled share-based payments to certain employees and operated an HMRC approved Save As You Earn share option scheme open to all eligible

employees, allowing the purchase of shares at a discount. The cost to the Business of share-based payment plans was measured at fair value at the date of grant. Fair value was expensed on a straight-line basis over the vesting period, adjusted for the Business's estimate of shares that would eventually vest.

Fair value was measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model was adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option was also adjusted to take into account any market conditions applicable to the option.

At each period end date, the Business revised its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, was recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in reserves.

SAYE share options granted to employees were treated as cancelled when employees ceased to contribute to the scheme or resigned from the Business, as a result of the acquisition by Caesars. This resulted in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Provisions

Provisions are recognised when the Business has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognised in the Combined Carve-Out Income Statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Business's Combined Carve-Out Statement of Financial Position when the Business becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits held by the Business with an original maturity of three months or less, including amounts retained by payment service providers specifically held in e-wallets.

Receivables

Trade and other receivables are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance. This generally results in their recognition at nominal value less an allowance for any estimated irrecoverable amounts. Allowance for irrecoverable amounts is recognised based on management's expectation of losses occurring, rather than when the loss has actually been incurred (the 'expected credit loss' model). Trade and other receivables include any amounts retained by payment service providers in transit that are not held in e-wallets, which is classed as cash and cash equivalents.

Loans receivable

Loans receivable comprise loans granted to other parties which have fixed or determinable payments and are not quoted in an active market. These are measured at amortised cost, less any impairment, with interest income recognised using the effective interest method. Impairments are recognised using the same expected credit loss model as described above.

Investments

Investments comprise shareholdings in entities where the Business is not in a position to have control, joint control or significant influence over the financial and operating policy decisions of the entity. The Business elects to classify investments as either fair value through other comprehensive income or fair value through profit or loss on a case-by-case basis. Investments are revalued to fair value at each period end date with any fair value movements recognised in the Combined Carve-Out Statement of Comprehensive Income or the Combined Carve-Out Income Statement respectively. The fair value is measured based on the share price of the entity.

Financial liabilities

Financial liabilities instruments are classified according to the substance of the contractual arrangements entered into. The Business derecognises financial liabilities when and only when the Business's obligations are discharged, cancelled or otherwise expire.

Interest-bearing loans

Interest-bearing loans are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premia payable on settlement or redemption and direct issue costs, are charged on an accrual basis to the Combined Carve-Out Income Statement using the effective interest method. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost. Any accrued Finance expenses are included in payables.

Payables

Trade and other payables are not interest-bearing and are initially measured at fair value, and subsequently at their amortised cost.

Derivative financial instruments and hedge accounting

The Business's activities expose it to the risks of changes in interest rates and foreign currency exchange rates. The Business may use fixed rate borrowings to hedge some of its interest rate exposure. The Business may make use of foreign currency forwards to hedge a proportion of its largest net foreign currency transactional exposures. Where possible and practicable, the Business retains foreign currency cash balances equivalent to its foreign currency liabilities to hedge its exposure to foreign currency exchange rates. The Business does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Business's policies approved by Management, which provide written principles on the use of financial derivatives.

All derivative financial instruments are initially measured at fair value at the contract date and are remeasured to their fair value at subsequent reporting dates. Changes in fair value of any derivative instrument that is not part of a hedging relationship are recognised immediately in the Combined Carve-Out Income Statement.

For any derivative instrument that is part of a cash flow hedging relationship which is designated as effective, changes in the fair value of the derivative financial instruments are recognised directly in equity. Changes in the fair value of ineffective hedges, including the ineffective portion of effective hedges, are recognised immediately in the Combined Carve-Out Income Statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the line of the Combined Carve-Out Income Statement relating to the hedged item, in the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in net parent investment is transferred to net profit or loss for the period. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in the Combined Carve-Out Income Statement under other operating expenses.

Ante post bets are carried at fair market value as they meet the definition of a derivative. The resulting gains and losses from bets are included in revenue. The net liability resulting from open positions is reported on the Combined Carve-Out Statement of Financial Position under the term Derivative financial instruments.

NOTES TO THE BUSINESS'S FINANCIAL INFORMATION

1. Revenue

An analysis of the Business's revenue and other income is as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Revenue	1,455.3	1,157.0	1,241.4
Other operating income.....	5.5	3.8	4.3
Finance income	3.0	22.5	1.7
	1,463.8	1,183.3	1,247.4
	1,463.8	1,183.3	1,247.4

At the period ended 28 December 2021, the Business held no material contract assets or liabilities as defined by IFRS 15 'Revenue from Contracts with Customers', and there were no material unsatisfied performance obligations.

Within other operating income is income relating to rents receivable on properties let by the Business, bookmaking software licensing income, and brand licensing income.

Finance income is further explained in note 7.

2. Segment information

The segments disclosed below are aligned with the reports that the William Hill Limited Chief Operating Decision Makers (CODM) review to make strategic decisions.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The UK Online segment comprises all online activity, including sports betting, casino, poker and other gaming products along with telephone betting services that are incurred within the UK. The International Online segment comprises all online activity, including sports betting, casino, poker and other gaming products along with telephone betting services that are incurred within all territories excluding the UK. Both UK Online and International Online segments include the results of Mr Green since the Business's acquisition in January 2019. There are no inter-segmental sales within the Business.

Assets and liabilities have been allocated by segment based on the information reviewed by the Business's CODM. Corporate assets and liabilities include net borrowings and the net defined benefit pension asset, as well as any assets and liabilities that cannot be allocated to a particular segment other than on an arbitrary basis. The below analysis of total segment assets excludes corporation tax and deferred tax-related balances.

Management applies judgement in allocating centrally incurred costs to each reportable segment. These expenses are allocated to the William Hill International Business segments on the basis of direct usage when identifiable.

Capital additions in each table below are stated on an accruals basis.

There are no customers that individually represent more than 10% of the Business's revenue.

Segment performance is shown on an adjusted operating profit basis, with a reconciliation from adjusted operating profit/(loss) before tax to statutory results for clarity.

Information for the 52 weeks ended 31 December 2019 is as follows:

	Retail £m	UK Online £m	International Online £m	Corporate £m	Total £m
Revenue	717.0	480.9	257.4	—	1,455.3
GPT, duty, levies and other costs of sales	(162.2)	(132.8)	(69.5)	—	(364.5)
Gross profit	554.8	348.1	187.9	—	1,090.8
Depreciation	(48.4)	(1.2)	(2.6)	(8.5)	(60.7)
Amortisation.....	(9.4)	(29.0)	(12.8)	(1.5)	(52.7)
Other administrative expenses ¹	(413.8)	(219.8)	(151.7)	(49.0)	(834.3)
Share of results of associates	—	—	—	1.5	1.5
Adjusted operating profit/(loss) ²	83.2	98.1	20.8	(57.5)	144.6
Operating exceptional items and adjustments.....					(126.9)
(Loss)/profit before interest and tax					17.7
Investment income.....					3.0
Finance costs.....					(52.7)
(Loss)/profit before tax					(32.0)

1. Other administrative expenses are a net figure including marketing expenses, operating expenses, and other operating income.
2. Adjusted operating profit is defined as profit/(loss) before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Statement of financial position information	Retail £m	UK Online £m	International Online £m	Corporate £m	Total £m
At 31 December 2019					
Total segment assets	593.2	341.8	397.5	289.8	1,622.3
Total segment liabilities.....	245.1	153.4	150.9	948.2	1,497.6
Included within segment assets:.....					
Goodwill	—	193.2	151.0	—	344.2
Other intangibles with indefinite lives	326.6	—	—	—	326.6
Interests in associates.....	—	—	—	11.7	11.7
Capital additions	6.0	41.6	13.2	5.6	66.4

Information for the 52 weeks ended 29 December 2020 is as follows:

	Retail £m	UK Online £m	International Online £m	Corporate £m	Total £m
Revenue	354.2	503.2	299.6	—	1,157.0
GPT, duty, levies and other costs of sales	(76.0)	(148.5)	(81.9)	—	(306.4)
Gross profit	278.2	354.7	217.7	—	850.6
Depreciation	(36.1)	(2.2)	(2.8)	(14.0)	(55.1)
Amortisation.....	(8.0)	(31.4)	(15.7)	—	(55.1)
Other administrative expenses ¹	(263.6)	(224.3)	(173.3)	(39.7)	(700.9)
Share of results of associates	—	—	—	(0.8)	(0.8)
Adjusted operating (loss)/profit ²	(29.5)	96.8	25.9	(54.5)	38.7
Operating exceptional items and adjustments.....					91.1
Profit/(loss) before interest and tax					129.8
Investment income.....					22.5
Finance costs.....					(50.5)
Profit/(loss) before tax					101.8

1. Other administrative expenses are a net figure including marketing expenses, operating expenses, and other operating income.
2. Adjusted operating profit is defined as profit/(loss) before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Statement of financial position information	Retail £m	UK Online £m	International Online £m	Corporate £m	Total £m
At 29 December 2020					
Total segment assets	376.1	351.9	464.3	484.9	1,677.2
Total segment liabilities.....	144.0	161.6	198.3	772.2	1,276.1
Included within segment assets:.....					
Goodwill	—	183.9	169.7	—	353.6
Other intangibles with indefinite lives	200.9	—	—	—	200.9
Interests in associates.....	—	—	—	11.1	11.1
Capital additions	4.5	33.1	16.9	1.3	55.8

Information for the 52 weeks ended 28 December 2021 is as follows:

Statement of financial position information	Retail £m	UK Online £m	International Online £m	Corporate £m	Total £m
Revenue	336.8	628.6	276.0	—	1,241.4
GPT, duty, levies and other costs of sales	(72.9)	(201.8)	(88.7)	—	(363.4)
Gross profit	263.9	426.8	187.3	—	878.0
Depreciation	(35.5)	(2.5)	(2.9)	(10.0)	(50.9)
Amortisation.....	(10.8)	(25.1)	(18.2)	(1.4)	(55.5)
Other administrative expenses ¹	(263.3)	(272.7)	(151.5)	(26.2)	(713.7)
Share of results of associates	—	—	—	—	—
Adjusted operating (loss)/profit²	(45.7)	126.5	14.7	(37.6)	57.9
Operating exceptional items and adjustments.....					(235.9)
(Loss)/profit before interest and tax					(178.0)
Investment income.....					1.7
Finance costs.....					(67.6)
(Loss)/profit before tax					(243.9)

3. Other administrative expenses are a net figure including marketing expenses, operating expenses, and other operating income.

4. Adjusted operating profit is defined as profit/(loss) before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Statement of financial position information	Retail £m	UK Online £m	International Online £m	Corporate £m	Total £m
At 28 December 2021					
Total segment assets	762.7	883.2	760.6	95.0	2,501.5
Total segment liabilities.....	148.2	181.6	162.7	1,306.4	1,798.9
Included within segment assets:.....					
Goodwill	339.6	479.1	424.5	—	1,243.2
Other intangibles with indefinite lives	—	—	—	—	—
Interests in associates.....	—	—	—	11.1	11.1
Capital additions	22.6	41.8	10.4	2.5	77.3

Revenues and non-current assets by geographical area are as follows:

	Revenues		Non-current assets			
	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
United Kingdom	1,197.9	857.4	965.4	643.7	466.2	1,715.2
Rest of the World	257.4	299.6	276.0	540.6	534.4	527.3

Revenue information is based on the location of the customer. Non-current asset information is based on physical location (for property, plant and equipment) or primary operating location of the company using the asset (for all other assets).

3. Exceptional items and adjustments

Exceptional items

Exceptional items are those items management consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Business's financial performance.

Adjustments

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the Directors to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions. This item is defined as an adjustment as the Directors believe it would impair the visibility of the underlying activities across each segment as it is not closely related to the Business's or any associated operational cash flows. The amortisation of specific intangible assets recognised in acquisitions is recurring and recognised over their useful life.

Exceptional items and adjustments are as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Operating			
Cost of sales			
VAT Income.....	—	238.3	—
Other operating expenses			
On-sale related costs	—	—	(24.5)
Impairment of Retail segment.....	—	(125.7)	—
Caesars transaction related costs.....	—	(9.0)	(70.5)
Portfolio shop closures.....	(93.9)	—	—
Impairment of goodwill.....	—	—	(70.4)
Regulatory provision and related fees	—	—	(15.2)
Other	(21.6)	—	—
Adjustments			
Amortisation of acquired intangibles.....	(11.4)	(12.5)	(55.3)
Non-operating			
Finance income			
Finance income in respect of VAT reclaim	—	18.9	—
Costs in respect of refinancing	—	—	(2.0)
Total exceptional items and adjustments before tax	(126.9)	110.0	(237.9)
Tax on exceptional items and adjustments.....	11.5	(24.6)	(8.0)
Total exceptional items and adjustments	(115.4)	85.4	(245.9)

VAT Income

In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Business submitted claims which were substantially similar, and these claims were agreed and settled. The Business continues to engage with HMRC on a number of smaller related claims of an amount of £1.2m, which have not been recognised in this financial information as they are not virtually certain to be receivable. The refund, net of associated costs, was classified as an exceptional item as it is both material and one-off in nature. The net of the gross refund of VAT from HMRC and the associated third-party costs were recognised in cost of sales to match where the original charges were recognised. The interest income was recognised within finance income. After corporation tax, the net profit recognised in respect of the VAT reclaim in the period was £208.3m. This relates to the Retail segment.

On-sale related costs

Following the acquisition of William Hill by Caesars on 22 April 2021, the Business has incurred costs associated with the on-sale to 888 and separation of the US segment from the Business. These costs are recognised as an exceptional item given their material size and one-off nature. Costs include £3.4m of technology spend to separate the platform and product so that US sports book can stand alone from the rest of the Business, £3.0m of redundancy costs following the separation, £6.7m of legal and consultancy costs, as well as £11.4m of employee incentive costs as part of the on-sale to 888. The costs are recognised within the Corporate segment.

Impairment of the Retail segment

As a result of the conclusion of the Triennial Review in 2018 and the announcement of the maximum stakes on B2 gaming products reducing to £2, management recognised an impairment of the assets of the Retail segment in the year ended December 2018. This was presented as an exceptional item due to its material and one-off nature.

Subsequently in 2020, following the impact of the Covid-19 pandemic, management recognised an impairment of intangible assets of the Retail segment in December 2020.

Details of these impairments are provided in note 12. These were presented as exceptional items due to their material nature and relate to the Retail segment.

Caesars transaction related costs

The Business has incurred costs associated with the transaction with Caesars, which it has aggregated and presented as an exceptional item given their material size and one-off nature. Of these costs, £35.9m inclusive of VAT where applicable (£9.0m for the 52 weeks ended 29 December 2020) relates to amounts paid to financial, corporate broking and legal advice. In addition, the Business has incurred £8.6m (net of tax) of retention payments to key employees following the completion of the transaction to Caesars, £14.3m stamp duty charge, £6.0m of share-based payment charges and £5.7m of employee sharesave scheme costs as the Business delisted from the London Stock Exchange on 21 April 2021.

Portfolio shop closures

During 2019 and 2020 there were two separate shop closure programmes. In 2019, 713 shops were closed as a part of the Triennial Review mitigation restructuring costs programme and in 2020 a further 119 shops were not re-opened post the first Covid-19 lockdown. As a result, during 2020 £6.6m of credit relating to the Triennial mitigation shop closures was recognised principally in relation to the negotiated early exit of certain property leases, sale of freehold properties and disposal of operations in Northern Ireland and Isle of Man. In the same period, a charge of £6.2m relating to the 2020 shop closures, being a combination of specific asset write offs (£3.3m) and provision creation (£3.2m), with a £0.3m provision release recognised.

In the 52 weeks ended 31 December 2019, £47.3m related to an impairment charge against the relevant right-of-use assets and £46.6m related to other costs of closure, onerous costs, redundancy costs and other related costs.

All portfolio shop closure costs are not presented as an exceptional item from 1 January 2020 as management do not deem these costs to be material.

Impairment of goodwill

As a result of the reduction in the consideration for the sale of the Business to 888, management recognised an impairment of goodwill. Details of the impairment are provided in note 12. This was presented as an exceptional item due to its material and one-off nature.

Regulatory provision and related fees

The industry in which the Business operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. Following a periodic compliance assessment undertaken by the UK Gambling Commission (“UKGC”) in July and August 2021 the Business is currently addressing action points raised by the UKGC. In that context it has made a provision of £15.0m to cover the potential for any regulatory fine, penalty or settlement and associated costs resulting from that compliance assessment as well as a further £0.2m legal fees charged in the period. This provision is the Business’s best estimate based on the action points raised to date by the UKGC, management’s current knowledge and third party regulatory and legal advice reflecting outcomes of previous compliance assessments and regulatory action across the industry.

Costs in respect of refinancing

On 22 April 2021, the Business’s committed Revolving Credit Facilities of £425m provided by a syndicate of banks, expiring in November 2022 (£35m) and October 2023 (£390m) were cancelled as part of the acquisition of William Hill PLC by Caesars Entertainment Inc. As a result, £2.0m was charged as an exceptional finance cost to profit and loss, being accelerated amortisation of finance fees associated with the facilities which were being amortised over the lives of each facility.

Other

The Other category combines several items that were previously disclosed separately and all relating to items that were presented as exceptional items in previous financial reporting periods. From 1 January 2020, these items have not been included as exceptional items as management no longer deem these costs to be individually material.

In the 52-week period ended 31 December 2019, the other category includes £3.5m related to a transformation programme restructuring costs, £8.2m mainly related to corporate transaction and integration costs associated with the acquisition of Mr Green, £6.0m represented other Business-wide costs relating to the Triennial review mitigation programme aside from shop closure related costs and £5.2m of this relates to dual running costs from moving the Business's land-based data centres into the cloud. This is offset by £1.2m credits relating to historical shop closure exits before the triennial review.

4. Share of post-tax profits/(losses) of equity accounted associates

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Share of post-tax profits/(losses) of equity accounted associates	1.5	(0.8)	—

The above represents the Business's share of the results of Sports Information Services (Holdings) Limited, Lucky Choice Limited, 49's Limited and Featurespace Limited, further details of which are given in note 14.

5. Operating (loss)/profit

Operating (loss)/profit before interest and tax has been arrived at after charging/(crediting):

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Net foreign exchange losses/(gains)	2.6	4.5	(3.3)
(Gain)/loss on disposal of property, plant and equipment and investment properties	(3.2)	0.3	(0.1)
Impairment of Retail segment (note 12).....	—	125.7	—
Staff costs (note 6)	346.1	254.8	291.3
Depreciation of property, plant and equipment (note 13)....	60.7	55.1	50.9
Amortisation of intangible assets (note 12).....	64.1	67.6	110.8

6. Staff costs

Staff costs comprised of the following:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Wages and salaries	304.8	218.6	252.8
Social security costs (including social security costs on share-based remuneration).....	25.6	21.8	20.4
Share-based remuneration	4.5	3.1	7.0
Other pension net costs (note 32).....	11.2	11.3	11.1
	346.1	254.8	291.3
Remeasurement loss/(gain) in defined benefit scheme (note 32) ¹	2.0	1.2	54.9
Total staff costs from continuing activities	348.1	256.0	346.2

¹ The remeasurement loss has been recognised in other comprehensive income. The remainder of staff costs above were charged to the Combined Carve-Out Income Statement, with certain staff costs classified as exceptional items.

7. Finance income

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Interest on cash and cash equivalents.....	1.7	2.6	1.1
Interest on net pension scheme assets or liabilities (note 32)	1.3	1.0	0.6
Finance income in respect of VAT reclaim (note 3)	—	18.9	—
	3.0	22.5	1.7

8. Finance expenses

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Interest payable and similar charges:			
Bank loans, bonds and overdrafts.....	46.6	45.4	51.3
Amortisation of capitalised borrowing costs	1.8	1.7	11.1
Exceptional finance expense (note 3)	—	—	2.0
Interest on lease liabilities.....	4.3	3.4	3.2
	52.7	50.5	67.6

9. Tax on (loss)/profit on ordinary activities

The tax charge/(credit) comprises:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Current tax:			
UK corporation tax.....	3.1	25.8	(22.0)
Overseas tax	10.8	16.6	16.9
Adjustment in respect of prior periods.....	(7.5)	(3.1)	(5.9)
Total current tax charge/(credit)	6.4	39.3	(11.0)
Deferred tax:			
Origination and reversal of temporary differences.....	(15.1)	(26.1)	(7.8)
Adjustment in respect of prior periods.....	—	0.4	4.3
Total deferred tax (credit)/charge.....	(15.1)	(25.7)	(3.5)
Total tax on (loss)/profit on ordinary activities	(8.7)	13.6	(14.5)

The effective tax rate in respect of statutory results was 27.2% for the period ended 31 December 2019, 29 December 2020: 13.4%, and 28 December 2021: 0.2%. The Business's effective tax rate for 2022 is expected to be 12.3%. The Business monitors developments in respect of the global design, consultation and implementation of Pillar Two, which is the OECD term for a global minimum tax rate. Pillar Two may lead to further corporation tax being payable by the Business in the future given its online operating model.

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
(Loss)/profit before tax	(32.0)	101.8	(243.9)
Tax on Business (loss)/profit at standard UK corporation tax rate of 19% (2020, 2019: 19%).....	(6.1)	19.3	(46.3)
Different tax rates in overseas territories.....	(10.6)	(9.0)	(11.9)
Losses not recognised for deferred tax.....	1.5	—	3.8
Change in deferred tax rate.....	—	5.9	12.3
Accrual of liabilities for uncertain tax positions	3.1	2.3	(5.6)
Impact of future changes in tax rate.....	0.1	—	—
Tax on share of results of associates	(0.7)	0.1	0.2
Adjustment in respect of prior periods.....	(7.5)	(2.7)	(1.6)
Non-deductible expenditure	11.5	1.4	31.8
Tax on share-based payments	—	(3.7)	2.5
Chargeable gains	—	—	0.3
Other.....	—	—	—
Total tax (credit)/charge	(8.7)	13.6	(14.5)

The different tax rates in overseas territories reflects the lower effective tax rates in Gibraltar and Malta. The charge in respect of the change in deferred tax rates in the period to 29 December 2020 arises on the restatement of UK net opening deferred tax liabilities from 17% to 19%, following the UK Government's decision to reverse of the previously enacted reduction in the UK corporation tax rate to 17%. The charge in respect of the change in deferred tax rates in the period to 28 December 2021 includes the impact of the

restatement of UK net opening deferred tax liabilities to reflect the UK Government's decision to increase the UK corporation tax rate to 25% effective 1 April 2023 which was substantively enacted in May 2021.

10. Distributions to net parent investment

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Current period interim distribution paid.....	23.2	—	—
Prior period final distribution paid.....	67.7	—	—
	90.9	—	—

1 The historic information on distributions in respect of William Hill Limited (formerly William Hill PLC) is shown in this note to provide the reader with a view of the impact of that company's distributions on the Business in the previous reporting periods.

11. Acquisition by Caesars

On 22 April 2021, Caesars UK Holdings Limited, which is an entity with the perimeter of this combined carved-out financial information, acquired all of the equity interests in William Hill PLC in exchange for consideration of approximately £2.9 billion.

The total consideration for the acquisition was paid in cash by Caesars UK Holdings Limited and as such is shown in the Combined Carve-out Cash Flow Statement of this financial information for the period ended 28 December 2021.

Of the total consideration, £1.5 billion has been allocated to the Business. It is substantiated by the original offer for the Business by 888 Holdings Limited on 8 September 2021 with £0.8 billion cash consideration, after repayment of the outstanding debt and other working capital adjustments adjusted for the £0.4 billion of debt held by Caesars Cayman Finance Limited and a £0.3 billion dividend paid by William Hill Limited in June 2021. The purchase price attributable to William Hill US was £1.4 billion and is reflected in net parent investment as an investment on behalf of the William Hill US Business.

The Business exercised judgement in determining the intangible assets acquired and their fair value, with the support of external experts to support the valuation process where appropriate.

As a result of the Caesars acquisition, goodwill has been recognised of:

	£m
Total consideration.....	1,540.6
Less net assets acquired (excluding goodwill).....	(223.5)
At 22 April 2021	1,317.1

The amount of goodwill that is expected to be deductible for tax purposes is £nil.

As a result of Caesars acquisition, the following fair valuation movements were recognised in the combined carve-out financial information:

	Net book value at acquisition date £m	Fair value movement recognised in SOCIE £m	Fair value £m
Goodwill	347.7	969.4	1,317.1
Property, plant and equipment	168.7	29.7	198.4
Intangible assets	390.8	435.1	825.9
Deferred tax asset.....	14.0	(9.8)	4.2
Deferred tax liability	(33.3)	(65.9)	(99.2)
Long term debt.....	(697.1)	(81.8)	(778.9)

The net book value of all other assets and liabilities acquired are considered to be equal to their fair value as at the date of the Caesars acquisition. Contingent liabilities of the Business are not recognised at fair value as they are not deemed to be a present obligation, only a possible one.

Total acquisition costs of £35.9m in relation to this transaction have been recognised in the income statement in this financial information. For further detail refer to note 3.

12. Intangible assets

	Goodwill £m	Licences £m	Brands, trade names and customer relationships £m	Acquired technology platforms £m	Computer software £m	Total £m
Cost:						
At 1 January 2019	234.8	332.8	140.0	11.0	385.2	1,103.8
Additions.....	—	—	—	—	50.7	50.7
Additions via acquisition.....	153.0	—	96.7	16.3	1.5	267.5
Disposals.....	—	—	—	—	(22.0)	(22.0)
Transfer to disposal group held for sale	—	(6.2)	—	—	—	(6.2)
Effect of foreign exchange rates	(2.0)	—	(3.7)	(0.2)	(2.0)	(7.9)
At 31 December 2019	385.8	326.6	233.0	27.1	413.4	1,385.9
Additions.....	—	—	—	—	48.7	48.7
Additions via acquisition.....	0.4	—	—	—	—	0.4
Disposals.....	—	—	—	—	(3.6)	(3.6)
Impairment losses	—	(125.7)	—	—	—	(125.7)
Effect of foreign exchange rates	9.0	—	5.7	1.0	5.9	21.6
At 29 December 2020	395.2	200.9	238.7	28.1	464.4	1,327.3
Fair value movements on acquisition by Caesars.....	969.4	(200.9)	573.9	(27.1)	89.3	1,404.6
Additions.....	—	—	—	—	70.6	70.6
Impairment losses	(70.4)	—	—	—	—	(70.4)
Effect of foreign exchange rates	(6.1)	—	(3.5)	(1.0)	(0.9)	(11.5)
At 28 December 2021	1,288.1	—	809.1	—	623.4	2,720.6
Accumulated amortisation:						
At 1 January 2019	41.6	—	140.0	11.0	265.7	458.3
Charge for the period	—	—	6.3	5.1	52.7	64.1
Disposals.....	—	—	—	—	(22.0)	(22.0)
Effect of foreign exchange rates	—	—	(0.1)	(0.1)	0.5	0.3
At 31 December 2019	41.6	—	146.2	16.0	296.9	500.7
Charge for the period	—	—	7.0	5.6	55.0	67.6
Disposals.....	—	—	—	—	—	—
Effect of foreign exchange rates	—	—	0.5	(0.4)	0.8	0.9
At 29 December 2020	41.6	—	153.7	21.2	352.7	569.2
Charge for the period	—	3.3	2.2	1.8	55.5	62.8
Amortisation on fair value movements on acquisition by Caesars.....	—	—	35.8	—	12.2	48.0
Transfers on acquisition by Caesars....	3.3	(3.3)	—	(23.0)	23.0	—
Effect of foreign exchange rates	—	—	0.9	—	0.2	1.1
At 28 December 2021	44.9	—	192.6	—	443.6	681.1
Net book value:						
At 31 December 2019	344.2	326.6	86.8	11.1	116.5	885.2
At 29 December 2020	353.6	200.9	85.0	6.9	111.7	758.1
At 28 December 2021	1,243.2	—	616.5	—	179.8	2,039.5

Retail Licences

Prior to 30 December 2020, the licence portfolio had always been judged to have an indefinite life and accordingly had not been amortised and was subject to annual impairment reviews as management always considered that the Business's licence portfolio had an indefinite life owing to the fact that the Business is a significant operator of scale in a well-established market; the competitive advantage provided by an existing licensed portfolio; the proven and sustained demand for bookmaking services; and the Business's track record of successfully renewing its betting permits and licences.

From 30 December 2020, management made the decision to amortise the asset over a 20-year useful economic life (UEL). This change in UEL is an estimate that management made based on the available information (see further detail on this in the 'Retail impairment review' section of this note below). This change was made prospectively from the 52-week financial period starting 30 December 2020 and is a change in accounting estimate. For the 52-week period ended 28 December 2021, the Retail licences asset is now not considered an intangible asset with an indefinite life, but one with a finite life. As part of the accounting for the Caesars acquisition as described in note 11, the retail licenses asset was determined to have no value; the value of this asset was therefore transferred into goodwill as part of the acquisition accounting.

Brands, trade names and customer relationships

This category of assets includes brands, trade names and customer relationships recognised in business combinations.

In 2019, the Business acquired Mr Green & Co AB. As part of the acquisition, the Business acquired brands of €97.6m (£83.9m), customer relationships of €14.8m (£12.8m) and a software platform of €18.8m (£16.3m). These assets were being amortised over 20, five and three years respectively.

In April 2021, Caesars Entertainment Inc. completed the purchase of William Hill Limited (formerly William Hill plc) (note 11). As part of the Caesars acquisition, the Business acquired brands of £505.7m, customer relationships of £135.1m and an uplift in the fair value of computer software assets of £63.0m. These assets are being amortised over 20, five and a blended rate between three and five years respectively. These assets, and the goodwill associated with the Caesars transaction have been allocated to the three CGUs based upon their respective net assets at the acquisition date noting that the customer relationships asset was only allocated between the UK Online and International Online segments based on their respective net assets given no customer relationship asset was identified in the Retail CGU. Management have exercised judgement in selecting this method, with net assets being deemed the best reflection of the value allocated to each CGU.

Impairment review methodology

The Business performs an annual impairment review for goodwill and other intangible assets with indefinite lives, by comparing the carrying amount of these assets with their recoverable amount. This is an area where Management exercise judgement and estimation.

Each CGU or group of CGUs is defined as its segment, which is described in note 2. During the 52-week financial period ended 28 December 2021, the Business has changed its segments and as such this changes the Business's CGUs to align to those segments. Note that for the purpose of presenting historical financial information below, CGUs are presented below as they existed at each period end.

2019 & 2020

During 2019 and 2020, testing was carried out by allocating the carrying value of these assets to CGUs or group of CGUs and determining the recoverable amounts of those CGUs through value in use calculations. Where the recoverable amount exceeds the carrying value of the assets, the assets are considered as not impaired.

In 2019 and 2020, for each CGU, value in use calculations were based upon estimates of future cash flows derived from the Business's adjusted operating profit forecasts by segment. Adjusted operating profit forecasts are derived from the Business's annual strategic planning or similarly scoped exercise.

For 2019, Management of William Hill Limited (formerly William Hill PLC) approved two-year forecasts for each segment in December 2019. These formed the basis of our value in use calculation, with separate extrapolation of net revenue and expenses by segment based on a combination of recently observable trends, management expectations and known future events. For the purposes of the value in use calculation, the two-year forecasts were extended to cover a five-year period. Cash flows beyond that five-year period were extrapolated using long-term growth rates as estimated for each CGU separately.

For 2020, Management of William Hill Limited (formerly William Hill PLC) approved the 2021 Budget for each segment in December 2020 and a further two-year strategic forecast covering years 2022 and 2023. Management prepared a further two-year strategic forecast covering years 2024 and 2025, using the same basis of preparation as the strategic forecast for years 2022 and 2023, and these five years form the basis of our value in use calculation. Cash flows beyond that five-year period were extrapolated using long-term growth rates as estimated for each CGU separately.

Discount rates were applied to each CGU or group of CGU's cash flows that reflect both the time value of money and the risks that apply to the cash flows of that CGU or group of CGUs. Discount rates were calculated using the weighted average cost of capital formula based on the CGU's or group of CGU's leveraged beta. The leveraged beta was determined by management as the mean unleveraged beta of listed gaming and betting companies, with samples chosen where applicable from comparable markets or territories as the CGU or group of CGUs, leveraged to the Business's capital structure. Further risk premia and discounts were applied, if appropriate, to this rate to reflect the risk profile of the specific CGU or group of CGUs relative to the market in which it operates. Discount rates were calculated on a post-tax basis and

converted to a pre-tax basis using the iterative method. Discount rates disclosed below are pre-tax discount rates.

The principal assumptions underlying our cash flow forecasts were as follows:

- we assumed that the underlying business model will continue to operate on a comparable basis, as adjusted for known regulatory or tax changes and planned business initiatives;
- our forecasts anticipated the continuation of recent growth or decline trends at the time in staking, gaming net revenues and expenses, as adjusted for changes in our business model or expected changes in the wider industry or economy;
- we assumed that we will achieve our target sports betting gross win margins as set for each territory, which we based upon our experience of the outturn of sports results over the long term, given the tendency for sports results to vary in the short term but revert to a norm over a longer term; and
- in our annual forecasting process, expenses incorporated a bottom-up estimation of our cost base. For employee remuneration, this takes into account staffing numbers and models by segment, while other costs are assessed separately by category, with principal assumptions including an extrapolation of recent cost inflation trends and the expectation that we will incur costs in line with agreed contractual rates.

2021

The most recent test was conducted at 28 December 2021.

IAS 36 defines the recoverable amount of a CGU or group of CGUs as the higher of its fair value less costs of disposal and its value in use. In previous years, the Business has performed detailed value in use calculations to support the carrying value as there was no observable fair value to attribute to the CGUs. Because of the transaction with 888, the Business now has an observable market price to attribute to the fair value, and as such we have determined the recoverable amount of the CGUs with reference to the fair value less cost of disposal method in 2021.

A value in use calculation was performed to the extent that this demonstrated that the fair value less costs of disposal would be larger within each CGU and therefore the fair value less cost of disposal represented the recoverable amount for the impairment tests.

We have taken the revised purchase price agreed by 888 following the announcement of revised transaction terms on 7 April 2022, within which the purchase price was reduced by a maximum of £250m of which up to £100m is deferred consideration payable in 2024, based on the Adjusted EBITDA of the Enlarged Group in 2023, as the fair value at the date of the impairment test. This best represents the fair value of the Business at the time of performing the impairment test as there were no material changes in the fair value of the business between 28 December 2021 and 7 April 2022. The costs of disposal to the Business are negligible, as they are in the most part borne by the buying party, and therefore no costs of disposal have been included within the impairment review

The key judgements and assumptions within the impairment review are noted as:

- The use of net assets in each CGU as the basis for allocating the fair value less costs of disposal between each CGU as the most appropriate method given the lack of observable information to determine the split of the fair value and, therefore, net assets being viewed by management as the most appropriate reflection of the value of each respective CGU.
- Corporate assets have not been allocated to the CGUs tested as there is no reasonable and consistent basis upon which to allocate.
- The valuation of the £100.0m contingent consideration deferred until 2024 and conditional upon future performance. This has been identified as a key source of estimation uncertainty by management.

CGUs

The other significant assumptions incorporated into our impairment reviews for value in use calculation performed in 2019 and 2020 are those relating to discount rates and long-term growth assumptions, as noted below separately for each CGU or group of CGUs:

Cash-generating unit	As at 31 December 2019		As at 29 December 2020	
	Discount rate	Long-term growth rate	Discount rate	Long-term growth rate
	%	%	%	%
Retail.....	8.6	(2.0)	10.7	(2.0)
Online	8.2	1.8	9.3	1.5

The long-term growth rates included in the impairment review do not exceed the observed long-term growth rate for each respective CGU or group of CGUs.

Results of impairment reviews

2019 & 2020

In 2019, the recoverable amount was above the carrying amount, with headroom of £16.6m, as such no impairment was recorded.

In 2020, the Covid-19 pandemic had a further sizeable impact on the Retail segment with the shops shut or under restrictions across much of the year. As such, the Business recognised impairments totalling £125.7m in 2020. This charge was taken solely against licenses, within intangible assets. No impairment charge was taken pro-rata against other assets within the Retail group of CGUs as it was assessed that for each of these assets the recoverable amount was greater than the asset carrying value. The result of the impairment was to recognise an impairment charge of £125.7m in other operating expenses recognised as an exceptional item (note 3). The Online CGU includes the goodwill recognised on acquisition of Alfabet of £0.4m in 2020.

The recoverable amount and headroom above carrying amount or impairment, based on the impairment review performed at each period end date for the Retail group of CGUs are as follows:

Cash-generating unit	31 December 2019		29 December 2020	
	Recoverable amount £m	Headroom above carrying amount £m	Recoverable amount £m	Impairment £m
Retail.....	604.3	16.6	364.3	125.7

The headroom for the Online CGU exceeded 100% over the carrying amount of the assets for all periods.

2021

On 7 April 2022, 888 entered into an agreement with Caesars to amend the initially agreed terms of the Sale and Purchase Agreement, to reduce the consideration for the transaction by £150.0m, with a further £100.0m deferred until 2024, conditional upon future performance. The amendments were to reflect the change in the macro-economic and regulatory environment since the announcement of the acquisition, as well as compliance factors impacting the WH business, including actions taken as part of an ongoing review by the UKGC.

As a result of this, this revised consideration (including an estimate of the contingent consideration expected to be paid discounted to the value as at 28 December 2021) was used within the assessment of fair value less costs of disposal in the Business's year end impairment assessment. This was allocated across the CGUs using net assets consistent with the method used within the original allocation of the assets identified on acquisition. An impairment of £70.4m was recognised against goodwill, apportioned across the three CGUs. The recoverable amount and impairment for each CGU or group of CGUs are as follows:

Cash-generating unit	28 December 2021	
	Recoverable amount £m	Impairment £m
Retail	614.5	35.8
UK Online.....	70.16	17.1
International.....	597.9	17.6

Sensitivity of impairment reviews

2019 & 2020

For the Retail group of CGUs, the following reasonably possible changes in assumptions upon which the recoverable amount was estimated, would lead to the following changes in the recoverable amount of the Retail group of CGUs:

Change in assumption	Increase/(decrease) in the impairment	
	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m
Average one-month full lockdown impact	—	24.2
Decrease in forecast medium-term operating cash flows by 20%.....	120.9	86.3
Increase in post-tax discount rate by 1ppt	43.5	24.3
Decrease in long term growth rate by 1ppt	25.7	12.8
Increase in forecast medium-term operating cash flows by 20%.....	(120.9)	(86.3)
Decrease in post-tax discount rate by 1ppt.....	(52.2)	(27.0)
Increase in long term growth rate by 1ppt.....	(31.1)	(13.4)

For the Online CGU reviewed each period, no impairment would occur under any reasonable possible changes in assumptions upon which the recoverable amount was estimated.

2021

Within the calculation of the fair value less cost of disposal, a best estimate was made for the deferred consideration payable based on estimated Adjusted EBITDA figures for the Enlarged Group in 2023. This best estimate of deferred consideration payable was then discounted using a discount rate of 5.5% to its present value. The methodology for calculating the deferred consideration was a probability weighted set of scenarios based on a distribution of potential outcomes around the expected outcome, which incorporates the FY23 EBITDA forecasts for 888, William Hill, and expected synergies of the combination. A range of assumptions about future performance of the Enlarged Group were included within this best estimate and actual results are likely to differ from this estimate. The most sensitive assumption is the estimated Adjusted EBITDA for the Enlarged Group in 2023. If there was an assumption that no deferred consideration would be payable, the impairment of goodwill across the Business would be greater by £75.4m. The undiscounted amount of the deferred consideration is £85.1m.

Given the fair value less costs of disposal was based on the observable transaction price, there are not considered to be any further assumptions upon which the recoverable amount has been estimated. The fair value measurement of the CGUs is categorised within Level 3 of the fair value hierarchy as the valuation of the contingent consideration includes Level 3 inputs which are unobservable inputs.

13. Property, plant and equipment

	Land and buildings £m	Fixtures, fittings and equipment £m	Right-of-use asset ¹ £m	Total £m
Cost:				
At 1 January 2019	346.8	140.1	—	486.9
Additions.....	14.0	—	210.3	224.3
Additions via acquisition.....	—	1.9	3.6	5.5
Impairment losses	—	—	(47.3)	(47.3)
Disposals.....	(97.8)	(7.1)	—	(104.9)
Transfers to disposal group held for sale	(1.0)	(0.3)	(1.8)	(3.1)
Transfers to freehold property held for sale	(0.7)	—	—	(0.7)
Effect of foreign exchange rates	(2.4)	—	—	(2.4)
At 31 December 2019	258.9	134.6	164.8	558.3
Additions.....	2.7	4.5	2.7	9.9
Additions via acquisition.....	—	0.6	1.5	2.1
Impairment losses	—	—	(2.9)	(2.9)
Disposals.....	(22.4)	(13.5)	—	(35.9)
Transfers to freehold property held for sale	(0.4)	—	—	(0.4)
Effect of foreign exchange rates	(7.7)	(3.1)	(1.3)	(12.1)
At 29 December 2020	231.1	123.1	164.8	519.0
Additions.....	0.5	6.7	26.4	33.6
Fair value movements on acquisition by Caesars.....	—	29.7	—	29.7
Disposals.....	(4.6)	(0.2)	—	(4.8)
Effect of foreign exchange rates	—	0.4	—	0.4
At 28 December 2021	227.0	159.7	191.2	577.9
Accumulated depreciation and impairment:				
At 1 January 2019	246.7	114.3	—	361.0
Charge for the period	15.7	5.1	39.9	60.7
Disposals.....	(94.8)	(7.1)	—	(101.9)
Effect of foreign exchange rates	(0.4)	0.3	—	(0.1)
At 31 December 2019	167.2	112.6	39.9	319.7
Charge for the period	15.9	6.9	32.3	55.1
Impairment losses	—	—	(1.6)	(1.6)
Disposals.....	(19.8)	(13.5)	—	(33.3)
Effect of foreign exchange rates	(1.8)	—	0.2	(1.6)
At 29 December 2020	161.5	106.0	70.8	338.3
Charge for the period	16.1	4.1	30.7	50.9
Disposals.....	(1.8)	—	—	(1.8)
Effect of foreign exchange rates	—	(0.4)	—	(0.4)
At 28 December 2021	175.8	109.7	101.5	387.0
Net book value:				
At 31 December 2019	91.7	22.0	124.9	238.6
At 29 December 2020	69.6	17.1	94.0	180.7
At 28 December 2021	51.2	50.0	89.7	190.9

¹ The right-of-use asset is presented as a single asset because the majority relates to one class of asset, being Land and Buildings. There is £4.2m (31 December 2019: £4.4m; 29 December 2020: £3.1m) of right-of-use assets that would be classified as different classes such as equipment and motor vehicles.

The net book value of land and buildings comprises:

	31 December	29 December	28 December
	2019	2020	2021
	£m	£m	£m
Freehold.....	17.5	13.9	4.6
Long leasehold improvements	2.7	1.8	3.5
Short leasehold improvements	71.5	53.9	43.1
	91.7	69.6	51.2

Of the total net book value of land and buildings, £1.7m (31 December 2019: £2.0m, 29 December 2020: £1.8m) relates to administrative buildings and the remainder represents LBOs in the UK. The cost of assets on which depreciation is not provided amounts to £4.5m, representing freehold land (31 December 2019: £4.5m, 29 December 2020: £4.5m). At 28 December 2021, the Business had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (31 December 2019: £0.8m, 29 December 2020: £0.2m).

14. Interests in associates

The Business holds interests in associated undertakings at an aggregate value of £11.1m (31 December 2019: £11.7m, 29 December 2020: £11.1m).

The Business uses the equity method of accounting for associates. The following table shows the aggregate movement in the Business's interests in associates:

	£m
At 1 January 2019	11.7
Share of results before interest and taxation.....	2.1
Share of interest.....	(0.6)
Share of taxation.....	(0.4)
Dividend received.....	(1.1)
At 31 December 2019	11.7
Share of results before interest and taxation.....	0.9
Share of interest.....	(1.1)
Share of taxation.....	(0.4)
Dividend received.....	—
At 29 December 2020	11.1
Share of results before interest and taxation.....	1.3
Share of interest.....	—
Share of taxation.....	—
Movement in associate's other comprehensive income.....	(1.3)
At 28 December 2021	11.1

SIS

At 28 December 2021, William Hill Organization Limited, a principal subsidiary of the Business, held an investment of 19.5% (31 December: 2019 19.5%, 29 December 2020: 19.5%) of the ordinary share capital of Sports Information Services (Holdings) Limited (SIS), a company incorporated in Great Britain. The Business is able to exert significant influence over SIS by way of its 19.5% holding and its seat on the Board of Directors.

The SIS group of companies provides real time, pre-event information and results, as well as live coverage of horseracing, greyhound racing and other sporting activities and events via satellite. The statutory financial statements of SIS are prepared to the year ending 31 March. The results recognised are based on statutory accounts to March 2021 and management accounts thereafter.

The following financial information relates to SIS:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Total assets	102.8	108.1	111.2
Total liabilities	(42.0)	(50.9)	(54.0)
Total revenue	217.4	150.3	193.0
Total profit/(loss) after tax.....	1.3	(4.9)	1.3

Lucky Choice Limited

At 28 December 2021, William Hill Organization Limited holds directly or indirectly 33% (31 December 2019: 33%, 29 December 2020: 33%) of the entire share capital of Lucky Choice Limited. In the opinion of the management, the results of this company are not material to the results of the Business. Consequently, the investment in Lucky Choice Limited has been stated at cost and has not been accounted for under the equity method, which would normally be appropriate for an associated undertaking.

15. Investments

Good Luck Have Fun Group AB ('GLHF Group') shares

During the period ended 29 December 2020, Mr Green and Co AB ('Mr Green') converted a shareholder loan that had been previously extended to GLHF Group into additional issued share capital to increase its shareholding in GLHF Group to 10.47%. The value of the converted shareholder loan was Kr15.0m plus interest (£1.3m).

The value of this investment as at 28 December 2021 is £1.0m (29 December 2020: £1.3m).

At the period end date, the Business held no other investments in unquoted shares (31 December 2019: £0.4m, 29 December 2020: £0.2m).

16. Disposals

49s Limited

As at the end of the period ended 31 December 2019, William Hill Organization Limited held directly or indirectly 33% of the entire share capital of 49s Limited. This company was formed for the purpose of promoting and publicising certain numbers betting formats. During the period ended 29 December 2020, the Business sold its entire shareholding for proceeds of £2.0m.

Northern Ireland and Isle of Man operations

On 12 January 2020, the Business agreed to sell its Northern Ireland and Isle of Man operations to BoyleSports Limited. For the period ended 31 December 2019, these operations were presented separately as a disposal group held for sale in the Combined Carve-Out Statement of Financial Position.

The major classes of assets and liabilities comprising operations which were classified as a disposal group held for sale in 2019 and subsequently disposed of in 2020 were as follows:

	<u>£m</u>
Cash and cash equivalents	0.4
Intangible assets – licences	6.2
Property, plant and equipment	1.3
Lease assets	1.8
Trade and other receivables	0.4
Disposal group assets held for sale	10.1
Lease liabilities	(2.1)
Trade and other payables	(0.4)
Deferred tax liabilities	(1.0)
Disposal group liabilities held for sale	(3.5)
Net assets of disposal group held for sale	<u>6.6</u>

The Northern Ireland operations were disposed of on 7 February 2020 and the Isle of Man operations were disposed of on 29 May 2020.

As at the dates of sale, the Business sold net assets totalling £7.7m for proceeds of £7.4m, thus leading to a loss on disposal of £0.3m.

Freehold property assets held for sale

In 2019, 48 freehold properties, which were closed as part of the 713 shops shut in the third quarter, were transferred to assets held for sale in the period and held in current assets. These assets were held at the combined net book value of £0.7m as the fair value less costs to sell was greater than the carrying amount on a shop-by-shop basis.

In 2020, 40 of the 48 freehold properties held for sale were sold for proceeds of £4.7m leading to a profit on disposal of £4.0m.

In 2020, a further 17 freehold properties were closed as a part of the 119 shops shut in that period. During the period ended 29 December 2020, three of these freehold properties were sold for proceeds of £0.2m which led to a profit on disposal of £0.1m.

In the 52-week period ending 28 December 2021, 17 freehold properties held for sale were sold for proceeds of £2.2m, leading to a profit on disposal of £1.3m.

The freehold property assets remaining are held at the combined net book value of £0.2m as assets held for sale as the fair value less costs to sell is greater than the carrying amount on a shop-by-shop basis.

Disposal of investment in Featurespace

On 1 February 2019, the Business sold its shares in Featurespace for a total of £2.1m.

17. Leases

From the IFRS 16 transition date of 2 January 2019 onwards leases were accounted for under IFRS 16. The Business recognises a right-of-use asset and a lease liability at the lease commencement date.

IFRS 16 ‘Leases’ replaced IAS 17 ‘Leases’ in its entirety during the period ended 31 December 2019. The distinction between operating leases and finance leases for lessees was removed and it resulted in most leases being recognised on the Combined Carve-Out Statement of Financial Position as a right-of-use asset and a lease liability. For leases that had been previously classified as operating leases, the lease cost has changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability. The Business’s previously classified operating leases include rentals payable by the Business for certain of its LBOs and office properties and amounts payable for the use of certain office and computer equipment and vehicles.

During the period ended 31 December 2019, the Business applied IFRS 16 using the modified retrospective approach. A lease liability was recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate. A right-of-use asset was recognised equal to the lease

liability adjusted for prepaid and accrued lease payments. The Business applied the below practical expedients permitted under the modified retrospective approach:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics – the weighted average of the discount rates used on transition was 2.76%;
- adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

The following reconciliation to the opening balance for the lease liabilities as at 2 January 2019 is based upon the operating lease obligations as at 1 January 2019:

	£m
Minimum lease payments under operating leases at 1 January 2019	219.6
Short-term and low-value leases not recognised as liabilities.....	(21.8)
Gross lease liabilities as at 2 January 2019	197.8
Effect of discounting using the incremental borrowing rate at 2 January 2019.....	(15.9)
Present value of lease liabilities at 2 January 2019	181.9
Present value of finance lease liabilities under IAS 17 as 1 January 2019.....	—
Lease liabilities recognised as at 2 January 2019	181.9

The cumulative impact of the changes made to the combined Statement of Financial Position as at 2 January 2019 for the adoption of IFRS 16 is summarised as follows:

	1 January 2019 (as previously reported) £m	IFRS 16 adoption effect £m	2 January 2019 £m
Non-current assets			
Property, plant and equipment.....	125.9	187.8	313.7
Current assets			
Trade and other receivables.....	69.4	(5.9)	63.5
Total assets	1,372.2	181.9	1,554.1
Current liabilities			
Lease liabilities.....	—	(42.1)	(42.1)
Non-current liabilities			
Lease liabilities.....	—	(139.8)	(139.8)
Total liabilities	(1,159.4)	(181.9)	(1,341.3)
Net assets	212.8	—	212.8

The impact of the adjustments made to adjusted results in the Combined Carve-Out Income Statement for the 52 weeks ended 31 December 2019 due to the adoption of IFRS 16 is summarised as follows:

	£m
Decrease in Other operating expenses.....	41.6
Increase in Depreciation.....	(40.0)
Profit before interest and tax	1.6
Finance expenses.....	(4.3)
Loss before tax	(2.7)

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Business uses an incremental borrowing rate for its leases, which is determined based on a series of inputs including a risk-free rate based on our debt portfolio as well as country-specific adjustments.

A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the lease term.

Since the date of initial application, the Business has assessed the lease term of properties within its retail estate to be up to the first available contractual break within the lease. The Business has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Retail Business. The Business has also applied a number of practical expedients that are detailed in the Statement of the Business's Accounting Policies.

The Business notes that leases not included due to either being low value or having a term of less than 12 months are deemed immaterial.

The Business has a small number of sublet properties which have been assessed in accordance with IFRS 16 and have also been deemed immaterial. The accounting policy applied to these small number of sublet properties can be seen in the Business' accounting policies.

The Business will continue to monitor both the above scenarios and disclose these if they are deemed material to users of this document.

Amounts recognised in the Combined Carve-Out Income Statement:

	31 December 2019 £m	29 December 2020 £m	28 December 2021 £m
Right-of-use asset depreciation	39.9	32.3	30.7
Finance expenses.....	4.3	3.4	3.2

A maturity analysis of the contractual undiscounted cash flows is as follows:

	31 December 2019 £m	29 December 2020 £m	28 December 2021 £m
Due within one year.....	48.6	33.7	31.7
Due between one and two years.....	37.4	25.2	23.8
Due between two and three years.....	28.3	18.6	17.2
Due between three and four years.....	21.0	13.2	12.5
Due between four and five years.....	15.5	9.7	9.0
Due beyond five years	50.4	18.2	12.1

18. Acquisition of Mr Green & Co AB

On 28 January 2019, the Business completed the acquisition of Mr Green & Co AB (Mr Green), acquiring 98.5% of the issued share capital. Mr Green is an innovative iGaming group with operations in 13 markets. Mr Green holds remote gambling licences in Denmark, Italy, Latvia, Malta, United Kingdom, Ireland and Sweden. Mr Green has leading gaming and casino products supported by a sportsbook. The Mr Green acquisition helps the Business diversify its risk and drive online penetration.

During the period post-acquisition, the Business acquired the further 1.5% of the issued share capital of Mr Green & Co AB for £3.7m.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	<u>£m</u>
Net assets acquired:	
Cash and cash equivalents.....	51.9
Intangible assets.....	114.5
Property, plant and equipment.....	5.5
Deferred tax assets.....	0.3
Trade and other receivables.....	5.4
Trade and other payables.....	(32.4)
Provisions.....	(43.9)
Income tax payable.....	(0.1)
Lease liabilities.....	(2.8)
Deferred tax liabilities.....	(5.1)
Net identifiable assets acquired.....	93.3
Less: Non-controlling interest.....	(1.5)
Add: Goodwill.....	153.0
	<hr/>
Total consideration.....	244.8
	<hr/> <hr/>
	 £m
	<hr/>
Purchase consideration:	
Cash paid.....	244.8
Less: cash and cash equivalents acquired.....	(51.9)
	<hr/>
Net consideration.....	192.9
	<hr/> <hr/>

The goodwill is attributable to Mr Green's assembled workforce, its strong position and profitability from trading in iGaming and synergies arisen in UK Online and International Online after the Business's acquisition. The goodwill has been allocated to the UK Online and International Online CGU. The amount of goodwill that is expected to be deductible for tax purposes is £nil.

In 2019, acquisition-related costs and integration costs of £7.2m have been recognised as an exceptional item.

Intangible assets comprised of separately identifiable acquired intangibles that comprised brands, customer relationships and platform software.

The fair value of acquired trade receivables is £5.4m. The gross contractual amount for trade receivables due is £5.4m.

The provision acquired of £43.9m relates to a gaming tax liability in Austria.

The Business chose to recognise the non-controlling interests at its fair value.

The acquired business contributed revenue of £136.9m, adjusted profit of £13.1m and statutory profit before tax of £1.7m to the Business from 29 January 2019 to 31 December 2019. If the Mr Green acquisition had occurred on 2 January 2019, the contributed consolidated revenue, adjusted profit and statutory loss after tax for the period ended 31 December 2019 would have been £148.6m, £11.5m and £0.3m respectively.

19. Trade and other receivables

Trade and other receivables comprise:

	As at 31 December 2019 £m	As at 29 December 2020 £m	As at 28 December 2021 £m
Trade receivables.....	33.1	40.3	29.1
Other receivables.....	8.7	28.2	9.4
Prepayments.....	16.0	16.9	16.6
	57.8	85.4	55.1

Trade and other receivables are stated at their gross receivable value less impairment for expected credit loss. Trade and other receivables are impaired when there is no reasonable expectation of recovery and an impairment analysis is performed at each reporting date to measure expected credit loss. The Business has elected to use the simplified method to measure expected credit loss and the provision the Business holds for expected credit losses is £0.1m as at 31 December 2019, £0.1m as at 29 December 2020 and £0.2m as at 28 December 2021.

Other receivables include the finance income receivable in respect of the VAT reclaim (note 3).

Management considers the carrying amount of trade and other receivables approximates their fair value.

20. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term bank deposits held by the Business with an original maturity of three months or less. In total, the Business has cash and cash equivalents of £203.7m (31 December 2019: £367.7m, 29 December 2020: £588.4m). The carrying amount of these assets approximates their fair value.

Cash and cash equivalents include:

	As at 31 December 2019 £m	As at 29 December 2020 £m	As at 28 December 2021 £m
Cash and cash equivalents.....	367.7	588.4	203.7
Less:			
Client funds held ¹	(50.3)	(73.9)	(94.1)
Restricted deposits in respect of Spanish and Italian regulatory requirements.....	(4.5)	(4.8)	(4.5)
Cash (excluding customer balances and restricted cash).....	312.9	509.7	105.1

1. Client funds held are matched by liabilities. This includes UK Online and International Online businesses.

21. Investment property

During the period to 28 December 2021, the Business disposed of its remaining two residential investment properties for combined proceeds of £1.8m. At 28 December 2021, the fair value of investment property held on the Business's balance sheet was £nil (31 December 2019: £1.7m, 29 December 2020: £1.7m). Following advice from the Business's external property valuation experts, the fair value was increased to £1.8m during the period to 28 December 2021. As a result, a £nil gain was recorded on disposal.

22. Trade and other payables

Trade and other payables comprise:

	As at 31 December 2019 £m	As at 29 December 2020 £m	As at 28 December 2021 £m
Trade payables.....	105.0	136.8	137.2
Other payables.....	8.0	4.7	5.7
Taxation and social security.....	79.4	80.5	115.4
Accruals.....	162.5	155.0	144.5
	354.9	377.0	402.8

Management considers that the carrying amount of trade payables approximates their fair value.

At the period end date, included in trade payables is an amount of £94.2m (31 December 2019 £69.6m, 29 December 2020 £73.7m) in respect of amounts due to clients, representing deposits received and customer winnings.

The Business has not used any supplier financing arrangements in the period.

23. Provisions

Provisions comprise:

	Shop closure provisions £m	Other restructuring costs £m	Indirect tax provision £m	Legal provisions £m	Regulatory provision £m	Total £m
As at 1 January 2019	7.4	0.9	—	—	—	8.3
Provision assumed on acquisition	—	—	43.9	3.0	—	46.9
Charged/(credited) to profit or loss						
Additional provisions recognised.....	43.9	—	9.8	—	—	53.7
Unused amounts reversed.....	(1.4)	—	—	—	—	(1.4)
Total charged to profit or loss	42.5	—	9.8	—	—	52.3
Provisions utilised.....	(28.1)	(0.9)	—	—	—	(29.0)
As at 31 December 2019	21.8	—	53.7	3.0	—	78.5
Charged/(credited) to profit or loss						
Additional provisions recognised.....	9.2	3.3	21.3	1.2	—	35.0
Unused amounts reversed.....	(3.4)	—	—	—	—	(3.4)
Total charged to profit or loss	5.8	3.3	21.3	1.2	—	31.6
Provisions utilised.....	(16.1)	(2.6)	—	(3.0)	—	(21.7)
As at 29 December 2020	11.5	0.7	75.0	1.2	—	88.4
Amounts transferred to other payables ...	—	—	(40.6)	—	—	(40.6)
Charged to profit or loss						
Additional provisions recognised.....	0.4	—	17.5	2.6	15.0	35.5
Total charged to profit or loss	0.4	—	17.5	2.6	15.0	35.5
Provisions utilised.....	(4.8)	(0.7)	—	—	—	(5.5)
Effect of movement in foreign exchange	—	—	(5.0)	—	—	(5.0)
As at 28 December 2021	7.1	—	46.9	3.8	15.0	72.8

Shop closure provisions

The Business holds provisions relating to the associated costs of closure of 713 shops in 2019, 119 shops in 2020, and certain shops that ceased to trade as part of normal trading activities. At 28 December 2021, £4.8m of this provision is held within current liabilities and £2.3m within non-current liabilities.

Other restructuring costs

As a result of the announced restructuring in 2019 to bring our UK Online and Retail operations together under one leadership team, in addition to other restructurings announced across the Business, predominantly in the technology team, the Business has recognised certain provisions for staff severance.

Indirect tax provision

As part of the acquisition of Mr Green & Co AB, the Business acquired a provision relating to a gaming tax liability in Austria, where the Austrian tax authority believes that foreign gaming companies should be liable to pay gaming taxes in Austria. Post-acquisition, the Business has continued to provide for the gaming taxes, including interest, assessed by the Austrian tax authority until this matter is resolved. An amount of £40.6m has been transferred to payables as a payment plan has been agreed with the local Austrian tax authority.

Legal provisions

In common with other businesses in the gambling sector the Business receives claims from consumers relating to the provision of gambling services. Claims have been received from consumers in a number of (principally European) jurisdictions and allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes. The Business expenses consumer claims as they are resolved or finally determined in consumers' favour and provides for such claims where an outcome in favour of the consumers in question is probable. During the 52 weeks ended 28 December 2021, the Group was fined €3m (£2.6m) by the Swedish Gaming Inspectorate in relation to alleged insufficient gambling measures in Mr Green.

Regulatory provision

The industry in which the Business operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. Following a periodic compliance assessment undertaken by the UK Gambling Commission ("UKGC") in July and August 2021 the Business is currently addressing action points raised by the UKGC. In that context it has made a provision of £15.0m to cover the potential for any regulatory fine, penalty or settlement and associated costs resulting from that compliance assessment. This provision is the Business's best estimate based on the action points raised to date by the UKGC, management's current knowledge and third party regulatory and legal advice reflecting outcomes of previous compliance assessments and regulatory action across the industry.

24. Interest-bearing loans

	As at 31 December 2019 £m	As at 29 December 2020 £m	As at 28 December 2021 £m
Interest-bearing loans at amortised cost			
Bank facilities.....	—	—	116.0
Less: expenses relating to bank facilities	(2.6)	(2.2)	(1.0)
£375m 4.25% Senior Unsecured Notes due 2020	203.4	—	—
Less: expenses relating to £375m 4.25% Senior Unsecured Notes due 2020	(0.2)	—	—
£350m 4.875% Senior Unsecured Notes due 2023	350.0	350.0	349.1
Less: expenses relating to £350m 4.875% Senior Unsecured Notes due 2023	(1.2)	(0.9)	(0.6)
Add: Fair value uplift on acquisition by Caesars (note 11)	—	—	28.0
Less: Amortisation of fair value uplift	—	—	(7.8)
£350m 4.75% Senior Unsecured Notes due 2026	350.0	350.0	350.0
Less: expenses relating to £350m 4.75% Senior Unsecured Notes due 2026	(2.7)	(2.3)	(1.8)
Add: Fair value uplift on acquisition by Caesars (note 11)	—	—	54.0
Less: Amortisation of fair value uplift	—	—	(7.1)
£1,044m Asset Bridge Loan due 2022.....	—	—	343.9
Less: expenses relating to £1,044m Asset Bridge Loan due 2022.....	—	—	(3.3)
Total Interest-bearing loans	896.7	694.6	1,219.4
Less: Interest-bearing loans as due for settlement in 12 months	(203.2)	—	(455.7)
Total Interest-bearing loans as due for settlement after 12 months	693.5	694.6	763.7
The gross interest-bearing loans are repayable as follows:			
Amounts due for settlement within one year	203.4	—	459.9
Amounts due for settlement within the second year.....	—	—	349.1
Amounts due for settlement within the third to fifth years inclusive.....	350.0	350.0	350.0
Amounts due for settlement after more than five years...	350.0	350.0	—
	903.4	700.0	1,159.0

Bank facilities

At 28 December 2021, the Business had the following bank facilities:

An overdraft facility of £5m, of which £nil was drawn down at the period end (29 December 2020: £nil; 31 December 2019: £nil).

On 22 April 2021, the committed revolving credit facilities (RCF) of £425m (29 December 2020: £425m; 31 December 2019: £425m) provided by a syndicate of banks, expiring in November 2022 (£35m) and October 2023 (£390m) was cancelled as part of the acquisition of William Hill PLC by Caesars Entertainment Inc.

A new RCF for £116m was entered into by the Business by Caesars Cayman Finance Limited on 22 April 2021 as part of the acquisition of William Hill PLC by Caesars Entertainment Inc. The RCF expires in October 2022.

£425m Revolving Credit Facilities

Up until 22 April 2021, borrowings under the RCF were unsecured but guaranteed by William Hill Limited (formerly William Hill PLC) and certain of its operating subsidiaries.

Borrowings under the facilities incurred interest at LIBOR plus a margin of between 1.1% and 2.5%, were determined quarterly by the Business's consolidated net debt to EBITDA ratio as defined in the facility agreements. A utilisation fee was payable if more than a certain percentage of the facility is drawn. A commitment fee, equivalent to 40% of the margin, was also payable in respect of available but undrawn borrowings.

Prior to the RCF being cancelled on 22 April 2021, the up-front participation and arrangement fees plus associated costs incurred in arranging the RCF were capitalised in the Statement of Financial Position and amortised on a straight-line basis over the life of the facilities.

£116m Revolving Credit Facilities

Borrowings under the facilities incurred interest at SONIA with a 1.0% floor plus a margin of 3.5%.

The up-front participation and arrangement fees plus associated costs incurred in arranging the RCF were capitalised in the Combined Carve-Out Statement of Financial Position and are being amortised on a straight-line basis over the life of the facilities.

Overdraft facility

At 28 December 2021, the Business had an overdraft facility with National Westminster Bank plc of £5.0m (29 December 2020: £5.0m; 31 December 2019: £5.0m). The balance on this facility at 28 December 2021 was £nil (29 December 2020: £nil; 31 December 2019: £nil).

£1,044m Asset Bridge Loan

On 22 April 2021, the Business obtained a £1,044m Asset Bridge Loan alongside a £503m cash confirmation bridge loan to fund Caesars Entertainment Inc's acquisition of William Hill PLC.

Both loans incurred interest at SONIA with a 1% floor plus a margin of 3.5%.

On 12 May 2021, the cash confirmation bridge loan was repaid in full.

On 14 June 2021, £700m of the Asset Bridge Loan was repaid, such that £344m remained outstanding. The loan expires in October 2022.

Finance fees and associated costs incurred on the issue of the loans were capitalised in the Statement of Financial Position. For the Asset Bridge Loan, these fees and are being amortised over the life of the respective notes using the effective interest rate method. For the cash confirmation bridge loan, these fees were written off in full on repayment of the loan balance.

Senior Unsecured Notes

(i) £375m 4.25% Senior Unsecured Notes due 2020

In June 2013, the Business issued £375m of senior unsecured notes and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the funds raised used to reduce outstanding amounts under the Business's RCF. The senior unsecured notes, which were guaranteed by the Business and certain of its operating subsidiaries, bore a coupon rate of 4.25% and were due for redemption in June 2020.

In April 2019, the Business launched a tender offer on the £375m June 2020 senior unsecured notes alongside the launch of a new £350m May 2026 senior unsecured notes (iii). As a result, the Business repurchased £171.6m of the £375m June 2020 senior unsecured notes in April 2019 and repaid the outstanding £203.4m at maturity.

(ii) £350m 4.875% Senior Unsecured Notes due 2023

On 27 May 2016, the Business issued £350m of senior unsecured notes and used the net proceeds to refinance the Business's existing debt and for general corporate purposes. The notes, which are guaranteed by the Business and certain of its operating subsidiaries, were issued with a coupon of 4.875% and mature in September 2023.

The acquisition of William Hill PLC by Caesars Entertainment Inc. triggered a change in control and the exercise of a put option by a number of Noteholders (refer below). On 2 August 2021, Noteholders of £900k out of £350m 4.875% Senior Unsecured Notes due 2023 were exercised. The cash purchase price was equal to 101 per cent of the principal amount together with the interest accrued. As a result, this reduced the £350m 4.875% Senior Unsecured Notes due 2023 to £349.1m at 28 December 2021.

(iii) £350m Senior Unsecured Notes due 2026

On 1 May 2019, the Business issued £350m of senior unsecured notes and used the net proceeds to refinance the Business's existing debt and for general corporate purposes. The bonds, which are guaranteed by the Business and certain of its operating subsidiaries, were issued with a coupon of 4.75% and mature in May 2026.

Finance fees and associated costs incurred on the issue of notes have been capitalised in the Statement of Financial Position and are being amortised over the life of the respective notes using the effective interest rate method.

Weighted average interest rates

The weighted average interest rates paid, including commitment fees, were as follows:

	52 weeks ended 31 December 2019 %	52 weeks ended 29 December 2020 %	52 weeks ended 28 December 2021 %
2026 notes	4.8	4.8	4.8
2023 notes	4.9	4.9	4.9
2020 notes	4.3	—	—
£1,044m 4.5% Asset Bridge Loan due 2022	—	—	4.5
Bank facilities.....		—	4.5
Bank loans.....	n/a	n/a	n/a

Change of control

The Business had committed bank facilities dated October 2018 and November 2019, consisting of a five-year multi-currency syndicated revolving credit facility of £390m and a three-year bilateral multi-currency revolving credit facility of £35m respectively. Under the terms of these facilities, the lenders could give notice to the Business to repay outstanding amounts plus accrued and unpaid interest and were able to cancel the commitments where there was a change of control of the Parent Company.

In addition, under the indentures for our 4.875% senior unsecured notes due 2023 and our 4.75% senior unsecured notes due 2026, each Noteholder is entitled to require the Business (as issuer) to redeem or purchase any outstanding Senior Unsecured Notes in the event of a change of control at a cash purchase price equal to 101 per cent of the principal amount together with interest accrued.

Fair value of loans and facilities

The Business's £349.1m 4.875% Senior Unsecured Notes due 2023 are listed on the London Stock Exchange and at the period end date their fair value was £360.6m (31 December 2019: £375.3m, 29 December 2020: £373.1m).

The Business's £350m 4.75% Senior Unsecured Notes due 2026 are listed on the London Stock Exchange and at the period end date their fair value was £366.8m (31 December 2019: £363.9m, 29 December 2020: £389.4m).

25. Financial risk management

The Business's activities expose it to a variety of financial risks. Financial risk management is primarily carried out by the Business's Treasurer with reference to risk management policies approved by the Board and supervised by the Chief Financial Officer. The Board approves written principles for risk management. The principal financial risks faced by the Business comprise liquidity risk, financing risk, credit risk, interest rate risk, currency risk and pensions risk. These risks are managed as described below.

Liquidity risk

Liquidity risk is the risk that the Business has insufficient funds available to settle its liabilities as they fall due. The Business generates strong operating cash flows and the Business aims to maintain sufficient cash balances to meet its anticipated working capital requirements based on regularly updated cash flow forecasts. Liquidity requirements that cannot be met from operational cash flow or existing cash resources would be

satisfied by drawings under the Business's overdraft facility and facilities provided by Caesars Entertainment Inc. Details of the Business's borrowing arrangements are provided in note 24.

The table below details the Business's expected maturity for its financial liabilities, excluding lease liabilities which are shown in note 17. The table has been drawn up on the undiscounted contractual maturities of the financial instruments, including interest that will be receivable or payable on them. Where applicable, interest payments in respect of the floating rate liabilities are estimated based on the one-month sterling LIBOR rate at the period end date.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	More than 5 years £m	Total £m
31 December 2019					
2020 notes including interest	207.1	—	—	—	207.1
2023 notes including interest	17.1	17.1	378.8	—	413.0
2026 notes including interest	16.6	16.6	49.9	372.1	455.2
Bank loans including interest ¹	1.9	1.9	3.3	—	7.1
Other financial liabilities	202.1	—	—	—	202.1
Total	444.8	35.6	432.0	372.1	1,284.5
29 December 2020					
2023 notes including interest	17.1	17.1	361.8	—	396.0
2026 notes including interest	16.6	16.6	49.9	355.6	438.7
Bank loans including interest ¹	1.9	1.9	1.4	—	5.2
Other financial liabilities	230.8	—	—	—	230.8
Total	266.4	35.6	413.1	355.6	1,070.7
28 December 2021					
2023 notes including interest	17.1	361.9	—	—	379.0
2026 notes including interest	16.6	16.6	388.0	—	421.2
£1,044m 4.5% Asset Bridge Loan due 2022	356.2	—	—	—	356.2
Bank facilities	120.1	—	—	—	120.1
Other financial liabilities	267.1	—	—	—	267.1
Total	777.1	378.5	388.0	—	1,543.6

1. Bank loan interest includes commitment fees payable on the undrawn portion of the RCF.

Capital management and financing risk

The Business seeks to maintain an appropriate capital structure which enables it to continue as a going concern, supports its business strategy and takes into account the wider economic environment. The Business's capital comprises net parent investment and debt finance, and these elements are managed to balance the requirements of the business and the interests of debt providers. The Business manages its capital structure through cash flows from operations, the raising or repayment of debt and the receipt of contributions through net parent investment.

Financing risk is the risk that the Business is unable to access sufficient finance to refinance its debt obligations as they fall due. The Business manages this risk by maintaining a balance between different funding sources including net parent investment and debt. It seeks to mitigate its debt financing risk by diversifying its sources of debt capital. The bank loan and sterling corporate bond markets are currently used for this purpose. The Board also seeks to mitigate the Business's refinancing risk by having an appropriately balanced debt maturity profile.

Credit risk

The Business is exposed to credit risk from counterparties defaulting on their obligations, resulting in financial loss to the Business. It arises in relation to transactions with commercial counterparties and financial institutions. It also arises from customers who have been granted access to credit facilities.

The Business manages its counterparty risk by closely monitoring and, where appropriate, limiting the amount that can be deposited or accumulated with any one counterparty. The Business will only deposit funds with pre-approved financial institutions with specified minimum credit ratings or strong balance sheet. The Business's policy is to mitigate its credit risk with respect to derivative transactions by using a number of different counterparties for material transactions.

Interest rate risk

Interest rate risk arises from the Business's borrowings. Protecting earnings from rising interest rates is predominantly achieved by fixing the interest costs on a significant proportion of the Business's debt.

Current treasury policy stipulates that at least 70% of the Business's debt should be at fixed rates. At 28 December 2021, all of the Business's borrowings were at fixed rates.

The Business also earns finance income from deposits placed with certain approved financial institutions. Based on the current level of variable interest-bearing deposits and borrowing facilities, a 100 basis points change in interest rates would have the following impact on the Business's financial information:

	Increase of 100 basis points £m	Decrease of 100 basis points £m
52 weeks ended 31 December 2019		
Increase/(decrease) in profit	3.9	(1.7)
Increase/(decrease) in equity reserves	3.9	(1.7)
52 weeks ended 29 December 2020		
Increase/(decrease) in profit	6.0	(2.2)
Increase/(decrease) in equity reserves	6.0	(2.2)
52 weeks ended 28 December 2021		
Increase/(decrease) in profit	2.1	(1.7)
Increase/(decrease) in equity reserves	2.1	(1.7)

Management have used a 100 basis points change in interest rates as they assess that this best illustrates the impact of plausible changes in interest rates on the Business's performance and financial position, capped at an interest rate of zero percent.

Currency risk

The Business earns revenues in foreign currencies, primarily euros, which exposes it to foreign exchange risk. The Business mitigates this risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. Material individual foreign currency transaction exposures are considered for hedging on an ad hoc basis. As at 28 December 2021, the Business had no derivative contracts for currency hedging purposes (29 December 2020: £nil; 31 December 2019: £nil).

The Business is also exposed to foreign currency accounting translation risk on the earnings and net assets of its overseas operations which are denominated in foreign currencies. The Business does not hedge such translation risk.

A 5% weakening in the Euro would have reduced profit before interest and tax by £0.2m and net assets by £14.0m.

Revenue by currency

Revenue by currency for continuing operations is analysed below:

	52 weeks ended 31 December 2019 %	52 weeks ended 29 December 2020 %	52 weeks ended 28 December 2021 %
Sterling.....	82.7	78.9	82.5
Euro	16.1	19.1	15.9
US dollar	0.7	0.7	0.4
Swedish krona	—	—	0.2
Other currencies	0.5	1.3	1.0
Total	100.0	100.0	100.0

Pensions risk

The Business operates defined benefit and defined contribution pension schemes for its employees. Pensions risk arises in respect of the defined benefit scheme where the cost of funding retirement benefits ultimately falls upon the Business. The last triennial actuarial valuation as at 30 September 2019 showed a funding surplus on the defined benefit scheme of £23.6m. The Business agreed to pay £1.9m per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

During the period ended 28 December 2021, the Business agreed a buy-in of the scheme's liabilities. On 28 June 2021, a transaction was completed which insured the liabilities of the scheme with Rothesay Life. As a result of the transaction, the scheme holds annuities with Rothesay Life which are qualifying insurance policies as defined in IAS 19.8 'Employee benefits'. The income from these policies exactly matches the amount and timing of all benefits to those members covered under the policies.

Through the scheme, following the buy-in, the only risk that the Business has is counterparty risk with the Insurance company backing the policies.

26. Financial instruments

The carrying value of the Business's financial instruments by category, as defined by IFRS 9 'Financial Instruments', (together with non-financial instruments for reconciling purposes) is analysed as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Fair value through the Income Statement			
Investments (note 15).....	0.1	—	—
Fair value through Other Comprehensive Income			
Investments (note 15).....	0.3	1.5	1.0
Amortised cost			
Cash and cash equivalents (note 20).....	367.7	588.4	203.7
Trade and other receivables (note 19).....	41.8	68.5	38.5
Total financial assets	409.9	658.4	243.2
Non-financial assets.....	1,220.7	1,030.2	2,296.7
Total assets	1,630.6	1,688.6	2,539.9
Fair value through the Income Statement			
Derivative financial liability (note 27).....	(9.7)	(8.8)	(8.8)
Liabilities at amortised cost			
Interest-bearing loans (note 24).....	(896.7)	(694.6)	(1,219.4)
Trade and other payables (note 22).....	(192.4)	(222.0)	(258.3)
Lease liabilities.....	(154.3)	(107.3)	(95.1)
Total financial liabilities	(1,253.1)	(1,032.7)	(1,581.6)
Non-financial liabilities.....	(315.0)	(304.7)	(341.6)
Total liabilities	(1,568.1)	(1,337.4)	(1,923.2)
Net assets	62.5	351.2	616.7

Management believe that, owing to the nature of the Business's non-derivative financial instruments, the carrying value equates to the fair value, apart from interest-bearing loans where the fair value is disclosed in note 24.

Fair value hierarchy

The hierarchy (as defined in IFRS 13 'Fair Value Measurement') of the Business's financial instruments carried at fair value was as follows:

	31 December 2019				29 December 2020				28 December 2021			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets/(liabilities) held at fair value												
Ante post bet liabilities (note 27)	—	—	(9.7)	(9.7)	—	—	(8.8)	(8.8)	—	—	(8.8)	(8.8)
GLHF Group AB shares (note 15)	—	—	—	—	1.3	—	—	1.3	—	—	—	—
Total	—	—	(9.7)	(9.7)	1.3	—	(8.8)	(7.5)	—	—	(8.8)	(8.8)

The Business held no other investments in unquoted shares (31 December 2019 £0.4m, 29 December 2020 £0.2m).

A reconciliation of movements on level 3 instruments is provided in the table below.

	Ante post bet liabilities £m
At 1 January 2019	(8.6)
Total profits/(losses):	
To profit or loss	(1.1)
Net settlements	—
At 31 December 2019	(9.7)
Total profits/(losses):	
To profit or loss	1.0
Net settlements	(0.1)
At 29 December 2020	(8.8)
Total profits/(losses):	
To profit or loss	0.1
Net settlements	(0.1)
At 28 December 2021	(8.8)

27. Derivative financial instruments

Ante post bets

Ante post bets are a liability arising from an open position at the period end date in accordance with the Business's accounting policy for derivative financial instruments. Ante post bets at the period end totalled £8.8m (31 December 2019: £9.7m, 29 December 2020: £8.8m) and are classified as current liabilities.

Ante post bet liabilities are valued using methods and inputs that are not based upon observable market data and all fair value movements are recognised in revenue in the Combined Carve-Out Income Statement. Although the final value will be determined by future betting outcomes, there are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined. The principal assumptions relate to the Business's historic gross win margins by betting markets and segments. Although these margins vary across markets and segments, they are expected to stay broadly consistent over time, only varying in the short term. The gross win margins are reviewed annually at period end. As at 28 December 2021, the gross win margins ranged from 2%-25%.

28. Deferred tax

The following are the deferred tax assets/(liabilities) recognised by the Business and movements thereon during the current period:

	Fixed asset timing differences £m	Retirement benefit obligations £m	Licences and other intangibles £m	Other timing differences £m	Share remuneration £m	Tax losses £m	Total £m
1 January 2019	8.7	(7.0)	(55.7)	—	0.3	—	(53.7)
Additions.....	0.2	—	(3.8)	—	—	—	(3.6)
Amount credited to reserves	—	—	—	—	1.4	—	1.4
Amount credited/ (charged) to income.....	1.1	(1.6)	0.6	10.0	0.4	4.6	15.1
Amount credited to Other Comprehensive Income	—	0.3	—	—	—	—	0.3
31 December 2019	10.0	(8.3)	(58.9)	10.0	2.1	4.6	(40.5)
Disposal	0.1	—	—	—	—	—	0.1
Amount (charged) to reserves	—	—	(0.3)	—	(2.7)	—	(3.0)
Amount credited/ (charged) to income.....	4.4	(1.3)	17.1	6.1	4.0	(4.6)	25.7
Amount credited to Other Comprehensive Income	—	0.2	—	—	—	—	0.2
29 December 2020	14.5	(9.4)	(42.1)	16.1	3.4	—	(17.5)
Amount (charged)/ credited to reserves.....	—	(1.6)	0.3	(0.7)	(2.2)	—	(4.2)
Amount (charged)/ credited to income.....	(1.0)	0.1	(16.9)	22.5	(1.2)	—	3.5
Additions arising from acquisition by Caesars..	(5.5)	—	(88.8)	18.6	—	—	(75.7)
Amount credited to Other Comprehensive Income	—	10.9	—	—	—	—	10.9
28 December 2021	8.0	—	(147.5)	56.5	—	—	(83.0)

The enacted future rate of UK corporation tax of (31 December 2019: 17%, 29 December 2020: 19% 28 December 2021: 25%), the Gibraltar statutory income tax rate of (31 December 2019: 10%, 29 December 2020: 10%, 28 December 2021: 12.5%), and the Maltese effective tax rate of (31 December 2019: 5%, 29 December 2020: 5%, 28 December 2021: 5%) have been used to calculate the amount of deferred tax.

The Business has recognised 31 December 2019: £8.0m, 29 December 2020: £11.4m, 28 December 2021: £7.6m of deferred tax assets after jurisdictional netting. The Business has unutilised tax losses of 1 January 2019: £9.0m 31 December 2019: £49.5m, 29 December 2020: £35.1m, 28 December 2021: £50.8m) in entities which are not anticipated to make profits in the foreseeable future and for which no deferred tax has been recognised. No deferred tax liability is recognised on temporary differences of £2.2 million (2020: £0.7 million; 2019: £0.2 million) related to the unremitted earnings of overseas subsidiaries as the Business is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The amount of tax that would be payable on the unremitted earnings is £0.6 million (2020: £0.2 million; 2019: £0.05m).

Other temporary differences include a deferred tax asset of £42.6m (29 December 2020: £9.1m, 31 December 2019: £8.3m) in relation to interest restrictions for which an asset has been recognised to the extent that sufficient taxable temporary differences exist at the period end date.

The following is the analysis of the deferred tax balances as reported on the face of the balance sheet after jurisdictional netting:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Deferred tax liabilities.....	(48.5)	(28.9)	(90.6)
Deferred tax assets.....	8.0	11.4	7.6
	(40.5)	(17.5)	(83.0)

29. Net parent investment

As the Business is not a separate legal group and has not previously prepared stand-alone financial statements, it is not meaningful to disclose share capital or an analysis of reserves. The net assets of the Business are represented by the cumulative investment by Caesars in the Business and disclosed as net parent investment.

On 17 June 2020, and previous to the Caesars Acquisition, one of the main subsidiaries of the Business, William Hill Limited (formerly 'William Hill PLC'), conducted a successful equity placing raising gross proceeds of £223.8m (£218.6m net of fees). These proceeds have been presented as net parent investment contributions in the Combined Carve-out Statement of changes in net parent investment.

During 2021, as a part of the acquisition by Caesars, the Business received from its parent a cash advance of £1,530.3m in exchange for an unsecured long-term loan, cash for shares of £315.7m, a net parent contribution of £36.5m and a loan of £310.8m which was converted into a net parent contribution. These proceeds have been presented as net parent investment contributions in the Combined Carve-out Statement of changes in net parent investment.

30. Notes to the cash flow statement

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Operating profit/(loss)	16.2	130.6	(178.0)
Adjustments for:			
Depreciation of property, plant, and equipment	60.7	55.1	50.9
Amortisation of intangibles.....	64.1	67.6	110.8
Impairment of Retail segment and right-of-use lease assets	47.3	126.6	(1.0)
Impairment of goodwill.....	—	—	70.4
Provision for LBO closures	43.9	(2.8)	(1.4)
Loss on sale of investment in Eeya.....	—	—	0.3
(Gain)/loss on disposal of property, plant and equipment ...	(3.2)	0.3	(0.1)
Cost charged in respect of equity settled share remuneration	4.5	3.1	6.5
Defined benefit pension cost less cash contributions	(8.6)	(0.9)	(8.0)
Fair value movements on derivative financial instruments and ante post	1.0	(0.9)	—
Profit on sale of interests in associates.....	—	(2.0)	—
Operating cash flows before movements in working capital:	225.9	376.7	50.4
Decrease in receivables	3.9	3.6	25.4
(Decrease)/increase in payables	(49.9)	10.7	26.4
Decrease in receivable from related undertakings.....	(27.0)	(1.6)	(0.6)
Cash generated by operations.....	152.9	389.4	101.6
Income taxes paid.....	(4.1)	(27.5)	(12.7)
Interest paid	(38.9)	(46.4)	(57.9)
Interest paid on leases	(4.3)	(3.9)	(3.2)
Cash from operating activities	105.6	311.6	27.8

The following is a reconciliation of liabilities arising from financing activities:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Total liabilities from financing activities at the beginning of the period	719.7	1,051.0	801.9
Recognition of lease liabilities on adoption of IFRS 16.....	178.6	—	—
Lease acquisitions and reassessments	21.3	(7.4)	22.8
Amounts paid on redemption of existing senior unsecured loan notes	(171.6)	(203.4)	(0.9)
Lease liabilities – principal payments.....	(43.4)	(39.8)	(35.0)
Proceeds on issue of 4.75% senior unsecured notes due May 2026	350.0	—	—
Existing senior unsecured notes redemption costs	(8.1)	—	—
Debt finance costs	(1.5)	—	—
Debt arising on Caesars acquisition.....	—	—	2,232.2
Other non-cash movements.....	6.0	1.5	3.1
Total liabilities from financing activities at the end of the period	1,051.0	801.9	3,024.1

During the period ended 28 December 2021, the total cash outflow for leases recognised in accordance with IFRS 16 was £38.2m (31 December 2019: £51.8m, 29 December 2020: £49.2m) of which £35.0m (31 December 2019: £43.4m, 29 December 2020: £39.9m) related to cash payments for the principal portion of lease liabilities (recognised within cash flows from financing activities in the Combined Carve-Out Statement of Cash Flows) and 3.2m (31 December 2019: £4.3m, 29 December 2020: £3.9m) related to cash payments for interest expense related to lease liabilities (recognised within cash flows from operating activities in the Combined Carve-Out Statement of Cash Flows).

31. Share-based payments

The Business had the following equity settled share-based payment schemes in operation during the period, however none of which are still in existence as at 28 December 2021:

- Performance Share Plan (PSP), Executive Bonus Matching Scheme (EBMS), Restricted Share Plan (RSP) and Retention Awards (RA), encompassing awards made in the years from 2015 to 2020; and
- Save As You Earn (SAYE) share option schemes encompassing grants made in the years from 2015 to 2020.

Details of these schemes are provided below.

Costs of schemes

The costs of the schemes during the period, excluding accrued social security costs, were:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
PSP, EBMS, RSP and RA	3.2	2.1	0.8
SAYE schemes	1.3	1.0	0.3
Total equity settled share-based payment schemes	4.5	3.1	1.1

PSP, EBMS, RSP and RA

The PSP provided conditional awards of shares dependent on the Business's Adjusted EPS growth, Total Shareholder Return (TSR) performance and certain business performance measures over a three or four-year period, as well as continued employment of the individual at the date of vesting (awards are usually forfeited if the employee leaves the Business voluntarily before the awards vest). EBMS shares were partly deferred shares conditional on continued employment of the individual at the date of vesting and partly share awards dependent on the Business's EPS growth, as well as continued employment at the date of vesting. EBMS awards must be exercised within one month from their vesting date, which is three years after their grant date.

The RSP and RA were deferred grants of shares contingent upon continued employment.

The PSP, EBMS, RSP and RA were conditional awards of shares for which the recipients do not have to pay an exercise price. The weighted average share price at the date of exercise for share awards exercised during 52 weeks ended 31 December 2019: £1.53, 52 weeks ended 29 December 2020: £1.43. The awards outstanding had a remaining weighted average contractual life at 31 December 2019 of 7.8 years, at 29 December 2020 of 6.6 years.

On completion of the transaction with Caesars, all schemes were modified at the point of the change of control at which point there was an acceleration of the remaining charges.

	31 December 2019	29 December 2020	28 December 2021
Options under these schemes were as follows:	Number	Number	Number
Outstanding at beginning of the period.....	9,117,577	13,474,567	8,750,480
Granted during the period.....	5,833,205	2,110,796	—
Forfeited during the period.....	(573,969)	(5,442,953)	(1,947,869)
Exercised during the period.....	(902,246)	(1,391,930)	(6,802,611)
Outstanding at the end of the period.....	13,474,567	8,750,480	—
Exercisable at the end of the period.....	—	197,083	—

SAYE schemes

Options under the SAYE schemes, which were open to all eligible employees and based on a three or five-year monthly savings contract. Options under the scheme were granted with an exercise price up to 20% below the share price when the savings contract is entered into. The options remain valid for six months beyond the end of the relevant savings contract.

The exercise prices for the 2015, 2016, 2017, 2018, 2019 and 2020 SAYE schemes were £3.03, £2.64, £1.96, £1.99, £1.45 and £1.45 respectively.

No shares were exercised during the period ended 31 December 2019 and the weighted average share price for shares exercised for the period ended 29 December 2020 was £1.96. The options outstanding had a remaining weighted average contractual life at 31 December 2019 of 2.7 years, at 29 December 2020 of 3.1 years.

With regard to the transaction with Caesars, the SAYE schemes were modified at the point of the change of control such that all shares vested, at which point there was an acceleration of the remaining charges.

Options under these schemes are as follows:

	31 December 2019		29 December 2020		28 December 2021	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the period..	9,596,748	2.14	9,819,256	1.74	13,201,734	1.51
Granted during the period.....	5,622,307	1.45	8,372,898	1.45	—	—
Forfeited during the period.....	(5,399,799)	2.15	(4,148,793)	1.85	(9,508,085)	1.43
Exercised during the period.....	—	—	(841,627)	1.96	(3,693,649)	1.54
Outstanding at the end of the period.....	9,819,256	1.74	13,201,734	1.51	—	—
Exercisable at the end of the period.....	713,674	2.65	334,476	2.09	—	—

Fair values of share-based payments

Share-based payments were valued using the Black-Scholes-Merton pricing formula. The inputs were as follows:

	SAYE			PSP, EBMS, RSP, RA		
	31 December 2019	29 December 2020	28 December 2021	31 December 2019	29 December 2020	28 December 2021
Weighted average share price at date of grant	£1.81	£2.81	—	£1.61	£1.31	—
Weighted average exercise price	£1.45	£1.45	—	£nil	£1.43	—
Expected volatility	30%	52%	—	30%	52%	—
Expected life	3-5 years	3-5 years	—	1-3 years	1-3 years	—
Risk free interest rate	0.6%	-0.1%	—	0.6%	-0.1%	—
Expected dividend yield	4.8%	6.2%	—	4.8%	6.2%	—

Expected volatility was determined by calculating the historical volatility of the Business's shares over a period matching the option life. The expected life of the option used in the model was adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For PSP, the value of the option was also adjusted to take into account the market conditions applicable to the option (i.e., TSR requirements) by applying a discount to the option value.

This discount was calculated based on an estimate of the probability of achieving the relevant condition, for the 52 weeks ended 31 December 2019: 25% and 52 weeks ended 29 December 2020: 25%.

The weighted average fair value of the awards granted under the PSP, EBMS, RSP and RA schemes at the date of grant was £1.40 per option at 29 December 2020 and £1.52 per option at 31 December 2019. The weighted average fair value of the options granted under SAYE grants at the date of grant was £1.15 per option at 29 December 2020 and £0.32 for the 52 weeks ended 31 December 2019. No options were granted in the 52 weeks ended 28 December 2021.

32. Retirement benefit schemes

The Business operates a number of defined contribution and defined benefit pension schemes. The UK schemes are operated under a single trust and the assets of all the schemes are held separately from those of the Business in funds under the control of trustees.

The respective costs of these schemes are as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Defined contribution schemes (charged to profit before interest and tax)	10.0	8.5	8.3
Defined benefit scheme (charged to profit before interest and tax)	1.2	2.8	2.8
Defined benefit scheme (credited to finance income)	(1.3)	(1.0)	(0.6)
Defined benefit scheme (charged to other comprehensive income) ¹	2.0	1.2	54.9
	11.9	11.5	65.4

¹ During the period ended 28 December 2021, the charge to other comprehensive income included £59.5m in respect of the Defined Benefit pension scheme buy-in.

Defined contribution schemes

The defined contribution schemes, to which both the Business and employees contribute to fund the benefits, are available for all eligible employees. The only obligation of the Business with respect to these schemes is to make the specified contributions.

The total cost charged to income in respect of these schemes represents contributions payable to the schemes by the Business at rates specified in the rules of the respective schemes. At 28 December 2021, contributions of £nil (31 December 2019: £nil, 29 December 2020: £nil) due in respect of the current reporting period were outstanding to be paid over to the schemes.

Defined benefit scheme

The Business also operates a defined benefit scheme in the UK for eligible employees which closed to new members in 2002. Under the scheme, employees are entitled to retirement benefits varying between 1.67% and 3.33% of final pensionable pay for each year of service on attainment of a retirement age of 63. With effect from 1 April 2011, the defined benefit scheme was closed to future accrual but maintains the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). Employed members of this scheme were automatically transferred into one of the defined contribution schemes. The costs of administering the scheme are borne by the Business.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2019 and updated to 28 December 2021 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method and by rolling forward the results of the 30 September 2019 technical provisions using actuarial techniques, allowing for cash flows and interest over the period, differences between the assumptions used to set the technical provisions and those selected for accounting under IAS 19 and the PIE exercise carried out in 2019.

Pension buy-in

During the period ended 28 December 2021, the Business agreed a buy-in of the scheme's liabilities. On 28 June 2021, a transaction was completed which insured the liabilities of the scheme with Rothesay Life. As a result of the transaction, the scheme holds annuities with Rothesay Life which are qualifying insurance policies as defined in IAS 19.8 'Employee benefits'. The income from these policies exactly matches the amount and timing of all benefits to those members covered under the policies. As with other bulk annuity purchases the Scheme has carried out, the change has been treated as a change in investment strategy. Consequently, the Defined Benefit surplus held by the Business at the date of the transaction was written off as part of the actuarial loss in Other Comprehensive Income.

At the period end date, the estimated Defined Benefit Obligation ('DBO') for all insured members was £389.3m. The value of the buy-in policies was determined to be equivalent to this DBO, as per IAS 19.115 'Employee benefits'.

Guaranteed minimum pensions (GMP)

Following the judgement in the Lloyds case on 26 October 2018, the need to equalise for the effect of differences in guaranteed minimum pensions (GMP) between males and females was made more certain. On 20 November 2020, the High Court issued a supplementary ruling in the case with respect to members that have transferred out of their scheme prior to the ruling. The results of this mean that:

- Trustees are obliged to make transfer payments that reflect equalised benefits and are required to make top up payments where this was not previously the case;
- A Defined Benefit scheme that received a transfer is concurrently obliged to provide equalised benefits in respect of the transfer payments; and
- There were no exclusions on the grounds of discharge forms, CETV legislation, forfeiture provisions or the Limitation Act 1980.

GMP methodology cover was included as part of the buy-in insurance policy, consequently, the Business's corporate advisor estimated that the GMP equalisation cost of this additional ruling as at 28 December 2021 was £nil (31 December 2019 estimated £nil, 29 December 2020 estimated £0.2m).

Funding valuation

The general principles adopted by the Trustees for the purposes of this funding valuation are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions already in payment to continue

to be paid and to reflect the commitments which will arise from members’ accrued pension rights. The Business agreed to pay £1.9m per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

The IAS 19 ‘Employee Benefits’ position of the plan, as reflected in the Business’s Combined Carve-Out Statement of Financial Position, has generally differed from that of the triennial funding valuation assessment. The last triennial actuarial valuation as at 30 September 2019 showed a funding surplus on the defined benefit scheme of £23.6m compared to the £49.2m surplus at 29 December 2020 and the £59.5m surplus which was written off to Other Comprehensive Income as a result of the buy-in during the period. The principal reasons for this difference are the requirements for prudence in the funding valuation (which contrasts with the IAS 19 best estimate principle) and the application of a prudent estimate of asset returns in the funding valuation (which contrasts with the IAS 19 requirement to use a discount rate derived from high quality corporate bonds). We also consider the fact that the valuations are at different dates. The accounting surplus figure is calculated as at the period end date of 29 December 2020, and the actuarial surplus was calculated as at 30 September 2019.

The Business has the right to a refund of any surplus on wind up of the scheme.

In April 2018, the Trustees of the William Hill pension scheme signed a buy-in bulk annuity policy. The policy was taken out to insure a proportion of the defined benefit pension scheme obligation against the risk of rising costs in the future. As a result of the buy-in transaction in the period, the entire scheme obligations are now insured.

Disclosure of principal assumptions

The financial assumptions used by the actuary in determining the present value of the defined benefit scheme’s liabilities were:

	31 December 2019	29 December 2020	28 December 2021
Rate of increase of salaries	2.00%	2.00%	2.00%
Rate of increase of pensions (non-pensioner)	2.90%	2.80%	3.10%
Rate of increase of pensions (pensioner).....	2.30%	3.10%	3.50%
Discount rate	2.00%	1.30%	1.90%
Rate of RPI inflation (non-pensioner)	3.00%	2.80%	3.20%
Rate of RPI inflation (pensioner).....	—	3.20%	3.70%
Rate of CPI inflation	2.30%	2.30%	3.10%

In accordance with the relevant accounting standard, the discount rate has been determined by reference to market yields at the period end date on high-quality fixed income investments at a term consistent with the expected duration of the liabilities. Price inflation is determined by the difference between the yields on fixed and index-linked Government bonds with an adjustment to allow for differences in the demand for these bonds, which can distort this figure. The expected rate of salary growth and pension increases are set with reference to the expected rate of inflation. No change has been made to the basis of inflation applied to pension increases in the scheme.

The mortality assumption is kept under review and has been updated. The current life expectancies for a member underlying the value of the accrued liabilities are:

	31 December 2019 years	29 December 2020 years	28 December 2021 years
Life expectancy at age 65			
Male retiring now.....	21.2	21.8	21.9
Male retiring in 25 years’ time.....	23.4	23.5	23.6
Female retiring now	23.7	23.8	23.8
Female retiring in 25 years’ time	26.0	25.7	25.7

The assets in the scheme are set out in the table below. Assets with quoted prices in an active market are identified separately.

	31 December 2019 £m	29 December 2020 £m	28 December 2021 £m
Corporate bonds (quoted).....	88.4	105.5	—
Corporate bonds (unquoted).....	2.6	2.4	—
Multi-asset fund (quoted).....	—	39.1	—
Multi-asset fund (unquoted).....	65.7	27.8	—
Gilts and cash (quoted).....	10.5	14.1	—
Gilts and cash (unquoted).....	115.2	119.7	1.3
Buy-in asset.....	137.7	153.7	388.0
Total market value of assets	420.1	462.3	389.3
Present value of scheme liabilities.....	(371.7)	(413.1)	(388.0)
Surplus in scheme	48.4	49.2	1.3
Additional liability due to IFRIC 14 ¹ – effect of the asset ceiling.....	—	—	(1.3)
Net Combined Carve-Out balance sheet position	48.4	49.2	—

1. IFRIC 14 states that a surplus of a defined benefit scheme can be disclosed as an asset by an entity where it has the unconditional right to that asset on the wind up of a scheme. The Business has that unconditional right, however as a result of the Buy-In transaction, it was decided by management that the surplus in the Scheme be used for future costs of the scheme, given the already substantial reduction of the asset from the date of the Buy-In transaction (£2.6m) to the period end date (£1.3m). The Business has therefore written off any surplus asset to Combined Carve-Out Other Comprehensive Income as a result of the Buy-In transaction.

Analysis of the amount charged/(credited) to adjusted (loss)/profit before interest and tax:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Current service cost.....	0.8	1.2	0.9
Past service cost – scheme amendments.....	(1.5)	0.2	—
Administration expenses.....	1.9	1.4	1.9
Total operating charge	1.2	2.8	2.8

Analysis of the amounts recognised in the combined Statement of Comprehensive Income:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Actual return less expected return on pension scheme assets	(35.3)	(51.6)	66.7
Actuarial loss/(gain) arising from changes in financial assumptions.....	37.3	52.8	(13.1)
Effect of asset ceiling ¹	—	—	1.3
Actuarial remeasurements	2.0	1.2	54.9

1. As a result of management's decision to write off the surplus of the Scheme, an asset ceiling was introduced creating an additional liability of £1.3m (see assets table above).

Movements in the present value of defined benefit obligations in the period were as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
At beginning of period	344.4	371.7	413.1
Movement in period:			
Service cost	0.8	1.2	0.9
Interest cost.....	9.1	7.2	5.3
Remeasurements – changes in financial assumptions ¹	43.8	40.7	(13.1)
Remeasurements – changes in demographic assumptions	(8.6)	1.5	—
Remeasurements – experience adjustments	2.1	10.6	—
Benefits paid.....	(17.6)	(18.8)	(17.3)
Insurance premium for risk benefits	(0.8)	(1.2)	(0.9)
Past service cost – scheme amendments	(1.5)	0.2	—
At end of period	371.7	413.1	388.0

1. As a result of management's decision to write off the surplus of the Scheme, an additional liability under IFRIC 14 was recognised (see assets table above).

Movements in the present value of fair value of scheme assets in the period were as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
At beginning of period	384.9	420.1	462.3
Movement in period:			
Interest income on plan assets	10.4	8.2	5.9
Remeasurements – return on plan assets (excluding interest income).....	35.3	51.6	(66.7)
Contributions from sponsoring companies	9.8	3.8	7.9
Administration expenses charged to profit before interest and tax	(1.9)	(1.4)	(1.9)
Benefits paid.....	(17.6)	(18.8)	(17.3)
Insurance premium for risk benefits	(0.8)	(1.2)	(0.9)
At end of period	420.1	462.3	389.3

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). In addition, changes in the assumptions may occur at the same time as changes in the market value of the scheme assets, which may or may not offset the change in assumptions.

Assumption	Changes in assumption	Impact on defined benefit obligation		
		52 weeks ended 31 December 2019	52 weeks ended 29 December 2020	52 weeks ended 28 December 2021
		£m	£m	£m
Discount rate	Decrease by 0.25% p.a.	Increase by £15.4m	Increase by £17.0m	Increase by £16.0m
Discount rate	Increase by 0.25% p.a.	Decrease by £14.8m	Decrease by £18.0m	Decrease by £15.0m
Rate of increase in inflation.....	Increase by 0.25% p.a.	Increase by £9.2m	Increase by £13.5m	Increase by £11.0m
Rate of increase in inflation.....	Decrease by 0.25% p.a.	Decrease by £8.9m	Decrease by £11.5m	Decrease by £10.0m
Life expectancy	Members assumed to live one year longer	Increase by £19.1m	Increase by £18.0m	Increase by £19.0m

The sensitivity to price inflation includes the corresponding impact on CPI, revaluation in deferment and pension increases in payment. It does not include any adjustments to future salary increases.

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

As a result of the buy-in, pension assets and liabilities (pre-tax) of £nil and £nil respectively were held on the Business's Statement of Financial Position at 28 December 2021 (31 December 2019: £420.1m & £371.1m, 29 December 2020: £462.3m & £413.1m respectively). Through the scheme, following the buy-in, the only risk that the Business has is counterparty risk with the Insurance company backing the policies.

Funding

Alongside the risk assessment above, on 30 September 2020, the Business agreed an ongoing funding requirement with the Trustees which expires on 30 September 2025 (note 25).

The weighted average duration of the scheme's defined benefit obligation as at 28 December 2021 is 18 years (29 December 2020: 18 years, 31 December 2019: 17 years).

The undiscounted maturity profile of the defined benefit obligation between one and ten years is shown below:

	52 weeks ended 31 December 2019	52 weeks ended 29 December 2020	52 weeks ended 28 December 2021
	£m	£m	£m
Less than one year	10.7	11.3	12.5
Between one and two years.....	11.3	12.0	13.0
Between two and five years.....	37.4	39.3	43.5
Between five and ten years.....	73.6	77.0	67.0

No allowance is made for commutation lump sums or individual transfers out due to the fluctuating nature of these payments.

33. Related party transactions

Trading transactions

Caesars Entertainment, Inc.

During the period, the Business received several advances and transfers from its parent Caesars Entertainment, Inc. These included a cash advance of £1,530.3m in exchange for an unsecured long-term loan, cash for shares of £315.7m, a net parent contribution of £36.5m and a loan of £310.8m which was converted into a net parent contribution.

During the 52-week period ended 28 December 2021 but prior to the Caesars acquisition, the Business recharges expenses totalling £1.9m to its US segment in relation to corporate services (52 weeks ended 29 December 2020: £5.9m; 52 weeks ended 31 December 2019: £4.3m).

During the 52-week period ended 28 December 2021, as part of a “ Transitional Services Agreement (TSA)” post-acquisition, the Business received income of £3.3m for services to its parent, Caesars Entertainment, Inc.

As at 28 December 2021, the amount receivable and payable to the Business’s parent is £nil.

Sports Information Services

During the 52-week period ended 29 December 2020, William Hill Organization Limited sold its investment in 49’s Limited to Sports Information Services Limited, a subsidiary of the Business’s associated undertaking, Sports Information Services (Holdings) Limited. See note 16 for further details.

During the 52-week period ended 28 December 2021, the Business made purchases of £25.9m (52 weeks ending 29 December 2020: £31.1m) from Sports Information Services Limited.

At 28 December 2021, the amount payable to Sports Information Services Limited by the Business was £0.4m (29 December 2020: £2.9m).

Remuneration of key management personnel

The remuneration of management, who are the key management personnel of the Business, is set out below in aggregate for each of the categories specified in IAS 24 ‘Related Party Disclosures’.

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Short-term employee benefits (including salaries)	2.2	2.2	4.6
Post-employment benefits (employer’s contribution)	0.2	0.1	0.0
Share-based payments (IFRS 2 charges)	0.5	0.6	4.2
	<u>2.9</u>	<u>2.9</u>	<u>8.8</u>

The disclosures above include the distributions of Net parent investment received by management on the Company’s ordinary shares (31 December 2019: £44,900, 29 December 2020: nil).

The values presented above include share-based payments measured in accordance with IFRS 2. In addition, the above includes bonuses on a paid basis.

Pension schemes

The pension schemes of the Business are related parties. Arrangements between the Business and its pension schemes are disclosed in note 32.

34. Contingent liabilities

Legal claims

In common with other businesses in the gambling sector the Business receives claims relating to losses incurred by consumers following the use of the Business’s gambling products. Claims have been received from consumers in a number of (principally European) jurisdictions and allege either failure to follow

responsible gambling procedures, breach of licence conditions or that underlying contracts in question (in which consumers contractually agree to the terms and conditions of play, which are subject to the laws of Gibraltar or Malta) are null and void given local licencing regimes.

The Business assesses and defends individual claims as they are received both on the individual underlying factual basis and also with regard to legal advice received as to whether such jurisdictions and their local licencing regimes are incompatible with European Union law on the free movement of services. The Business provides for such claims where it is determined that the Business has either a present legal or constructive obligation to settle the claim.

The Business is aware of the existence of on-going challenges to local licencing regimes on the basis of their incompatibility with EU law including, for example, one such case where the Austrian courts had referred a case relating to Fluctus s.r.o. and Fluentum s.r.o. (“F&F”), to the European Court of Justice (“ECJ”) which has led to guidance from the ECJ as to how Austrian Courts should assess questions of the compatibility of the Austrian licencing regime with EU law. The Business continues to contest the compatibility of the Austrian licencing regime with EU law and the applicability of judgements of the Austrian courts which do not properly assess that issue in accordance with the ECJ’s guidance. In addition to the outcome of cases relating to the compatibility or otherwise of local licencing regimes with EU law, significant issues remain to be resolved in the context of consumer claims related to (i) the applicable law under which claims in cross border cases should be determined and (ii) the enforceability of disputed judgments obtained in jurisdictions from which the Business does not trade and in which it has no assets or presence. The Business has been advised that there are significant public policy arguments as to why judgements obtained outside of its operating jurisdictions which fail to recognise (i) the choice of governing law made by the parties to the contract; and (ii) the legitimacy of the regulatory regimes and EU law under which the Business provides services to consumers would not be recognised or enforced in those operating jurisdictions.

Taking into account the uncertainty associated with the legal basis for these claims, coupled with the advice that the Directors have received on the strength of the various legal defences that the Business has against such claims, the Directors have concluded that the Business has a possible, but not probable, legal obligation in respect of these claims.

Since the last quarter of 2020, the Business has been subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 at a broadly consistent rate with a slight increase in claims early in 2021 but a small decrease across the second half of 2021. Additionally, a very small number of consumers who have obtained judgement against the Business’ entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. In estimating the size of the potential outflow that might result if this were to occur the Directors have assessed (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage; (ii) the steps that the Business intends to take to defend those claims; and (iii) the fact that the Business has been advised that any outflow would be expected to be on a net of tax basis. Based on that assessment the Business estimates that, if there were an outflow of economic benefits, it could be up to the value of £45.0m, which is an increase than the estimation as at 29 December 2020 recognising the increase in claims trends during 2021.

The timing of any such outflow will be dependent on (i) the ultimate validity of decisions in cases to be heard before the Austrian national courts and the extent to which those decisions followed the ECJ’s guidance on the F&F case (ii) the timing of cases before the Gibraltar and/or Maltese courts (being the courts of the jurisdictions in which and from which the Business’ online businesses operate and the jurisdictions where consumers would need to seek to enforce any contested judgements that they have obtained); and (iii) the rate and number of future claims made by consumers. Given those factors any outflow will only result after final court hearings on questions of enforcement which are unlikely to take place within the next twelve months and any outflow would, in any event, then take place over a multi-year period.

Contingent deal related fees

The Business has agreed payment of £12.0m (inclusive of tax) of retention payments to key employees to be paid contingent on completion of the acquisition by 888. As such these have been disclosed as a contingent liability given the 888 Holdings Plc shareholder approval and regulatory clearances still to be obtained.

In addition, the Business has entered into an agreement with a third party for public relations advice in connection to the acquisition with fees of £0.3m (inclusive of VAT) only payable contingent on the completion of the transaction which are disclosed as a contingent liability consistent to the retention payments.

35. Subsidiaries and other related undertakings

A full list of related undertakings as at 28 December 2021, the address of their registered office and their country of incorporation is shown below. The entire issued share capital is held within the Business except where otherwise shown.

Name of subsidiary and other related undertakings	Country of incorporation	% holding
Caesars UK Holdings Limited ⁽¹⁾	Great Britain	100%
Caesars UK Interactive Holdings Limited ⁽¹⁾	Great Britain	100%
Caesars Cayman Finance Limited ⁽¹⁾	Cayman Islands	100%
William Hill Cayman Holdings Limited ⁽¹⁾	Cayman Islands	100%
William Hill Limited ⁽¹⁾	Great Britain	100%
Will Hill Limited, Sucursal Argentina Branch ⁽³²⁾	Argentina	100%
Ad-gency Limited (entered dissolution process in 2018) ⁽⁹⁾	Israel	100%
William Hill Holdings Limited ⁽¹⁾	Great Britain	100%
Mr Green & Co AB ⁽³²⁾	Sweden	100%
Admar Services (Gibraltar) Limited ⁽²⁷⁾	Gibraltar	100%
Admar Services (Malta) Limited ⁽²³⁾	Malta	100%
A.J.Schofield Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Alfabet S.A.S ⁽³³⁾	Colombia	90%
Arena Racing Limited ⁽¹⁾	Great Britain	100%
Arthur Roye (Turf Accountants) Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Arthur Wilson Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
B.B.O'Connor (Lottery) Limited ⁽⁴⁾	Jersey	100%
B.J.O'Connor Limited ⁽⁴⁾	Jersey	100%
B.J.O'Connor Holdings Limited ⁽⁴⁾	Jersey	100%
Baseflame Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Bill Taylor of Huyton Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Bookhost Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Bradlow Limited ⁽¹⁾	Great Britain	100%
Brooke Bookmakers Limited ⁽¹⁾	Great Britain	100%
Camec (Provincial) Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Camec (Scotland) Limited ⁽¹⁾	Great Britain	100%
Camec (Southern) Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Camec (Western) Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Camec Limited ⁽¹⁾	Great Britain	100%
Cellpoint Investments Limited ⁽¹⁰⁾	Cyprus	100%
City Tote Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Cleveley House Limited ⁽⁷⁾ (awaiting dissolution)	Guernsey	100%
Concession Bookmakers Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Daniel McLaren Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Dansk Underholding Ltd ⁽²³⁾	Malta	100%
Dawcar Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Deluxe Online Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Demmy Investments Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Deviceguide Limited ⁽¹⁾	Great Britain	100%
Douglas Tyler Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Eclipse Bookmakers Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Evenmedia Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Eventip Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Evoke Gaming Ltd ⁽²³⁾	Malta	100%
Fred Parkinson Management Limited ⁽¹⁾	Great Britain	100%
Garnet Limited ⁽¹⁾ (in liquidation)	Great Britain	100%

Name of subsidiary and other related undertakings	Country of incorporation	%
		holding
Goodfigure Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Grand Parade Limited ⁽¹⁾	Great Britain	100%
Grand Parade sp. z o.o. ⁽¹⁶⁾	Poland	100%
Green Gaming Group PLC ⁽²³⁾	Malta	100%
Groatbray Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Gus Carter (Cash) Limited ⁽¹⁾	Great Britain	100%
Gus Carter Limited ⁽¹⁾	Great Britain	100%
Ivy Lodge Limited ⁽⁷⁾	Guernsey	100%
James Lane (Bookmaker) Limited ⁽¹⁾	Great Britain	100%
James Lane Group Limited ⁽¹⁾	Great Britain	100%
James Lane (Turf Accountants) Limited ⁽¹⁾	Great Britain	100%
Laystall Limited ⁽¹⁾	Great Britain	100%
Matsbest Limited ⁽¹⁾	Great Britain	100%
Matsdom Limited ⁽¹⁾ (in liquidation).....	Great Britain	100%
Matsgood Limited ⁽¹⁾	Great Britain	100%
Mr Green & Co Optionsbarare AB ⁽³⁾	Sweden	100%
Mr Green Consultancy Services Ltd ⁽¹⁾	United Kingdom	100%
Mr Green Consulting AB ⁽²²⁾	Sweden	100%
Mr Green Limited ⁽²³⁾	Malta	100%
MRG IP Limited ⁽²³⁾	Malta	100%
MRG Spain PLC ⁽²³⁾	Malta	100%
Nalim Limited ⁽¹⁾	Great Britain	100%
Pandashield Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
Phonethread Limited ⁽¹⁾	Great Britain	100%
Premier Bookmakers Limited ⁽¹⁾ (in liquidation).....	Great Britain	100%
Regency Bookmakers (Midlands) Limited ⁽¹⁾	Great Britain	100%
Regionmodel Limited ⁽¹⁾ (in liquidation).....	Great Britain	100%
Selwyn Demmy (Racing) Limited ⁽¹⁾	Great Britain	100%
Sherman Racing (Western) Limited ⁽¹⁾ (in liquidation).....	Great Britain	100%
SIA Mr Green Latvia ⁽²⁸⁾	Latvia	100%
SIA Viensviens.lv* ⁽²⁸⁾	Latvia	90%
Sports Information Services (Holdings) Limited ⁽¹⁸⁾	Great Britain	19.5%
St James Place Limited ⁽⁷⁾	Guernsey	100%
T H Jennings (Harlow Pools) Limited ⁽¹⁾	Great Britain	100%
The William Hill Foundation ⁽¹⁾	Great Britain	100%
Trackcycle Limited ⁽¹⁾	Great Britain	100%
Transdown Limited ⁽¹⁾ (in liquidation).....	Great Britain	100%
Vickers Bookmakers Limited ⁽¹⁾ (in liquidation).....	Great Britain	100%
Vynplex Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
WHG Customer Services Philippines, Inc. ⁽⁸⁾	Philippines	100%
WHG IP Licensing Limited ⁽²⁾	Gibraltar	100%
WHG Italia S.R.L. ⁽¹⁵⁾	Italy	100%
WHG Online Marketing Spain S.A. ⁽²⁶⁾	Spain	100%
WHG (Malta) Limited ⁽²³⁾	Malta	100%
WHG Services (Philippines) Ltd ⁽²⁾	Gibraltar	100%
WHG Services Limited ⁽¹⁾	Great Britain	100%
WHG Trading Limited ⁽²⁾	Gibraltar	100%
WHG (International) Limited ⁽²⁾	Gibraltar	100%
WHG Services (Bulgaria) Limited EOOD ⁽¹¹⁾	Bulgaria	100%
WHG Spain PLC ⁽²³⁾	Gibraltar	100%
Will Hill Limited ⁽¹⁾	Great Britain	100%
William Hill (Alba) Limited ⁽¹⁹⁾	Great Britain	100%
William Hill (Caledonian) Limited ⁽¹⁹⁾	Great Britain	100%
William Hill (Course) Limited ⁽¹⁾ (in liquidation).....	Great Britain	100%
William Hill (Edgware Road) Limited ⁽¹⁾	Great Britain	100%
William Hill (Effects) Limited ⁽¹⁾	Great Britain	100%
William Hill (Essex) Limited ⁽¹⁾	Great Britain	100%

Name of subsidiary and other related undertakings	Country of incorporation	% holding
William Hill (Football) Limited ⁽¹⁾	Great Britain	100%
William Hill (Goods) Limited ⁽¹⁾	Great Britain	100%
William Hill (Grampian) Limited ⁽¹⁹⁾ (in liquidation)	Great Britain	100%
William Hill (IOM) No.3 Limited ⁽⁵⁾	Isle of Man	100%
William Hill (London) Limited ⁽¹⁾	Great Britain	100%
William Hill (Malta) Limited ⁽²³⁾	Malta	100%
William Hill (Midlands) Limited ⁽¹⁾	Great Britain	100%
William Hill (North Eastern) Limited ⁽¹⁾	Great Britain	100%
William Hill (North Western) Limited ⁽¹⁾	Great Britain	100%
William Hill (Northern) Limited ⁽¹⁹⁾ (in liquidation)	Great Britain	100%
William Hill (Products) Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
William Hill (Resources) Limited ⁽¹⁾	Great Britain	100%
William Hill (Scotland) Limited ⁽¹⁹⁾	Great Britain	100%
William Hill (Southern) Limited ⁽¹⁾	Great Britain	100%
William Hill (Stock) Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
William Hill (Strathclyde) Limited ⁽¹⁹⁾ (in liquidation)	Great Britain	100%
William Hill (Supplies) Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
William Hill (Wares) Limited ⁽¹⁾	Great Britain	100%
William Hill (Western) Limited ⁽¹⁾	Great Britain	100%
William Hill Bookmakers (Ireland) Limited ⁽⁶⁾	Ireland	100%
William Hill Call Centre Limited ⁽⁶⁾	Ireland	100%
William Hill Credit Limited ⁽¹⁾	Great Britain	100%
William Hill Employee Shares Trustee Limited ⁽¹⁾	Great Britain	100%
William Hill Finance Limited ⁽¹⁾	Great Britain	100%
William Hill Gametek AB ⁽³²⁾	Sweden	100%
William Hill (Global) PLC ⁽²³⁾	Malta	100%
William Hill Index (London) Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
William Hill Investments Limited ⁽¹⁾	Great Britain	100%
William Hill Leisure Limited ⁽¹⁾ (in liquidation)	Great Britain	100%
William Hill Malta PLC ⁽²⁴⁾	Malta	100%
William Hill Offshore Limited ⁽⁶⁾	Ireland	100%
William Hill Organization Limited ⁽¹⁾	Great Britain	100%
William Hill Steeplechase Limited ⁽²⁾	Gibraltar	100%
William Hill Trustee Limited ⁽¹⁾	Great Britain	100%
Wise Entertainment DK Aps ⁽²⁹⁾	Denmark	100%
Willstan Properties Limited ⁽²⁰⁾	Northern Ireland	100%
Willstan Racing (Ireland) Limited ⁽⁶⁾	Ireland	100%
Willstan Racing Holdings Limited ⁽¹⁾	Great Britain	100%
Willstan Racing Limited ⁽¹⁾	Great Britain	100%
Windsors (Sporting Investments) Limited ⁽¹⁾	Great Britain	100%
Wizard's Hat Limited ⁽²³⁾	Malta	100%
Winning Post Racing Limited ⁽¹⁾ (in liquidation)	Great Britain	100%

The proportion of voting rights held is the same as the proportion of shares held.

* – during 2021, the Business increased its investment in SIA Viensviens.lv from 75% to 90% for a total of £5.8m. As per IFRS 10 – Consolidated Financial Statements, this amount is taken directly to Net Parent Investment, with a corresponding impact on non-controlling interests.

The registered addresses of the locations of the Business's undertakings are as follows:

1. Great Britain: 1 Bedford Avenue, London, WC1B 3AU
2. Gibraltar: 6/1 Waterport Place, Gibraltar
3. Jersey: PO Box 384, 6 Hilgrove Street, St Helier, Jersey, Channel Islands
4. Isle of Man: First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF
5. Ireland: 39/40 Upper Mount Street, Dublin 2, Republic of Ireland
6. Guernsey: Quay House, South Esplanade, St Peter Port, GY1 1EL
7. Philippines: 11th Floor, Net Lima Plaza, 5th Avenue, corner 26th St, Crescent Park West, Bonifacio Global City, Taguig City, Philippines
8. Israel: Azrielli Square Tower, floors 31&32 132 Menachim Begin Road, Tel Aviv, 67011, Israel
9. Cyprus: Ioanni Stylianou, 6 2nd Floor, Flat/office 202, 2003 Nicosia, Cyprus
10. Bulgaria: 115-L Tsarigradsilo Shosse Blvd, European Trade Center, Building C, Sofia
11. Estonia: Maakri tn 23a, Tallinn 20245, Estonia
12. Malta: No. 217 Suite 4, 21st September Avenue, Naxxar, Malta
13. Spain: Zurabaran, numero 9, Local Derecha, Madrid
14. Italy: Via San Giovanni, Sul Muro 18 Milano, Milan, Italy
15. Poland: Ul. Prądnicka 20a 30-002 Kraków
16. Great Britain: 1 Stratford Place, Montfichet Road, London, England, E20 1EJ
17. Great Britain: Whitehall Avenue, Milton Keynes, MK10 0AX
18. Great Britain: 44 St Enoch Square, Glasgow G1 4DH
19. Northern Ireland: 369 Newtownards Road, Belfast BT4 1AJ
20. Luxembourg: 5 Rue de Bonnevoie, L-1260, Luxembourg
21. Sweden: Master Samuelsgaten 36, SE-111 57 Stockholm
22. Malta: Level 7, Tagliaferro Business Centre, 14 High Street, Sliema, SLM 1549
23. Malta: Level G (Office 1/2429), Quantum House, 75 Abate Rigord St Ta'Xbiex, XBX 1120
24. Malta: 1 Ajiree Court, /testaferrata Street, XBX1402 Ta'Xbiex
25. Spain: Calle Alcala, 55-PISO 1, 28014 Madrid
26. Gibraltar: Suite 7, Hadfield house, Library Street GX11 1AA
27. Latvia: Riga, Dzimavu iela 37-45 LV-1010
28. Denmark: Tuborgvej 5, 2900 Hellerup
29. Australia: Addisons Lawyers, Level 12, 60 Carrington Street, Sydney, NSW 2000
30. Sweden: c/o William Hill Gametek, Box 16277, 10324 Stockholm
31. Colombia: Cra 100 #11-60 Torre Farallones 412, CC Holguines Trade Center, Cali, Valle de Cauca
32. Argentina: Av. Madero 900, 16th Floor, City of Buenos Aires, Argentina

