

888 Holdings Plc

Q1 2022 Trading Update

April 2022



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Strong strategic progress setting the platform for future growth

Financial

- 888 Group revenue of \$224m (Q4 2021: \$222m; Q1 2021: \$273m). Revenue +1% compared to Q4 2021, driven by average monthly actives¹ growth of 4%. Year on year decline -18% (-15% cc²), with average monthly actives lower by 8%, compared to a record result in Q1 2021 and reflecting the temporary exit from the Netherlands, and lower revenue per active driven by the heightened focus on safer gambling
- Key regulated markets delivered a strong performance, particularly the US, Romania, Italy and Portugal, offsetting a larger year-over-year decline in the UK, which was impacted by market-wide trends including the impact of increased player restrictions

Strategic and operational

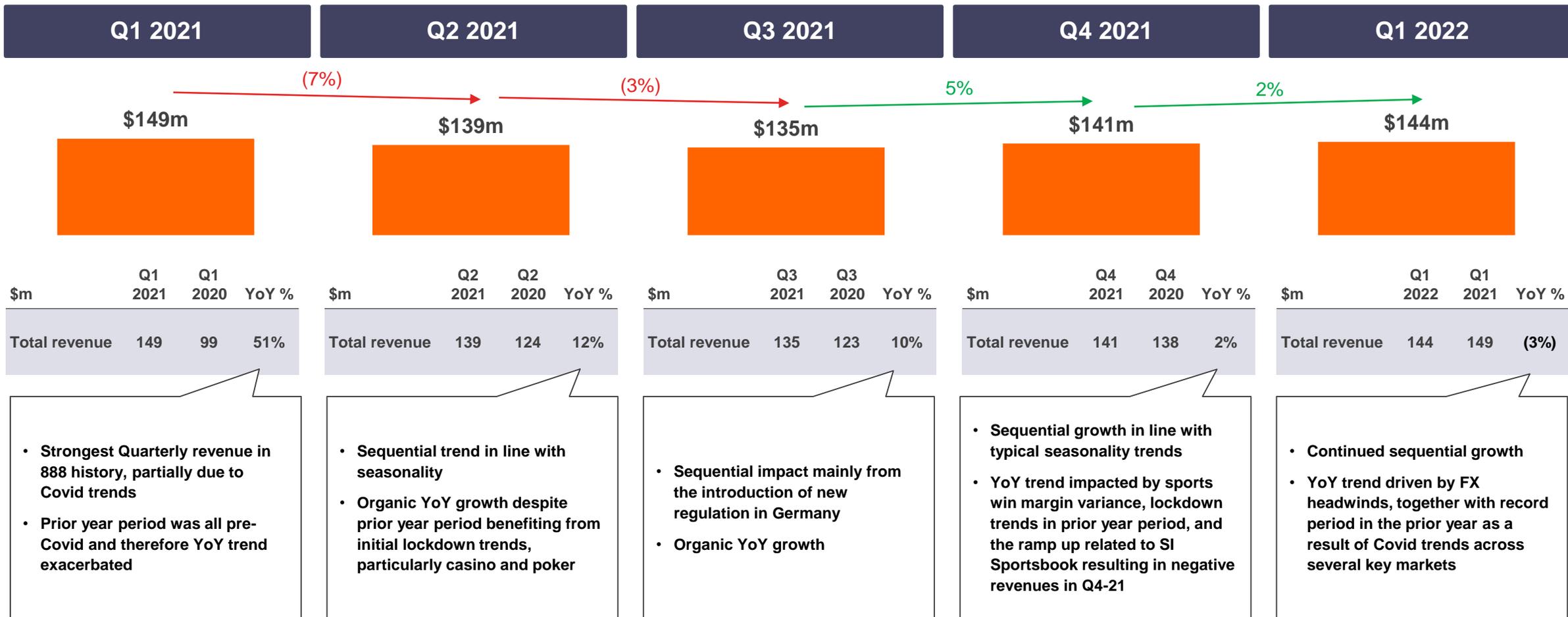
- Launch of WSOP in Michigan, and licence awarded for 888 in Ontario (went live in April)
- Launch of new *Made to Play* master brand campaign in the UK, uniting all 888 brands under one proposition to optimise marketing

William Hill transaction

- Revised transaction terms and successful completion of an equity placing raising gross proceed of £163m
- William Hill Q1 2022 revenue of £312m, with UK Online £129m, International Online £54m and UK Retail £129m
 - William Hill's performance in Q1 2022 is substantially in line with the previously announced expectation for FY 2022 revenues to grow by a low to mid-single digit percentage on a reported basis, with the normalisation of retail being partially offset by regulatory and compliance headwinds affecting online

888 REST OF THE WORLD REVENUE EVOLUTION

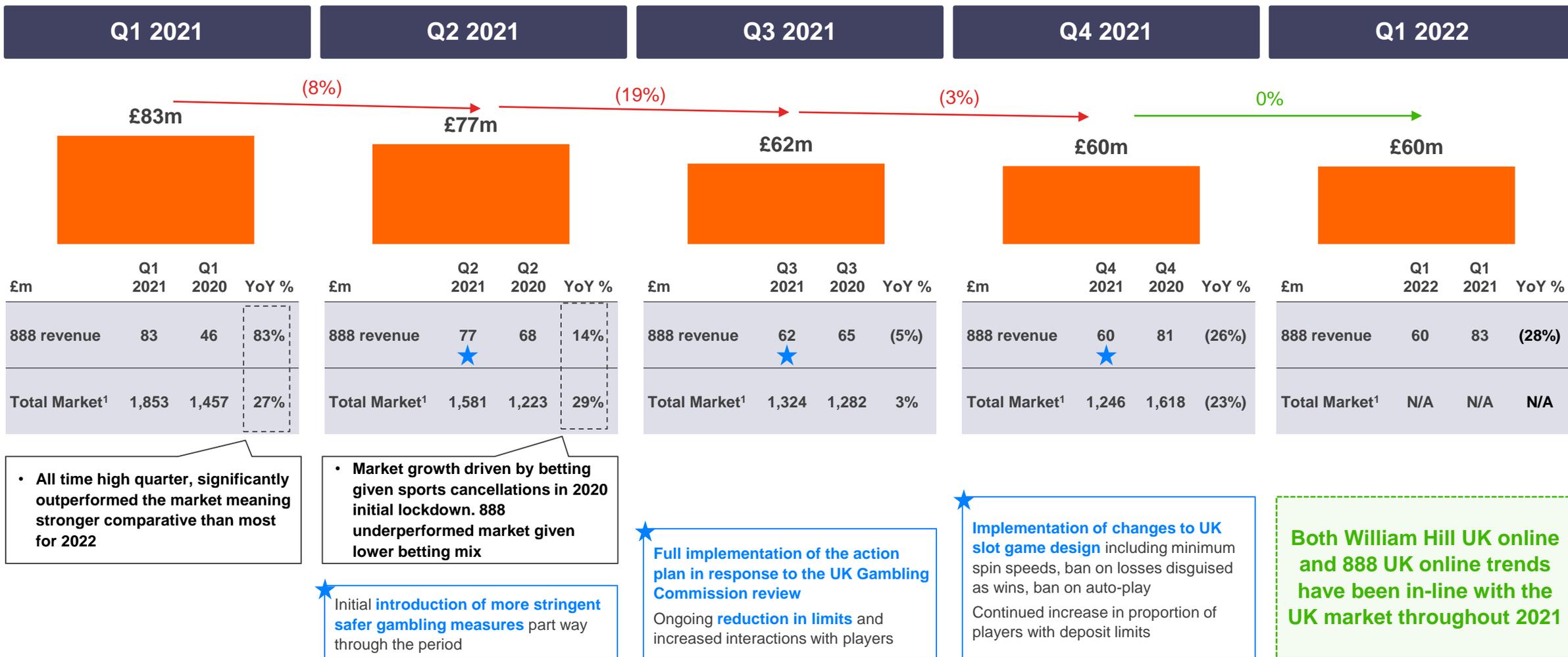
Outside of the UK and Netherlands the business is stable and growing



888 has a diversified global business with a number of strongly performing markets that have offset the impact of UK safer gambling measures

888 UK REVENUE EVOLUTION

Overall Q1 YoY decline driven by the UK, which was impacted by safer gambling measures

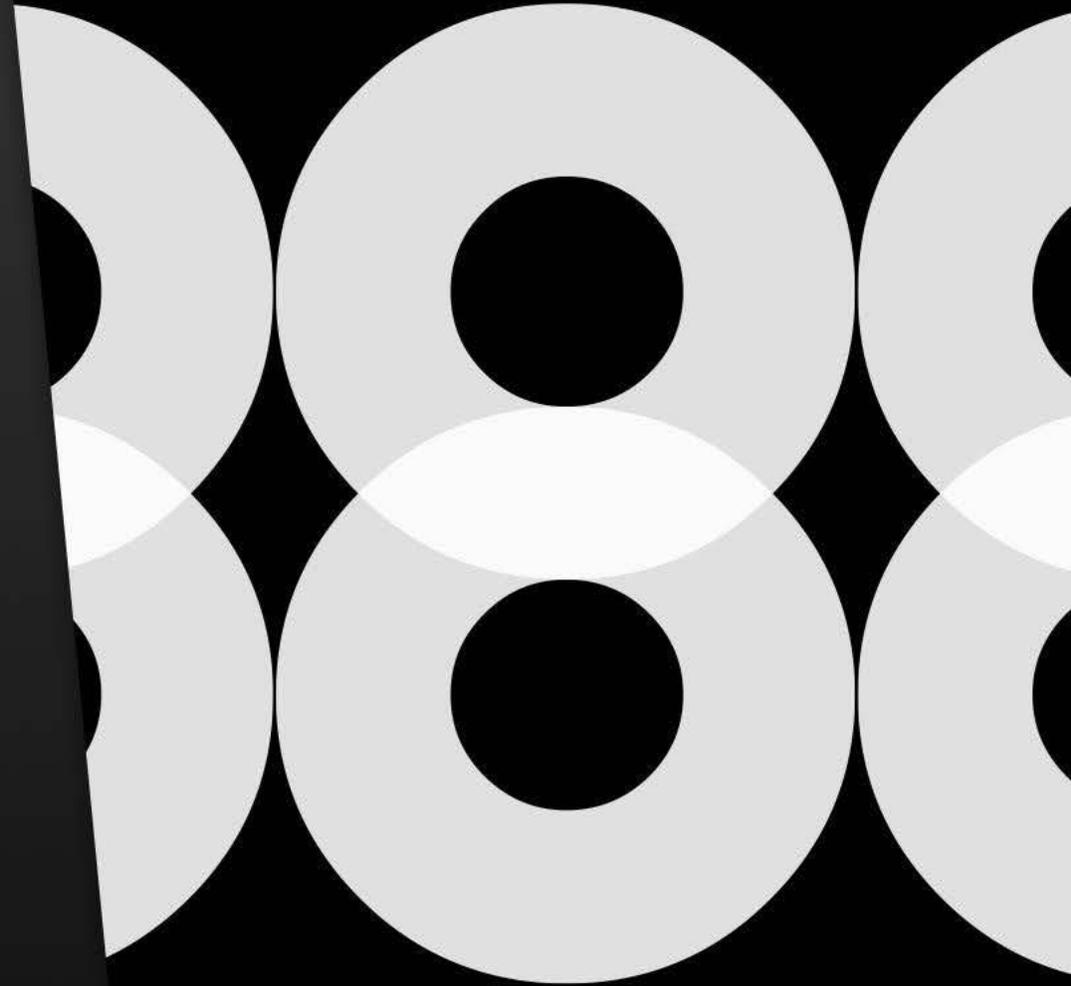


The progress 888 has made on affordability measures and safer gambling controls positions the company to grow from a sustainable base



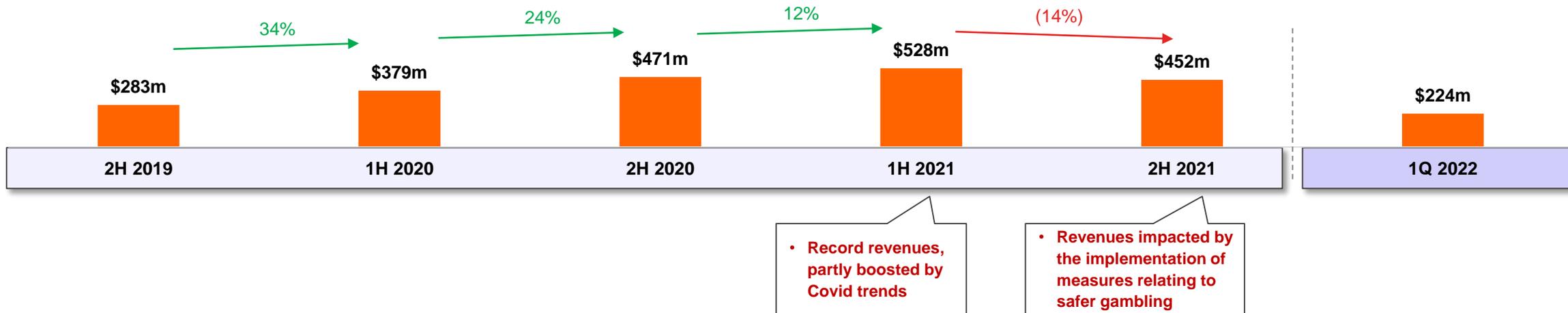
APPENDIX

- Half-yearly financial summary
- UK performance
- UK Gambling Act review

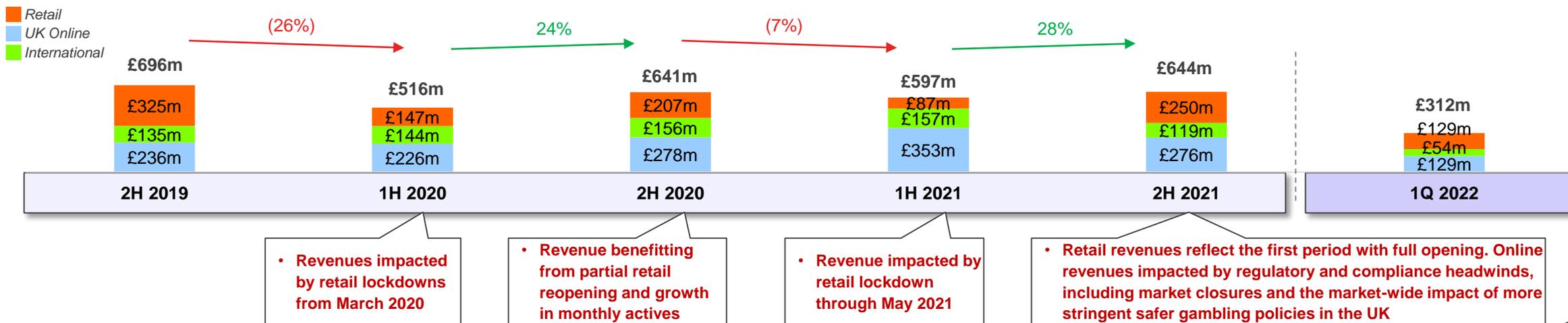


SEMI-ANNUAL REVENUE EVOLUTION FOR 888 & WILLIAM HILL

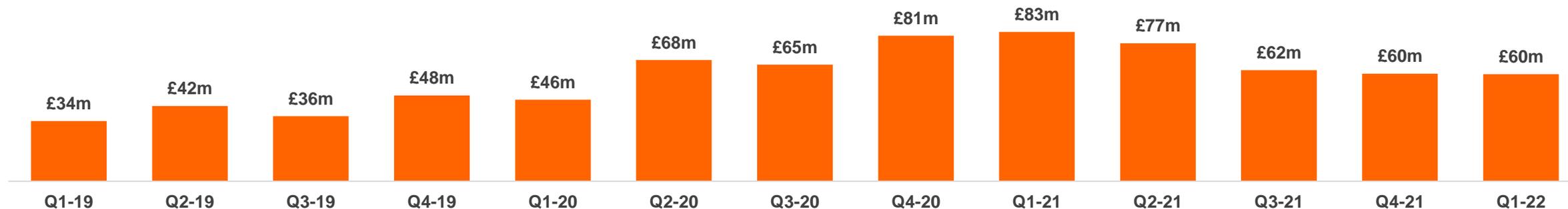
888



William Hill



888 UK REVENUE EVOLUTION



	YoY%	Yo2Y% ¹	QoQ%	Commentary
Q1 2021	+83%	+148%	+3%	<ul style="list-style-type: none"> Record revenues, partly boosted by Covid trends Prior year period was all pre-Covid and therefore YoY trend exacerbated
Q2 2021	+14%	+83%	-8%	<ul style="list-style-type: none"> Prior year period benefitted from the lockdown trends Initial introduction of more stringent safer gambling measures during the period
Q3 2021	-5%	+71%	-19%	<ul style="list-style-type: none"> Implementation of the action plan in response to the UK Gambling Commission review Ongoing reduction in limits and increased interactions with players as part of enhancing compliance framework
Q4 2021	-26%	+25%	-3%	<ul style="list-style-type: none"> Continued increase in proportion of players with deposit limits YoY trend impacted by lockdowns trends in prior year period inflating online revenue
Q1 2022	-28%	+31%	Flat	<ul style="list-style-type: none"> Stable sequentially vs Q4 2021. Up +31% on a two-year basis showing step change in scale despite new measures YoY trend driven by record period in the prior year as a result of lockdown trends and being pre safer gambling changes

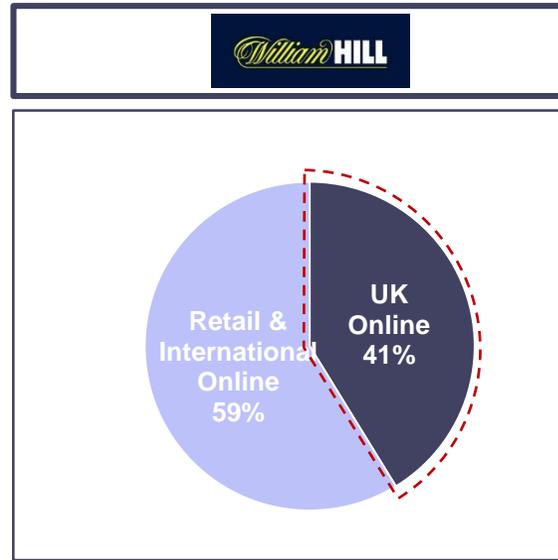
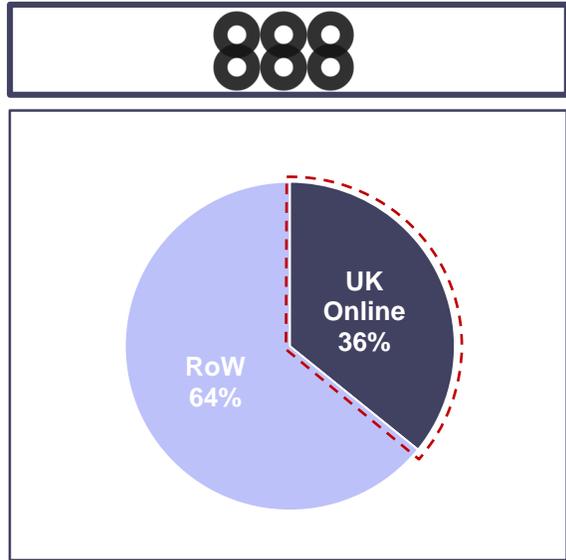
UK GAMBLING ACT REVIEW PROCESS

<p>Background</p>	<ul style="list-style-type: none"> ⦿ The UK government is in the process of reviewing the 2005 Gambling Act, which is the key legislation for the industry (established at the early stages of online gambling) ⦿ A formal consultation closed in March 2021 		<p>Timing</p>	<ul style="list-style-type: none"> ⦿ A White Paper is expected in Q2 2022, which will outline potential legislative and regulation changes ⦿ Significant changes to legislation are unlikely before 2023
<p>Areas likely to be highlighted</p>	<p style="text-align: center;">Slots</p> <p>The White Paper may suggest the implementation of fixed limits for online slots:</p> <ul style="list-style-type: none"> ⦿ Possible scenarios include limits of £2, £5, £10 per spin, or other possible ranges ⦿ Potential increase from new limits subject to affordability check is possible 	<p style="text-align: center;">Affordability</p> <p>The White Paper may outline criteria for affordability, including:</p> <ul style="list-style-type: none"> ⦿ Fixed deposit limits for players, with source of funds checks required to increase deposits ⦿ Increased due diligence or third-party checks to determine affordability ⦿ A single customer view across operators 	<p style="text-align: center;">Advertising</p> <p>Possible scenarios include:</p> <ul style="list-style-type: none"> ⦿ Banning of sponsorship of football clubs ⦿ Ban on TV advertising ⦿ Limits on bonuses and promotions ⦿ Focus on protecting underage children 	
<p>Overall economic impact</p>	<ul style="list-style-type: none"> ⦿ Multiple different factors that could impact the size of the UK online betting and gaming market ⦿ Illustratively, if the UK online market decreased by 10%, this could impact enlarged Group EBITDA by approximately 5% 			
<p>Additional considerations</p>	<ul style="list-style-type: none"> ⦿ Slots limits have already been reduced sharply, with William Hill's exposure to slots above £10 in the very low single digits of total slots revenue for Q1 2022 ⦿ Significant action has been taken by both businesses to address affordability concerns, with the 2022 revenue run-rate being already lower than 2021, due to these actions 		<ul style="list-style-type: none"> ⦿ The enlarged group will have double-digit UK online market share, two leading brands, and a large cost base in the UK, leaving it well positioned to compete ⦿ Advertising bans will likely have limited effects on established well-known brands such as 888 and William Hill 	

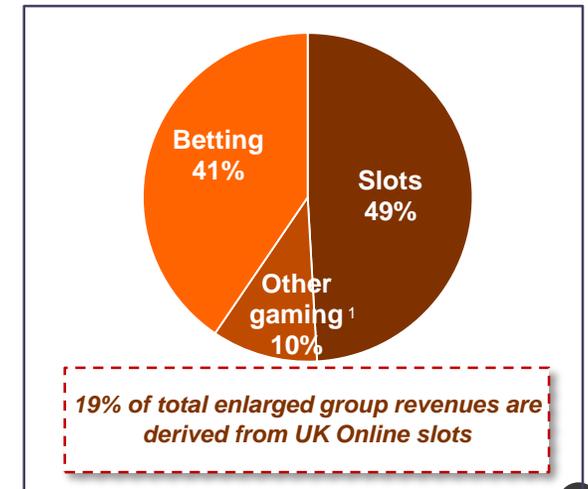
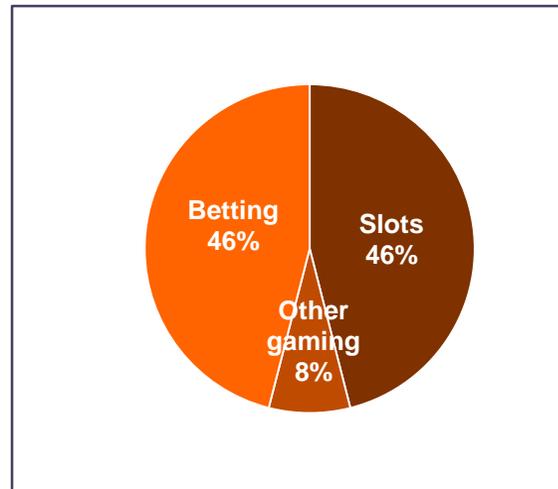
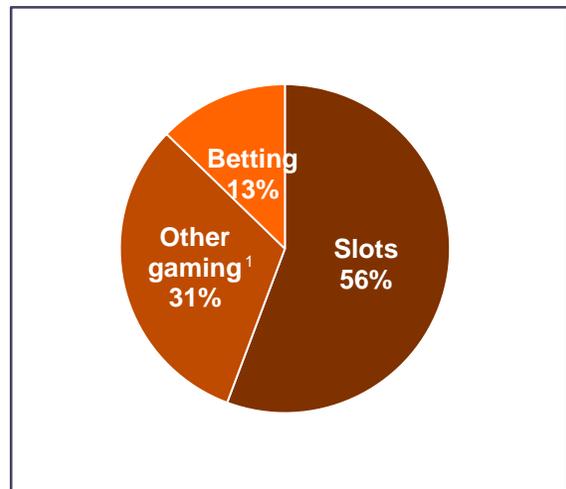


REVENUE – 19% OF COMBINED Q1 2022 REVENUE FROM UK ONLINE SLOTS

Geographic mix (by revenues)



UK Online breakdown (by revenues)



19% of total enlarged group revenues are derived from UK Online slots



SENSITIVITY OF SLOTS (888 + WH) REVENUE AND EBITDA

Illustrative analysis

£m	2022 Q1		2022 Annualised
	888	WH	Combined
Total Revenue	166	312	
UK Revenue	60	129	
UK Gaming Revenue	43	69	
UK Slots Revenue	33	59	370
Impact on Slots	(5)	(9)	(55)
EBITDA drop-through	(1.5)	(2.7)	(16.6)

Illustrative (15%) impact on UK Slots revenue

Illustrative 30% conversion margin to EBITDA

Regulus Partners in September 2021 estimated that a £2 maximum stake could impact the UK industry revenues by ~6%, equivalent to a ~15% impact to slots revenues

UK ONLINE AFFORDABILITY MEASURES

Potential White Paper Scenarios

- ⦿ Fixed deposit limits for players
- ⦿ Fixed bet limits for players
- ⦿ Enhanced source of fund / affordability checks

888 Preparation Ahead of White Paper:

Affordability policies and processes well advanced

- ⦿ 888 updated its safer gambling framework and technology over 2020/2021
- ⦿ Limits for players were reduced
- ⦿ Affordability check trigger in process of being reduced from £950 to £500, after being reduced from £2,000 in 2021
- ⦿ 888 builds a better risk profile for players, with riskier players monitored in real time
- ⦿ Ability to set Personal System Limits was developed and implemented in 2021
- ⦿ In Q4 2021, ~40% of active players had deposit limits in place
- ⦿ Source of funds checks include checking bank statements, payslips, etc at an earlier stage
- ⦿ *Observer* the automated data system, and the safer gambling team monitor player behaviour to look for markers of harm: risky activity triggers an interaction and can lead to limits being placed on the account
- ⦿ As part of 888's 2020/2021 review by UKGC, the new framework and technology was reviewed and the UKGC has been supportive of the changes 888 put in place, including the new risk assessment framework

Potential Financial Impact in UK

- ⦿ The nature of any new affordability policies remains unclear, and depending on the details, there could be an impact on the size of the addressable market
- ⦿ With an enhanced competitive position, and the significant work to implement proactive affordability measures, the enlarged group would be in a strong position from a competitive perspective, and well placed to reasonably mitigate any further headwinds through market share gains and cost base adjustments



Potential White Paper Scenarios

- ⦿ Banning of sponsorship of football clubs
- ⦿ Ban on TV advertising
- ⦿ Limitations on promotions and free bets
- ⦿ Focus on limiting exposure to vulnerable, including the underage

888 and WH Positioning Ahead of White Paper

- ⦿ 888 and WH experienced similar advertising restrictions in Italy and Spain in the last few years
- ⦿ Given the strength of the brands and market positioning, these advertising restrictions had a limited impact on overall market, but led to increased market share for the larger operators
- ⦿ Many operators reduced marketing spend and increased profitability in these markets

Potential Financial Impact in UK

- ⦿ Strong Brand positioning in casino and sports for both 888 and William Hill
- ⦿ Significant brand spend in channels that could be restricted, could lead to material cost savings
- ⦿ Expect no material impact to EBITDA for the enlarged business from restrictions to advertising, but limitations on promotions and bonuses could create some headwinds
- ⦿ William Hill retail estate with ~1,400 shops provides strong brand presence across the UK