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1BC Company Information

This Annual Report may contain statements which are not based on current or historical fact and which are forward-looking in nature. These forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and 888 Holdings plc (the “Company”) and its subsidiaries (together, “888”, or the “Group”) undertake no obligation to update these forward-looking statements. Such forward-looking statements are subject to known and unknown risks and uncertainties facing 888 including, without limitation, those risks described in this Annual Report and other unknown future events and circumstances which can cause results and developments to differ materially from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

888 IS ONE OF THE WORLD’S MOST POPULAR ONLINE GAMING ENTERTAINMENT AND SOLUTIONS PROVIDERS.

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

888’S PURPOSE
Driven to be one of the world’s best performing online gaming companies, 888 continues to strive to provide customers with a safe and enjoyable experience underpinned by the Group’s unique technology and industry expertise. By doing this effectively, 888 is able to succeed in the fast-growing and dynamic online gambling industry and generate value for its shareholders.

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

Our purpose is to provide customers with a safe and enjoyable experience underpinned by unique technology and industry expertise.

More information
Read more about how we are operating responsibly
16 ANALYTICS-DRIVEN APPROACH

Sophisticated business analytics drive 888’s approach to multiple areas of its operations, from safe gambling to product development to marketing. 888’s highly-skilled team and its internally generated know-how remain major drivers of the Company’s value.

20-21 STRATEGIC PROGRESS

During 2019, 888 continued to deliver progress against its strategic objectives by enhancing compliance and safe gaming, developing its core B2C brands, expanding in regulated markets and driving efficiencies.

50 SAFER. BETTER. TOGETHER.

Conducting business responsibly is fundamental to the future success of 888, and we are absolutely committed to a proactive policy of corporate and social responsibility that reflects the high professional and ethical standards we set for ourselves across the business.

FINANCIAL HIGHLIGHTS

Revenue - Our overall revenue1
US$ million

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>+10%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B2C – Casino1
US$ million

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>+17%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B2C – Sport1
US$ million

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>+19%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Adjusted EBITDA2
US$ million

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>-20%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B2C – First-time depositors

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>+22%</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 At constant currency
2 Excluding IFRS 16 impact
A GROWING GLOBAL MARKET

2019 was a year of further strategic progress for 888. During the year, 888 welcomed a record number of new customers – more than a million – to its international brands. In addition, the Group successfully launched in the Swedish and Portuguese regulated markets and completed the strategic acquisition of a first-class sports betting platform and team. The Group also delivered strong performance in Italy underpinned by its successful focus on recreational customers.

KEY TRENDS IN OUR INDUSTRY

1. SAFE GAMBLING

Compliance and safer gambling are priorities for responsible operators in our industry. We acknowledge the potential risks that online gambling can present and are committed to ongoing improvements to make gambling safe, enjoyable and not a cause of harm.

We are convinced the sustainability of our business rests on ensuring our customers are empowered to make safe and responsible decisions about their betting and constantly ensuring that those struggling to stay in control of their play receive the support they need.

2. REGULATION

Many jurisdictions across the world are adopting new regulatory frameworks that are specific to online gaming. This can increase the costs of operation but helps to provide a safer environment for customers and creates an environment in which operators with scale and technological advantages, such as 888, are able to prosper.

3. USER EXPERIENCE

Technology businesses in multiple areas of consumers’ lives, from media and entertainment to travel and banking, are consistently innovating and raising the standards that consumers expect of online and mobile services. As a result, our customers’ expectations of their digital experiences are increasing. 888 continues to focus on improving multiple areas of our products, including enhancing interfaces, greater personalisation, improving loading times, developing responsible gaming tools, and delivering quality customer support to ensure that our customers enjoy the best possible user experience with 888.
DIVERSIFICATION ACROSS GLOBAL MARKETS

A GROWING GLOBAL MARKET
Total global online gambling market size
US$ billion

Source: H2 Gambling Capital, March 2020

A GROWING GLOBAL MARKET
Total global online gambling market size
US$ billion

Source: H2 Gambling Capital, March 2020

50.2bn 2024
33.1bn 2019
SPORTS BETTING
CAGR: 8.7%

20.3bn 2024
15.3bn 2019
CASINO
CAGR: 5.8%

2.9bn 2024
2.7bn 2019
POKER
CAGR: 12%

2.2bn 2024
2.0bn 2019
BINGO
CAGR: 2.2%

61.5bn 2019
TOTAL ONLINE GAMBLING*
CAGR: 7.7%

* Includes sport, casino, poker, bingo, skill, other gaming and lotteries

89.3bn 2024

B2B
5%
BINGO
7%
POKER
8%
SPORT
16%
888’S PRODUCTS & STRUCTURE
CASINO
64%
95%
B2C
5%
B2B
PROVIDING SAFE AND SECURE ENTERTAINMENT

GROWTH STRATEGY

888’s growth strategy is based on four key pillars:

- CONTINUE TO PROTECT CUSTOMERS AND ACT RESPONSIBLY
- ONGOING DEVELOPMENT OF 888’S CORE B2C BUSINESS
- EXPANSION IN REGULATED MARKETS
- ENHANCING EFFICIENCIES

KEY DRIVERS

- REDUCING THE COST PER PLAYER ACQUISITION
- INCREASING FIRST-TIME DEPOSITORS

HOW WE CREATE VALUE

888’s core B2C business operates across four key online gaming verticals: Casino, Sport, Poker and Bingo. The Group also operates a B2B business called Dragonfish.

To drive value, the Group continually invests in developing its unique technology and products to deliver a first-class and safe user experience.

<table>
<thead>
<tr>
<th>B2C</th>
<th>Customer Interaction</th>
<th>Customer Wins</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B2B</th>
<th>Branded Partners</th>
<th>Agreed Share of Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INFLUENCING FACTORS

1. SAFE GAMBLING
888 is constantly developing new and innovative ways to deliver a safer gambling environment and prevent gambling harm before it occurs. Our goal is to ensure that all those who visit our sites can do so with confidence and that those for whom our games are not intended, notably underage and vulnerable individuals, will not be drawn into the gambling environment. We strive to ensure that we quickly identify any customers who demonstrate potentially problematic gambling behaviour and effectively interact with them to prevent any potential harm.

2. CONTINUOUSLY DEVELOPING OUR UNIQUE TECHNOLOGY-EDGE
888’s unique online platforms underpin the Group’s ability to entertain and protect customers, operate efficiently and adapt to new regulations. The Group is constantly evolving and developing its proprietary platforms and industry-leading back office systems to maintain its competitive advantages.

3. PRODUCT FOCUS
888 continues to focus on improving multiple areas of its products, including enhancing interfaces, greater personalisation, improving loading times, developing responsible gaming tools, and delivering quality customer support to ensure that our customers enjoy the best possible user experience with 888.

4. MAINTAINING OUR STRONG AND TRUSTED BRAND
A strong brand is a key advantage in what is a competitive global online gaming market. With more than 20 years in the online gaming industry, 888’s consistently innovative and engaging brand is amongst the most trusted and recognised around.

5. BUSINESS ANALYTICS
888’s teams – from product development to marketing to customer support – draw on 888’s extensive and constantly evolving data set and analysis capabilities to drive 888’s continued success.

6. MARKETING
Effective marketing plays a critical role in 888’s business. Drawing on the Group’s analytics-driven insights and expertise, 888 is focused on developing marketing techniques and channels, both online and offline, that adhere to strict return-on-investment criteria and are always directed within the Group’s responsible gambling policies.

7. CRM AND CUSTOMER COMMUNICATIONS
Once a customer joins 888, underpinned by sophisticated data insights, statistical models and customer understanding, 888 interacts with its customers on a personalised basis.

8. EXCELLENT CUSTOMER SUPPORT
First-class customer support, with a focus on safer gambling, is offered by 888 to customers around the world through multiple channels, including telephone, email and online chat functions.

9. PAYMENT PROCESSING
888’s proprietary payments solutions support multiple payment methods in multiple languages, across both desktop and mobile/tablet devices.

10. B2B PARTNERSHIPS
Through its Dragonfish B2B division, the Group offers gaming partners a comprehensive end-to-end solution, encompassing technology operations and advanced marketing tools, as well as online best practice. The Dragonfish team is uniquely placed to support its partners and deliver a cutting-edge online proposition.
RESPONDING TO OUR STAKEHOLDERS' NEEDS

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

<table>
<thead>
<tr>
<th>OUR STAKEHOLDERS</th>
<th>CUSTOMERS</th>
<th>EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Why we engage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our business would cease to exist without customers who can trust 888 to deliver a safe, enjoyable and fair gaming environment. By understanding what our customers think about our products and services, we can constantly strive for improvements that match their priorities.</td>
<td>Our business would cease to exist without customers who can trust 888 to deliver a safe, enjoyable and fair gaming environment. By understanding what our customers think about our products and services, we can constantly strive for improvements that match their priorities.</td>
<td>The talent, commitment and skill of our employees around the world underpins our ability to deliver a superior product and safe, enjoyable experience to customers. Our employees know our business best, and we value their feedback as an important way of improving how we operate.</td>
</tr>
</tbody>
</table>

SUSTAINABLE BUSINESS

Conducting business responsibly is fundamental to the future success of 888, and we are absolutely committed to a proactive policy of corporate and social responsibility that reflects the high professional and ethical standards we set for ourselves across the business.

Building on our efforts to date, we have refined and expanded a new corporate social responsibility (‘CSR’) framework that will help 888 to deliver against its broader responsibilities and commitments as a business whilst also supporting the Group’s long-term, sustainable growth.

Key areas of interest

The priority for our customers is a superior gaming experience. This means a seamless online platform, quality customer service and the confidence that they are playing in a safe environment.

Our employees want to know they are part of a business that cares about their wellbeing and supports their professional development. They care deeply that we treat our customers fairly and operate in a responsible manner.

How we engage

As well as conducting market research into perceptions of our brands, we operate multiple communications channels with our customers to generate feedback, insight and to understand their preferences and needs. We also use these channels to promote safer gambling.

We aim to create a dynamic, caring and inclusive culture. We want our team to be proud of their work and to feel rewarded in the workplace.

We have multiple routes for generating feedback from our employees, including effective line-management structures and open employee forums. We are committed to proactive and transparent internal communications with our team on an ongoing basis.

More information

Read more about our sustainable business 50
Regulators give us a licence to operate and set the terms for providing services in their markets. We need absolute clarity on their regulations to ensure we align with their priorities. Regulators have an important role in promoting a safer gaming environment, which benefits all operators committed to responsible models of operation. As such, it is valuable for the business to maintain regular communication with regulators to identify areas in which it can help progress their agenda.

Regulators want to know that operators are using the full scope of their resources to comply with local market regulations and deliver a safe gaming environment.

Shareholders seek clear evidence that the company has a strategy for value creation across the short, medium and long-term. They demand transparency as the foundation of a trust-based relationship and expect clarity on management’s approach to maximising growth opportunities and managing risks.

Shareholders seek to understand how we can match their priorities. Relevant team members within 888 have regular dialogue with our partners to ensure that our visions and, most importantly, values are aligned.

The communities around 888’s global offices look for the company to demonstrate its commitment to the local area by taking the time to understand and contribute to supporting local initiatives.

The priority for our employees is to feel rewarded in the workplace. We want our team to be dynamic, caring and inclusive. We aim to create a positive atmosphere in which our customers think customers who can cease to exist without trust 888 to deliver a superior product and service, we can operate in a responsible and fair gaming environment.

Being able to engage in rich community life both in and out of work is an important factor of wellbeing for our employees. At the same time, local communities can be a business’s greatest advocates, particularly when it comes to recruitment. To maintain a positive relationship, we need to listen to local issues and understand how we can have a positive impact.

Our partnerships rely on our track record for effective management, value creation and responsibility. Our partners want to know that this reputation is secure for the long-term and that they can trust us to deliver mutually beneficial growth.

We engage in regular and transparent dialogue with regulators across our global markets.

We participate in industry events and forums to better understand the requirements of the regulators wherever we operate.

We ensure an ongoing conversation with shareholders through our financial reporting, as well as events such as our Annual General Meeting and Capital Markets Events.

GR8 People programme encourages employees to be involved in community events and participate in local charities. 888’s employees dedicate hundreds of working hours sponsored by the Company to these causes which helps the Group to build an understanding of the issues that matter most.

We work with partners in various areas of our business.

It is imperative we maintain an open dialogue with our partners in order to operate effectively and responsibly.
CREATING VALUE BY PUTTING OUR CUSTOMERS FIRST

888’s growing global customer base reflects the Group’s continued focus on delivering the safest, most enjoyable customer experience possible and, on behalf of everyone at 888, I would like to take this opportunity to thank all our customers for placing their continued trust in our business.

As a purely online operator with diversified brands across product verticals and geographies, a strong balance sheet with $99.5 million of cash and cash equivalents at the 2019 year-end, and a proven track record of delivering operational efficiencies, 888 is confident in its ability to manage these challenges. Underpinned by the strength of 888’s technology, its growing customer base and its talented and committed teams, 888 continues to see a number of significant growth opportunities for the Group which it is confident of progressing during 2020 and beyond.

YEAR IN REVIEW

2019 was another year of good progress for 888 during which the Group welcomed a record number of new customers – more than a million – to its international brands. This growth was achieved despite significant increase in gaming duties, as well as challenging trading conditions in some of our global markets and demonstrates the strength of 888’s unique combination of technology, marketing, diversification across markets, and product expertise.

888’s growing global customer base reflects the Group’s continued focus on delivering the safest, most enjoyable customer experience possible and, on behalf of everyone at 888, I would like to take this opportunity to thank all of our customers for placing their continued trust in our business.

The Group has continued to focus on expanding in attractive regulated markets and we were delighted to launch in Sweden and Portugal during 2019. In addition, the success of our focus on developing a more recreational customer base has underpinned good growth in the UK market. In Europe, we were pleased to deliver strong performances in Italy and Romania which reflects the strength of our product and customer proposition.

SAFER. BETTER. TOGETHER.

888’s business is built on providing its customers with a consistently great experience. Ensuring that those who choose to visit our websites can do so with confidence and security is therefore foundational to our continued success. In addition, we focus with utmost diligence to ensure that anyone for whom our games are not intended, notably those who are underage or vulnerable, are not drawn into gambling. Providing a safe environment is not only the right thing to do for our customers, but by continuing to conduct business responsibly, we are in a stronger position to continue to generate long-term value for all stakeholders, including shareholders, employees and customers, as well as the communities in which we do business.

In 2020, we have set out our ambitious strategy for enhancing and promoting safer gambling. To achieve this, we will continue to engage with relevant stakeholders, including regulators, industry bodies and charities, who share our commitment to the ceaseless improvement of standards across the industry. We expand further on our strategy and vision – which we have titled Safer Better Together – on page 51 of this Annual Report.
During the first half of 2019, 888 completed two acquisitions including the landmark acquisition of a first-class sports betting platform and experienced team based in Dublin.

Strategic Progress

888's ambition is to continue to develop as a leading global online gaming business with a focus on operating in sustainable, regulated markets. In order to achieve this, we continue to invest in developing our technologies, product and market capabilities, expand into new markets, explore M&A opportunities, and focus on developing the safest and most secure environment possible for customers. During 2019, 74% of 888's revenue was generated from regulated and taxed markets. We are pleased to report the recovery of our business in the UK continued during the year, with revenue growing by 20% (24% at constant currency) underpinned by our sharpened focus on providing safe entertainment to recreational customers. In addition to this progress, the Group further expanded across several regulated European markets, including launching its offering in Sweden and Portugal, which marked 888's 12th and 13th regulated markets globally. 888 has an enviable track record of converting regulated markets into significant growth and, as a result, the fast-evolving global regulatory landscape continues to present exciting opportunities for the Group.

During the first half of 2019, 888 completed two acquisitions including the landmark acquisition of a first-class sports betting platform and experienced team based in Dublin.

For the first time, this has given 888 complete ownership of technology and product development across its four key online gaming product verticals. We have been delighted to welcome our new colleagues in Dublin to the Group and remain very excited by the long-term value-creation opportunities this acquisition presents.

New product development remains critical to 888's continued growth, and we have been delighted with the positive impact of our Orbit casino platform throughout 2019 following its initial launch in May 2018. The Orbit Casino platform has been our most significant product development in recent years, delivering a user experience we believe is unrivalled in the market and underpinning our stated ambition to become the world's premier online casino brand.

Board and Team

As reported in the Group’s 2018 Annual Report, in January 2019, the Board announced the appointment of Ita Pazner, previously the Group’s Chief Operating Officer (the “COO”), as 888's new Chief Executive Officer (the “CEO”). Ita Pazner has in-depth and widespread understanding of both 888 and the online gaming industry having spent the past 17 years with the Group. He replaced Itai Frieberger, who made a fantastic contribution during his eight years as part of 888’s executive leadership team.

In April, the Company announced that Ron McMillan had stood down from the Board as a Non-Executive Director in order to focus on his other commitments. On behalf of the Board, I would like to restate our thanks to Ron for his commitment to 888 during his time with the Group.

In September, we were pleased to announce the appointment of Mark Summerfield to the Board as an independent Non-Executive Director and Chair of the Company’s Audit Committee. Mark brings extensive experience of working with boards and audit committees of major listed companies, and he is already proving to be a valuable addition to 888. The Company continues to look at potential additional Non-Executive Director appointments to the Board to reflect 888's strong diversity and leadership objectives, whilst complementing and building upon the existing expertise of the Board.

In January 2020, post the year-end, we announced that after more than 15 years with the Group, Aviad Kerner will step down from his role as Chief Financial Officer during 2020. Aviad joined 888 in 2004 ahead of the Group’s IPO and was appointed as CFO in June 2005. He has been an integral part of the leadership team and made a truly outstanding contribution to 888, supporting the Group’s growth into a truly global online gaming business. On behalf of everyone at 888, I would like to wish Aviad every success for the future. Aviad will remain in his position until a successor is appointed to enable a smooth transition.

The Group’s progress continues to be made possible by the outstanding skill and commitment of our global teams. I would like to take this opportunity to thank all my colleagues across our business for their hard work and contribution during 2019.

Outlook

The Board continues to believe that, as an agile operator with control of its own technology and diversification across products and markets, 888 is well positioned to deliver further growth.

Whilst the COVID-19 outbreak is setting back the global economy, 888 remains confident that it will be able to deliver on its plans for 2020 set out in this Annual Report. We are continuing to regularly communicate with our teams having successfully implemented a gradual and smooth transition to working from home. In addition, we have invested in IT and telecommunication assets to ensure that we manage this period of uncertainty.

With the spread of COVID-19 resulting in people spending increased time at home and perhaps experiencing heightened levels of stress and anxiety, the Board is in no doubt that 888’s commitment to preventing gambling related harm is even more important than ever. We are proactively communicating with our customers to provide information on safer gambling and, where necessary, offer support. In addition, we have introduced new alerts to our proprietary safe gambling software system, the Observer, to ensure any areas of concern are immediately flagged to our highly trained customer care team so that they can interact with customers and prevent harm.

The 2019 financial year finished with a record revenue month in December 2019 and as reported in our trading update on 24 March 2020, we have continued to perform in line with the Board’s expectations during 2020 so far.

During 2019, we delivered good growth in our UK business, underpinned by an enhanced focus on entertaining recreational customers in a safe and secure environment. We intend to build on the strong momentum in 2020 set out in this Annual Report. We are excited by the long-term value-creation opportunities this acquisition presents.

The developing US market continues to present a significant long-term opportunity for 888 – one in which we will invest during the course of 2020 by strengthening our team, marketing and product offering. The Group remains committed to expanding in the US and we believe that we remain well-placed to capture the potential long-term opportunities unlocked by the future establishment of economically viable markets in newly regulated states. Nevertheless, we will continue to appraise potential partnerships that will support 888’s continued expansion and long-term prospects in the regulated US market.

We remain focused on building on the momentum in our Casino business by continuing to enhance our product proposition. In Sport, we were pleased to launch our first proprietary sports product in Sweden in April 2020 with further markets planned during the remainder of the year. Whilst the Poker market has remained challenging for 888, we are firmly focused on improving our performance in this important product vertical and building on our improved performance in H2 2019. The Group has been pleased by progress made in the first-phase roll out of its new poker platform, Poker 8, which took place during the second half of 2019 and, looking ahead to 2020, we will be adding a number of exciting new product features which are set to be extended across the Group’s poker markets over the coming months.

M&A continues to be an important pillar in the Group’s growth strategy and the Board will continue to carefully appraise and evaluate possible strategic and tactical deals during 2020 where we see the potential to enhance our business and create value.

Above all, even in light of the challenges of the COVID-19 outbreak, 888’s focus in 2020 will remain on delivering a truly satisfying and safe experience for customers, thereby supporting strong and sustainable growth for our shareholders.

Brian Mattingley
Non-Executive Chairman
15 April 2020
Chief Executive Officer's Strategic Report

STRATEGIC PROGRESS UNDERPINNED BY PRODUCT AND TECHNOLOGY LEADERSHIP

New product development remained a key focus and competitive advantage for 888 and the continued success of the Orbit casino platform across multiple regulated markets throughout 2019 has been a major achievement for the Group.

INTRODUCTION
Driven to be one of the world’s best performing online gaming companies, 888 continues to strive to provide customers with a safe and enjoyable experience. This is underpinned by the Group’s proprietary technology and industry expertise developed over more than two decades.

Having taken over as Chief Executive Officer in January 2019, I am pleased to update the Group’s stakeholders on a year of further progress for 888 which has been underpinned by good growth in both of our Casino and Sport product verticals. New product development remained a key focus and competitive advantage for 888, and the continued success of the Orbit casino platform across multiple regulated markets throughout 2019 has been a major achievement for the Group.

The COVID-19 outbreak has given rise to unprecedented challenges to the global economy, and 888 is no exception. I am proud to be able to say that we continue to prioritise the health and wellbeing of our staff and customers above all else. We have successfully implemented a smooth transition to employees working from home across the Group, and I am delighted with how our teams have adapted. In addition, we continue to recognise that, with people spending more time at home and with increased levels economic uncertainty, 888’s vigilance on preventing gambling-related harm is even more important than ever.

In the course of 2019, 888 completed two acquisitions including the strategic acquisition of a first-class sports betting platform and team based in Dublin, thereby giving 888 complete ownership of its technology and product development across its four key online gaming product verticals (Casino, Sport, Poker and Bingo). The post-acquisition integration of the sports betting platform is progressing in line with our plans and we were delighted to launch our first fully-in-house sports betting product in Sweden in April 2020.

Continuous investment in further enhancing responsible gaming processes and tools has remained a key focus for the Group, and we are proud to have launched a new corporate responsibility framework. Our people are incredibly passionate about this critical focus for our Group which is expanded on in greater detail below and in subsequent areas of the 2019 Annual Report.

888 remains well positioned as a highly diversified operator across product verticals and regulated markets. As a result of the Group’s continued momentum during the year, as well as its strong technology and outstanding team, the Board continues to believe that 888 has an excellent platform to deliver continued growth and further shareholder returns.

SAFER. BETTER. TOGETHER
Launched in 2020, we have refined and expanded a new corporate social responsibility framework that will help 888 to deliver against its broader responsibilities and commitments as a business whilst also supporting the Group’s long-term, sustainable growth.

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

A GR8 WORKPLACE
The talent, commitment and skill of our global teams makes our business what it is. We are committed to promoting a working environment that enables our people – and our business – to flourish.

MORE THAN AN OFFICE
We are supportive of the communities where we operate and – although we have a relatively low environmental impact compared to certain other industries – we recognise and strive to mitigate the effects our operations have on the planet.

Our commitments and activity to drive continuous improvements in these three areas are expanded on in greater detail on pages 50 to 67 of the 2019 Annual Report. The Board views this framework as integral to delivering sustainable growth and long-term value for shareholders. It will be integrated throughout the business and be a core driving force of the way we operate.
Owning and Developing its Own Technology Enables 888 to Create Differentiated Products, Adapt to Regulatory Changes Effectively, Enhance Customer Safety, and Respond Quickly to New Opportunities

GROWTH STRATEGY & PROGRESS
888’s strategy for sustainable growth is focused on achieving the Group’s significant potential across a diverse range of products and markets. The delivery of this strategy is based upon achieving the Group’s organic growth potential, as well as evaluating attractive M&A opportunities.

During 2019, the Group continued to make progress against the key pillars of its strategy, outlined below, underpinned by the strength of its people, unique technology and product expertise. 888 owns and develops its own online gaming technology and associated platforms which provide the bedrock of the Group’s success and progress. Owning and developing its own technology enables 888 to create differentiated products, adapt to regulatory changes effectively, enhance customer safety, and respond quickly to new opportunities. In addition, multiple areas of 888’s operations are directed by highly sophisticated business analytics which are critical to the Group’s approach to safer gambling, product development, marketing, and customer relationship management.

During 2019, 888 continued to make progress against each of the following key pillars of its growth strategy:

Continue to protect customers and act responsibly
888’s objective, above all else, remains to ensure that all those who visit the Group’s websites can do so with confidence and safety and that those for whom our products are not intended are not drawn into the gaming environment. We acknowledge the potential risks that online gambling can present and are committed to ongoing improvements to make gambling safe, enjoyable and not a cause of harm.

The Group’s safer gambling commitments are outlined in more detail on page 51 of the 2019 Annual Report. The Group’s safer gambling commitments are outlined in more detail on page 51 of the 2019 Annual Report.

To deliver our comprehensive commitments in this crucial area of our business, we are focused on progress in four key areas:

1. Understanding our customers
2. Our culture of care
3. Empowering our customers
4. Participating in industry collaboration to raise standards

888’s approach to each of these areas is underpinned by continued investments in our proprietary technology and highly trained Responsible Gaming teams.

During the first half of 2019, the Group appointed a new Responsible Gaming Director with extensive experience within 888 who has oversight of the continuous improvement of our responsible gaming operations, systems and processes.

888’s specialist Responsible Gaming team continues to leverage the Group’s in-house developed player behaviour monitoring tool, Observer, which sits at the heart of the Group’s responsible gaming strategy. The Observer system uses sophisticated algorithms to flag unusual or potentially concerning customer activity to our team. Our highly trained colleagues then decide the most appropriate interaction with the customer that will help the customer to make informed decisions about their gambling and, where appropriate, select the right tools to control, limit or prevent their play.

During 2019, the Group continued to invest in further developing its unique Observer software to better predict and identify problematic or potentially problematic gambling before any harm is caused. In addition to investing in additional training for our Responsible Gaming team.

Ongoing development of 888’s core B2C business
In 2019, revenue from 888’s core B2C business continued to represent the significant majority of Group revenue at 95%. The Group remains focused on developing its B2C business by driving progress in each of its four product verticals: Casino, Sport, Poker and Bingo. We aim to do this by providing a first-class and safe online gaming experience for customers underpinned by continuous product development that differentiates 888’s proposition from those of competitors.

The Group has ambitious targets to develop its core B2C business with a strategic focus on expanding 888’s presence amongst casual customers across regulated markets globally. The strengths of 888’s return-on-investment driven marketing underpinned by big data algorithms, as well as our first-class product technology team remain critical to the Group’s ability to deliver continued growth in the B2C business.

Technology businesses in multiple areas of consumers’ lives, from media and entertainment to travel and banking, are consistently innovating and raising the standards that consumers expect of online and mobile services. As a result, our customers’ expectations of their digital experiences are increasing. Consequently, we continue to focus on improving multiple areas of our products, including enhancing interfaces, greater personalisation, improving loading times, developing responsible gaming tools, and delivering quality customer support to ensure that our customers enjoy the best possible user experience with 888.

The Group’s unique marketing expertise remains critical to growing and expanding 888’s brands in a cost-efficient and profitable manner. The effectiveness of our marketing was again demonstrated in 2019 with a record number of new customers — in excess of one million — signing up to 888’s brands during the year.
GROWTH STRATEGY
BY PRODUCT

CASINO
Focused on being the global brand leader

Casino continued to deliver strong growth in 2019 with a 13% increase in revenue to US$359.3 million (2018: US$317.6 million), representing a 17% increase in revenue in 2019 at constant currency.

CASINO REVENUE
$359.3m

Casino also delivered a 26% increase in active players from 2018 and a 43% increase in new customers from 2018.

ACTIVE PLAYERS
+26%

NEW CUSTOMERS
+43%

The Group has seen very positive reactions in customer activity as Orbit has been rolled-out market by market. As a result, we are currently in the process of importing several of Orbit’s exciting features into 888’s Sport, Poker and Bingo products.

We are delighted that our product innovation and subsequent progress has been widely recognised with two important and high-profile industry awards (EGR – Casino Operator of the Year 2019 and Gaming Intelligence – Casino Operator of the Year 2020).

With approximately 1,000 different games now in its portfolio, 888casino continues to differentiate itself in the market by offering a unique range of content. We continue to bring together a curated selection of leading games from top-quality third-party providers alongside bespoke games developed by our Section8 games studio. Section8 released more than 20 new titles last year (including our first ever 888 branded online scratch cards), taking the total number of in-house developed games offered by 888casino to more than 120. During 2019, nearly 1.5 million players played Section8-developed games on 888casino, wagering more than $3 billion.

888Sport has achieved stand-out growth over recent years and is now the Group’s second largest product vertical. The Group’s ambition is to continue to develop 888sport as a leading online sports betting brand across global regulated markets. To deliver this, we continue to focus on ensuring that 888 offers a world-class sports betting product for customers with a wide range of events and live betting options, as well as competitive odds and a great user experience.

In July 2019, the Group commenced the roll-out of a new in-house developed 888sport product interface. This was developed to deliver an improved customer experience and a more unified look and feel across 888’s brands. The new interface was deployed during the second half of the year and we are encouraged with the early customer feedback to the enhanced product.

In March 2019, the Group was delighted to announce the exciting and strategically important acquisition of the sports betting platform and team previously behind the BetBright brand for a total consideration of US$ 19.3 million, thereby giving 888 complete ownership over an end-to-end sports betting platform for the very first time. During 2019, the Group was focused on the integration of the acquired technology and team into 888’s business and we are pleased to have commenced a phased and market-by-market roll out of the Group’s proprietary sportsbook solution with a successful launch in Sweden in April 2020.

The Board believes that this acquisition will enhance the Group’s long-term prospects in the significant global sports betting market by adding a first-class team of sports betting professionals to the Group while also enabling 888 to fully leverage its marketing and analytics capabilities in this critical product vertical.

Despite being the Group’s largest product vertical, the Board believes that Casino continues to offer significant growth potential for the Group. Underpinned by the strength of 888’s brand heritage developed over more than 20 years in the online casino industry in combination with the advantages of Orbit, our unique platform initially focused on the casino market, the Board believes that 888casino has the potential to become the world’s dominant online casino brand.

The roll-out of Orbit commenced in May 2018 and represented the Group’s most exciting new product development of recent years. The Orbit platform has enhanced the user experience through enhanced interface response times, increased customer personalisation by leveraging artificial intelligence (“AI”) capabilities, and improved display of games and content to customers.

SPORT
Continued delivery against our ambitious growth plans

Sport continued to deliver solid growth in 2019, with a 12% increase in revenue to US$90.0 million (2018: US$80.3 million) representing a 19% year on year increase at constant currency.

SPORT REVENUE
$90m

Sport also delivered a 19% year on year increase in first time depositors (“FTDs”) and deposits in 2019 against the prior year.

NEW CUSTOMERS
+19%

Further details on the Group’s Casino performance are included in the Business & Financial Review.

More information 22

Further details on the Group’s Sport performance are included in the Business & Financial Review.

More information 22
POKER

Delivering product enhancements to return to growth

Poker revenue declined by 13% in 2019 to US$42.7 million (2018: US$ 49.0 million).

POKER REVENUE

$42.7m

However, Poker revenue in the second half of 2019 increased by 7% compared to H2 2018, reflecting an improvement in the Group’s performance.

REVENUE (H2 2019 VS H2 2018)

+7%

More information

Further details on the Group’s Poker performance are included in the Business & Financial review.

During 2019, we continued to promote and develop the 888poker brand by sponsoring the 50th anniversary World Series of Poker tournament, a partnership that we will continue in 2020. In addition, 888poker LIVE, our series of live poker tournaments, continue to attract growing numbers of poker players from around the world to play in live events in some of the world’s greatest cities. The increasing popularity of these events continues to support a steady rise in brand awareness for 888poker.

The Group is firmly focused on improving its Poker performance in 2020 in order to return Poker to long-term sustainable growth. To achieve this, we have been focused on delivering new product enhancements including the roll-out of Poker 8, a next generation poker platform, which we believe will sharpen 888's appeal amongst recreational poker players. In March 2019, we were pleased to begin a phased roll-out of Poker 8 to desktop players on the 888poker.com network which initially provided enhanced graphics, a cleaner interface and improved speed for players. We were pleased by the first phase of the roll-out and continued to add new features, including mobile focused enhancements, during the second half of 2019. During 2020, we have a number of additional new product features to add to Poker8 that have been developed following extensive research and feedback from customers, and we are looking forward to introducing the final-phase platform across all of the Group’s poker markets in the coming months. In addition to these product enhancements, we continue to develop new, larger prize pools for our players and, during 2020, we have two major events planned – the Millions Superstorm and the SuperSeries – that will enable players of all skill-levels to potentially access big prizes.

Whilst Poker continued to be a challenging market for 888 during 2019, we maintained our strategic position as one of the top online poker brands globally by player liquidity. In addition, 888poker remained an important customer acquisition channel for the Group, with 18% of the Group’s B2C FTDs during the period joining 888 through 888poker’s websites.

In July 2019, 888 launched 888poker in Portugal and, at the same time, introduced 888’s first ever inter-country shared poker liquidity network in Europe. This has enabled 888’s customers in Spain and Portugal to play poker against each other, thereby increasing the availability of the games and formats that 888’s customers in those markets wish to play. We have been pleased with the reaction to the network with good levels of new customer acquisition in Portugal, resulting in a considerable increase in liquidity available for Spanish players.

BINGO

Building on our position in a challenging market

B2C Bingo recorded revenue growth of 19% to US$38.5 million in 2019 (2018: US$32.4 million), benefiting from the contribution of a portfolio of acquired Bingo brands in March 2019. On a like-for-like basis, Bingo revenues declined 3%.

B2C BINGO REVENUE

$38.5m

New customer acquisition increased by 23% in 2019 (a 10% increase when excluding the newly acquired brands) with average revenue per player also increasing.

NEW CUSTOMERS

+23%

More information

Further details on the Group’s Bingo performance are included in the Business & Financial review.

In February 2019, the Group announced the acquisition of a portfolio of bingo brands, including the well-established Costa Bingo brand, which previously operated as B2B brands on the Group’s B2B Dragonfish Platform. The addition of the new brands increased new customers acquisition by 23% and revenue by 19% (organically revenue declined 3% at constant currency and new acquisition increased 10%) in 2019.

The Bingo market in the UK has remained competitive and challenging for both the Group’s B2C brands and B2B partners during 2019. This in part reflects increased fiscal pressures on UK operators as a result of a further increase in remote gaming duty, as well as a stricter regulatory environment resulting in tighter customer controls being applied by responsible operators such as 888.

* At constant currency, adjusted for the acquired brands.
Expansion in regulated markets
The Group’s geographic expansion is based upon driving 888’s growth in various markets that have sustainable regulatory frameworks for online gaming and where we are able to benefit from marketing opportunities for our brands.

Revenue from regulated and taxed markets in 2019 continued to represent the majority of Group revenue at 74% of revenue (2018: 70%).

**REGULATED & TAXED MARKET**
74% of revenue

Further details on the Group’s geographic performance are contained in the Business & Financial Review.

### UK
The Group delivered growth in the UK market which represented 36% of Group revenue in 2019.

This positive performance reflects 888’s clear and unwavering focus on entertaining recreational customers in a safe and secure environment. As a result of this customer focus, FTDs in the UK increased by 26% whilst average revenue per customer decreased by 10%, reflecting the Group’s focus on providing safe entertainment for an increasingly recreational customer base. The success of our recreational customer focus has been further demonstrated by the reduction in the Group’s UK Casino revenues generated by ‘VIP’ customers reducing to 4% in 2019, compared to approximately 35% at the beginning of 2018.

**EUROPE**
In Continental Europe, the Group continued to achieve excellent progress in Italy, where revenue increased by 30% (37% at constant currency) and FTDs increased by 18% year on year despite the headwinds presented by the introduction of an industry-wide marketing ban in H2 2019.

**ITALIAN REVENUE**
+30%

This strong performance reflected the strength of 888’s brands in the Italian market, highly effective digital marketing investment, and the impact of Orbit, which was launched in the second half of the prior year. The Group also performed very well in Romania, reflecting strong momentum in both Sport and Casino, the latter of which benefited from the launch of Orbit in August 2019. As previously indicated, the Group’s progress in Spain was moderated by weaker Poker activity which also adversely impacted customer cross-sell into 888casino.

Revenue from Spain decreased by 10% (5% at constant currency) driven by increased competition in the Poker vertical. The Group is encouraged by the results of its shared liquidity network, with Portugal launched during 2019 and from the progress of Poker 8 that will hopefully be deployed late 2020.

During 2019, the Group successfully launched in two new regulated European markets, Sweden and Portugal, where it is aiming to build on 888’s proven track-record of efficiently achieving growth in attractive regulated markets.

**NEW REGULATED MARKETS**

**In Sweden**, which is one of the largest online gaming markets in Europe, 888 launched its 888poker, 888casino and 888sport brands in January, and the Board has been pleased with the performance. The Group continues to appraise new regulated markets and is looking forward to the anticipated regulation of the Netherlands during 2021.

**In Portugal**, the Group launched 888casino in January 2019 and, at the end of July 2019, was pleased to introduce the 888poker brand to the market. As mentioned above, the launch of Poker in Portugal has enabled the Group to establish its first European inter-country poker network and pool poker players across the Spanish and Portuguese markets.

**US**
In the US market, the Group remains focused on investing to deliver medium-to-long-term growth opportunities for 888.

This includes continuing to appraise strategic partnerships that would provide both brand-building and market access opportunities for 888 in this developing and potentially significant market.

In July 2019, we were pleased to launch Orbit in New Jersey, as 888 continues to invest in its product proposition in the US to align it with the quality and flexibility of the Group’s products across other regulated markets globally. We have been encouraged by the performance of this product upgrade, which was supported by increased marketing activity in the state including...
Our Team

888 has an outstanding team and culture across the business, which is led by a talented and experienced operational management team.

In March 2019, we were delighted to welcome approximately 90 new colleagues to the Group based in Dublin following the acquisition of the BetBright sport platform.

The BetBright sportsbook has been developed by a fantastic team and our new colleagues bring genuine sports betting “DNA”, expertise and industry know-how to the Group. Our new colleagues have embraced being a part of 888, and I would like to thank them for their commitment since joining 888.

Enhancing efficiencies

Management remain steadfastly focused on maximising operational efficiencies and maintaining cost control by ensuring that the Group has the correct structure, teams and operations for success across its global markets.

In the first half of 2019, we expanded operations in Romania to support the Group’s continued delivery against its long-term growth strategy. This expansion reflects the outstanding research and development and IT talent available to the Group in the Romanian market. As a result, the Group’s team of more than 300 employees in Bucharest has been expanded through the transfer of a number of 888’s technology team from Israel, as well as a number of new hires.

Bucharest Employees

300+

In addition, by streamlining and focusing the Group’s world-class Israeli technology hub, we believe that we will deliver important operational efficiencies and further improve working practices to support the Group’s long-term growth.

The Group’s marketing ratio decreased to 28.9% of revenue in 2019 (2018: 29.3%). This reflected the optimisation and efficiency of 888’s marketing investment which resulted in a strong 22% increase in FTDs in the B2C business in 2019. Overall, the Group’s cost ratio* increased to 85% of revenue (2018: 80%) primarily driven by increased gaming duties in the UK due to the new tax regime, the Group’s expansion in various regulated and taxed markets, and a partial increase in overheads due to the BetBright acquisition which has reduced profitability in 2019.

The decline in B2B revenue is a result of structural changes in the Group’s B2B business, including the termination of the Group’s agreement with Cashcade; the acquisitions of Costa Bingo in 2019 and AAPN at the end of 2018; and weakness in the B2B Bingo market in the UK.

* Total of operating expenses; gaming taxes and duties, research and development expenses, selling and marketing expenses and administrative expenses of revenue.

Our Employees

1,400+

Our team of approximately 1,400 people, now spanning seven global offices, is brought together by a shared customer-centric and “can-do” culture.

On behalf of the Board, I would like to thank all my colleagues across the world for their contributions to the Group’s continued progress during 2019.
The Online Gaming Cycle

ANALYTICS-DRIVEN APPROACH

888’s highly-skilled team and its internally generated know-how remain major drivers of the Company’s value. 888 carefully manages and sustains these resources and details of key actions taken in 2018 are set out in the Corporate Responsibility Report on pages 50 to 67.

ONLINE GAMING CYCLE
888 employs an extensive team of highly trained and experienced business analytics and data-mining professionals. Teams across 888, including product development, marketing and customer support, leverage this extensive and constantly evolving data and, by applying robust statistical models and subject always to our safe and responsible gaming policies, influence the following factors in the online gaming cycle:

CUSTOMER RELATIONSHIP MANAGEMENT ("CRM")
Once 888 has acquired a customer, our goal is to make sure that they have a great, safe experience with 888. Subject always to our safe and responsible gaming policies, tools used to achieve this include personalised communications and the promotion of relevant offers and bonuses.

GAMING REVENUE
Player activity leads to revenue for the Group. This then enables our marketing teams to invest in campaigns to acquire more new customers.

ACTIVITY
Whilst subject always to our safe and responsible gaming policies, offering a high-quality product helps to increase customer activity and, consequently, life-time value with 888. 888’s ability to successfully create proprietary games, enhance personalisation, offer great odds, and develop new functionality on mobile and desktop platforms helps to differentiate 888 from its competitors.
SAFER GAMBLING

We acknowledge the potential risks that online gambling can present. We are committed to ongoing improvements to make gambling safe, enjoyable and not a cause of harm. The sustainability of our business rests on ensuring our customers are empowered to make safe and responsible decisions about their betting and constantly ensuring that those struggling to stay in control of their play receive the support they need. 888 is constantly developing new and innovative ways to deliver a safer gaming environment. Our goal is to ensure that all those who visit our sites can do so with confidence, and that those for whom our games are not intended, notably underage and vulnerable individuals, will not be drawn into the gaming environment. We strive to ensure that those few customers who develop a gambling problem are quickly identified and helped. Our strategy for safe online gambling is disclosed in more detail on page 50.

MARKETING

Central to the Group’s approach to growth is an unwavering focus on return-to-cost driven marketing. The Group continually evolves and develops new marketing techniques and campaigns, both online and offline, to increase awareness of its brands and create customer loyalty. The returns to cost ratios of all marketing campaigns are rigorously tested against strict criteria before being extended to their target markets. This helps to ensure that 888’s marketing spend remains cost-efficient.

ACQUISITION

Effective marketing helps to attract customers to 888’s brands. Strong levels of customer acquisition, measured by increases in first-time depositors, is the fuel for 888’s future growth.

DEPOSITS

Customers need to be able to enjoy a seamless journey from the moment they visit the Group’s websites through to making deposits and then enjoying 888’s games. 888’s proprietary payment processing capabilities support a wide variety of languages, methods and currencies, and it is vital that the Group is able to offer efficient and easy to use payment processing.
ESTABLISHED AND POPULAR ONLINE GAMING BRANDS

CASINO
How we generate revenue
888casino is one of the longest standing online casino brands in the market. 888casino aims to provide the most enjoyable online experience available by combining exclusive games developed in-house by Section8 alongside branded video slots and ‘live’ Casino games, which offer high-quality video streamed casino games with a range of professional dealers.

In May 2018, the Group launched a new Casino platform, internally called Orbit. This represented the Group’s most exciting new product development of recent years and has been recognised with two important and high-profile industry awards (EGR – Casino Operator of the Year 2019 and Gaming Intelligence – Casino Operator of the Year 2020).

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.

SPORTS
How we generate revenue
888sport is a fast-growing sports betting destination. At the heart of the 888sport offer is genuine passion for sport, with thousands of live and pre-event betting markets on offer across hundreds of events, from the obvious to the obscure.

In March 2019, the Group was delighted to announce the exciting and strategically important acquisition of a sports betting platform and team, thereby giving 888 complete ownership over an end-to-end.

Sportsbook online gaming revenue comprises bets placed less pay-outs to customers.
POKER
How we generate revenue
888poker offers a leading poker environment that enables players of all abilities to enjoy the games of their choice whether on mobile or desktop. 888poker offers Texas Hold'em, Omaha Hi/Lo, 7 Card Stud and other poker variations in Pot Limit, Fixed Limit and No Limit formats.
During 2020, 888 is rolling out its new poker platform, Poker8, which has been developed following customer feedback and will provide a slicker and more intuitive user experience for customers.

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

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

BINGO
How we generate revenue
888's bingo brands each have engaging themes, a variety of games and a strong sense of community, replicating the experience of traditional bingo halls. The Group’s bingo brands also benefit from an extensive range of 888-developed slot games, casino games and scratch cards that are offered alongside traditional bingo formats.
888's portfolio of brands includes 888ladies, Costa Bingo and Wink Bingo.

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.
INTRODUCING SECTION8 STUDIO

Q&A

Or Shavit
888’s Director of Casino & Games Product and heads-up 888’s in-house games development division, Section8.

In 2019, six out of 888casino's top 20 performing games were developed by Section8 which is a glowing endorsement of our ability to identify and create fantastic games.

WHAT ROLE DOES SECTION8 PLAY WITHIN 888?

Section8 is a very important part of 888’s Casino proposition. Section8 creates unique games ranging from slots to scratch cards that customers can only play with 888. Through 888casino, we offer more than 1,000 games from third-party games developers alongside approximately 125 unique Section8 games. This means that customers have a huge choice of games to play. As a result, we leverage one of the major advantages of 888’s new Orbit platform - the ability to use artificial intelligence (‘AI’) to personalise which games are highlighted to customers. This helps to keep our customers’ experiences with 888 exciting and relevant.

The unique games that we create at Section8 ensure that 888 offers a playing environment for customers that is truly unique and that cannot be replicated anywhere else. In addition, we do not pay any royalties on our in-house developed games; this means that as well as improving the customer proposition these games also support the Group’s profitability.

CAN YOU EXPLAIN THE PROCESS OF DEVELOPING AN ‘IN-HOUSE’ GAME?

We have an excellent team of developers at Section8 who are solely focused on developing games that meet or exceed the highest standards of our industry. As with everything at 888, the process of creating a new game begins with data. We use the wealth of data we have developed over more than two decades as an online casino provider to help us to understand customer preferences and what will make a truly successful game. Every new game we create will be tweaked to respond to different markets where there are different regulations, preferences and languages.

WHAT WERE THE KEY DEVELOPMENTS AT SECTION8 DURING 2019?

During the year, approximately 1.5 million customers played Section8’s games. We released 20 new slot games, created a new and very popular daily jackpot game. We also started the process of developing exciting new scratch card games. It was a busy year!

WHAT IS IN STORE FOR 2020?

We will continue our momentum in 2020. We believe that developing even more unique content will play an important part in driving 888casino towards its goal of being the world’s leading online casino brand. One of Section8’s main focus areas will be on developing new and more immersive games that feature even better visuals and audio.
## STRATEGIC PROGRESS HIGHLIGHTS

### STRATEGIC PILLARS

<table>
<thead>
<tr>
<th>STRATEGIC PILLARS</th>
<th>HIGHLIGHTS IN 2019</th>
</tr>
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</table>
| **Continue to protect customers and act responsibly** | - Continued focus on safer gambling with the launch of 888’s ‘Safer. Better. Together.’ strategy.  
- Interactions with UK customers regarding safer gambling increased 16%, reflecting 888’s proactive approach to preventing gambling-related harm.  
- UK customers’ usage of safer gambling tools increased 28% as 888 continues to promote safe play to its customers. | - Launch of “Too much is too much” safer gambling advertising campaign across TV, social and print channels in the UK and Spain in early 2020.  
- Development of new My Play feature that will launch in 2020 across each of 888’s websites to provide customers with improved understanding of their gambling behaviour and further increase the prominence of safer gambling tools. |
| **Ongoing development of 888’s core B2C business** | - B2C new customer acquisition increased 22% translating to a record of more than one million new customers joining 888’s brands during the year.  
- Casino continued to deliver stand-out growth reflecting investment in product leadership with new customer acquisition up 43% year on year; active players up 26% year on year; deposits up 31% year on year.  
- Continued strong progress in Sport despite strong prior year comparatives with 19% year on year increases in both first-time depositors and deposits. | - Continued investment in delivering growth opportunities for 888sport with the strategic acquisition and ongoing integration of the first-class sports betting team and proprietary platform previously behind the BetBright brand.  
- Investment in Poker turnaround with further development of the Group’s new Poker 8 platform and successful launch of shared player liquidity network across Portugal and Spain.  
- B2C Bingo new customer acquisition increased 23% supported by the acquisition of a portfolio of bingo brands, including Costa Bingo; pro-forma Bingo new customer acquisition increased 10%. |
| **Expansion in regulated markets** | - Revenue from regulated and taxed markets1 accounted for 74% of revenue (2018: 70%).  
- Highly successful launches in two new regulated markets – Sweden and Portugal.  
- Further recovery and good growth in the UK where revenue increased by 20% driven by first-time depositors growth of 26%.  
- Average UK revenue per customer decreased, reflecting the Group’s focus on an increasingly recreational customer base. Revenue from VIP customers reduced to less than 5% of UK Casino revenue.  
- Like-for-like UK Sport revenue increased 44% with deposits increasing 30%. | - In Italy, despite advertising restrictions and strong comparatives including the impact of the 2018 FIFA World Cup, revenue increased by 30% (37% at constant currency) and first-time depositors increased by 18%.  
- Revenue from the Romanian market increased by 31% (40% at constant currency) accompanied by a 41% increase in first-time depositors.  
- Revenue from 888casino in New Jersey increased 56% in 2019 supported by the launch of Orbit in July 2019.  
- The Group continues to explore further partnerships and new growth opportunities for the Group’s B2B business in the US. |
| **Enhancing efficiencies** | - The marketing ratio decreased to 28.9% (2018: 29.3%) despite record breaking levels of first-time depositors in the B2C business, reflecting highly efficient investment. | |

The strategic report, from pages 10 to 21, was reviewed, approved by the Board on 15 April 2020 and signed on its behalf.

ITAI PAZNER  
Chief Executive Officer
FINANCIAL SUMMARY

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<th>2019¹</th>
<th>2018¹</th>
<th>Change Constant currency²</th>
<th>Change Reported</th>
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<td>Revenue – B2C</td>
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<td></td>
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<tr>
<td>• Casino</td>
<td>359.3</td>
<td>317.6</td>
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<td>• Sport</td>
<td>90.0</td>
<td>80.3</td>
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<td>• Poker</td>
<td>42.7</td>
<td>49.0</td>
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<tr>
<td>• Bingo²</td>
<td>38.5</td>
<td>32.4</td>
<td>24% 19%</td>
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<td>Total B2C</td>
<td>530.5</td>
<td>479.3</td>
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<td>B2B³</td>
<td>29.8</td>
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<td>560.3</td>
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<td>Adjustment of VAT accrual release</td>
<td>—</td>
<td>(10.7)</td>
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<td>Operating expenses⁵</td>
<td>(147.5)</td>
<td>(137.8)</td>
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<td>Gaming taxes and duties</td>
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<td>Research and development expenses⁶</td>
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<td>Selling and marketing expenses</td>
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<td></td>
</tr>
<tr>
<td>Administrative expenses⁷</td>
<td>(34.3)</td>
<td>(27.5)</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA excluding IFRS 16 impact⁸</td>
<td>85.6</td>
<td>107.1</td>
<td>(14%) (20%)</td>
<td></td>
</tr>
<tr>
<td>IFRS 16 impact on EBITDA</td>
<td>6.6</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA⁸</td>
<td>92.1</td>
<td>107.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(32.2)</td>
<td>(20.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>(6.7)</td>
<td>(0.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted profit before tax</td>
<td>53.2</td>
<td>86.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share benefit charges</td>
<td>(5.4)</td>
<td>(8.9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VAT accrual release</td>
<td>—</td>
<td>10.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptional items⁹</td>
<td>(2.3)</td>
<td>11.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain from re-measurement of previously held equity interest in joint ventures</td>
<td>—</td>
<td>9.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of equity accounted associates loss</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>45.3</td>
<td>108.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted basic earnings per share</td>
<td>13.5¢</td>
<td>20.2¢</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>11.3¢</td>
<td>26.3¢</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

During 2019, 888 delivered further progress against its strategy for long-term growth. The Group has continued to focus on expanding its brands across regulated markets supported by delivering product innovations to further enhance the customer experience.
DURING 2019, 888 ACQUIRED A GROUP RECORD OF MORE THAN ONE MILLION NEW FTDs ACROSS ITS B2C BRANDS GLOBALLY REPRESENTING A 22% INCREASE YEAR ON YEAR

RECONCILIATION OF PROFIT BEFORE TAX TO EBITDA AND ADJUSTED EBITDA

<table>
<thead>
<tr>
<th></th>
<th>2019(^1) US$ million</th>
<th>2018(^2) US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>45.3</td>
<td>108.7</td>
</tr>
<tr>
<td>Finance</td>
<td>6.7</td>
<td>0.1</td>
</tr>
<tr>
<td>Depreciation</td>
<td>12.6</td>
<td>5.3</td>
</tr>
<tr>
<td>Amortisation</td>
<td>19.6</td>
<td>15.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>84.2</td>
<td>129.1</td>
</tr>
<tr>
<td>Exceptional items(^3)</td>
<td>2.3</td>
<td>(111)</td>
</tr>
<tr>
<td>VAT accrual release(^4)</td>
<td>—</td>
<td>(10.7)</td>
</tr>
<tr>
<td>Share benefit charges</td>
<td>5.4</td>
<td>8.9</td>
</tr>
<tr>
<td>Gain from re-measurement of previously held equity interest in joint ventures</td>
<td>—</td>
<td>(9.3)</td>
</tr>
<tr>
<td>Share of equity accounted associates loss</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Adjusted EBITDA(^5)</td>
<td>92.1</td>
<td>107.1</td>
</tr>
</tbody>
</table>

1 Totals may not sum due to rounding.
2 Constant currency. 888 reports its financial results in US$ however (i) it generates certain revenue streams from customers using other currencies and (ii) it incurs costs in various currencies. Due to the strong US$ in 2019 compared to 2018, reported revenue and profit were adversely impacted. Constant currency has been calculated as follows: (i) Revenue: with the exception of Poker, by applying 2018 exchange rates to revenue generated during 2019. Poker revenue was also adversely impacted given that many Poker customers fund their US$ bankroll using other currencies, which suffered reduced purchasing power compared to the US$. It is difficult to quantify reliably this indirect impact (other than a small adjustment which was made to Poker revenue generated in Euro) (ii) Costs: costs were retranslated by applying 2018 exchange rates.
4 Revenue in 2018 includes US$10.7 million in respect of accrued release which relates to receipt of tax assessments in respect of legacy value-added tax in Germany.
5 Excluding depreciation of US$12.6 million (2018: US$5.3 million) and amortisation of US$19.6 million (2018: US$15.0 million) and adding back US$3.8 million lease costs that are cancelled under IFRS 16 implementation.
6 Adding back US$2.0 million lease costs cancelled under IFRS 16 implementation.
7 Excluding share benefit charges of US$5.4 million (2018: US$8.9 million) and adding back US$0.7 million lease costs that are cancelled under IFRS 16 implementation.
8 Adjusted EBITDA is the main measure the analyst community uses to evaluate the Company and compare it to its peers. The Group presents adjusted measures (including adjusted profit before tax) which differ from statutory measures due to the exclusion of exceptional items and adjustments. It does so because the Group considers that it allows for a further understanding of the underlying financial performance of the Group.
9 Exceptional charges of US$2.5 million (2018: exceptional income of US$1.1 million) in respect of organisational restructuring and legal and professional costs associated with M&A activity.

B2C revenue during 2019 increased by 11% to US$330.5 million (2018: US$479.3 million) and increased by 15% at constant currency. The B2C business represented 95% of total Group revenue in 2019 (2018: 90%). This revenue growth was underpinned by the recovery of the Group’s UK business, reflecting the success of our recreational customer focus as well as revenue growth in several regulated markets, including Italy, Romania, Sweden, Denmark and USA. In terms of product verticals, the Group’s momentum continued in its two largest product verticals, Casino and Sport, while its Poker and Bingo verticals remained more challenging.

B2C – PRODUCT SEGMENTATION

888 continues to focus on developing its B2C business across all four key product verticals in the industry: Casino, Sport, Poker and Bingo. The Group’s focus remains on expanding 888’s brands across global markets that have regulated frameworks for online gambling, and we achieve this by investing in analytics-driven marketing and product innovation, as well as by applying data-driven customer relationship management (‘CRM’) that supports player retention and customer “cross-sell” between 888’s products and brands. All of 888’s activities are conducted within the parameters of providing a safe and secure online environment for customers.

During 2019, 888 acquired a Group record of more than one million new FTDs across its B2C brands globally representing a 22% increase year on year. As a result, active customers (defined as players that have wagered a positive amount during the period) increased by 19% year on year and deposits increased by 20% year on year. These positive trends across the Group’s B2C operational KPIs reflected increased and innovative marketing, effective CRM, and a first-class customer proposition, particularly following the introduction of the Orbit platform to our Casino offering (see below) which commenced in 2018. 888’s revenue by product segment is set out in the table below.

<table>
<thead>
<tr>
<th></th>
<th>2019(^1) US$ million</th>
<th>2018(^2) US$ million</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Constant currency</td>
<td>Reported</td>
</tr>
<tr>
<td>Revenue – B2C</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Casino</td>
<td>359.3</td>
<td>317.6</td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Sport</td>
<td>90.0</td>
<td>80.3</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>Poker</td>
<td>42.7</td>
<td>49.0</td>
<td>(12%)</td>
<td>(13%)</td>
</tr>
<tr>
<td>Bingo</td>
<td>38.5</td>
<td>32.4</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>Total B2C</td>
<td>530.5</td>
<td>479.3</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>B2B</td>
<td>29.8</td>
<td>50.6</td>
<td>(39%)</td>
<td>(41%)</td>
</tr>
<tr>
<td>Revenue before VAT accrual release</td>
<td>560.3</td>
<td>529.9</td>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>VAT accrual release</td>
<td>—</td>
<td>10.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>560.3</td>
<td>540.6</td>
<td>4%</td>
<td></td>
</tr>
</tbody>
</table>
CASINO

Casino continued to deliver strong growth with a 13% increase in revenue to US$359.3 million (2018: US$317.6 million). At constant currency, Casino revenue increased by 17%.

<table>
<thead>
<tr>
<th>Casino revenue</th>
<th>+13%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>359.3</td>
</tr>
<tr>
<td>2018</td>
<td>317.6</td>
</tr>
</tbody>
</table>

Results overview
This good performance again demonstrated the strengths of 888’s marketing and CRM, as well as the positive impact of our Orbit platform that was first launched in mid-2018 and was fully deployed across 888’s regulated markets and brands during 2019.

Casino FTDs increased by 43% and total Casino active players increased by 26%. Average revenue per player declined by 10%, reflecting the Group’s shift in focus towards a casual customer audience.

In the UK, the shift in Casino focus towards a casual customer audience continued, with FTDs increasing by 53% and the proportion of revenue generated by “VIP” customers decreasing to just 4% in Q4 2019.

FTDs
+53%

Product overview and developments
888casino offers its own versions of classic table games, such as blackjack and roulette together with exciting and exclusive Video Slots, Video Poker and Scratch card games developed by Section8, 888’s in-house games studio. These in-house developed games, which are offered to customers alongside the best games from leading third-party providers, give 888casino a differentiated proposition in the market. The Group’s success in Casino remains underpinned by 888’s very strong brand, as well as a relentless focus on customer experience.

During 2019, 888casino’s performance continued to be driven by the success of Orbit, our newest web-based Casino platform that uses artificial intelligence (“AI”) and machine learning-driven recommendations to provide a more personalised display and seamless user experience for customers. The new platform, initially launched in 2018 and expanded across further markets during 2019, has also enabled 888 to offer even more games and better utilise its growing selection of content for customers.

NEW CASINO GAMES

464

888 added 464 new games (including 22 successful new games developed by Section8) across mobile and desktop platforms during the year.

The Group continued its geographic expansion, with the launches of 888casino in the regulated Swedish and Portuguese markets in January 2019.

The Group is delighted that 888’s Casino product innovation and subsequent progress was recognised with two important and high-profile industry awards: EGR – Casino Operator of the Year 2019 and Gaming Intelligence – Casino Operator of the Year 2020.
Sport revenue increased by 12% to US$90.0 million (2018: US$80.3 million). At constant currency, Sport revenue increased by 19% year on year. This encouraging outcome was achieved despite strong prior year comparatives which included the impact of the FIFA World Cup during 2018.

Results overview
Sport FTDs increased by 19% year on year and deposits increased by 19% year on year. Mobile and in-play betting remained key drivers for 888sport, with approximately 65% of bet volumes placed during events in 2019.

Sport FTDs
+19%

Deposits
+19%

Bets during events
65%

Product overview and developments
In March 2019, the Group was delighted to announce the acquisition of the technology platform and team previously behind the BetBright brand for a consideration of £15 million.

Acquisition
BetBright

The acquisition represented a major milestone for the Group, strengthening 888’s product and technology capabilities to support the long-term development strategy of 888Sport. The post-acquisition integration plans have progressed in line with expectations and the Group was pleased to launch its first fully proprietary sports betting product in Sweden in April 2020 with plans to gradually deploy it across further markets thereafter.

As well as being the Group’s second largest product vertical by revenue, Sport remains a highly important customer acquisition channel for the Group and provides additional value by cross-selling customers into other product verticals, most notably Casino.

During 2019, 888 introduced a new 888sport customer interface to improve functionality and the customer experience by integrating AI tools to enhance personalisation for players.

The Group continued its geographic expansion, with the launch of 888sport in the regulated Swedish market in January 2019.
POKER

Poker revenue decreased by 13% to US$42.7 million (2018: $49.0 million).

<table>
<thead>
<tr>
<th>Year</th>
<th>Poker revenue (US$ million)</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>42.7</td>
<td>-13%</td>
</tr>
<tr>
<td>2018</td>
<td>49.0</td>
<td></td>
</tr>
</tbody>
</table>

Results overview
The Group’s Poker results have continued to be impacted by factors including increased competitor marketing activity in some of the Group’s markets as well as the unilateral withdrawal of certain payment providers and ISP blocking in several unregulated markets. Nevertheless, Poker stabilised during H2 2019 with revenue up 7% compared to H2 2018. This result is in part the outcome of the successful launch of 888’s first shared European poker network between Spain and Portugal.

Whilst active poker players declined by 7% year on year, Poker players deposits increased by 1% year on year, reflecting 888poker’s good customer retention that is underpinned by a quality product proposition.

Poker remains an important customer acquisition channel for the Group with 18% of the Group’s B2C FTDs acquired through 888poker during the year. The flow of Poker players also playing Casino and Sport with 888’s brands also continued to be an important driver of the Group’s overall B2C business.

Product overview and developments
888poker focuses on providing a great customer experience to recreational Poker players by providing a range of games and formats to suit its customers’ preferences across desktop and, increasingly, mobile devices.

The Group has been pleased by progress made in the first phase roll-out of its new poker platform, Poker 8, during 2019. Poker 8 is a new and improved ‘Orbit inspired’ cross-territory poker platform that offers an even more engaging and enjoyable experience for 888poker players. The development of Poker 8 follows extensive ongoing research and feedback from customers. The platform’s initial launch in 2019 upgraded several features for 888poker players on desktop computers. The Group is now looking forward to adding a number of exciting new product features and rolling out the final-phase platform across the Group’s poker markets later in 2020.

In July 2019, 888poker was launched in Portugal, enabling the Group to establish its first European interstate poker network and pool poker players across the Spanish and Portuguese markets for the very first time. 888poker has quickly become one of the leading platforms in the Portuguese market and has quickly taken considerable market share while, at the same time, injecting new liquidity for 888’s poker players in the highly competitive Spanish market.
Bingo revenue of US$38.5 million (2018: US$32.4 million), representing a 19% increase and 24% at constant currency.

<table>
<thead>
<tr>
<th>Year</th>
<th>Bingo Revenue (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>38.5</td>
</tr>
<tr>
<td>2018</td>
<td>32.4</td>
</tr>
</tbody>
</table>

Results overview
In February 2019, the Group acquired a portfolio of bingo brands, including the well-established Costa Bingo brand from JPJ Group Plc for £18m. The Board believes that consolidating these brands, which were previously operated as B2B brands on the Group’s Dragonfish Platform, into 888’s B2C brand portfolio will deliver economy of scale opportunities through the application of the full extent of the Group’s capabilities in product development, marketing and customer relationship management to their operations.

B2C Bingo recorded a 19% increase in revenue to US$38.5 million (2018: US$32.4 million). This represented a 24% year on year increase at constant currency. This performance benefited from the contribution of newly acquired Bingo brands since mid-March. On a like-for-like* basis, Bingo revenues declined 3%.

New customer acquisition increased by 23% (a 10% increase excluding the newly acquired brands).

* At constant currency, adjusted for the acquired brands.

Product overview and developments
888 offers online bingo entertainment across a wide array of branded Bingo sites, each with its own unique themes. The Group’s leading Bingo brands include 888ladies, Wink Bingo and Costa Bingo.

The Group is continuing to focus on effective CRM, increased personalisation and product enhancements to its Bingo proposition with new in-house developed games and the addition of fresh third-party content. During the year, the Group continued to focus on product development by integrating several successful elements of its Orbit platform into the bingo vertical to enhance personalisation and improve the overall customer experience.
B2B REVIEW

Result overview
Revenue from Dragonfish, 888’s B2B division, decreased by 41% to US$29.8 million (2018: US$50.6 million).

This reflected several factors, including the migration of Cashcade bingo, a former B2B customer, to its own proprietary platform, as well as fiscal and regulatory challenges impacting the UK bingo market. These pressures resulted in some of the Group’s brand partners prioritising reductions in their marketing investment and optimisations to their cost bases over investing in new customer acquisition.

Adjusting for currency headwind and the migration of Cashcade bingo, revenue from B2B decreased 15% year on year.

Revenue from our B2B business in the US market remained in line with the Board’s expectations. The Group remains committed to exploring further partnerships and new growth opportunities for the Group’s B2B business in the US.

Operational overview and developments
During the first half of the year, the Group initiated organisational changes at Dragonfish to bring all aspects of the B2B offer except marketing into one standalone business unit. These have enhanced the customer focus of the Group’s B2B operations in line with the Group’s aim to provide an increasingly value-added proposition to a smaller number of larger customers across both the UK and international markets.

During the second half of the year, the Group commenced the gradual roll-out of a new customer interface. This new interface has been inspired by the success of 888’s Orbit casino platform and has been developed to enhance the customer experience: improve responsible gaming monitoring, and provide a better end-user experience. Dragonfish continued to invest in growing its games portfolio with 179 new games added to the platform and 18 new bingo “skins” added to the platform during the year. During 2019, the Group launched its first B2B Bingo network in Africa.

REVENUE BY GEOGRAPHIC MARKET

Regulated markets
888’s strategic focus remains on achieving growth in sustainable, regulated markets where the Group can leverage its marketing expertise to achieve long-term, profitable growth.

Revenue from regulated markets continued to represent the majority of Group revenue in 2019, with revenue from regulated and taxed markets accounting for 74% of revenue (2018: 70%).

The global regulatory landscape continues to develop and the Group remains focused on evaluating new regulated markets on a case-by-case basis dependent on their strategic and economic viability. During 2019, the Group was pleased to launch its Poker, Sport and Casino offerings in Sweden, as well as its Casino offer in Portugal in January 2019 followed by the launch of Poker in Portugal in July 2019. The below table shows the Group’s revenue by geographical market:

<table>
<thead>
<tr>
<th>Region</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
<th>Change from previous year</th>
<th>% of reported Revenue (2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA (excluding the UK and Spain)</td>
<td>231.2</td>
<td>228.9</td>
<td>1%</td>
<td>41%</td>
</tr>
<tr>
<td>UK</td>
<td>204.1</td>
<td>170.6</td>
<td>20%</td>
<td>36%</td>
</tr>
<tr>
<td>Spain</td>
<td>60.9</td>
<td>68.0</td>
<td>(10%)</td>
<td>11%</td>
</tr>
<tr>
<td>Americas</td>
<td>51.7</td>
<td>48.1</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>Rest of world</td>
<td>12.4</td>
<td>14.3</td>
<td>(13%)</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Revenue before VAT accrual release</strong></td>
<td><strong>560.3</strong></td>
<td><strong>529.9</strong></td>
<td><strong>6%</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>VAT accrual release</td>
<td>—</td>
<td>10.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>560.3</strong></td>
<td>540.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Regulated and taxed markets refer to jurisdictions where the Group operates under a local licence or where the Group is liable for gaming duties or VAT (or its equivalent).
EMEA (excluding the UK and Spain)
Revenue from EMEA excluding the UK and Spain increased by 1% to US$231.2 million (2018: US$228.9 million). 888 continued to experience rapid growth in European regulated markets, with a revenue increase of 43% year on year (51% increase at constant currency). This outcome reflects strong progress in Sport and Casino across several regulated European markets.

In Italy, despite advertising restrictions in force from H2 2019 and strong comparatives, including the impact of the 2018 FIFA World Cup, revenue increased by 50% (57% increase at constant currency) and FTDs increased by 18% year on year. This strong performance reflected the strength of 888’s established brands in the Italian market, as well as continued highly effective digital marketing investment. The Group’s performance in Italy benefited from the impact of Orbit, which was launched in the second half of the prior year, which supported a 6% increase in new Casino players against the prior year.

Revenue from the Romanian market increased by 51% (40% increase at constant currency) during 2019, reflecting continued momentum in both Sport and Casino underpinned by growing brand awareness in the market. The Group launched its Orbit platform in Romania in August 2019 and has been encouraged by its performance so far. Romanian growth was accompanied by a 41% increase in FTDs driven by highly efficient marketing driving a lower cost per customer acquisition.

Revenue from the Danish market decreased by less than 1%, with a 5% increase at constant currency. FTDs in Denmark increased by 15% year on year. This growth in customers reflected further progress in Sport, as well as the impact of Orbit on Casino which launched in the second half of 2018.

As noted above, during 2019 the Group successfully launched in two new regulated European markets. In January, 888 launched Sport, Casino and Poker in the regulated Swedish market. The Board has been pleased with the Group’s performance in this significant online gaming market so far with customer acquisition and revenue significantly ahead of initial expectations. The Group was awarded its 13th geographic licence in Portugal at the beginning of the year and successfully launched 888casino in Portugal in January. This was followed by the launch of 888poker in Portugal in July, thereby enabling the Group to establish its first European interstate poker network and pool poker players across the Spanish and Portuguese markets for the very first time.

The Board is encouraged by the initial reaction to the 888-interstate network, with good levels of new customer acquisition in Portugal and a considerable increase in liquidity available for Spanish players. The Board continues to believe that shared liquidity will provide increased competitiveness and new opportunities for the Group’s Poker product in Europe over the coming years.

Revenue from Germany, which represented 5.6% of Group revenue, decreased by 25% year on year due to a combination of restrictions on selected payment methods and, subsequently, proactive reductions of marketing spend by the Group for the short-term.

Revenue from Middle East and Africa markets included in the EMEA segment decreased by 7% to US$42.4 million (2018: US$45.7 million).

UK
The Group delivered a pleasing recovery in its UK business in 2019, reflecting a clear and unwavering focus on entertaining recreational customers in a safe and secure environment. This was underpinned by further effective marketing investment, as well as the appeal of the Group’s enhanced Casino product proposition on the Orbit platform. UK revenue increased by 20% compared to the same period last year to US$204.1 million (2018: US$170.6 million). This was driven by strong FTDs growth of 26%, however, average revenue per customer, as well as the proportion of revenue generated by VIPs decreased, reflecting the Group’s focus on entertaining an increasingly recreational customer base.

Over recent years, 888 has made considerable changes to its operating processes in the UK, including tightening anti-money laundering processes, increasing customer due diligence and developing its customer protection tools and protocols. These changes have been aimed at providing the safest possible gambling environment for players and ensuring the Group is aligned with the market’s regulatory environment. 888 is committed to continuing to invest in and enhance its responsible gaming processes and tools across all markets, and further details on the Group’s safer gambling strategy and initiatives can be found on page 50 of the 2019 Annual Report.

Spain
In Spain, revenue was US$60.9 million (2018: US$68.0 million), reflecting a 10% decrease in revenue year on year (5% decrease in constant currency). As a result, Spain represented 11% (2018: 13%) of total revenue. Casino FTDs in Spain increased 26%, building a healthy customer base for 2020.

As previously indicated, the Group’s progress in Spain was moderated by weaker Poker activity, which was impacted by heightened competition from operators that offered shared player liquidity with France (launched in 2018), which 888 did not participate in. The Group’s subdued poker performance adversely impacted customer cross-sell into 888casino.

The Board remains confident in 888’s prospects for Spain and, as described above, in July 2019, 888 launched shared poker player liquidity between Spain and Portugal for the first time. We have been encouraged by the early signs and believe that this initiative will provide increased momentum to 888’s offering in the Spanish market in 2020. In 2020, the Group plans high profile tournaments, further product optimisation, additional new casino game vendors to support the cross-sell of poker players into Casino, and has confidence in the impact of Poker8 within the Spanish market once launched.

US
Revenue from the US market remained in line with the Board’s expectations during 2019.

888 is continuing to invest in its product proposition in the US to align it with the quality and flexibility of the Group’s products across other regulated markets globally. In July 2019, the Group launched its Orbit platform in New Jersey supported by an increase in marketing activity. As a result, revenue from 888casino in New Jersey increased 56% year on year, and it is the Group’s belief that once all elements of its USA proposition are streamlined and the appropriate marketing spend is in place, it will be well placed to considerably grow its Casino volume in New Jersey.

Underpinned by further investment in our team, marketing and product development, we remain focused on achieving further progress in the US market in 2020. Having operated in the regulated US market since 2013, 888 enjoys experience in that evolving market and the Group remains focused on investing to deliver the medium- to-long-term growth opportunities for 888. The Board continues to appraise opportunities to provide both brand building and market access opportunities for 888 in the developing North American online gaming market.
EXPENSES OVERVIEW

Operating expenses
The Group’s expanding Casino and Sport offering resulted in higher commissions and associated expenses in respect of the Live Casino activity and the Sport third-party platform. As a result, Operating expenses* (which mainly comprise of staff related costs, commissions and royalties payable to third parties, chargebacks, payment service providers’ (“PSP”) commissions and costs related to operational risk management services) increased by 7% to US$147.5 million (2018: US$137.8 million).

The proportion of operating expenses to revenue increased to 26.3% (2018: 25.6%). Operating expenses were also impacted by costs related to Sport events streaming and stricter regulatory requirements to enhance the scope of customer related screening. This was offset in part by a decrease in employment costs, compared to 2018, as a result of a cost reduction and a headcount optimisation plan implemented during 2019.

Reported operating expenses amounted to US$175.9 million (2018: US$158.1 million). The increase is mainly derived from higher level of depreciation and amortisation related to IFRS 16 and assets recognised on acquisitions of AAPN and Costa Bingo.

Gaming taxes and duties
Gaming duties levied in regulated and taxed markets substantially increased by 37% to US$95.5 million (2018: US$69.9 million). This is a result of the Group’s revenue growth in the UK coupled with the increase in the UK Remote Gaming Duty rate from 15% to 21% effective from April 2019, resulting in incremental duties of US$15.3 million. In addition, gaming duties also increased in line with the 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 US$10.3 million. The increase was partly offset by a reduction of the gaming tax rate in Spain, from 25% to 20% effective from July 2019.

Research and development (“R&D”) expenses
During the year, the Group commenced the roll-out of Poker 8, a new and improved Poker platform, across several regulated markets. The Group continues to invest in the development of new products, games and features that further enhance customer experience, with a specific emphasis on safer gaming and customer protection. As a result, the R&D expenses to revenue ratio increased to 6.4% (2018: 6.2%).

Reported research and development expenses amounted to US$33.6 million (2018: US$32.8 million).

Selling and marketing expenses
One of the key drivers of 888’s business is effective and innovative marketing spend. Overall Marketing expenses increased to US$161.8 million (2018: US$155.0 million). However, as a proportion of revenue, the selling and marketing expense ratio decreased to 28.9% (2018: 29.3%). The increase in marketing investment supported a strong 22% increase in FTDs in the Group’s B2C business. At the same time, cost per new customer acquisition declined year on year, reflecting the effectiveness of the Group’s strict returns-driven marketing approach.

The increased marketing investment during 2019 reflected 888’s focus on the UK market, the Group’s launches in Sweden and Portugal, the Group’s focus on building a wider customer base in Italy ahead of the country’s advertising ban (introduced in mid-2019), and investment in the US market following the Group’s acquisition in late 2018 which saw 888 take full control of its US-facing B2C operations.

Administrative expenses
Administrative expenses* amounted to US$34.3 million (2018: US$27.3 million). The increased administrative expenses during 2019 reflected higher professional and corporate costs relating to the Group’s launch in new regulated markets; the US market following obtaining full control of its US facing B2C operations; the Group’s Brexit preparations; and legal costs related to the Group’s revolving credit facility (“RCF”) with Barclays Bank plc (“Barclays”) agreed in February 2019 in order to provide short-term finance for 888’s M&A activities.


Adjustment items

Adjusted EBITDA
Adjusted EBITDA excluding the impact of IFRS 16 (which was adopted during 2019) was US$85.6 million (2018: US$107.1 million) and Adjusted EBITDA after the impact of IFRS 16 was US$92.1 million (2018: US$107.1 million). Adjusted EBITDA was adversely impacted by US$25.6 million of higher gaming duties as described above, US$6.2 million adverse currency impact compared to the prior year; and US$21.0 million costs relating to the newly acquired BetBright Sport platform.

The Adjusted EBITDA margin excluding the impact of IFRS 16 was 15.3% (2018: 20.2%) and Adjusted EBITDA margin after the impact of IFRS 16 was 16.4%. EBITDA for the period was US$84.2 million (2018: US$129.1 million) as detailed in the Financial Summary table.

Exceptional items
Exceptional costs of US$2.3 million (2018: US$11 million) consist of US$1.0 million in legal and professional costs associated with the acquisitions of the Costa Bingo brands and the BetBright sport platform, as well as US$1.3 million in restructuring costs related to employee redundancies as part of the Group’s headcount cost optimisation project.

Share benefit charges
Share benefit charges relate to long-term incentive equity awards granted to eligible employees.

Equity settled share benefit charges of US$5.4 million (2018: US$9.9 million) mainly comprise new awards granted during the year and the full year effect of awards granted in previous years. Further details are given in the Directors’ Remuneration Report set out in the 2019 Annual Report and in notes 23 to the financial statements.

Finance income and expenses
Finance income of US$0.5 million (2018: US$0.6 million) less finance expenses of US$7.2 million (2018: US$0.7 million) resulted in a net expense of US$6.7 million (2018: US$0.1 million). The increased expense compared to the previous year is mainly comprised of US$2.9 million interest expenses, resulting from the implementation of IFRS 16 and interest costs associated with the new RCF agreed with Barclays in February 2019 and US$4.3 million non-cash charge relating to currency exchange rates mainly a result of the revaluation of IFRS 16 liabilities explained by the strengthening of the ILS against the USD.
888 continually monitors foreign currency risk and takes steps, where practical, to ensure that net exposure is kept to an acceptable level.

**Adjusted Profit before tax and Profit before tax**

Adjusted Profit before tax was US$53.2 million (2018: US$86.7 million). Profit before tax declined to US$45.3 million (2018: US$108.7 million) as a result of the following:

(i) gaming duties increased by US$25.6 million, as explained above;
(ii) exceptional costs of US$2.3 million compared to exceptional income of US$111 million in 2018;
(iii) one-off VAT accrual release in 2018 of US$10.7 million;
(iv) gain from re-measurement of previously held equity interest in joint ventures in 2018 of US$9.5 million;
(v) amortisation charges increased to US$19.6 million (2018: US$15.0 million) related to the two acquisitions of AAPN and a portfolio of bingo brands including Costa Bingo; and
(vi) net finance expenses of US$6.7 million (2018: US$0.1 million), as explained above.

**Taxation**

Taxation for the period was US$3.7 million (2018: US$15.9 million). The decrease is primarily a result of the lower profit before tax during the period, the effect of foreign currency expenses following the strengthening of the ILS against the USD during 2019 (2018: foreign currency earnings result of the strengthening of the USD against the ILS) and withholding tax on a dividend distribution by a subsidiary to the parent company in 2018.

The Group has taken steps to mitigate Brexit-related risks, including the re-domestication of certain of its licensed entities to Malta and establishment of a data centre in Ireland, so that it can continue to serve European markets with no disruption. These steps did not have a material impact on the taxation level during 2019.

**Adjusted Profit after tax and Profit after tax**

Adjusted profit after tax was US$49.5 million (2018: US$72.8 million). Profit after tax was US$41.6 million (2018: US$94.8 million).

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**Earnings per share**

Basic earnings per share was 11.3¢ (2018: 26.3¢). The decline is a result of higher gaming duties, higher depreciation and amortisation in 2019 whilst 2018 benefited from exceptional income, a one-off VAT accrual release and the gain from re-measurement of previously held equity interest in joint ventures, outlined above. Adjusted basic earnings per share is 13.5¢ (2018: 20.2¢). Further information on the reconciliation of Adjusted basic earnings per share is given in note 9 to 2019 financial statements.

**Dividend**

The Board of Directors is recommending a final dividend of 3.0¢ per share in accordance with 888’s dividend policy, bringing the total for the year to 6.0¢ per share (2018: 12.2¢ per share). This reflects the performance of the Group, regulatory developments and the importance of retaining adequate cash to fund potential investment activities and as a prudent measure given the unprecedented uncertainty caused by COVID-19.

**Cash flow**

Net cash generated from operating activities increased to US$81.6 million (2018: US$42.1 million). The increase is primarily explained by a US$24.6 million exceptional payment on account of historical VAT in Germany in 2018 and a US$121 million reduction in customer deposits in 2018 whilst during 2019 there was almost no change in that balance.

Net cash used in investing activities was US$82.9 million (2018: US$30.6 million) explained by the acquisition of BetBright sport platform, Costa Bingo brands and AAPN Holdings LLC (US B2C) in the amounts of US$19.3 million, US$22.9 million and US$18.4 million, respectively. These investments were partially funded by an RCF loan.

Dividend payments during the year amounted to US$40.4 million (2018: US$56.6 million).

**Balance sheet**

Total assets as at 31 December 2019 amounted to US$560.6 million (2018: US$560.6 million). Goodwill and other intangible assets increased by US$40.1 million mainly as a result of the assets recognised following the acquisition of the BetBright Sport platform and Costa Bingo brands, and US$33.3 million right-of-use assets that were recognised, for the first time, as a result of adoption of IFRS 16. Further information is given in note 2.2 to the financial statements.

888’s management extensively considers the allocation of capital resources, both as an integral part of the budgeting process and on an ongoing basis. The main decisions relate to the allocation of marketing and technology resource as part of management’s strategic review of launching in regulated markets, as well as ensuring adequate resource for compliance and business development. Key decisions in 2019 related to 888’s strategic positioning in the US market, the roll-out of the Orbit platform and launch of the ‘Safer. Better. Together’ compliance and safer gambling strategy.

888’s cash position as at 31 December 2019 was US$99.5 million (2018: US$133.0 million). The balance owed to customers at US$54.7 million (2018: US$571 million). In February 2019, 888 agreed an RCF with Barclays, enabling the Group to borrow an amount of up to US$50 million. At year-end, the outstanding amount was US$18.0 million.

The decline in the cash balance compared to 31 December 2018 is a result of the payment of US$40.4 million dividend during 2019 and total payments of US$60.6 million in respect of the acquisitions of BetBright’s Sport platform, Costa Bingo brands and AAPN (the US B2C business).

**Going concern**

In light of the unique and wide-ranging impact of the COVID-19 outbreak, the Group has conducted a comprehensive analysis of its future prospects and financial position. In particular, the Group considered the following:

- COVID-19 uncertainty
- Downside scenarios
- Renewed investment activities
- Safeguard funding
- Long-term value

888 has considered a range of downside scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

AVIAD KOBRINE

Chief Financial Officer

15 April 2020
The Board acknowledges that there is no return without risk. However, key risks must be identified, evaluated and where possible quantified in order for the Board to rationally determine how to manage risk to generate optimal return.

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

888’s culture emphasises the need for employees to take responsibility for managing the risks in their own areas and to transparently and timely report ‘bad news’ and ‘near miss’ incidents, with a willingness to constantly learn and improve. The Board has also adopted a Reporting and Escalation Procedure to ensure timely reporting of internal reportable events, including bugs, technical failures, information security malfunctions, and marketing, and other operational incidents which may affect customers.

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

• it is responsible for 888’s risk management systems and for reviewing their effectiveness;
• there is an ongoing process for identifying, evaluating and managing the principal risks faced by 888;
• the systems have been in place during 2019 and up to the date of approval of the annual report and accounts; and
• they are regularly reviewed by the Board (please see page 34 for further details of the review conducted in 2019).

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

Addressing risk is a high priority for the Board and effective risk management is an integral part of the way we conduct our business on a daily basis. The Board factors into the risk assessment impact, likelihood and appetite considerations.

Risk is managed across the Group in the context of overall risk appetite and, during 2019, the Board considered risk appetite to ensure adequate resources are allocated to identified risks. The Board reviewed and approved the following risk appetite statement:

<table>
<thead>
<tr>
<th>Category of risk</th>
<th>Tolerance</th>
<th>Risk parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRATEGIC</td>
<td>MEDIUM</td>
<td>During development and implementation of new propositions and assessing new opportunities including potential transactions, we are prepared to accept medium risks that support our pursuit of growth.</td>
</tr>
<tr>
<td>OPERATIONAL</td>
<td>LOW TO MEDIUM</td>
<td>When operating within our business, we have a low to medium tolerance for risk. We will take a cautious approach to risk within our operations, but consider that certain risks will be taken in order to achieve our strategic objectives and maintain our competitive position.</td>
</tr>
<tr>
<td>FINANCIAL</td>
<td>LOW</td>
<td>We consider that robust financial controls are necessary to manage our business effectively. All of our operating processes are based around policies and procedures that minimise the risk of a loss of financial control.</td>
</tr>
<tr>
<td>COMPLIANCE</td>
<td>EXTREMELY LOW TO ZERO</td>
<td>We have an extremely low to zero tolerance when complying with laws and regulations that relate to bribery, corruption and anti-money laundering. We have controls in place that are designed to mitigate these risks, and detailed and tested procedures in place for dealing with these types of scenarios when they arise. We are particularly sensitive to compliance risks in our key regulated markets, including the UK.</td>
</tr>
</tbody>
</table>
THE RISK
The regulatory framework of online gaming is dynamic and complex. Change in the regulatory regime in a specific jurisdiction can have a material adverse effect on business volume and financial performance in that jurisdiction. In addition, a number of jurisdictions have regulated online gaming, and in several of those jurisdictions 888 either holds a licence or applied to obtain one. However, in some cases, lack of clarity in the regulations, or conflicting legislative and regulatory developments, mean that 888 may risk failing to obtain an appropriate licence, having existing licences adversely affected, or being subject to other regulatory sanctions, including internet service provider blocking, payments blocking, black-listing and fines. Furthermore, legal and other action may be taken by incumbent gaming providers in jurisdictions which are seeking to regulate online gaming, in an attempt to frustrate the grant of online gaming licences to 888. Finally, changes to either the regulatory framework or enforcement policy relating to online gaming in certain markets may effectively force the Group out of certain markets where it currently operates or compel it to change its business practices or technology in a way that would materially impact results.

RELEVANCE TO STRATEGY
Compliance with regulatory requirements and the maintenance of regulatory relationships in multiple jurisdictions is key to maintaining 888’s online gaming licences which are critical to the operation and growth of its online gaming business. In addition, 888 may be exposed to attempts in jurisdictions which do not regulate online gaming, to block access to 888’s offering to players located in such jurisdiction or to penalise 888 for such offering. A robust understanding of the legal and regulatory position in key locations worldwide is crucial to mitigating this risk.

HOW THE RISK IS MANAGED
888 manages its regulatory risk by routinely consulting with legal advisers in various jurisdictions where its services are marketed or which generate significant revenue for the Group. Furthermore, 888 obtains frequent and routine updates regarding changes in the law in jurisdictions of interest that may be applicable to its operations, working with local counsel to assess the impact of any changes on its operations. 888 constantly adapts and moderates its services to comply with legal and regulatory requirements. 888 has also implemented organisational changes in order to strengthen regulatory compliance oversight, as well as to improve co-operation between the different departments and streamline processes of settling any conflicts between them, ensuring that 888’s regulatory requirements and duty to uphold the licensing objectives always take priority over commercial interests. Finally, 888 blocks players from certain “blocked jurisdictions” using multiple technological methods as appropriate.

WHAT HAPPENED IN 2019/20
The UK Gambling Commission (“UKGC”) continued to take a strict approach towards compliance, tightening requirements, adopting more stringent policies and regulations, increasing the level of oversight over licensees and penalising operators for failing to meet regulatory requirements and standards. The primary areas of focus for the UKGC were responsible gambling and prevention of underage gambling, consumer protection, and anti-money laundering. The UKGC adopted additional restrictions, e.g. a ban commencing in April 2020 on credit card transactions for gambling and stricter age verification obligations. The Group continued to work closely with the UKGC on compliance matters, and also to update its policies and procedures and to strengthen internal reporting lines to ensure compliance within the business, investing significant resources in regulatory compliance measures. In Germany, the Company is subject to prohibition orders issued by various German states, some of which have been upheld by German courts and others which are in the process of judicial review. While the Company continues to challenge the validity of these orders (where possible) and is seeking relief on this matter from the German Constitutional Court, it has been consulting closely with its German advisers as to the appropriate operational measures to be taken by the Group in light of the orders issued. The German regulatory landscape was amended in 2019 to introduce local licensing for sports betting. 888 applied for such a licence in 2020, while evaluating the impact of licensure on its various offerings in the German market and the measures required to achieve compliance with licensing obligations.
WHAT HAPPENED IN 2019/20 CONTINUED

Specifically, as part of its licence application, 888 will be required to undertake not to offer or broker any form of “unlawful gambling” once issued a licence, wording intended to capture casino gambling. The Group is evaluating with its German counsel the validity of such an undertaking, its practical ramifications once a licence has been issued, and any means available to mitigate its impact. In April 2020, a German court suspended the licensing process, pending a judicial determination of claims against the licensing process. It is presently unknown how long the suspension will last, but it may render the entire licensing process null and void. In early 2020, it was announced that the German states had reached a consensus that would result in regulatory reform in mid-2021, under which operators would be able to apply for a licence to offer online slots and poker, subject to certain restrictions (e.g. deposit limits, maximum wagers, advertising restrictions, etc.). The full details of this regime have not yet been developed, but this development could significantly impact the Group’s casino offering in the German market. In the Netherlands, where a law was approved in February 2019 to liberalise the market, the local regulator continues to take a proactive and strict approach towards enforcement of existing laws against operators whose operations are conducted in violation of the "prioritisation criteria" for enforcement issued by the authorities, and which were updated with additional criteria during 2019. Several operators received significant fines due to the conduct of operations in a manner violating these criteria. Operators fined may also be barred from participating in the liberalised market or have their eligibility for licensing delayed. The Group has been studying these developments closely to ensure its offering is in line with the criteria as updated. In Sweden, the Group began operating under a local licence in 2019. The Swedish regulator has shown itself to be strict and proactive in enforcing regulatory standards, and has on occasion informed the industry of its position on compliance by penalising operators it perceived as non-compliant. 888 has studied the regulator’s position and enforcement action closely to ensure that its operations are in-line with local requirements. In January 2019, the US Department of Justice issued a legal opinion on the scope of the federal Wire Act, overturning a previous opinion from 2011, and finding that the Act applies to all forms of gambling (not only sports betting, as was concluded in the previous opinion). Later in the year, a New Hampshire federal court set aside the aforementioned memorandum and rejected its interpretation of the Wire Act on substantive grounds, reverting to the status quo ex ante. The DOJ has appealed the decision and the appeal is likely to be considered in 2020. The case may eventually reach the US Supreme Court. The appeal indicates that the current Attorney General is opposed to online casino gambling. The Group continues to follow developments on this front closely, to evaluate their impact on US operations and future growth. Generally, the COVID-19 outbreak is giving rise to some delays in legislative and regulatory processes, including licence applications, as well as temporary measures such as restrictions on advertising and promotions in Spain.

BREXIT-RELATED RISKS

THE RISK

The status of Gibraltar as a result of ‘Brexit’ remains unclear. Having redomiciled relevant operating entities to Malta, the remaining risks of Brexit to 888 are the potential for disruption to movements of staff between Spain and Gibraltar, and the potential adverse impact on economic and market conditions in the United Kingdom, amongst other matters, this could give rise to partial impairment of 888’s online Bingo assets.

RELEVANCE TO STRATEGY

The UK remains an important strategic market for 888, and Gibraltar remains important to 888 as the location of its headquarters.

HOW THE RISK IS MANAGED

888 obtained a gaming licence in Malta and established a server farm in Ireland so that it can continue to serve European markets with no disruption to its business. 888 also aims to diversify its geographical customer base so as to mitigate dependency on the UK market.

WHAT HAPPENED IN 2019

The UK formally exited the European Union on 31 January 2020, with a transition period expected to conclude at the end of 2020. Cross-border passage and trade between Gibraltar and the EU will depend on the outcome of negotiations between the UK and the EU.
INFORMATION TECHNOLOGY AND CYBER RISKS

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

RELEVANCE TO STRATEGY
As an online B2C and B2B business, the integrity of 888’s IT infrastructure is crucial to the supply of its offerings and compliance with its regulatory obligations and to the maintenance of customer loyalty.

HOW THE RISK IS MANAGED
Cutting-edge technologies and procedures are implemented throughout 888’s technology operations and designed to protect its networks from malicious attacks and other such risks. These measures include traffic filtering, anti-DDoS devices and obtaining anti-virus protection from leading vendors. Physical and logical network segmentation is also used to isolate and protect 888’s networks and restrict malicious activities. The IT environment is audited by independent auditors, such as PCI DSS security audit and eCOGRA audit. These audits form part of 888’s approach to ensuring proper IT procedures and a high level of security. In order to ensure systems are protected properly and effectively, external security scans and assessments are carried out on a regular basis. 888 has a disaster recovery site to ensure full recovery in the event of disaster. All critical data is replicated to the disaster recovery site and stored on a Glacier AWS service. In the event of loss of functionality of 888’s critical services, the business can be fully recovered through the resources available at the disaster recovery site. In order to minimise dependence on telecommunication service providers, 888 invests in network infrastructure redundancies whilst regularly reviewing its service providers.

As a part of its monitoring system, 888 deploys set user experience tests which measure performance from different locations around the world. Network-related performance issues are addressed by rerouting traffic using different routes or providers. 888 operates a 24/7 Network Operations Centre (“NOC”). The NOC’s role is to conduct real time monitoring of production activities using state-of-the-art systems. These systems are designed to identify and provide alerts regarding problems related to systems, key business indicators and issues surrounding customer usability experience. The IT environment tracks changes, incidents and service level agreement key performance indicators in order to ensure that client experience is consistent and well managed. As part of these procedures, capacity planning takes place and infrastructure is built accordingly. System-wide availability and business-level availability is measured and logged in the IT information systems.

WHAT HAPPENED IN 2019
888’s main European data centre operations moved from Gibraltar to Dublin, with a new data centre introducing a very high standard of redundancy, performance and security, utilising cutting-edge technologies; a disaster recovery site for the primary on-premises data center was implemented, on AWS cloud using VMware Cloud Technologies; security awareness training continued to be carried out for Group personnel at all locations by the Chief Information Security Officer; revised DDoS architecture was implemented as well as offensive denial-of-service simulation attacks to test 888 readiness; zero-day protection capabilities were implemented on critical services; cloud protection tools have been implemented to protect 888 cloud operations (two factor authentication and gateway tools); implementation of Identity Management System has been completed, covering the automation and provisioning of new employees with access and permissions to production and corporate environments; all corporate mailboxes were moved to Office 365 cloud services, with new security tools implemented as part of this process and more strict alignment to GDPR; and machine learning capabilities were implemented for operational data for enhancing 888 Network Operation Center.
THE RISK

Heightened attention continues to be given to matters of cross-border taxation in line with the G20/OECD Base Erosion and Profit Shifting recommendations. During 2019, the OECD/G20 Inclusive Framework on BEPS carried out public consultations regarding the agreed Programme of Work for Addressing the BEPS Challenges of the Digitalisation of the Economy, based on two pillars: Pillar One, which addresses the allocation of taxing rights between jurisdictions and considers various proposals for new profit allocation and nexus rules; and Pillar Two (also referred to as the proposal), which focuses on the remaining BEPS issues and seeks to develop rules that would provide jurisdictions with a right to "tax back" where other jurisdictions have not exercised their primary taxing rights or the payment is otherwise subject to low levels of effective taxation. Some countries, such as the UK and France, have implemented unilateral digital service taxes, which has met with threats of retaliation by the US. The UK also implemented the Offshore Receipts in respect of Intangible Property rules imposing UK tax on the receipt of royalties by offshore companies deriving from business activity in the UK. Gibraltar transposed the EU Anti Tax Avoidance Directive into its domestic law, including changes to its General Anti-Abuse Rule and Controlled Foreign Corporation rules. Due to pressure from the European Union, offshore jurisdictions including the British Virgin Islands have introduced new "substance" requirements with regard to IP companies and other entities. The likelihood of scrutiny of tax practices by tax authorities in relevant jurisdictions and the aggressiveness of tax authorities remains high. A finding of taxable presence of the Group in one or more jurisdictions (including pursuant to revised interpretations of the permanent establishment concept as mentioned above), a transfer pricing adjustment with respect to attribution of profit to such jurisdiction(s), or imposition of another form of tax as mentioned above, may have a substantial impact on the amount of tax and VAT paid by 888 or require significant payments by 888 in respect of historical tax liabilities. 888’s effective tax burden also increases due to the imposition or increase of gaming duty in markets in which the Group has customers, including the recently announced increase in the rate of UK remote gaming duty to 21% of GGR as from 1 April 2019, the additional Romanian gaming tax at 2% of deposits from 2019, and the increase in Italian gaming duty to 25% of GGR (24% for sports betting) from 2019. The Company’s Israeli subsidiary entered into an Assessment Agreement with the Israeli Tax Authority in 2016, in which the subsidiary’s transfer pricing remuneration was agreed with regard to tax years ending in 2015.

WHAT HAPPENED IN 2019

The Company believes that the remuneration attributed for tax purposes to its Israeli subsidiary complies with the arm’s length standard, and therefore continues to rely on the transfer pricing agreement with regard to tax years following 2015; however the agreement has not been renewed. As such, and in light of the developments in taxation rules internationally, including in the field of transfer pricing pursuant to which new methodologies are gaining prominence, in the context of the tax audit detailed below, the Israeli Tax Authority may seek to increase the level of remuneration attributed to the Israeli subsidiary for tax purposes commencing from the 2016 tax year, which could have material financial consequences to the Company.

RELEVANCE TO STRATEGY

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

HOW THE RISK IS MANAGED

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

888 continues to engage with tax authorities and obtain legal advice in order to regularise its tax position and mitigate exposures. As regards the inquiry in Germany regarding VAT, in 2018, 888 received assessments for tax years 2010-2017 and accordingly partially released the provision recorded in its financial statements in addition to the contingent liability, the Company has filed administrative appeals with regard to the assessments. The Group’s intellectual property holding company has redomiciled from the British Virgin Islands to Antigua, where the Group has a higher level of economic substance. In Israel, the local subsidiary is undergoing a tax audit with respect to years 2014-2017, which primarily focuses on transfer pricing matters. No assessment has yet been issued, and the Company has included a provision in its accounts in accordance with its assessment of the likely outcome. The Company also agreed to assessments issued in a routine periodic withholding tax audit of its Israeli subsidiary.
The success of the Company is in part dependent on its ability to retain its key personnel, including at Board and senior management level and throughout the business, and to successfully manage succession planning in the case of key personnel leaving the Company.

**RELEVANCE TO STRATEGY**

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

**HOW THE RISK IS MANAGED**

Executive directors and senior management are compensated competitively, including an equity component and bonus partially deferred into shares. The Board has an active Nominations Committee, which is responsible for succession planning at the Board and senior management levels, and is supported as necessary by external executive recruitment agencies.

**WHAT HAPPENED IN 2019**

During 2019, Itai Pazner successfully transitioned into his new role as CEO, replacing Itai Frieberger, who remained on the Board until January 2020. Aviad Kobrine, our CFO, announced that he will be leaving the Company during 2020, and recruitment of his successor is in process, with Aviad agreeing to remain in his position until his successor is in place in order to enable a seamless transition of responsibilities at the appropriate time. Mark Summerfield joined the Board as a Non-Executive Director and Chair of the Audit Committee, replacing Ron McMillan, who left the Board in April 2019.

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The success of the Company is in part dependent on its ability to retain its key personnel, including at Board and senior management level and throughout the business, and to successfully manage succession planning in the case of key personnel leaving the Company.

**RELEVANCE TO STRATEGY**

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

**HOW THE RISK IS MANAGED**

The Company monitors developments which may affect its sites and customers, and where necessary and practicable takes steps to mitigate disruption to the business. 888 is satisfied that it has carried out a detailed and considered analysis of the prospective impact of COVID-19 across its business.

**WHAT HAPPENED IN 2020**

In light of the recent COVID-19 outbreak and limitations imposed in various Group locations, including with respect to self-isolation, as well as restrictions on travel and conferences, the Company has taken a number of mitigation steps, including enabling remote working and rebalancing of responsibilities between sites. The outbreak has given rise to the postponement and cancellation of sporting events, which is having an impact on 888’s Sport vertical which accounted for 16% of revenue in 2019. In parallel, there is currently evidence of increased customer activity in the Group’s Casino and Poker products.
DATA PROTECTION RISK

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

RELEVANCE TO STRATEGY
The holding and processing of personal and sensitive data in a lawful and robust manner is central to 888’s analytics-based business strategy. As an online B2C and B2B business, the integrity of 888’s data protection framework is crucial to the supply of its offerings, compliance with its regulatory obligations and maintenance of the impressive customer loyalty with which 888 is entrusted.

HOW THE RISK IS MANAGED
888 has undergone a robust and risk-oriented GDPR-preparation project, pursuant to a designated GDPR Gap Analysis that was prepared for that purpose in coordination with its legal advisers. 888 has further mapped the personal data life-cycle within the organisation, including how personal data of its customers and EU employees is collected, stored, secured and shared with third parties. 888 has further appointed a designated internal Data Protection Officer (“DPO”) and put in place policies and procedures on relevant matters, including exercising user rights and data retention, data sharing with third parties, security policies, as well as reviewing necessary product and IT implementation. Such policies and procedures are reviewed and updated on an ongoing basis to align with the most up-to-date regulatory guidelines. 888 has further put in place adequate contractual measures with respect to sharing data with third parties, reviewing its privacy notices and other customer notifications and reviewing the current data security framework on an ongoing basis.

WHAT HAPPENED IN 2019
888 reviewed and updated its internal data protection policies and procedures, as well as notices provided to the users (such as privacy notices, cookie notices and consent forms), so as to ensure alignment with regulatory developments and guidelines; reviewed a dedicated notice and choice mechanism (to be implemented on 888’s online properties) so as to meet the regulatory requirements relating to the use of tracking technologies; designated a dedicated SAR officer responsible to ensure that data subjects requests to exercise rights are handled in an appropriate manner; in accordance with the internal procedures and within the regulatory timeframe, conducted a data protection impact assessment so as to ensure that data processing activities that envisage a risk to data subjects are carefully assessed and balanced with appropriate controls in order to safeguard data subjects’ privacy expectations; the DPO of 888 acted to ensure a privacy-aware culture within 888 by way of conducting training and privacy awareness exercises to relevant employees and departments (e.g. customer support and marketing teams); the DPO of 888 produced an annual report with the objectives of providing an overview of the key events, regulatory investigations and inquiries, and data subjects’ complaints since the GDPR entered into force, enabling 888’s senior management to ascertain the data protection risks and challenges in the environment in which the Company operates and the regulatory exposure, support 888’s senior management with the effort to take appropriate risk mitigation steps and allocate appropriate resources for handling data protection issues, and increase the awareness to data protection obligations and the 888’s responsibilities; reviewed and responded to data subjects’ complaints and regulatory inquiries relating to compliance with applicable data protection requirements; and monitored for and investigated data breach attempts/incidents and took the appropriate steps to enhance its cybersecurity posture and mitigate the residual risks.
**REPUTATIONAL RISK**

**THE RISK**
The reputation of 888 is affected by the profile of both online gaming and betting operators, as well as the gaming and betting industry as a whole. Various regulators, most notably the UKGC and the Swedish regulator, have adopted stricter compliance and enforcement policies, conducting more in-depth reviews of operational practices and sanctioning operators found to be non-compliant. There appears to be growing sentiment in various jurisdictions that existing regulations do not sufficiently protect minors and vulnerable players or do enough to prevent the use of illicitly obtained funds for gambling purposes. This could result in reputational damage to the Group, as well as in the adoption of stricter regulations and enhanced enforcement measures.

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

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

**WHAT HAPPENED IN 2019**
During 2019, the UKGC continued its regulatory enforcement processes and actions which resulted in several public regulatory settlements with online operators, as published by the Commission. Such publications raise further concerns about the sector’s compliance with regulatory requirements pertaining primarily to Anti-Money Laundering and Social Responsibility. 888 continued to devote significant resources to putting in place prevention measures coupled with strict internal procedures to protect customers, and monitor and update procedures to ensure that minors are unable to access their gaming sites. 888 continues to improve on efforts to detect and prevent instances of problem gambling, and continues to review and update its anti-money laundering policies to better detect players suspected of using illicit funds for gambling. 888 has continued its review of all its websites and those of its B2B partners in light of the UK Advertising Standards Authority and Committees of Advertising Practice’s review of gaming industry practices, with a view to ensuring that content that may be particularly appealing to children, whether specific games or general creative elements on the site, have been removed or made accessible only after a robust age verification process has been completed. 888 has also integrated with the National Online Self-Exclusion Scheme (also known as “GAMSTOP”) to enable its customers to self-exclude on national level from all UK online gambling operators.
PARTNERSHIP RISK

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

RELEVANCE TO STRATEGY
B2B remains a material part of 888’s business, particularly for Bingo in the UK; in addition, its US B2B contracts have strategic importance for the longer term. Third-party providers are an important part of maintaining 888’s attractive product offering.

HOW THE RISK IS MANAGED
888 has reduced its dependency on B2B relationships, following the acquisition of Costa Bingo and other formerly B2B bingo brands. Remaining B2B contracts are maintained commercially in terms of the functionality and technology of the B2B platform offered, competitive pricing, maintaining an ongoing relationship with B2B partners, and ensuring that 888 has a good understanding of the needs of its B2B partners and their owners.

WHAT HAPPENED IN 2019/20
In 2019, 888 acquired Costa Bingo and other formerly B2B bingo brands from its former B2B partner Jet Management. In June 2019, 888’s US B2B partner Caesars announced that it will be wholly acquired by Eldorado Resorts; the impact on the relationship with 888 (if any) is presently unknown. By developing its own proprietary sports betting platform, 888 will also reduce its reliance on external providers. Certain of 888’s service providers have been impacted by the COVID-19 outbreak and its economic consequences, and 888 is in the process of identifying these risks and mitigating where possible.

ACQUISITION RISKS

THE RISK
888 has made a number of acquisitions in the online gaming and betting space. Acquisitions of gaming companies carry business risks, such as overpaying for what are mainly intangible assets, as well as legal and regulatory risks, including the receipt of necessary regulatory approvals to the transaction and exposure to legacy non-compliance of the seller. Furthermore, integration of acquired entities gives rise to a financial burden and the requirement of management attention and operational resources.

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

HOW THE RISK IS MANAGED
888’s legal, financial and tax advisers ensure that a comprehensive due diligence is carried out on potential acquisition targets. Generally, 888 prefers to acquire assets rather than shares of companies, in order to mitigate exposure to any past non-compliance issues on the part of the seller. 888 seeks to take into account the resources required to integrate acquired entities in its annual budgeting and planning.

WHAT HAPPENED IN 2019
In 2019, 888 acquired Costa Bingo and other formerly B2B bingo brands from its former partner Jet Management, as well as acquiring the BetBright Sports betting technology. Both transactions were structured as asset acquisitions, and 888 is dedicating the necessary resources to effectively integrate these businesses into the Group.

LIQUIDITY RISKS

THE RISK
888 has taken an RCF from Barclays Bank plc in order to finance its activities. The credit facility contains covenants by the Group regarding the maintenance of certain financial ratios, as well as various regulatory compliance matters.

RELEVANCE TO STRATEGY
Ongoing consolidation of the online gaming market has increased the importance of 888 being ready to acquire smaller operators, requiring readily available cash resources.

HOW THE RISK IS MANAGED
888 monitors its ongoing compliance with the relevant financial ratios. 888, in-house and via its legal counsel, also monitor changes to the regulatory landscape which may have an impact on its obligations under the credit facility.

WHAT HAPPENED IN 2019 AND 2020
In 2019, 888 executed the revolving credit facility with Barclays. 888’s debt under the RCF as at 31 December 2019 is disclosed in note 20 to the annual accounts on page 146. In 2020 to the date of this Annual Report, 888 does not consider it has increased liquidity risk.
An increasing number of US states ushered in legislation expanding the forms of gambling available within their territories – both online and offline. A significant number of states regulated (or reached advanced stages of regulating) sports betting, pursuant to the Supreme Court’s overturning of the Professional and Amateur Sports Protection Act of 1992 (“PASPA”) in 2018, and a smaller number of states introduced online casino gaming. The proliferation of online casino gaming was the source of some legal debate during 2019, which, to an extent, is likely to persist in 2020, as discussed further below.

2019 saw advancement and shift in regulation and law in additional geographies as well. Notable examples include Germany that saw an overhaul of its sports betting regime; Brazil that continued advancing towards the liberalization of its sports betting market; Switzerland that ushered in a regulated online gaming and betting market; and the Netherlands that continued progression towards a regulated and licensed market. The general trend continued to be towards adoption of localised legislation permitting the offering of gaming and betting services subject to local licensing requirements, with some notable exceptions taking a more restrictive approach.

888 continued to seize the trend towards accommodating regulation of online gaming to increase its presence in locally regulated markets and grow its licensing portfolio. We realise that the legal and regulatory environment governing our industry continues to change rapidly and that this experience is likely to be a reality for our business in the coming years. We therefore continue to adapt to shifting regulatory environments, while striving constantly to maintain the highest compliance standards and to support the move towards clearer regulation in the online gaming industry. We also look to build 888 on agile and adaptive foundations, capable of accommodating rapid and regular changes to the landscape within which we operate.
We look forward to working with our partners in the industry and with regulators toward shaping a regulatory landscape that is business-friendly whilst safeguarding the objectives of the industry's regulation.
EUROPE

A growing number of European jurisdictions having completed the “re-regulation” of gambling (particularly online gambling) in recent years, by introducing or updating their gaming legislation to address technological advancements and present attitudes towards the industry. Notwithstanding that, a number of significant European markets, including markets that are significant for the 888 group, saw substantive regulatory change in 2019. There also persist certain Europe jurisdictions in which the regulatory regime continues to be ambiguous, non-compliant with EU law, or simply outdated. However, the number of such jurisdictions, in Europe, appears to be in consistent decline. Since the absence of well-tailored regulation is an obstacle to the growth of the industry and leaves players less protected and with less access to quality services, we hope that this decline will continue.

Though the industry had hoped for a greater degree of pan-European harmonisation, 2019 saw virtually no advancements and present attitudes towards gambling. This may, again, have been the result of a focus on Brexit, or it may reflect a deeper lack of desire, on the EU’s part, to address this contentious and controversial issue. 2019 was the second consecutive year with no landmark rulings by the European Court of Justice on matters pertaining to gambling, a notable absence after several years of rulings affecting the industry. This may indicate a lack of willingness by local courts to refer gambling-related matters to the ECJ, or it may be reflective of a more settled and up-to-date regulatory landscape taking shape across Europe.

Following the formal exit of the UK from the European Union on 31 January 2020, with a transition period expected to conclude at the end of 2020, Gibraltar may cease to be a part of the EU with cross-border passage and trade between Gibraltar and the EU depending on the outcome of negotiations between the UK and the EU. During 2019, 888 continued the restructuring of its European-facing business, obtaining Maltese gambling licenses to complement its Gibraltar licenses, relocating certain corporate entities from Gibraltar to Malta, refreshing its Gibraltar licensing portfolio, establishing a new server farm in Dublin and reorganising the distribution of players between licensed entities based on jurisdictional considerations.

Notwithstanding Brexit, parts of the Group’s business remain in Gibraltar, however the Group has taken the necessary measures to ensure that its operations (both its UK operations and its worldwide operations) continue undisturbed under any variation of Brexit.

A number of regulatory developments in European jurisdictions during 2019 are relevant to 888 and its operations:

• In the UK, 888’s largest market, the Group continued adapting to meet the developing and increasingly more stringent regulatory requirements, a process which continues to require significant efforts and the implementation of changes in many areas of the business. We continue to work to adapt our operations and working modalities to ensure ongoing adherence to the various (and evolving) requirements applicable to our UK operations.

• The UKGC continued to focus its efforts on the protection of consumers, specifically problem gamblers and underage gamblers, and on raising standards in the gambling market. Changes in 2019 included enhancements to age verification requirements, stricter responsible gambling standards, and in early 2020 - a ban on the use of credit cards for gambling. 888 continued to take all necessary measures to fully comply with UKGC requirements and to cooperate with the Commission in a fully transparent manner.

• During 2019, the UKGC continued to take enforcement action against operators for failings pertaining primarily to money laundering and the use of proceeds of crime for gambling. We continue to closely monitor the UKGC’s findings and determinations in these cases, to fully understand the regulator’s positions and expectations from the industry, to anticipate regulatory trends and to ensure we conduct our operations in a manner that is commensurate with the standards required by the UKGC.

• The Group continued to engage with the UKGC with respect to cases submitted to its attention by the UKGC and is committed to continuing its open and productive dialogue with the UKGC on all matters pertaining to our operations.

A GROWING NUMBER OF EUROPEAN JURISDICTIONS HAVING COMPLETED THE ‘RE-REGULATION’ OF GAMBLING (PARTICULARLY ONLINE GAMBLING) IN RECENT YEARS, BY INTRODUCING OR UPDATING THEIR GAMING LEGISLATION TO ADDRESS TECHNOLOGICAL ADVANCEMENTS AND PRESENT ATTITUDES TOWARDS THE INDUSTRY.
On 1 January 2019, a new law regulating the online gaming and betting market came into force in Sweden. 888 obtained a Swedish licence under this new law and now offers its services in Sweden under a local licence.

In Switzerland, a new law regulating the online gaming and betting market came into force on 1 January 2019, followed six months later by entry into force of the adjunct enforcement powers. The Swiss regime is predicated on local casinos (i.e. only the land-based casinos are entitled to offer services online), and at this time the Group has not entered into a collaboration with any such casino in connection with an online offering, and has therefore withdrawn from this market. We continue to follow this market and are open to potential business opportunities.

In the Netherlands, progress towards liberalisation of the market continued, and legislation introducing a new regulatory framework for online gaming was passed by Parliament in February 2019. Progress towards the adoption of secondary legislation necessary for implementation of the new regime has been slow, due to ongoing parliamentary debate related to the particulars of the regulatory regime. It is unclear when the new regime will come into force, with estimates pointing to 2021 as the soonest possible date. In the interim, the Dutch regulator continued to update and tighten its enforcement policy, adopting new “prioritisation criteria” for enforcement, including ones not specifically related to the targeting of Dutch players (e.g. with respect to player age verification). The regulator also issued several fines, including to large international operators whose operations were perceived to be in violation of these criteria, and who are now expected to suffer a delayed entry into the regulated market due to “bad actor” language in the new law.

888 continues to adhere strictly to the regulator’s criteria, as updated from time to time, and to follow developments on the regulatory front.

Germany’s regulatory landscape underwent significant changes during 2019, the full effects of which are likely to manifest themselves in 2020 and 2021. During 2019, the Group (along with many other operators) continued to defend the legality of its services in Germany on various fronts, primarily vis-à-vis states seeking to issue or enforce prohibition orders directed at the Group’s services within such states, and with respect to attempts by the German authorities to block financial transactions related to gambling services. On 1 January 2020, an amendment to the Interstate Treaty on Gambling came into force, introducing a federal licensing scheme for sports betting, representing a significant departure from previous iterations of the Treaty and previous attempts to introduce regulatory reform. The licensing regime imposes certain restrictions with respect to the available offering (specifically – a monthly stake limit, limitations on live betting and advertising restrictions) and also requires licensees to make certain undertakings with respect to their Group’s operations with respect to the German market. The Group applied for a licence under the new regime, which will remain in force until mid-2021. However, in April 2020 a German court suspended the licensing process pending a thorough evaluation of claims against the process. It is presently unknown if or when the process will be reinstated.

As noted, applicants for a licence must undertake that neither they nor their affiliated companies will operate or broker unlawful gambling in Germany once licensed, it is understood that this undertaking was primarily designed to capture applicants’ online casino offerings. Along with its various German advisers, the Group is evaluating the impact of the amendment to the Treaty and of licensure under the new regime on the Group’s German-facing business more generally.
EUROPE CONTINUED

Germany continued

In early 2020, the German states agreed on a sweeping reform to the regulatory landscape, scheduled for mid-2021, which would see the introduction of a federal licensing regime for sports betting and certain casino products (primarily online slots) and poker. This would represent a departure from the historical ban on online casino, however the specific details of the new regime are yet to be confirmed, and therefore the commercial appeal of this opportunity and its overall impact is presently difficult to evaluate. As presently worded, the amended Treaty would allow operators to offer “arcade-style” online slot machines, which would be subject to low stake limits and restricted play options. Other types of casino games (e.g. table games) would be regulated on a state by state basis, and could remain within the state lottery’s monopoly or subject to a restrictive concession model. The new Treaty would also impose a EUR 1,000 Euro monthly deposit limit which would apply across all operators (it is not clear yet how this would be implemented in practice.) The Group continues to seek a ruling from the German Constitutional Court which would overturn the ruling, in 2017, of the German Federal Administrative Court upholding a prohibition order issued against the Group’s online casino offering in a single German jurisdiction. Finally, the Group continues to be keen on constructive dialogue with the German authorities with respect to its operations in this significant jurisdiction. As a member of the local trade association, the Group together with other industry stakeholders is able to reach out to legislators and state governments in order to discuss the implementation of the future licensing regime.

THE UNITED STATES

2019 saw two significant developments in the US regulatory landscape, both of which are likely to continue in 2020

Following the 2018 US Supreme Court ruling overturning PASPA, a growing number of states introduced legislation legalising retail and/or online sports betting. Of those states, some also legalised online or mobile casino gaming and poker. By and large, states introducing such liberalised regimes have preserved the link between online and land-based gambling, namely - allowing only existing land-based operators to expand their services online, in collaboration with approved vendors to offer services in collaboration with land-based partners in Nevada, New Jersey and Delaware and is pursuing commercial opportunities with local partners in other liberalised states.

Though there appeared to be some interest in federal legislation governing sports betting late in 2018, there was no traction on this front in 2019, and there appears to be no political interest in pursuing such legislation at this time. We do anticipate that the trend towards market liberalisation and local licensing opportunities will continue on the state level in 2020, though the pace and scope of such reform may be impacted by the fact that 2020 is an election year.
The upcoming elections may also influence the other context that saw significant developments in 2019, namely the interpretation of the federal Wire Act and its applicability to casino gambling. In early 2019, the US DOJ released a 2018 memorandum overturning a 2011 DOJ memorandum on the interpretation of the federal Wire Act. The 2011 memorandum had restricted applicability of the Wire Act to sports betting only, and this interpretation was intended to be reversed by the 2018 memo. Given its far-reaching impact on the existing online casino industry, implementation of the 2018 memo was temporarily postponed. During that window, legal action against the memo was initiated before a New Hampshire federal court. Those proceedings culminated with a judgment ‘setting aside’ the 2018 memo, and upholding the 2011 memo and its interpretation of the Wire Act on substantive grounds. As a result, the US Attorney General appealed the New Hampshire court ruling. The reasoning of the appeal suggests that the Attorney General not only supports an interpretation of the Wire Act that applies to online casino gambling, but is also more generally opposed to such services. The appeal will likely be considered in 2020, and irrespective of its outcome, the matter may eventually reach the US Supreme Court. While a reversal of the 2011 memo and the New Hampshire court ruling could impact certain aspects of the Group’s US online casino operations, those operations remain undisturbed at this time. Naturally, the Group continues to closely monitor developments on this front.

We continue to believe the developments in the US will continue to transform the US into a major gambling market, and we continue to follow these developments as they evolve with a view to capitalising on our strong position in this market.

FURTHER AFIELD

Two heavily populated districts of Argentina (the State and City of Buenos Aires) adopted legislation late in 2018 introducing commercial gambling services. Political changes and unrest in 2019 delayed the actual implementation of this legislation and to date, no licences have been issued. The Group applied to obtain one of 7 available licences with a local partner. The impact of the anticipated implementation of the 2018 law on the local market and on the ability of foreign operators, including the Group, to offer services to Argentinian players on a cross-border basis, remains to be seen.

Brazil adopted framework legislation late in 2018 which would bring commercial online gambling to this significant jurisdiction. During 2019, the country conducted a public consultation around secondary legislation which culminated in legislative proposals in late 2019. These were not eventually adopted, and progress on this front is expected during 2020. It is anticipated that the law will provide for an unlimited number of licences, however the tax burden is expected to be significant.

The Group will evaluate its position in this sizeable market once further details on the incoming regime become available.

The President of Ukraine announced his government’s intention to reform the country’s gambling laws in 2020. This is expected to include the introduction of a licensing regime for online gambling. Details of the anticipated reform are not yet known.

888 continues to follow these developments to assess their impact on our business and to identify potential opportunities for growth. The COVID-19 outbreak is giving rise to some delays in legislative and regulatory processes, including licence applications, as well as temporary measures such as restrictions on advertising and promotions in Spain.
The Directors have re-examined the timeframe for the viability analysis of 888 pursuant to a two-stage process.

The Directors have first considered the prospects of the Company taking into account its current position and principal risks. Second, they have considered whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

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

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

A longer forecasting period might be required in the context of equity or debt financing, however the Company has not completed any such financing in which forecasts were produced since its initial public offering (“IPO”) in 2005, and believes that the level of certainty over any such longer period decreases to such a level as not to be useful for planning purposes.

On the basis that the top down model is sufficiently detailed for the Directors to review, the Directors consider that a reasonable period on which it can and should forecast is three years. Notwithstanding that, the Board acknowledges that the Company’s prospects should persist into the longer term. Following the COVID-19 outbreak, the base case assumptions adopted in the top down model have been updated as set out in the Going Concern section as set out below.

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

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

The severe but plausible scenarios considered by the Directors included:

- the impact of COVID-19 across the business, including loss of consumer confidence, a more general business downturn, disruption of critical services and regulatory changes;
- exit/closure of major markets due to regulatory or legal events;
- a major cyber-attack and/or data protection violation;
- anticipated tax developments together with the crystallisation of tax risks; and
- loss of key personnel.

In addition, a ‘reverse stress test’ was carried out regarding the COVID-19 issue, in order to analyse the reduction in Casino, Poker and Bingo revenues, in the absence of mitigating actions, could bring about insolvency of the Company unless capital were raised, in such cases it is anticipated that mitigation actions such as a reduction in dividends and overheads could be implemented in order to forestall such an outcome.

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

In light of the foregoing, the Directors confirm they have a reasonable expectation that 888 will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2022.

Furthermore, after careful review of the Group’s budget for 2020, its medium-term plans, liquid resources and all relevant matters, the Directors are confident that the Company and the Group have adequate financial resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the approval of this Annual Report. They have therefore continued to adopt the going concern basis in preparing the financial statements.

Details of 888’s risk management strategy and how it manages and mitigates its risks are set out in the Risk Management Strategy on page 33.
With respect to the period assessed the Directors have considered:

01 **RESILIENCE**

888’s resilience to threats to its viability in severe but plausible scenarios;

02 **ANALYSIS**

Both qualitative and quantitative analyses, including the combined impact of the crystallisation of multiple risks simultaneously, as well as stress testing, reverse stress testing and sensitivity analyses, which the Directors consider sufficiently robust to make a sound statement, and

03 **RELEVANT MATTERS**

A broad range of relevant matters that may threaten 888’s viability.
RESPONSIBLE BUSINESS ACTIVITIES

“Ever since 888’s foundation, we have constantly strived to create an environment that offers the most enjoyable experience for customers. Over recent years, we have increasingly recognised that being uncompromising on safer gambling lies at the heart of this. Our internal culture has transformed to put player safety at the center of everything we do. As a result, we are investing more resources than ever before in helping to protect customers and providing a great, safe environment.”

EVOLVING OUR CSR FRAMEWORK
In January 2019, in recognition of 888’s transparent management and clearly-defined environmental, social and governance criteria, 888 was admitted to the FTSE4Good index. 888 is proud to have been recognised for its efforts to-date in these areas and we are committed to ongoing progress.

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

CSR FRAMEWORK
This framework covers three key focus areas:

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

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

A GR8 WORKPLACE
The talent, commitment and skill of our global teams makes our business what it is. We are committed to promoting a working environment that enables our people – and our business – to flourish.

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

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

WE RESPECT
We act with respect and fairness. We do the right thing because it’s the right thing to do.

WE WORK TOGETHER
We collaborate. Together we are safer, better and stronger.

WE COMMIT
We’re bold, proactive, ambitious and challenging. We don’t do things by halves. We enjoy what we do.
We acknowledge the potential risks that online gambling can present. We are committed to ongoing improvements to make gambling safe, enjoyable and not a cause of harm.

We are convinced that the sustainability of our business rests on ensuring our customers are empowered to make safe and responsible decisions about their betting and constantly ensuring that those struggling to stay in control of their play receive the support they need. To realise this goal, we have set out eight Safer Gambling Commitments:

1. We are committed to reducing addiction, preventing underage play and protecting the vulnerable.
2. We are committed to identifying those potentially at risk of harm and supporting them at the earliest point.
3. We are committed to ensuring customers are provided an empowered gambling experience, in which they have the knowledge and tools to stay in control.
4. We are committed to a culture of responsibility that ensures safer gambling and transparency is a priority for everyone in our business.
5. We are committed to promoting responsible attitudes among players.
6. We are committed to being proactive in helping our customers.
7. We are committed to collaborating with relevant stakeholders to develop a shared knowledge base and stronger overall standards for safer gambling.
8. We are committed to not standing still and making continuous progress.

DELIVERING OUR COMMITMENTS

888 is constantly developing new and innovative ways to deliver a safer gaming environment. Our goal is to ensure that all those who visit our sites can do so with confidence and that those for whom our games are not intended, notably underage and vulnerable individuals, will not be drawn into the gaming environment. We strive to ensure that we quickly identify any customers who demonstrate potentially problematic gambling behaviour and effectively interact with them to prevent any potential harm.

To ensure resources are effectively allocated to deliver our eight Safer Gambling Commitments, we have identified four key areas of focus. These are:

- Knowing our customers  
- Participating in industry collaboration to raise overall standards  
- Our culture of care  
- Empowering our customers

Underpinning our progress in each of these areas, we leverage our unique technology and analytics expertise. We also make investments in our business to ensure continuous progress and work closely with relevant stakeholders, including regulators, industry bodies and charities, who share our vision for the continuous improvement of standards across the industry.
SAFER. BETTER. TOGETHER.

KNOWING OUR CUSTOMERS

A critical pillar of being a safe place to play is knowing our customers (‘KYC’).

This helps us achieve our goals of preventing underage gambling and protecting customers by identifying those potentially at risk of harm and interacting with them at the earliest point.

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

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

888 continues to invest in analysing of problematic gambling behaviours, which results in continuous modifications and enhancements to the Observer’s algorithms. This constantly evolving process enables the 888 team to increasingly interact with customers who might be at risk of harm at an earlier stage and encourage safer gambling practices, including the usage of our safer gambling tools. 888 also uses advanced methods, including automated email monitoring, segmented deposit limits, and early gathering of affordability and geo-demographic information regarding customers in order to achieve its safer gambling objectives. In the UK market, 888 uses algorithms designed to check customers’ source of funds, which use customer information – such as the customer’s occupation – supplied at registration, enabling 888 to set affordability thresholds for individual customers rather than simply applying a blanket policy across all customers.

Understanding each customer’s ‘affordability’ to gamble is a key part of 888’s KYC process. During 2020, 888 will launch a number of new tools to assess a customer’s financial risk score that will enable 888 to apply enhanced levels of customer due diligence. In conjunction with the Betting and Gaming Council, 888 and a number of third-party solution providers are developing different methodologies of assessing customers’ affordability. 888 is exploring open banking, which would provide 888 with full visibility to a customer’s bank account subject to the customer’s consent.

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

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

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

Our customers’ data privacy is of key importance. We have a detailed privacy policy which clearly sets out how we receive, process, store and use our customers’ data, as well as a data breach management procedure. Further details of our activities in 2019 in the field of data privacy are set out on page 39.

888 continues to recognise that there is no “silver bullet” to safer gambling, however we remain committed to utilising the leading external solutions alongside our proprietary technology.
CUSTOMER JOURNEY

CUSTOMER REGISTRATION
• Our safer gambling process starts as soon as a customer lands on our website.
• At registration, we assess customer affordability and set appropriate thresholds.
• Before a single wager has been placed, we take measures to protect the customer.

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

BEHAVIOURAL ANALYTICS
• Our unique Observer technology identifies problem gambling behaviour.
• Risks are flagged to our specialist Safer Gambling team.

INTERACTIONS
• We are able to interact with customers in a number of ways, including popups, questionnaires, phone and email.
• Our safer gambling systems are integrated with our CRM tools to ensure that during interactions customers do not receive promotional emails or bonuses.

EMAIL
SET YOUR LIMITS
SELF EXCLUDE
NEED HELP?

yr
yr
yr
yr

SAFER. BETTER. TOGETHER.

+16%
Year on year increase in safer gambling interactions with UK customers

+28%
Year on year increase in customers’ usage of Safer Gambling tools across 888’s B2C brands in the UK
888 is committed to further developing safer gambling initiatives and contributing to the continuous improvement of standards across the industry.

To achieve this, we maintain a close dialogue and collaborate with relevant stakeholders, including regulators, industry bodies, peers and charities. During 2019, members of 888’s team participated in various research programmes and workshops organised by the UK Gambling Commission (“UKGC”) and industry bodies with the aim of sharing knowledge and best practices. These forums included the Senet Group Responsible Gambling forum, the RGA Affordability Working Group meetings and Responsible Gambling Week, Patterns of Play Research Programme, Revealing Reality’s Safer Messaging workshops and the UKGC’s Co-Creation Marketing event. Knowledge sharing and cross-industry collaboration is something 888 is committed to and, in 2020, amongst other initiatives, 888 will participate in the UKGC’s Tech Sprint event, which aims to use technology to enable a holistic, cross-operator view of a consumer’s gambling activity.

In addition, the Group is participating in two ongoing cross-industry efforts to improve overall operating standards in the UK market and enhance safer gambling, as encouraged by the UKGC. Firstly, the Group is contributing to the development of an effective Industry Code for Game Design to set out: the techniques that the industry plans to use when designing apps, online games and gaming machine products; the risk associated with each product and how they can be mitigated, and; a clear explanation of what is not acceptable in game design. In addition, the Group is also contributing to a cross-industry workstream in the UK to develop a code of conduct for the treatment of “VIP” customers and associated inducements to gamble.

During 2019, 888 also participated in a research project in partnership with Revealing Reality, a UK research firm that cooperates with the UKGC to better understand player behaviour. The objective of the research is to understand the impact of 888’s Safer Gambling messages at different stages of the customer journey and establish best practices for Safer Gambling interactions. The project involves testing customer behaviour based on real-life cases with the intention that the results will be published publicly so others within the industry can have access to this research and take decisions to better protect customers.

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

In Spain, during 2019, the Group collaborated with FEJAR, the Spanish Federation of Rehabilitated Gambling Players and provided funding to support the provision of services by FEJAR for those who are experiencing – or are in danger of experiencing – gambling harm. This included funding to support a free-call, 24-hour-a-day support service for gamblers, as well as funding for FEJAR to invest in training its team and developing its office infrastructure in Madrid.
CULTURE OF CARE

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

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

In 2019, 888 worked with EPIC Risk Management and delivered additional training to its Customer Support, Fraud and Risk Management, and Safer Gambling teams. These training sessions were conducted by an ex-professional rugby player who suffered a gambling disorder for 12 years and helped to empower the 888 team to better identify and interact with potentially vulnerable customers. 888 and EPIC Risk Management plan to expand on their relationship in 2020 with training also being delivered to non-customer facing staff and a dedicated session with 888’s Operational Management team.

During 2019, 888 appointed a new Group Safer Gambling Director. The Director has more than 15 years of experience within the Group and has oversight of the continuous improvement of 888’s safer gambling operations, systems and processes to further enhance customer protection, as well as driving the Group’s ongoing collaborate with industry stakeholders and regulators.

The Group has established a specialised and dedicated product team for regulatory compliance projects, including safer gambling, thereby allowing the Safer Gambling team to be less dependent on the overall technology pipeline of the business and focus on delivering its critical agenda. The Safer Gambling team also expanded during the year with additional specialists joining the team, including a new analyst and a new operations manager. In addition, the team was reorganised to enable more efficient use of resources focused on customer wellbeing.

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

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

In September 2019, the Group’s Operational Management held a regulatory update training session conducted by the Group’s UK counsel, which included detailed review and update of major regulatory and compliance issues in the UK as well as recent developments and trends, including Anti-Money Laundering, Responsible Gambling, main areas of UKGC’s focus, Key Reporting Obligations and Personal Management Licenses regime.

888 is committed to being transparent with its customers. The Group has evaluated all marketing materials across each 888 brand to align significant terms and conditions to the most recent regulatory requirements in each market and ensure that these are prominently and clearly displayed to players. In the UK, 888’s marketing teams are committed to comply with the Gambling Commission’s Licence Conditions and Codes of Practice (LCCP), as well as the CAP code, BCAP code, consumer protection laws, fair marketing rules and Industry Group for Responsible Gambling Code, as well as operating in line with Advertising Standards Authority guidance for social influencers. In line with our marketing supplier standards pursuant to which 888 aims to ensure that third parties are fully committed to their legal obligations, our teams are instructed to ensure that all third-party advertisements are in adherence and clearly marked as advertisements, and our marketing partners, including affiliates, have also been notified and are regularly reminded of their compliance obligations. In addition to regular monitoring by our teams, we deploy technology to monitor marketing affiliates’ advertisements of our brands. This helps us ensure that any marketing materials are verified and updated to prevent exposure to individuals who are underage, as well as refreshing excluded keywords for online searches that we do not target due to their association with the underage population. During 2019, 888 further expanded its marketing compliance team and took steps to streamline the working processes between its compliance and marketing divisions. 888 also conducts periodic training sessions to B2C and Acquisition teams on UK advertising guidelines, making sure all stakeholders are up to date and aligned with our strict policy.
EMPOWERING OUR CUSTOMERS

At the heart of our Safer. Better. Together. strategy is 888’s commitment to empowering our customers with the information and tools needed to ensure that they play safely.

888 provides its customers with a range of Safer Gambling Tools which include:

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

In addition to the above, 888 also provides a self-assessment for problem gambling tool on 888’s dedicated Responsible Gambling website.

Empowering our customers is a core component of our new product development initiatives. During 2020, 888 will launch its 888 My Play – a new feature that will sit across each of 888’s websites to provide customers with an improved interactive interface to help them better understand their gambling behaviour and further increase the prominence of 888’s safer gambling tools at all times.

In addition to the My Play, during 2020 we plan to introduce to our websites a number of new safer gambling tools that are currently in development, which we believe is more important than ever given the COVID-19 outbreak, with people spending more time at home and with potentially increased stress from economic uncertainty.

SAFER GAMBLING STRATEGY IN ACTION

FOCUS AREA

Knowing our customers

Participating in industry collaboration to raise standards

Culture of care

Empowering our customers
### Key Activities and Progress in 2019

- Expanded several algorithms designed to initiate source of funds protocols based on registration details including occupation.
- Research project launched in partnership with Revealing Reality.
- Launch of “Too much is too much” offline and online advertising campaign in the UK to help raise awareness of potentially problematic gambling.
- In Spain, the Group collaborated with FEJAR, the Spanish Federation of Rehabilitated Gambling Players, and provided funding to support the provision of services provided by FEJAR for those who are experiencing – or are in danger of experiencing – gambling harm.
- 888 worked with EPIC and delivered training to its customer support, fraud and risk management teams, as well as its responsible Gambling team across the entire organisation.
- Appointment of new Safer Gambling Director with more than 15 years’ experience within 888.
- Reorganisation of Safer Gambling team with additional specialists hired, including a new analyst and a new operations manager.
- New Compliance Forum established, comprising senior management across different departments within the Group.
- Development of the 888 My Play – which will launch across our websites in 2020.
- Development a new chat feature to provide better customer support to be deployed across 888’s websites.
Q&A

Andrew Anthony
Andrew Anthony is 888’s VP of Customer Safety and Due Diligence.

We aim to prevent gambling harm, not to react to it, We want to interact with customers and ensure their wellbeing is always at the centre of how we operate.
HOW DOES 888 BUILD A CULTURE OF SAFE GAMBLING?

In addition to our designated responsible gambling team – which is growing all the time – we make sure that new joiners at 888 undergo responsible gambling training. This training is refreshed on a regular basis. As a result, everyone at 888 shares the common goal of keeping our customers safe and in control of their gambling activity.

Safer gambling is not just a slogan at 888 – it is a shared responsibility across the business. We know that protecting customers must be in the hearts and minds of our colleagues when they are developing new products, creating a marketing campaign, or interacting with a customer. There are so many elements of responsible gambling, and I believe everyone in our business shares the understanding that 888 has no interest whatsoever in making money off problematic gamblers.

HOW DOES THE RESPONSIBLE GAMBLING TEAM USE ITS TECHNOLOGY TO HELP PREVENT GAMBLING HARM?

With 888 being an entirely online business and owning its own proprietary technology, this gives the Company a unique opportunity to evaluate its customers’ activity across all our products and brands.

A key part of our strategy to prevent gambling-related harm is to focus on what we call “the customer journey.” This starts as early as a customer’s registration process to join 888. When a customer registers with us, we request their date of birth, occupation and address. Using these three pieces of information we are immediately able to segment and apply different risk factors and thresholds to that customer before they have even placed a bet with 888. This means that, even before the customer gets to play on our websites, we are taking steps to protect them. That’s our role, we aim to prevent gambling harm, not to react to it. We want to interact with customers and ensure their wellbeing is always at the center of how we operate.

Like many other operators, we also conduct our customer due diligence checks through third-party databases to ensure that any customer is not registered with GamStop or self-excluded with 888.

Once a customer has registered successfully and passed our checks, they are able to enjoy the games. At this point, we take this opportunity to outline all responsible gaming tools available to the customer to assist and encourage them to establish healthy habits from day one.

An advantage of 888 being an entirely online company and having its own proprietary technology is we are able record every transaction and communication we have ever had with a customer. This information is fed into a system called the Observer, which is our own proprietary technology and has been developed over the past 13 years. The system takes a holistic view of all the transactions made by the customers. The Observer uses complex algorithms to assess a customer’s patterns in deposits, withdrawals, bets, communications, and flags to our team any patterns that we may deem a potential risk.

However, the data that we capture about a customer on its own is not enough to establish the wellbeing of a customer. Two customers could demonstrate the same activity but only one of them might be at risk or experiencing difficulty. In order to assess a customer’s wellbeing, our specially trained staff interact with the customer. This creates a deeper level of trust, builds risk awareness amongst customers, and encourages customers to play responsibly before they could come to any harm.

Another key point is that we are an international company and each of our regulated markets has specific responsible gaming requirements. If we see certain safer gambling tools working well in a particular market, we can integrate these tools into our offer in other markets.

HOW EARLY WOULD YOU INTERACT WITH A CUSTOMER WHO IS POTENTIALLY AT RISK?

Our objective is to prevent gambling harm from occurring. This is why we take measures to record customer details from the point that they register with 888 and build a risk profile on a customer even before they start playing.

In addition, our customer support all undertake rigorous training to identify problematic gambling behaviour. Therefore, if a customer demonstrates distress or uses language that could be related to problematic gambling in communications with 888, then action would be taken immediately. The customer’s length of time with 888 would never be a factor.

ONE OF 888’S COMMITMENTS IS TO MAKE CONTINUOUS PROGRESS IN THE AREA OF SAFE GAMBLING - WHAT DOES THE COMPANY HAVE PLANNED FOR 2020?

888’s goal is to remain at the forefront of safer gambling and I am very proud to say that, we have put together a very ambitious pipeline of activity for 2020.

In particular, a new solution to assess customer “affordability” is an exciting development. Having developed a new, proprietary affordability solution during 2019, we are exploring ways to make this even more effective and have been in discussions with two UK Credit Reporting Agencies who are industry leaders in providing affordability and financial risk scores. Our objective is that, during 2020, we will integrate at least one of these third-party solutions into our technology to enable 888 to conduct even better due diligence of customers around their affordability and ensure that the right safeguards are in place to protect customers. We have also signed an agreement with Account Score, therefore providing customers an easy way to give 888 to access their banking information, thereby enabling 888 to conduct an even more accurate level of due diligence and protection.

A second exciting deliverable for 2020 is a new feature that will sit across our websites and provide customers with an interactive dashboard to give them more information about their gambling. This new feature will also provide accessible safer gambling tools to assist with ensuring that customers have a healthier relationship with their gambling.

Corporate 888.com
A GR8 WORKPLACE

Being a responsible company means being a responsible employer. The talent, commitment and skill of our global teams makes our business what it is.

We invest in a unique working environment that enables our people – and our business – to flourish. We believe in talent development and investing in our people to give us “ROR” which, for us, means ‘returns on relationships’.

Our workforce continues to grow. In 2019, we established a new Dublin office following our acquisition of the BetBright platform, and our Bucharest office expanded significantly to strengthen the local site in line with our global talent distribution strategy. It is our job to make sure that our employees across our sites act as a team which is at the same time diverse – in thought, culture and background – and united under a single corporate vision. We do this by consistent messaging and open communication between sites, and by utilising global activities to connect all our people to our global vision. At the year-end, 888 employed more than 1,400 people across seven global offices, and we are continuing recruitment, even through the present COVID-19 crisis.

During 2019, we established a new “nickname” for 888 employees – “the 8sters” – and defined the values we encourage from every member of staff. An 8ster is, first and foremost, a great team player in addition to being an excellent professional. 8sters care for each other, collaborate and share knowledge, and everyone is treated with great respect and appreciation.

BOARD RESPONSIBILITY FOR HUMAN RESOURCES MATTERS

The Board acknowledges its overall responsibility for human resources issues within 888. This includes:

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

During 2019, there were no material labour disputes, litigation, or health and safety-related fines or sanctions imposed on 888. 888 has adopted a written Board diversity policy, in addition to statutory requirements in this respect in certain of its locations. 888 contributes to employee pensions in accordance with applicable law and practice.

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

- Ensuring a caring and rewarding environment 61
- Encouraging fairness and embracing diversity 63
- Investing in talent – return on relationships 64
ENSURING A CARING AND REWARDING ENVIRONMENT

It is vital that our employees across the world feel fairly treated and that they come to work each day in a caring and professional environment.

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

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

The COVID-19 outbreak has given rise to challenges across the Group, and indeed the global economy, and we are proud to put our staff’s health, safety and wellbeing first. We have rolled out management training on effective remote work and teaming, clarified guidelines for HR processes, and provided employees with a detailed work-from-home guide, including ideas and guidance for healthy and effective remote work, as well as fully cleaning and sanitising our offices. We are also working on a full weekly calendar in order to maintain wellbeing of our staff, and documenting all crisis-mode activities and core processes in order to update our business continuity plan and benefit in future from lessons learned.

We have continued to align all our facilities to higher safety, health, comfort and environmental standards. Several projects initiated in 2019 (and which will be completed in 2020) will provide a more contemporary, pleasant, safe, and green working environment for our employees.

In an effort to promote healthy lifestyles of our employees, we provide healthy snack alternatives at our cafeterias, support sports activities, and engage in other activities suited to our diverse employee populations.

In an effort to promote healthy lifestyles of our employees, we provide healthy snack alternatives at our cafeterias, support sports activities, and engage in other activities suited to our diverse employee populations.

REWARD AND RECOGNITION
The principles of fair pay and pay-for-performance are deeply rooted in our reward guidelines. We have processes in place to benchmark our pay practices to market and to ensure internal equity in pay. Our variable pay is strongly tied to individual performance and contribution within the larger context of 888’s financial results. We provide managers with the tools to recognise individual efforts and successes throughout the year to strongly motivate excellent performance.

In addition, 888 has aligned its equal opportunities and anti-discrimination policies and procedures across sites to ensure a highly ethical and respectful working environment.

On an individual level, 888 cares for each of its employees and provides special care in cases of personal hardship, as well as helping employees celebrate significant life events.

TRANSPARENCY, COMMUNICATION AND EMPLOYEE ENGAGEMENT
888’s management sees significant value in direct communication with employees. We conduct periodic business updates led by the Group’s Chief Executive Officer that provide information on 888’s strategic direction, objectives, challenges and opportunities. Communication with employees happens on an ongoing basis at all levels, particularly following significant business events and even more intensively in light of the COVID-19 outbreak. We hold periodic roundtable events with employees, which provide a forum for employees to communicate their unique perspective on our business and workplace.

Throughout the year, we engage with employees in a wide spectrum of group activities, at team, department, divisional, and company levels, including celebrating the success of business initiatives. Our employees share a command that promotes co-operation, the exchange of ideas, and an overall productive, healthy and fun working environment.

MODERN SLAVERY
Modern slavery is a crime and a fundamental violation of human rights. 888 aspires to eradicate any form of modern slavery in our direct operations and in the indirect operations of our supply chain, and is determined not to knowingly or negligently support or do business with any individual or organisation involved in slavery, servitude, forced labour, human trafficking or child labour.

888 has adopted an Anti-Modern Slavery Policy in the context of which the Group monitors its operations and supply chain with a view to preventing Modern Slavery practices. The Group’s Anti-Modern Slavery and Human Trafficking Statement can be found in full on 888’s corporate website.

During 2019, no red flag events were reported under the Anti-Modern Slavery Policy.
A GR8 WORKPLACE

ENSURING A CARING AND REWARDING ENVIRONMENT CONTINUED

BRIBERY AND CORRUPTION; POLITICAL INVOLVEMENT
888 is committed to operating with integrity and complying with all relevant laws, including all applicable anti-corruption legislation, and has a zero-tolerance approach to bribery and corruption.

888 has adopted an Anti-Bribery Policy, which applies to all 888 group personnel and includes 888’s policies with regard to the giving and receiving of gifts, business hospitality and other payments, with particular focus on transactions with government-related entities and intermediaries. The key principles of the Policy are as follows: 888 shall not offer, give or receive bribes or inducements for any purpose, whether directly or through a third party. 888 shall not knowingly enter into business relationships with any person or entity who gives or receives bribes or inducements for any purpose, whether directly or through a third party. 888 shall comply with all applicable laws, regulations and contract requirements relating to the fight against bribery and corruption, as a minimum, and in the many instances where 888 sets its own higher standards, 888 shall apply these first; 888 shall bring its policy of zero tolerance of bribery and corruption to the attention of every employee of the Group and to the attention of every actual or potential business associate of the Group. 888 shall rigorously implement, supervise and enforce the foregoing principles of zero tolerance of bribery and corruption with all of its employees and all of its business associates, and 888 is obligated to keep books, records and accounts that accurately, and fairly reflect all transactions and disposition of company assets.

In addition to notifying all business partners of its zero-tolerance policy for bribery and corruption, 888 carries out a comprehensive due diligence process of potential high-risk business associates, which includes certain government-related transactions and certain intermediaries. 888 also communicates its policy to its employees and carries out staff training on the topic. The Board has oversight of 888’s Anti-Bribery Policy. During 2019, the internal approvals process was implemented as regards gifts given and received as required pursuant to the programme. No instances of non-compliance with the Policy arose during the year, and no fines, penalties or settlements were received or entered into in connection with bribery and corruption matters. 888 is not involved in political matters and did not make any political donations in 2019.

HUMAN RIGHTS
888 ensures that its policies comply with local law, in addition to reflecting 888’s values. These policies set clear standards of behaviour to which all Group personnel are expected to adhere, including as regards social, ethical and environmental matters. In this respect, 888 is guided by the ten principles of the United Nations (UN) Global Compact, which encourages companies to make human rights, labour standards, environmental responsibility and anti-corruption part of their business agenda, as well as the International Labour Organization core conventions, including as regards anti-discrimination.

CODE OF PRACTICE
888 has a Code of Practice covering equal opportunities and diversity that is clearly communicated to new employees and reiterated to existing staff. The Code explicitly forbids discrimination on the basis of age, race, sex, gender, disability or any other principle and is implemented across every aspect of the business, including recruitment, pay, promotions, training and dismissals.

To enforce these rules, 888 clearly communicates a confidential grievance procedure and whistle-blowing policy to all employees, guaranteeing that the complainant will not face recrimination will take place and committing to thoroughly investigate any concerns.

The Group has a zero-tolerance policy on inappropriate conduct such as bullying and harassment, as well as robust processes in place to handle complaints of such behaviour.
ENCOURAGING FAIRNESS AND EMBRACING DIVERSITY

Great teams are built on a diversity of skills, backgrounds and thinking. We encourage and embrace diversity across our business to not only ensure that we have a culture of fairness, but also to ensure we have the breadth of thinking to support the Group’s long-term growth.

GENDER DIVERSITY

We are committed to ensuring that all our team members, regardless of gender, receive the same support and opportunities to progress, develop and enjoy a rewarding career with us.

Gender diversity remains a challenge for many businesses in the technology industry. We are committed to tackling that challenge and continuing to improve gender diversity amongst our employees.

Currently, 40% of our employees are women. Whilst we are focused on reducing any gender pay gap within 888, the current distribution of female employees between functions and the percentage of women in Group management drives our current gender pay gap. Whilst we are confident that all male and female colleagues are paid equally for roles of equal value, and that all our colleagues have the same opportunities for progression and development, we are committed to monitoring the gap and taking proactive steps to reduce it.

The breakdown of men and women across 888, as of 31 December 2019, was as follows:

**BOARD OF DIRECTORS**
- 1. Men 6 (85.7%)
- 2. Women 1 (14.3%)

**COO/SENIOR VICE PRESIDENTS**
- 1. Men 5 (71.4%)
- 2. Women 2 (28.6%)

**VICE PRESIDENTS**
- 1. Men 18 (78.3%)
- 2. Women 5 (21.7%)

**OTHER GROUP EMPLOYEES**
- 1. Men 823 (59.6%)
- 2. Women 556 (40.4%)
A GR8 WORKPLACE

INVESTING IN TALENT - RETURN ON RELATIONSHIPS

Nurturing and developing outstanding talent are key pillars of our success.

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

EMPLOYEE PERFORMANCE AND DEVELOPMENT

888 offers its employees across all global sites a full spectrum of opportunities for personal development and career growth. Managing employee performance remains an important topic on the Group’s agenda.

To encourage 888 employees’ professional growth and personal development, the Group continued to focus on internal mobility and career development. 10% of the Group’s employees were promoted or made an internal transfer to a different role during 2019.

During 2019, 888 invested in developing managerial skills across the business. A programme of training focused on developing mentorship skills, and remote and global management was implemented across managerial levels throughout 888’s global sites. The Group continues to support new managers promoted to their first managerial roles, in order to align the Group’s teams and inspire employees to personal and team excellence and success.

During 2019, the Group developed two of the winning ideas from its 2018 ‘Firestarter’ initiative, reflecting the 888 team’s talent and innovative mindset. Firestarter invited 888’s employees to propose innovative solutions to the “big questions” within our business – ranging from sustainability, to productivity, to improving efficiency. The winning participants were invited to represent the Group at a major innovation conference in Silicon Valley. Two winning Firestarter projects were developed throughout the year, with the winning idea, a new personalisation feature for 888sport, soon to be deployed.

TALENT ACQUISITION

We source our employees locally, invest in their training, and develop our local talent and local leaders across our sites. Talent acquisition remained a crucial and challenging issue in 2019. With the cost of employee turnover increasing and the ‘war for talent’ intensifying, the acquisition of high-quality technological and online marketing talent remained a key factor enabling our business to continue to innovate and grow. Attrition varies from site to site across our global offices, with some sites experiencing retention challenges.

To stand out from the competition as an employer, a significant part of our human resources efforts during the year were focused on planning and executing marketing initiatives to position 888 as an employer of choice. We intend to continue to focus on 888’s employer positioning and corporate branding during 2020 by introducing an enhanced candidate experience and an updated onboarding platform for new joiners. That said, we are encouraged that more than 40% of all 888’s recruitments come from referrals by existing employees.

Of all our employees, only 3-4% are in temporary positions, meaning most of our personnel are permanent employees with full benefits.

TRAINING

Knowledge sharing and development was one of 888’s main human resources focuses in 2019. In an effort to create tailored learning solutions that are aligned with our business needs and advance personal development for our employees, we conducted a comprehensive knowledge needs analysis across each of the Group’s internal divisions.

During 2019, we introduced a new training system for employees that opened a wealth of relevant, new training and learning content supplied by more than 50 top eLearning vendors. In 2019, 888 offered approximately 560 classroom training days for its employees. In 2020, in addition to the unlimited eLearning opportunities accessible to all employees via the new learning system, we expect to provide more than 400 days of classroom training.

HR TOOLS

Our new HR information system introduced during 2019 became an indispensable workforce management tool for the Group’s human resource and people management teams. As a data-driven organisation, our decisions and strategic plans for workforce management and talent acquisition are based on accurate and up-to-date information. Our analytics expertise enables us to identify and proactively address emerging trends, and implement necessary changes, to optimise the structure of our workforce on an ongoing basis.
Every day we go to work as members of a wider community. At 888, we embrace our responsibility to our communities, local environments and the planet through proactive engagement with the issues that matter most to our business and the people around us.

**EMBRACING OUR RESPONSIBILITIES TO THE PLANET**

As an online business, 888’s activities have a relatively small impact on the environment when compared to a great number of companies that operate in more resource intensive industries.

That said, we are committed to mitigating and minimising the environmental impact of our operations and aim to apply environmental considerations in our day-to-day operations and managerial decision-making from the administration of our sites, to our procurement and supply chain and to our overall vision. To that end, in March 2020, the Group revised its Environmental Policy in order to clearly state 888’s Company-wide environmental values and targets and commitment to a thriving environment.

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

- The Group has a responsibility for the environmental impact of its operations on the environment and is committed to reducing this;
- The Group is committed to implementing environmental considerations in its daily and long-term decisions and activities;
- The Group is committed to helping all employees to understand their personal environmental responsibilities, and how they can improve the Group’s environmental performance; and
- The Group strives to continually improve its environmental performance as an integral part of its business strategy.
MORE THAN AN OFFICE

EMBRACING OUR RESPONSIBILITIES TO THE PLANET CONTINUED

OUR PRIORITY AREAS OF FOCUS:
During 2019, the Group engaged with AVIV AMCG, a specialist consultancy, to conduct a Greenhouse Gas (GHG) report covering the Group’s GHG emissions for the period from the 1 January 2019 through to 31 December 2019. This report was conducted to give the Board a better understanding of 888’s environmental performance, particularly in relation of carbon emissions and to identify the best ways to improve this performance.

The report was prepared by AVIV AMCG based on data provided by the Group and was carried out using the GHG tool of the Israeli Ministry of Environmental Protection (MoEP) for the voluntary national GHG registry. The recommended methodology by the MoEP for performing the emissions’ registry is by using the Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories (2006). The MoEP’s method adopts the “operational control” approach - limited to sites where all equipment and activities are controlled by the subsidiaries of the Group, and the associated emissions therefore must be consolidated.

Direct GHG emissions come from fuels consumed, use of passenger vehicles in operational control of the company and replacement or refill of cooling agents in air conditioning units. Indirect emissions, come mainly from office energy consumption for lighting, heating and cooling. Other indirect emissions are mainly from transport-related activities such as air travel, outsourced activities and waste disposal.

The below table shows the Group’s GHG emissions for the period of 1 January 2019 through to 31 December 2019:

<table>
<thead>
<tr>
<th>Scope</th>
<th>Emission Subcategory</th>
<th>GHG emission (metric ton CO2 eq)</th>
<th>Contribution to scope (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Direct GHG emissions</td>
<td>744.88</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>Indirect GHG emissions associated with energy</td>
<td>3,512.07</td>
<td>60</td>
</tr>
<tr>
<td>3</td>
<td>Other indirect GHG emissions</td>
<td>1,550.20</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5,807.15</td>
<td>100</td>
</tr>
</tbody>
</table>

We were pleased to report that the Group’s emissions ratio performance indicators had reduced since the Group’s previous report in 2015, in part due to increased awareness and investment across the Group in relation to energy efficiency.

The following table shows the total Scope 1 and 2 emissions against corporate metrics to present an intensity ratio for benchmarking purposes:

<table>
<thead>
<tr>
<th>Emission per Headcount</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>3.7</td>
<td>3.00</td>
</tr>
<tr>
<td>tCO2e/employee</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emission per square metres area of offices*</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>0.41</td>
<td>0.25</td>
</tr>
<tr>
<td>tCO2e/m² office area</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emission per Turnover</th>
<th>2015</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Units</td>
<td>14</td>
<td>0.13</td>
</tr>
<tr>
<td>tCO2e/M US $</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Following the findings of the report, the Group has identified the below three key areas of focus for further improving its environmental performance.

01 REDUCING CONSUMPTION OF MATERIALS

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

During 2019-2020, the Group has implemented recycling schemes for plastics, glass and other recyclable materials across all its offices.

The Group has also taken steps to promote the reduction in paper usage across its global sites by promoting electronic communications over hard-copy communications with both internal and external stakeholders. In addition, across the Group we have modified the default setting for printing to two-sided printing with the ambition to reduce paper usage.

The Group is mindful of the harmful impact that single-use plastics can have on the environment. During 2019, we commenced an initiative to reduce and, in some cases, eliminate the use of single-use plastics (for example, plastic cups, plastic cutlery) across some of the Group’s global sites which will remain a focus into 2020 and beyond.
ENGAGING & SUPPORTING OUR LOCAL COMMUNITIES

Engagement with our communities is an important part of our DNA. For our employees to be able to engage in rich community life both in and out of work is an important factor of their wellbeing.

At the same time, we recognise that as a global employer with seven offices, our local communities can be our greatest advocates, particularly when it comes to recruiting the best talent available. To maintain a positive relationship with our local communities across the world, we need to listen to local issues and understand how we can have a positive impact.

CHARITABLE DONATIONS

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

Across our global offices, our teams support several charitable causes and organisations that matter to them and their communities. In Israel and Romania offices, we partnered with local organisations and encouraged our employees to make blood donations. In Israel, during 2019, our colleagues volunteered to support an animal shelter charity, as well as several community charities, including a youth centre to support young immigrants, as well as a local mental health facility. Our employees also raised funds for local charitable organisations that organise sports for children with disabilities, support the homeless, and support children suffering from skin diseases.

In Romania, our team donated funds to a charity that supports families experiencing severe financial problems. Our employees also donated funding to provide Christmas presents for a local children’s hospital. In Gibraltar, our employees raised funds for Childline, a children’s support charity, as well as a local animal charity and Alzheimer’s Disease support charity. In Ireland, the Group funded an initiative to match employees’ fundraising efforts for a local children’s hospital.

FISCAL CONTRIBUTIONS


<table>
<thead>
<tr>
<th>FISCAL CONTRIBUTIONS</th>
<th>$104.6m</th>
</tr>
</thead>
<tbody>
<tr>
<td>CORPORATION TAX</td>
<td>$3.7m</td>
</tr>
<tr>
<td>VAT</td>
<td>$5.4m</td>
</tr>
<tr>
<td>GAMING DUTIES</td>
<td>$95.5m</td>
</tr>
</tbody>
</table>

On behalf of the Board:

BRIAN MATTINGLEY
Non-Executive Chairman
15 April 2020
Brian Mattingley was Deputy Chairman of the Company and Senior Independent Non-Executive Director from March 2006 until March 2012, and was then Chief Executive Officer until March 2016. He joined the Board in August 2005. He was previously Chief Executive of Gala Regional Developments Limited until 2005. From 1997 to 2003, he was Group Finance and Strategy Director of Gala Group Plc, prior to which he was Chief Executive of Ritz Bingo Limited. He has held senior executive positions with Kingfisher Plc and Dee Corporation Plc.

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

**Chairman**

Brian Mattingley

**COMMITTEE KEY**

A Audit
R Remuneration
N Nominations
G Gaming Compliance

□ Chairman of Committee
□ Member of Committee

**CHIEF EXECUTIVE OFFICER FROM JANUARY 2019**

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

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

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

**Chief Executive Officer**

Itai Pazner

**CHIEF FINANCIAL OFFICER**

Aviad Kobrine has been Chief Financial Officer of the Company since June 2005, and was appointed to the Board in August 2005. From October 2004, he was a consultant to the Company. Previously, he was a banker with the Media Telecoms Investment Banking Group of Lehman Brothers and, prior to that, he was a senior associate with Slaughter and May. He holds a Masters in Finance from the London Business School (Distinction), a BA in Economics and an LLB from Tel Aviv University.

Mr. Kobrine brings with him extensive finance, economic and analytical experience, an in-depth knowledge of the Group and detailed knowledge of the City’s workings. Mr. Kobrine has announced that he will step down from his role as Chief Financial Officer during 2020.

**Chief Financial Officer**

Aviad Kobrine

**INDEPENDENT NON-EXECUTIVE DIRECTOR FROM SEPTEMBER 2019**

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

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

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

**Independent Non-Executive Director**

Mark Summerfield

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<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Age</th>
<th>More information</th>
<th>Read more from</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRIAN MATTINGLEY</td>
<td>CHAIRMAN</td>
<td>68</td>
<td><img src="image1.png" alt="Image" /></td>
<td><img src="image2.png" alt="Image" /></td>
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<tr>
<td>ITAI PAZNER</td>
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<td>47</td>
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</tr>
<tr>
<td>AVIAD KOBRINE</td>
<td>CHIEF FINANCIAL OFFICER</td>
<td>56</td>
<td><img src="image5.png" alt="Image" /></td>
<td><img src="image6.png" alt="Image" /></td>
</tr>
<tr>
<td>MARK SUMMERFIELD</td>
<td>INDEPENDENT NON-EXECUTIVE DIRECTOR FROM SEPTEMBER 2019</td>
<td>53</td>
<td><img src="image7.png" alt="Image" /></td>
<td><img src="image8.png" alt="Image" /></td>
</tr>
</tbody>
</table>
Itai Frieberger was appointed Chief Executive Officer of the Company on 2 March 2016. He was previously Chief Operating Officer since April 2011, and was appointed to the Board as an Executive Director on 13 May 2015. He also served as Managing Director of the Company’s Israeli subsidiary, Random Logic Ltd. He has worked for the Group since 2003, and previously served as Senior Vice President of Product Technologies, as well as leading various parts of the business such as marketing, product and business development. Prior to joining the Group, he held several management positions at Orange, one of the world’s leading telecommunications operators.

Mr. Frieberger stood down from his role as the Group’s Chief Executive Officer in January 2019 and stepped down from the Board in January 2020.

Anne de Kerckhove is currently the CEO of Freespee – a fast-growing company in the communication cloud 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 also an angel investor and mentor for early-stage startups and entrepreneurial funds, including Metal, CRE and Daphni, and holds board positions with 7digital. She holds a Bachelor of Commerce from McGill University and an MBA from INSEAD. Ms. de Kerckhove is a member of the Remuneration Committee, Audit Committee and Nominations Committee (Chair from March 2020).

Zvika Zivlin is the Founder and Managing Partner of Tulip Capital, the exclusive partner firm of Wells Fargo Securities in Israel, is a strategic partner to Alias Tech (JB Capital), and currently serves on the advisory board of Infinidat Ltd. Mr. Zivlin has been engaged in projects covering the fields of insurance, banking, real estate, technology and communications, and was previously Chief Executive Officer of Trans4u Ltd and Chief Financial Officer of GSI Group. Mr. Zivlin holds an MSc in Economics from the London School of Economics, an MBA from Tel Aviv University (1st year, with distinction) and a BA in Economics and Management from Tel Aviv University (with distinction). Mr. Zivlin is the Chair of the Company’s Remuneration Committee and a member of the Audit Committee.

Ron McMillan was the PricewaterhouseCoopers Global Finance Partner, Northern Regional Chairman of the UK firm and Deputy Chairman and Head of Assurance for the Middle East firm, in addition to serving as audit engagement leader on a number of major listed companies. He is the Senior Independent Director and Chairman of the Audit Committee of N Brown Group Plc, SCS Plc and B&M European Value Retail SA, and Chairman of the Audit Committee of Homeserve plc. Mr McMillan was the Chairman of the Company’s Audit Committee and a member of the Remuneration Committee, Nominations Committee and Gaming Compliance Committee until stepping down from the Board. Having worked in PWC’s assurance business for 38 years, Mr. McMillan brings to the Board a deep understanding of auditing, financial reporting regulatory matters and corporate governance.

Ron McMillan was appointed as Non-Executive Director on 15 May 2014, and Senior Independent Director on 9 May 2016. He stepped down from the Board in April 2019.
DIRECTORS’ REPORT

The Directors submit to the members their Annual Report and Accounts of the Group for the year ended 31 December 2019. The Strategic Report, Corporate Governance Statement and Directors’ Remuneration Report, on pages 10, 76 and 84 respectively, form part of this Directors’ Report.

RESULTS
The Group’s profit after tax for the financial year of US$41.6 million (2018: US$94.8 million) is reported in the consolidated income statement on page 117. The Board is recommending a final dividend of 3.0¢ per share, which together with the interim dividend of 3.0¢ per share equals 6.0¢ per share for the year (2018: 12.2¢ per share).

DIRECTORS AND THEIR INTERESTS
Biographical details of the current Board of Directors, setting out their relevant skills and experience and their professional commitments, are shown on pages 68 and 69. The Directors who served during the year are shown below. In line with the UK Corporate Governance Code and as required by the Company’s Memorandum & Articles of Association (“Articles”), all Directors retire at each Annual General Meeting and those who wish to continue to serve offer themselves for re-election.

Brian Mattingley (first appointed 30 August 2005).
Itai Pazner (first appointed 8 March 2019).
Aviad Kobrine (first appointed 30 August 2005).
Mark Summerfield (first appointed on 5 September 2019).
Zvika Zivlin (first appointed 9 May 2017).
Anne de Kerckhove (first appointed 28 November 2017).

The beneficial and non-beneficial interests of the Directors and their closely associated persons (pursuant to Article 19 of the European Market Abuse Regulation) in shares of the Company are set out in the Directors’ Remuneration Report on pages 86 to 102. There has been no change in the interests of Directors in shares of the Company between 31 December 2019 and the date of this Report.

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

SHARE CAPITAL
Changes in share capital of the Company during the financial year are given in the Consolidated Statement of Changes in Equity. As at 31 December 2019, the issued share capital of the Company comprised 368,347,794 ordinary shares of GBP £0.005 each (“Ordinary Shares”).

At the Annual General Meeting held in May 2019, the Board was empowered to allot securities of a value up to 66.66% of the Company’s Ordinary Share capital in issue as at 31 March 2019, provided that, in accordance with institutional guidelines issued by the Investment Association, this would permit up to a maximum nominal value of £1,225,181.24 (66.66%) to be allotted pursuant to a rights issue and up to a maximum nominal value of £612,590.62 (33.33%) to be allotted otherwise. Furthermore, the Board was empowered to allot equity securities of the Company for cash without application of pre-emptive rights under the Articles, provided that such power is limited:

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

(b) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (c) below) of equity securities up to an aggregate nominal value of £91,897,778; and

(c) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities in connection with an acquisition or specified capital investment up to an aggregate nominal value of £91,897,778; and shall expire upon the earlier of: (i) the conclusion of the next Annual General Meeting of the Company after passing the resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired; and (ii) 30 June 2020.

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

In 2019, the Company did not exercise any of the foregoing powers and authorities.
SHARE BUY BACK AUTHORITY
At the Annual General Meeting held in May 2019, the Board was authorised to make market purchases of up to 36,759,113 of its ordinary shares at a minimum price per share (exclusive of expenses) of £0.005 and a maximum price per share (exclusive of expenses) of the highest of 105% of the average of the middle market quotations of an Ordinary Share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased, the price of the last independent trade of an Ordinary Share, and the highest current independent bid for an ordinary share in the Company as derived from the London Stock Exchange Trading System.

The authority expires upon the earlier of: (i) the conclusion of the annual general meeting of the Company, to be held on 20 May 2020, and (ii) 30 June 2020, unless previously renewed, varied or revoked by the Company at a general meeting, and a contract to purchase shares under the authority may be made prior to the expiry of the authority, and concluded in whole or in part after the expiry of the authority, and the Company may purchase its Ordinary Shares in pursuance of any such contract. In 2019, the Company did not seek exercise any of the foregoing powers and authorities.

RIGHTS ATTACHING TO ORDINARY SHARES IN THE COMPANY
The rights and obligations attaching to ordinary shares are set out in the Articles.

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

MEMORANDUM & ARTICLES OF ASSOCIATION
The Articles can only be amended by a special resolution at a general meeting of shareholders. There were no changes to the Articles during 2019.

DEADLINES FOR EXERCISING VOTING RIGHTS AT THE 2020 ANNUAL GENERAL MEETING
Electronic and paper proxy appointment and voting instructions must be received by the Company’s registrars not later than 9:00am CET (8:00am GMT) on 18 May 2020. Forms of Direction from persons holding depository interests in the Company in uncertificated form through CREST must be received by the Company’s registrars not later than 9:00am CET (8:00am GMT) on 15 May 2020.

RESTRICTIONS ON TRANSFER OF SHARES AND LIMITATIONS ON HOLDINGS
There are no restrictions on transfer or limitations on the holding of Ordinary Shares other than under restrictions imposed by law or regulation (for example, insider trading laws) or pursuant to the Company’s share dealing code.

REQUIREMENTS OF GAMING REGULATIONS
Amongst others, the Group:

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

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

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

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

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

Many jurisdictions require any person who acquires beneficial ownership of more than a certain percentage (typically 5%) of the Company’s securities, to report the acquisition to the gaming authorities and apply for a finding of suitability. Many gaming authorities allow an “institutional investor” to apply for a waiver that allows such institutional investor to acquire up to a certain percentage of securities without applying for a finding of suitability, subject to the fulfilment of certain conditions. In some jurisdictions, suitability investigations may require extensive personal and financial disclosure.

The failure of any such individuals or entities to submit such background checks and provide the required disclosure could jeopardise the Group’s eligibility for a required licence or approval.

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

The Articles include provisions to ensure that 888 has the required powers to continue to comply with applicable gaming regulations.
These provisions include providing the Company, in the event of a Shareholder Regulatory Event (as defined in the Articles), with the right to:

(a) suspend certain rights of its members who do not comply with the provisions of the gaming regulations (the Affected Members);
(b) require such Affected Members to dispose of their Ordinary Shares; and
(c) subject to (b) above, dispose of the Ordinary Shares of such Affected Members.

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

ENTITIES HOLDING COMPANY SHARES ON BEHALF OF GROUP EMPLOYEES
At 31 December 2019, Virtual Share Services Limited (a wholly owned subsidiary of the Company) held 3,854,827 Ordinary Shares in its administrative capacity in connection with the 888 Holdings plc Long-Term Incentive Plan 2015 and Deferred Share Bonus Plan. Full details are set out on pages 86 and 87.

SUBSTANTIAL SHAREHOLDINGS
As at 31 December 2019, the Company had been notified of the following interests in 5% or more of its share capital under Disclosure Guidance and Transparency Rules (DTR) Rule 5 of the UK Financial Conduct Authority:

<table>
<thead>
<tr>
<th>Principal Shareholders</th>
<th>Number of shares</th>
<th>% issued share capital</th>
<th>Nature of Holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinitus Nominees Limited in trust on behalf of Dalia Shaked</td>
<td>86,283,534</td>
<td>23.42%</td>
<td>Indirect</td>
</tr>
<tr>
<td>Standard Life Aberdeen plc</td>
<td>37,371,905</td>
<td>10.15%</td>
<td>Indirect</td>
</tr>
<tr>
<td>The Phoenix Holdings Ltd</td>
<td>19,006,183</td>
<td>5.16%</td>
<td>Indirect</td>
</tr>
</tbody>
</table>

On 8 January 2020, a notification was received from Blackrock, Inc., to the effect that it and its controlled undertakings held 19,726,301 voting rights through shares and financial instruments in the Company, comprising 5.36% of the Company’s issued share capital; on 19 February 2020, a notification was received from Blackrock, Inc., to the effect that it and its controlled undertakings held less than 5% of the Company’s issued share capital. On 5 March 2020, a notification was received from Aviva plc, to the effect that it and its controlled undertakings held 18,915,937 voting rights through shares and financial instruments in the Company, comprising 5.13% of the Company’s issued share capital; on 5 March 2020, a notification was received from Aviva plc, to the effect that it and its subsidiaries held less than 5% of the Company’s issued share capital.

Other than as stated above, between 31 December 2019 and the date of this Annual Report, no further notifications were received regarding holdings comprising 5.0% of the Company’s issued share capital. Information provided to the Company pursuant to the DTRs is publicly available via the regulatory information services and the Company’s corporate website corporate.888.com.

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

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

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

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

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

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

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

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

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

Confirmation of independence
The Board confirms that as of the date of this Annual Report, and during the entirety of 2019, the Company had no controlling shareholder. Therefore, no confirmation of independence is required pursuant to UK Listing Rule 9.8.4 R (14).

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

CHANGE OF CONTROL
A change of control in the Company may, in the event of failure to fulfil any applicable consent requirement, give rise to certain revocation or termination rights under the Group’s gaming licences or certain contracts to which Group companies are a party. The RCF between the Company and Barclays Bank plc provides that in the event of a change of control in the Company, the parties have 30 days to negotiate acceptable terms to continue the facility, failing which it will be cancelled and all outstanding amounts thereunder will be immediately payable.

DONATIONS
The Group did not make any donations to any political party (including any non-EU political party) or organisation or independent election candidate or incur any political expenditure during the year.

FINANCIAL INSTRUMENTS
The Company considers the Group’s exposure to financial risks, including exposure to specific countries and trading counterparties, to be low. During 2019, hedging of the Group’s foreign currency risks was carried out solely with leading banks including Barclays plc. Further information on the Group’s use of financial instruments is set out in note 25 to the annual accounts on page 150.

DIRECTORS’ INDEMNITIES
The Articles permit the Company to indemnify its Directors in certain circumstances, as well as to provide insurance for the benefit of its Directors. The Company has undertaken to indemnify certain of its Non-Executive Directors: (a) in defending any proceedings, whether civil or criminal, in which judgment is given in favour of such Non-Executive Director or in which such Non-Executive Director is acquitted; or (b) in connection with any application under Section 477 of the Gibraltar Companies Act (pursuant to which the court may provide relief to such Non-Executive Director in any proceedings for negligence, default, breach of duty or breach of trust on grounds that such Non-Executive Director has acted honestly and reasonably, and that, having regard to all circumstances of the case, including those connected with his appointment, he ought fairly to be excused from liability on such terms as the court thinks fit). The Company also undertook in favour of the Executive Directors to indemnify them to the fullest extent permitted by applicable law and the Articles in connection with the execution of their duties and/or exercise of their powers, authorities and discretions pursuant to his employment agreement. In addition, certain special indemnities were provided to the Executive Directors in connection with the compliance and licensing procedures relating to 888’s business in the United States, details of which were provided in 888’s Annual Report for the year ended 31 December 2011. Finally, the Company entered into qualifying third-party indemnity arrangements for the benefit of all of its Directors in a form and scope which comply with the requirements of the UK Companies Act 2006 and the Gibraltar Companies Act 2014 which were in force from 1 November 2017 (or subsequently, with respect to subsequently appointed Directors) and remain in force.

CORPORATE GOVERNANCE
The corporate governance statement is on pages 76 to 83 and is incorporated in this Directors’ Report by reference.

GOING CONCERN AND VIABILITY STATEMENTS
The going concern and viability statements required to be included in the annual report pursuant to the UK Corporate Governance Code are on page 48, and are incorporated in this Directors’ Report by reference.

PRINCIPAL SUBSIDIARY UNDERTAKINGS
The principal subsidiary undertakings are listed on note 22.
RESEARCH AND DEVELOPMENT ACTIVITIES
In 2019, the Group maintained its focus on enhancing the products offered, expanding its platform which is accessible on mobile devices and further developing its gaming platform capabilities.

Some relevant achievements during the year in the field of research and development included:

• Spectate Integration Project – Integrating BetBright sport platform with 888 back-office.
• Orbit Roll-out – Concluding roll-out of the Orbit platform across all 888 markets. We aim to continue developing and deploying additional content and features over the Orbit platform.
• New Sport Front End – Concluding launch of the new front end. The new front page was fully developed in-house with a slick, modern user experience. The front end includes mini-cashier, artificial intelligence based recommendations and easier access to personal promotional areas.
• Casino games – Leveraging on the increased footprint of the robust Orbit client software and optimised cross-jurisdiction content delivery process, an unprecedented number of new in-house and third-party games were launched across all markets, with new third-party game providers and game categories added, thus not only growing the offering but also greatly diversifying it.
• Introduction of Casino Daily Jackpots – Launching the new section 8 daily jackpot feature, including 13 video slots contributing to the same jackpot that is guaranteed to drop every day by a given GMT time.
• European Shared Liquidity between Spain and Portugal – Adjusting our Poker product to support additional shared liquidity regulatory requirements.
• Apple New Guidelines – Adjusting our Apple App Store apps to comply with new App Store Review Guidelines applicable to real-money gaming apps. We have already submitted and obtained Apple’s approval for several apps that were developed in accordance with these guidelines.
• ‘Rate Us’ tool for improved app rating – Integrating Apple’s Rating API into the Casino and Sport apps on the App Store.
• Introducing Instant Cash-outs – Launching an instant low-risk cash-out flow so that players can receive funds immediately after their request, without any operational delays. Based on customer research and industry trends, we believe this feature is an important part of improving our customer experience and satisfaction.
• Compliance with Regulatory Requirements – Deploying new flows required by UK regulation facilitating verification of UK player details and document uploading, and launching new KYC requirements in order to strengthen the authentication process of Spanish players.

GREENHOUSE GAS EMISSIONS
Details of 888’s greenhouse gas emissions are set out in the Corporate Responsibility section of the Strategic Report on page 50.

POST-PERIOD EVENTS
No important events affecting the Group occurred since 31 December 2019.

FUTURE DEVELOPMENTS
Likely future developments in the business of the Group are set out in the Market Overview on page 8.

AUDITORS
A resolution for the reappointment of Ernst and Young LLP and EY Limited, Gibraltar, (together, EY), as auditors of the Company will be proposed at the 2020 Annual General Meeting.

During the year ended 31 December 2019, Ernst and Young LLP were reappointed as auditors for the purposes of the Company preparing financial statements as required pursuant to the UK Listing Rules and the DTRs. EY Limited, Gibraltar, which is approved as a registered auditor under the Gibraltar Financial Services (Auditors) Act 2009, is the statutory auditor of the Company including for the purposes of issuing an audit report pursuant to the Gibraltar Companies Act 2014.

Details of audit and non-audit fees charged by EY to the Company are set out on page 103 of the Audit Committee Report.

DIRECTORS’ STATEMENT OF RESPONSIBILITIES
Company law requires the Directors to prepare financial statements in accordance with the Gibraltar Companies Act 2014.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company’s and the Group’s financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board’s “Framework for the preparation and presentation of financial statements”. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards (“IFRS”) as adopted by the EU. A fair presentation also requires the Directors to:

• consistently select and apply appropriate accounting policies;
• present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
• provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the EU is insufficient to enable members to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance.
The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors’ report which complies with the Gibraltar Companies Act 2014.

Financial statements are published on the Company’s website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company’s website is the responsibility of the Directors. The Directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors are responsible for preparing the annual report and the financial statements. The Directors are required to prepare financial statements for the Company in accordance with IFRSs as adopted by the EU and have also chosen to prepare financial statements for the Group in accordance with IFRSs as adopted by the EU.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position, performance, business model and strategy.

Each of the Directors confirms, to the best of his or her knowledge:

(a) the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(b) the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

On behalf of the Board:

ITAI PAZNER
Chief Executive Officer
15 April 2020
The Company's Ordinary Shares are admitted to the premium segment of the UK Official List and to trading on the London Stock Exchange's main market for listed securities. As such, despite being incorporated in Gibraltar, the UK Corporate Governance Code (the “Code” or “UK Corporate Governance Code”) applies to the Company pursuant to the UK Listing Rules and is available at www.frc.org.uk. The version of the Code published in July 2018 applied to the financial year under review.

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

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

This statement also includes items required by the UK Listing Rules and the Disclosure Guidance and Transparency Rules, including how the “Main Principles” of the UK Corporate Governance Code have been applied.

**STATEMENT OF COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE**

During 2019, the Company was in compliance with the UK Corporate Governance Code 2018, other than as regards the following:

- The Chairman of the Board, Brian Mattingley, has been a member of the Board since August 2005. The Board’s decision to retain Mr. Mattingley as its Non-Executive Chairman reflects the significant value he brings, including in particular his wealth of gambling industry and public company experience, deep knowledge of the business and industry contacts. The Board believes Mr. Mattingley’s continued tenure as Non-Executive Chairman has benefited all shareholders. The Board and Mr. Mattingley have agreed a succession process whereby a new Chairman will be in place by no later than the 2021 Annual General Meeting. Whilst it was initially intended that Mr. Mattingley step down by the end of 2020, given current market conditions as a result of COVID-19, the Board is of the view that it is important it has the option of extending Mr. Mattingley’s tenure for this additional few months.
- Upon Ron McMillan stepping down from the Board in April 2019, at least half of the Board (excluding the Chairman) did not comprise independent Non-Executive Directors; the Remuneration Committee comprised of two members (Zvika Zivlin and Anne de Kerckhove) rather than three, and the Audit Committee comprised of two members (Zvika Zivlin and Anne de Kerckhove) rather than three independent Directors as recommended by the UK Corporate Governance Code. This was rectified upon Mark Summerfield’s appointment to the Board and as Chair of the Audit Committee in September 2019, and to the Remuneration Committee in March 2020. Mr McMillan stepped down from the Board without prior notice in order to focus on his other commitments, thus appointment of his successor was understandably not immediate due to the need to ensure that the process implemented to appoint Mr Summerfield was robust. Mr Summerfield’s appointment to the Remuneration Committee was delayed to March 2020 in order to allow the orderly conclusion of the Committee’s decision-making with regard to annual remuneration matters.
- There is not presently a Senior Independent Director on the Board. In addition to the explanation above, it is noted that upon appointment during 2020 of a further Non-Executive Director, a decision will be taken as to the designation of a Senior Independent Director.

**LEADERSHIP**

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

**BOARD RESPONSIBILITIES AND PROCEDURES**

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

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

The Board has an established calendar of business. This covers the financial calendar, strategic planning, annual budgets and performance self-assessments, as well as the conduct of standing business. The calendar forms the basis for effective integration of business activities as between the Board and its principal committees (see pages 79 to 85), which individually consider their own operating frameworks against the Board’s business programme.

The Directors have wide-ranging business experience, and no individual, or group of individuals, dominates the Board’s decision-making.
BOARD ACTIVITIES
During 2019, the Board assessed and monitored 888’s culture, including in particular the further implementation of the Group’s across-the-board compliance culture in the field of responsible gaming. Where the Board is not satisfied that policy, practices or behaviour throughout the business are aligned with the Company’s purpose, values and strategy, the Board seeks assurance that management has taken corrective action. In 2019, the Board was satisfied in this respect. The Board assessed the basis on which 888 generates and preserves value over the long-term, including by way of growing and developing the business in regulated markets.

INVESTING IN AND REWARDING THE WORKFORCE
The Company’s approach to investing in and rewarding its workforce is set out under ‘Corporate Responsibility’ on pages 50 to 67.

KEY STAKEHOLDERS
The Company’s key stakeholders are its shareholders, employees and customers, as well as the communities in which it does business. The Board takes care to engage with its stakeholders, as detailed in the Corporate Responsibility section on page 50 and the Remuneration Report on page 86. The interests of the Company’s key stakeholders are considered at Board discussions and decision-making. Whilst as a Gibraltar company, the UK Companies Act 2006 does not apply to the Company, the matters set out in section 172 thereof, which include the likely consequences of any decision in the long-term, the interests of the Company’s employees, the need to foster the Company’s business relationships with suppliers, customers and others, the impact of the Company’s operations on the community and the environment, the desirability of the Company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the Company, are taken into account by the Board in its decision-making to the extent permitted under Gibraltar law.

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

SHAREHOLDER ENGAGEMENT
During 2019, 888’s Chairman Brian Mattingley met with the Company’s major shareholders in order to discuss the Company’s performance and to address any concerns.

At the Company’s Annual General Meeting held on 21 May 2019, 21.30% of total votes cast were voted against the re-election of the Non-Executive Chairman, Mr. Brian Mattingley (‘Resolution 4’).

The Company held discussions with major shareholders who voted against Resolution 4 in order to understand their concerns. The Company understands that the primary reason for the vote against Resolution 4 was the length of Mr. Mattingley’s tenure as a Director of 888.

The Board’s decision to retain Mr. Mattingley as its Non-Executive Chairman reflects the significant value he brings to the Board, including in particular his wealth of gambling industry and public company experience, deep knowledge of the business and industry contacts.

The Board believes Mr. Mattingley’s continued tenure as Non-Executive Chair has benefited all shareholders. The Nominations Committee and Mr. Mattingley have agreed a succession process whereby a new Chairman will be groomed to replace Mr. Mattingley by the 2021 Annual General Meeting. Whilst it was initially intended that Mr. Mattingley step down by the end of 2020, given current market conditions as a result of COVID-19 and challenging operating conditions, the Nominations Committee is of the view that Mr. Mattingley’s continued tenure for several months is of key importance to the Company.

The Board recognizes the importance of future succession planning and was recently strengthened through the appointment of Mr. Mark Summerfield as a Non-Executive Director and Chair of 888’s Audit Committee on 5 September 2019. The Company continues to look at potential additional Non-Executive Director appointments to the Board and will seek to provide a further update on this matter by its Annual General Meeting on 20 May 2020. Any future Board appointments will reflect 888’s strong diversity and leadership objectives, whilst complementing and building upon the existing expertise of the Board.

All other resolutions were passed with a high level of shareholder approval at the 2018 Annual General Meeting, and there was no other resolution recommended by the Board which garnered 20% or more votes cast against.

During 2019, the Board took steps to ensure that its members (in particular, the Chairman and Non-Executive Directors) develop an understanding of the major shareholders’ views about the Company. This included meetings between the Chairman and institutional investors, as well as engagement by the Remuneration Committee Chair with institutional investors regarding remuneration matters.

ENGAGEMENT WITH THE WORKFORCE
None of the three specific workforce engagement mechanisms listed in Provision 5 of the UK Corporate Governance Code have been implemented at present. The arrangements for how the Board engages with the Group’s workforce on policies and practices and more broadly on the business are set out in the Directors’ Remuneration Report on page 86 and the Corporate Responsibility section on page 50 respectively. The feedback to be Board is that this approach has been received favourably by the workforce and as such the Board is satisfied that engagement is effective. However, the Board has concluded that more can be done and further steps are being taken in the current year, including holding Board meetings in certain of the Group’s key locations to allow greater interaction by more members of the Board with the workforce.

RESERVED POWERS AND DELEGATION
A schedule of matters reserved to the Board has been adopted and its content is reviewed to align it with operational needs and the Board’s preference to monitor and, where appropriate, approve matters of substance to 888 as a whole. Senior executives have given written undertakings to ensure compliance within their business operations with the Board’s formal schedule of matters reserved to it for decision or approval.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
The Chairman, Mr Mattingley, and the Chief Executive Officer, Mr Pazner, have a close working relationship to ensure the integrity of the decision-making process of the Board and the successful delivery of 888’s strategy. There is a clear division of responsibilities between the Chairman and the CEO, which the Board considers an important part of its corporate governance. Mr Mattingley was not independent on his appointment as Executive Chairman in March 2015 as he had previously held the role of Chief Executive Officer. Mr Mattingley’s appointment at the time as Executive Chairman was approved by the Board in light of the benefits to the Company in terms of his experience of the gaming industry, extensive knowledge of the business, and in maintaining and developing relationships with regulators.

NON-EXECUTIVE DIRECTORS’ INDEPENDENCE
The Board is confident that Independent Non-Executive Directors Mark Summerfield, Zvika Zivlin and Anne de Kerckhove are and remain independent in character and judgment, and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

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

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

The Board was satisfied that, during 2019, steps were taken to promote the diversity objectives of the policy. The Group’s activities detailed in the Corporate Responsibility section on page 50 support the Group’s diversity objectives.

Details of the Company’s diversity position and involvement of women in management of the Group are set out in the Corporate Responsibility section of the Strategic Report on page 63.

EFFECTIVENESS

BOARD COMPOSITION
During 2019, the Board comprised the following Directors: Chairman Brian Mattingley, Senior Independent Director Ron McMillan until his resignation in April 2019, independent Non-Executive Directors Zvika Zivlin and Anne de Kerckhove, as well as Mark Summerfield from September 2019, Executive Directors Itai Pazner as Chief Executive Officer, who joined the Board in March 2019, and Aviad Kobrine as Chief Financial Officer, as well as Itai Frieberger who remained on the Board after stepping down as Chief Executive Officer in January 2019 and stepped down from the Board in January 2020. The biographical details of all of the Directors, setting out their relevant skills and experience and their professional commitments, are given on pages 68 and 69.

INDEPENDENT DIRECTORS
Currently, half of the Directors, excluding the Chairman, are Non-Executive Directors determined by the Board to be independent for the purposes of the UK Corporate Governance Code. In 2019, except during the period from Ron McMillan stepping down in April 2019 until Mark Summerfield’s appointment in September 2019, at least half of the Directors, excluding the Chairman, were independent Non-Executive Directors (as required by the UK Corporate Governance Code).

The role of the Senior Independent Director is to provide a sounding board for the Chairman, to evaluate the Chairman’s performance and lead the Board’s succession planning, and to serve as an intermediary for the other Directors where necessary. Whilst there is not presently a Senior Independent Director on the Board, upon appointment of a further Non-Executive Director, a decision will also be taken as to the designation of a Senior Independent Director. In the meantime, Anne de Kerckhove is leading the Nominations Committee’s work on succession planning and coordinated the process of evaluating the Chairman.

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

The Board considers succession planning matters on an ongoing basis, with particular focus on succession planning for the CEO role, as well as for senior management. The Nominations Committee had a central role in succession planning for the CEO role, as well as for recruitment of additional Non-Executive Directors, including Audit Committee Chair Mark Summerfield. Over the course of 2019, the alternatives were carefully considered and the Board ultimately decided to appoint Itai Pazner as CEO in January 2019. Itai Pazner has been with 888 for 18 years and previously served as its Chief Operating Officer. Furthermore, in order to ensure a smooth transition, Itai Frieberger remained on the Board until January 2020.
During the year, the Nominations Committee comprised Chairman of the Board Brian Mattingley (Chair), Senior Independent Director Ron McMillan until April 2019, Independent Non-Executive Director Zvika Zivlin and Independent Non-Executive Director Anne de Kerckhove. In March 2020, Anne de Kerckhove was appointed Chair of the Nominations Committee, and Mark Summerfield was appointed as a member of the Nominations Committee.

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

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

The Nominations Committee is also responsible for pursuing diversity within the scope of its mandate, including setting measurable objectives and monitoring progress on achieving such objectives. In considering new Board appointments, diversity (including of gender, age and professional and educational background) is one of the criteria considered by the Nominations Committee in accordance with the Board’s Diversity Policy. The Company’s statement regarding diversity is set out in the Corporate Responsibility section of the Strategic Report on page 63.

During 2019, the Nominations Committee’s work included the following:

• Succession planning for the CEO role: In the present case, the Nominations Committee considered that an internal appointment was most appropriate. In general, the Nominations Committee acknowledges its role in supporting the development of a diverse pipeline of candidates for senior management.

• Recruitment of Non-Executive Directors

• Monitoring the Board evaluation process which is described on page 80.

• Implementing the Board’s diversity policy which is described on page 63 (including considering the gender balance of senior management and their direct reports).

The Board has appointed a leading search firm to assist the Nominations Committee’s work. The search firm is independent and has no other connection with the Company.

RE-ELECTION AND APPOINTMENT OF DIRECTORS

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

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

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

COMMITMENT

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

The Chairman has disclosed details of his other significant commitments to the Board during 2019 and these are detailed in his biography on page 68.

The Board considers that Brian Mattingley’s other commitments do not interfere with the discharge of his responsibilities to the Group and is satisfied that he makes sufficient time available to serve 888 effectively.

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

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

During 2019, the Board met six times. Set out below are details of the Directors’ attendance record at Board and Committee meetings in 2019.

<table>
<thead>
<tr>
<th>total number of meetings held during the year ended 31 December 2019 and the number of meetings attended by each Director</th>
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<tbody>
<tr>
<td>Board</td>
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<tr>
<td>-------</td>
</tr>
<tr>
<td>Total held in year</td>
</tr>
<tr>
<td>Brian Mattingley</td>
</tr>
<tr>
<td>Itai Pazner</td>
</tr>
<tr>
<td>Aviad Kobrine</td>
</tr>
<tr>
<td>Mark Summerfield¹</td>
</tr>
<tr>
<td>Zvika Zivlin</td>
</tr>
<tr>
<td>Anne de Kerckhove</td>
</tr>
<tr>
<td>Itai Frieberger</td>
</tr>
<tr>
<td>Ron McMillan²</td>
</tr>
</tbody>
</table>

¹ Mark Summerfield was appointed as a Non-Executive Director and Chair of the Audit Committee in September 2019, and as a member of the Gaming Compliance Committee in December 2019.
² Ron McMillan stepped down as a Non-Executive Director and Chair of the Audit Committee in April 2019.
³ Mr. Michael Alonso is an additional member of the Gaming Compliance Committee, but is not a Board member.
⁴ Informal discussions amongst Nominations Committee members were held during 2019 regarding succession matters.

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

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

MEETINGS WITH NON-EXECUTIVE DIRECTORS

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

The Non-Executive Directors meet once per year without the Chairman present in order to appraise the performance of the Chairman and take into account the views of the Executive Directors. Under the UK Corporate Governance Code, it is part of the role of the Senior Independent Director to lead this process. This took place in March 2019. In 2020, in the absence of a Senior Independent Director, the process was led by Non-Executive Director Anne de Kerckhove.

BOARD EVALUATION

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

An externally facilitated, in-depth evaluation of the Board and its Committees relating to performance in 2019, in the context of the challenges and opportunities facing the Company, was carried out by Fidelio Partners, an independent board advisory and search consultancy based in London. This is the first time Fidelio has conducted an external Board evaluation for 888, although 888 has undertaken regular external Board evaluations in the past. Fidelio has no other connection with 888 or its directors.

• Fidelio undertook the following steps to conduct the Board evaluation.
  • Built an outline of the process and developed a bespoke questionnaire based on discussions with the Chairman.
  • Interviewed Board Members, senior Executives and advisers.
  • Observed meetings of the Board and Remuneration Committee.
  • Reviewed Board papers and other relevant documents.
  • Analysed findings and presented results to the Chairman and the Board.

Fidelio’s focus was increasing effectiveness, taking account of best practice. Having conducted the evaluation, Fidelio identified strengths and also made practical, forward looking recommendations as to how the Board could increase its effectiveness and add further value. These recommendations focused on improving the contribution of the Board to the Group’s strategy, succession planning, continuing to strengthen the experience of FTSE best practice in the boardroom, reviewing the Audit Committee’s work improving Board learning processes, and improving and articulating stakeholder engagement.

Fidelio will review these recommendations with the Board and the Board will agree on their implementation. Fidelio will be
available as a sounding board throughout this process.
Following the evaluation, the Board was satisfied that each of the Non-Executive Directors continues to be effective and to demonstrate commitment to their respective roles, and proposes them for re-election or election at the 2020 Annual General Meeting. The next Board evaluation is scheduled to be held in 2021.

DEVELOPMENT AND ADVICE

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

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

During 2019, Mark Summerfield was appointed as a Non-Executive Director. Itai Pazner was appointed as Chief Executive Officer in January 2019 and as a Director in March 2019. The new Directors are being provided with ongoing corporate governance training by the Group’s external UK counsel, Latham & Watkins (London) LLP.

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

INFORMATION AND SUPPORT

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

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

CONFLICTS OF INTEREST

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

ACCOUNTABILITY

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

The annual review considers individual risk control responsibilities, reporting lines and qualitative assessments of residual risks. Such a review was carried out in respect of the processes that were in place throughout 2019 up until the date of approval of the Annual Report and Accounts. No significant failings or weaknesses were identified in the review.

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

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

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

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

References: In this Annual Report to Company Secretary refer to Herzog Fox & Neeman. The Company Secretary for Gibraltar corporate purposes is Straits Secretaries (Gibraltar) Limited.
The reporting structure relating to all the companies included in the consolidated financial statements requires that significant risks are to be reported immediately to the Board on identification.

**AUDIT COMMITTEE AND AUDITORS**
The Board has established an Audit Committee. Details of the Audit Committee’s functions, together with its specific activities in 2019, are set out in the Audit Committee Report on page 103.

During the year, the Company’s Audit Committee comprised Senior Independent Director Ron McMillan (Chair) until April 2019, Mark Summerfield (Chair) from September 2019 (during the interim period April–September 2019 there was no Audit Committee Chair), and Independent Non-Executive Directors Zvika Zivlin and Anne de Kerckhove.

During 2019, Deloitte carried out the Company’s internal audit function, reporting to the Audit Committee; during 2019, the internal auditor provided nine reports to the Audit Committee and discussed the internal audit working plan for 2020.

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

Details of the Company’s risk management strategy and the Board’s assessment of the Company’s viability in light of its risks are set out on pages 32 and 48 respectively.

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

During the year, the Company’s Remuneration Committee comprised Independent Non-Executive Director Zvika Zivlin (Chair), Senior Independent Director Ron McMillan until April 2019 and Independent Non-Executive Director Anne de Kerckhove. Mark Summerfield was appointed as a member of the Remuneration Committee in March 2020.

The Remuneration Committee determines the Chairman’s and Executive Directors’ fees, whilst the Chairman and the Executive Directors determine the fees paid to the Non-Executive Directors. Further details are provided on page 95.

The Remuneration Committee was advised during 2019 by Korn Ferry. The remuneration consultant has no other connection with 888 or any of the Directors. Further details are provided on page 102.

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

The Directors’ Remuneration Report, which outlines the Remuneration Committee’s work and details of Directors’ remuneration, is on pages 86 to 102. The Remuneration Committee’s terms of reference are available on the Company’s website, corporate.888.com.

**GAMING COMPLIANCE COMMITTEE**
In accordance with Nevada Gaming Control Board requirements, the Board has appointed a Gaming Compliance Committee. Its current members are Michael Alonso (an external consultant to the Company), Ron McMillan (until April 2019), Mark Summerfield (from December 2019) and Zvika Zivlin.

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

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

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

**WHISTLE-BLOWING POLICY**
The Company’s whistle-blowing policy sets out the overall responsibility of the Board for implementation of the policy, but notes that the Board has delegated day-to-day responsibility for overseeing and implementing it to the designated whistle-blowing officer who is also Head of Regulatory Affairs and Group Compliance Officer. The policy provides that where an employee is not comfortable making a disclosure to his/her respective direct line manager, disclosure can be made to the designated whistle-blowing officer whose details are provided. If the subject of the disclosure in any way involves the designated whistle-blowing officer, the disclosure may be made directly to the Chair of the Audit Committee or to another member of the Group’s senior management. Whilst employees are permitted to make disclosures anonymously, disclosing employees are encouraged to reveal their identity to the designated whistle-blowing officer in order to allow a full and proper investigation to take place; measures can be taken to preserve the confidentiality of the disclosure where appropriate. The Board commits to investigating all disclosures fully, fairly, quickly and, where circumstances permit, confidentially. Undertakings are made to employees who raise genuinely held concerns in good faith under the procedure that they will not be dismissed or subjected to any detriment as a result of his/her action. Employees of the Group are regularly sent reminders regarding the whistle-blowing policy as part of general refreshers of various Group policies.

No whistle-blowing incidents were internally reported by the Company’s employees during 2019 and up to the date of this annual report.
RELATIONS WITH SHAREHOLDERS AND KEY FINANCIAL AUDIENCES
The Company maintains an active and regular dialogue with principal and institutional shareholders and sell-side analysts through a planned programme of investor relations and financial PR activity. The Board also keeps up to date with the views of major shareholders through meetings and discussions with shareholder representatives throughout the year.

The outcome of this dialogue and these meetings is reported to the Board. The programme includes formal presentations of full year and interim results, analysts’ conference calls and periodic roadshows and discussion of the Company’s strategy and governance. Details of engagement with shareholders during 2019 are set out on page 102.

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

All shareholders are welcome to attend the 2020 Annual General Meeting (scheduled to be held on 20 May 2020) and private investors are encouraged to take advantage of the opportunity given to ask questions. All Board members (including the Chairs of the Audit, Remuneration and Nominations Committees) will attend the meeting and be available to answer questions.

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

Applicable sub-paragraph within LR 9.8.4

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

On behalf of the Board:

BRIAN MATTINGLEY
Non-Executive Chairman
15 April 2020
I am pleased to present our Directors’ Remuneration Report to shareholders. As a company incorporated in Gibraltar, 888 Holdings plc is not bound by UK law or regulation in the area of Directors’ remuneration to the same extent that it applies to UK incorporated companies. However, by virtue of 888’s Premium Listing on the London Stock Exchange and reflecting the Committee’s approach to good governance, we have adopted in full the disclosure and shareholder voting requirements of a UK incorporated company.

At the 2019 Annual General Meeting we sought shareholder approval for a new Directors’ Remuneration Policy and were pleased to receive strong shareholder support with 99% votes in favour. At this year’s AGM, the Annual Statement and the Annual Report on Remuneration, which sets out how the policy was applied in 2019 and will be applied in 2020, will be subject to an advisory shareholder vote.

PAY OUTCOMES FOR 2019
The Committee noted the Group’s revenue growth during 2019, driven by the continued expansion of 888casino across a number of regulated markets, strong revenue growth in 888sport, the outstanding success of the Orbit casino platform across multiple regulated markets, expansion of the Group in attractive regulated markets, the success of the Group’s focus on developing a more recreational customer base underpinning growth in the UK market, and strong performances in Italy and Romania, in addition to the launch of the Group’s “Safer. Better. Together.” safer gambling strategy in 2020, all being achieved against the backdrop of an increasingly challenging regulated market and volatile and uncertain economic and market outlook.

The annual bonus was focused on the achievement of stretching adjusted EBITDA targets set relative to budget with 50% of the maximum bonus opportunity payable for achievement of a target level of performance and 100% of bonus payable for achieving 110% of target. No bonus is payable for achieving less than target. Like-for-Like Adjusted EBITDA in 2019 was $98.0m, resulting in bonuses to the Directors of 74.6% of maximum.

As mentioned in the 2018 Remuneration Report, for the first time, the target range for 2019 is lower than the prior year actual EBITDA, reflecting the extremely challenging regulatory environment in which 888 operates and the outlook when targets were set. The Committee considered at the time the targets were set that they were as stretching as those set for the previous year given the outlook and regulatory environment. In the circumstances, the Committee considers that preserving the level of profitability that management has achieved is an excellent result for 2019, and that the annual bonus payment of 74.6% of maximum is appropriate. With the LTIP vesting of 30.6% of maximum (see below), the combined level of annual bonus and LTIP vesting provides a similar level of pay-out to last year which is considered by the Committee to be appropriate in all the circumstances.

For full details of Executive Directors’ bonuses and the associated performance delivered see page 95.

The LTIP awards granted in 2017 were based on EPS growth targets for 50% of the award and for the other 50% based on relative TSR measured over three financial years to 31 December 2019. Adjusted EPS growth over this period was 12.2% p.a. compounded, against a target range of 5% p.a. compounded to 20% p.a. compounded. The Company’s TSR was -11%, which was below the median TSR performance of the peer group, therefore the TSR part of the award will not vest. Therefore, 30.6% of the 2017 award will vest in 2020.

Taking account of the difficult and highly regulated market that the Company is operating in, the Committee was comfortable that the Executive Directors delivered a robust performance and that the annual bonus payment of 74.6% of maximum and LTIP vesting of 30.6% of maximum provided a robust link between performance and reward and that no discretion needed to be exercised.

BOARD CHANGES
As announced in January this year, Aviad Kobrine will be standing down as CFO once a suitable successor has been appointed. His remuneration arrangements on leaving are in line with our approved policy. Mr Kobrine has a 12-month notice period, during which he is entitled to receive his current salary, pension and benefits. Exceptionally, Mr Kobrine will be standing down for an annual bonus opportunity during his notice period which the Board anticipates he will work in full and as a result he remains critical to the execution of our strategy during this time. No LTIP award will be granted to Mr Kobrine during his notice period.

1 Like-for-like adjustments are made to Adjusted EBITDA to account for Group’s withdrawal from any markets during the year (to provide an assessment of the underlying performance of the core business), to exclude changes to gaming taxes arising in the year that were not included at the start of the year, for tax base changes and for constant currency.
With respect to his unvested deferred bonus shares and unvested LTIPs, Mr Kobrine will be treated as a good leaver. As such, his awards will vest at the usual time, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the vesting period served. Further details on his remuneration arrangements are set out in this report. Holding periods for the 2019 LTIP award and annual bonus shares will continue to apply post-employment.

As announced on 24 January 2019, Itai Frieberger resigned as CEO but remained on the Board as a director during his 12-month notice period to ensure a smooth transition for Itai Pazner into his role as new CEO and to retain responsibility for key strategic priorities. On 24 January 2020, Mr Frieberger stepped down from the Board. Mr Frieberger’s remuneration which is in line with the shareholder approved policy as disclosed in last year’s remuneration report is set out in detail in this report.

**APPLICATION OF POLICY FOR 2020**

The CEO will receive a salary increase of 4%, in line with the average salary increase awarded to the wider Israeli workforce. Our CFO will not receive a salary increase for 2020.

The annual bonus opportunity is 150% of salary for both the CEO and CFO. The annual bonus will continue to be determined by Like-for-Like Adjusted EBITDA for 70% of the bonus with targets based around budget. The remaining 30% will be based on the achievement of strategic objectives set by the Committee. This is the first time the Committee has based part of the annual bonus on strategic measures which is considered a critical part of the evolution of the remuneration strategy as the Company continues to navigate a volatile and increasingly regulated market.

The strategic objectives ensure that the Executive Directors are focused on, and rewarded for, driving and developing specific strategic priorities that are critical to ensuring future longer-term sustainable growth. Further detail about the areas of focus for the strategic objectives is included in the Annual Report on Remuneration.

The LTIP award level for 2020 will remain at 200% of salary for the CEO. When a new CFO is appointed, the individual will be entitled to receive an LTIP award within the terms of our shareholder approved remuneration policy. No LTIP award will be granted to our current CFO Aviad Kobrine.

The Committee has considered carefully the very recent impact of external factors on our share price and has determined to maintain normal award levels noting it has the discretion to ensure that the final vesting outcome is appropriate in all the circumstances.

The Committee has reviewed the performance conditions for the 2020 LTIP awards, in light of the exceptional approach taken in 2019 when the Committee based vesting of the entire award on relative TSR targets. For 2020, the Committee has determined that the vesting of LTIP awards will return to the pre-2019 approach with 50% of an award based on adjusted earnings per share growth targets and 50% on relative TSR with a small adjustment to the TSR peer group.

The target range set for the EPS element of the 2020 LTIP award is 3% to 9% per annum compounded. Last year, the entire LTIP award was based on relative TSR, because the Committee was unable to set adjusted EPS targets given the volatile and uncertain economic, business and regulatory outlook. The outlook remains difficult, but the Committee was keen to return to a mix of EPS and TSR performance targets. In the circumstances, the Committee is comfortable that the targets set for 2020 are, in all the circumstances, stretching.

The Committee has spent time considering the introduction of a new long-term incentive structure for our CEO and we have consulted with investors about this. Given the current market environment, we have concluded now is not the right time to introduce an alternative structure, although the Committee will consider this matter again later in 2020.

The Committee is committed to maintaining an open and constructive dialogue with our shareholders on remuneration matters. I welcome any feedback you may have and look forward to your support at our 2020 AGM.

**ZVIKA ZIVLIN**

Chair of the Remuneration Committee
15 April 2020
**REVIEW OF THE POLICY**

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

The table below sets out the remuneration policy which was approved by shareholders at the 2019 Annual General Meeting held on 21 May 2019.

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

<table>
<thead>
<tr>
<th><strong>BENEFITS</strong></th>
<th></th>
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</table>
| **Purpose and Link to Strategy** | Market competitive structure to support recruitment and retention.  
Medical cover aims to ensure minimal business interruption as a result of illness. |
| **Operation** | Executive Directors may receive various benefits in kind as part of their employment terms. These may include an accommodation allowance (where 888 has required the executive to relocate), use of a company car (or car allowance), health insurance (or a contribution towards a health insurance scheme), “study fund” (a common savings benefit in Israel), disability and life assurance, relocation expenses, Directors’ indemnities and Directors’ and officers’ insurances to the extent permitted by law and other ad hoc benefits at the discretion of the Committee. |
| **Opportunity** | The value of benefits is based on the cost to 888 and there is no pre-determined maximum limit.  
The range and value of the benefits offered is reviewed periodically. |

<table>
<thead>
<tr>
<th><strong>PENSION</strong></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Purpose and Link to Strategy</strong></td>
<td>Contribution towards the funding of post-retirement life.</td>
</tr>
<tr>
<td><strong>Operation</strong></td>
<td>888 offers a defined contribution pension scheme (via outsourced pension providers) or cash in lieu of pension.</td>
</tr>
<tr>
<td><strong>Opportunity</strong></td>
<td>Up to 15% of base salary. For new appointments, the Committee will align pension to the workforce average taking into account market practice and legal requirements in the country of the executive and the wider workforce pension.</td>
</tr>
</tbody>
</table>
## ANNUAL BONUS

<table>
<thead>
<tr>
<th>Purpose and Link to Strategy</th>
<th>Rewards the achievement of annual financial and non-financial strategic targets.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation</td>
<td>Bonus targets (percentage of salary) are based on objective and disclosable calculations where possible.</td>
</tr>
<tr>
<td></td>
<td>The precise weightings between metrics may differ each year, although there will be always a greater focus on financial as opposed to non-financial performance.</td>
</tr>
<tr>
<td></td>
<td>Any bonus payment in excess of 100% of salary is deferred into shares which vest in equal tranches after one, two and three years. The deferral period continues on cessation of employment.</td>
</tr>
<tr>
<td></td>
<td>The Committee may adjust the formula-driven outturn of the annual bonus calculation in the event that the Committee considers that it does not reflect underlying performance, overall shareholder experience or employee reward outcome. Any such use of discretion would be detailed in the Chairman’s annual statement and Annual Report on Remuneration.</td>
</tr>
<tr>
<td></td>
<td>A dividend equivalent provision operates enabling dividends to be accrued (in shares) on unvested deferred bonus shares or options and only in truly exceptional circumstances cash.</td>
</tr>
<tr>
<td></td>
<td>The bonus is subject to recovery and withholding provisions which may be applied if the financial statements of 888 were materially misstated, an error occurred in assessing the performance conditions of a bonus, if the Executive ceased to be a Director or employee due to gross misconduct, or in an event of corporate failure, failure of risk management or reputational damage.</td>
</tr>
<tr>
<td>Opportunity</td>
<td>The maximum opportunity is 150% of base salary.</td>
</tr>
<tr>
<td></td>
<td>The level of pay-out for the achievement of target performance, as set by the Committee is 50% of the maximum amount. The threshold level of payment may be up to 25% of the maximum.</td>
</tr>
<tr>
<td>Performance Metrics</td>
<td><strong>Financial Performance</strong></td>
</tr>
<tr>
<td></td>
<td>The financial component is based on 888’s key financial measures of performance.</td>
</tr>
<tr>
<td></td>
<td>A sliding scale of targets applies for financial performance targets which are measured annually.</td>
</tr>
<tr>
<td></td>
<td>The degree of stretch in targets may vary each year depending on the business aims and the broader economic or industry environment at the start of the relevant year.</td>
</tr>
<tr>
<td></td>
<td><strong>Non-financial Performance</strong></td>
</tr>
<tr>
<td></td>
<td>Non-financial performance conditions will be based on KPIs in line with the business plan which the Committee considers will enhance future financial performance, the long-term sustainability of the business and shareholder value.</td>
</tr>
</tbody>
</table>
## REMUNERATION POLICY TABLE CONTINUED

### LONG TERM INCENTIVES (LTIP)

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

### SHARE OWNERSHIP GUIDELINES

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

Purpose and Link to Strategy
To recruit, motivate and retain a Chairman and Non-Executive Directors of a high calibre by offering a market competitive fee level and which takes account of the specific circumstances of 888.

Operation
The Chairman and the Executive Directors determine the fees paid to the Non-Executive Directors. The Chairman’s fees are determined by the Remuneration Committee with reference to prevailing fee rates amongst other gaming companies. Fees paid to the Non-Executive Directors are set by reference to an assessment of the time commitment and responsibility associated with each role, and prevailing fee rates amongst other gaming companies. Levels take account of additional demands placed upon individual Non-Executive Directors by virtue of their holding particular offices, such as Committee Chair and/or Senior Independent Director, and travel time to Board meetings (which are held outside the UK). Additional fees may be paid as appropriate to reflect increased time commitments of the role.

The Chairman and the Non-Executive Directors are not eligible to participate in any bonus plan, pension plan, share plan, or long-term incentive plan of 888. The Chairman and Non-Executive Directors are entitled to be reimbursed for any reasonable travel and accommodation and other expenses incurred in the performance of their duties (including any tax incurred thereon) including any expense deemed a taxable benefit in kind and the tax payable thereon.

Opportunity
No maximum.

DISCRETIONS RETAINED BY THE COMMITTEE IN OPERATING ITS INCENTIVE PLANS
The Committee will operate the annual bonus plan, deferred annual bonus plan and LTIP according to their respective rules. The Committee retains discretion in a number of regards to the operation and administration of these plans. These include, but are not limited to, the following:

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

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

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

REMUNERATION FOR LEAVERS

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

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

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

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

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

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

TERMS OF APPOINTMENT FOR NON-EXECUTIVE DIRECTORS

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

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

<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
<th>UNEXPIRED TERM OF SERVICE CONTRACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian Mattingley</td>
<td>Chairman</td>
<td>Terminable at 6 months’ prior written notice. No remuneration is payable in respect of any unexpired portion of the term of the Chairman’s appointment, including if the Chairman is asked to step down from the Board.</td>
</tr>
<tr>
<td>Itai Pazner</td>
<td>Chief Executive Officer</td>
<td>Indefinite subject to termination provisions set out in his Agreement. Loss of office provisions are detailed above.</td>
</tr>
<tr>
<td>Aviad Kobrine</td>
<td>Chief Financial Officer</td>
<td>12 month notice period expires on 24 January 2021. Loss of office provisions are detailed above.</td>
</tr>
<tr>
<td>Zvika Zivlin</td>
<td>Non-Executive Director</td>
<td>Until 8 May 2020. No remuneration is payable in respect of any unexpired portion of the term of the Director’s appointment, including if the Director is asked to step down from the Board.</td>
</tr>
<tr>
<td>Anne de Kerckhove</td>
<td>Non-Executive Director</td>
<td>Until 27 November 2020. No remuneration is payable in respect of any unexpired portion of the term of the Director’s appointment, including if the Director is asked to step down from the Board.</td>
</tr>
<tr>
<td>Mark Summerfield</td>
<td>Non-Executive Director</td>
<td>Until 5 September 2022. No remuneration is payable in respect of any unexpired portion of the term of the Director’s appointment, including if the Director is asked to step down from the Board.</td>
</tr>
</tbody>
</table>

All service contracts and letters of appointment are available for inspection at the Company’s registered office and at the annual general meeting.

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

888 engages with significant investors regarding remuneration issues and in respect of any proposed changes to the Directors’ Remuneration Policy and significant changes to operation of that policy and intends to continue doing so. Views of shareholders and their representative bodies expressed at the annual general meeting and feedback received at other times will be considered by the Committee.

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

888 did not consult with employees regarding the Directors’ Remuneration Policy that was brought to shareholders for approval in 2019. The Annual Report on Remuneration sets out engagement activities with stakeholders during the year of report.

In determining the remuneration policy for Executive Directors, the Committee takes account of the policy for employees across the workforce. In particular, when setting base salaries for executives, the Committee takes into account the salary increases being offered to the workforce as a whole. The overall structure of the remuneration policy for Executive Directors is broadly consistent with that for other senior employees, but reflects the additional risks and responsibilities borne by the Executive Directors. Executive remuneration and remuneration of senior employees is weighted towards performance-related pay. 888’s Senior Vice Presidents all participate in the same annual bonus and long-term incentive arrangements as the Executive Directors (at varying levels of quantum) and 888’s Business Leadership Forum also participate in a long-term equity plan.
ILLUSTRATION OF APPLICATION OF CURRENT REMUNERATION POLICY

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

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

**CEO – Itai Pazner**

- **Maximum**
  - Short-term incentive: 42%
  - Long-term incentive: 100%
  - Total: $4,392k

- **Target**
  - Short-term incentive: 33%
  - Long-term incentive: 100%
  - Total: $2,305k

- **Minimum**
  - Short-term incentive: 31%
  - Long-term incentive: 100%
  - Total: $978k

**CFO – Aviad Kobrine**

- **Maximum**
  - Short-term incentive: 54%
  - Long-term incentive: 100%
  - Total: $1,233k

- **Target**
  - Short-term incentive: 37%
  - Long-term incentive: 100%
  - Total: $1,000k

- **Minimum**
  - Short-term incentive: 100%
  - Long-term incentive: 100%
  - Total: $776k

**Assumptions:**

- **Fixed:** Shows fixed remuneration only, base salary as at 1 January, taxable benefits (as disclosed for the previous financial year) and pension.
- **Target:** Shows fixed remuneration plus 50% of the maximum annual bonus opportunity and 50% of the LTIP award.
- **Maximum:** Shows fixed remuneration and maximum annual bonus (150% of salary for the CEO and CFO) and LTIP (200% of salary for the CEO and no LTIP for the CFO). The Maximum scenario includes an additional element to represent 50% share price growth from the date of grant of the LTIP to vesting (where applicable).
ANNUAL REPORT ON REMUNERATION

This Annual Report on Remuneration together with the Chairman’s Annual Statement, as detailed on page 84 will be subject to an advisory vote at the 2020 AGM. The information on page 95 with respect to Directors’ Emoluments and onwards through page 102 has been audited.

OPERATION OF REMUNERATION POLICY FOR 2020

Set out below is the proposed application of the Remuneration Policy for 2020.

BASE SALARIES
Salaries for 2020 are set out below. The CEO’s salary was increased by 4% in line with that of the workforce in Israel. There is no increase in the salary of the CFO.

<table>
<thead>
<tr>
<th>Director</th>
<th>2020</th>
<th>2019</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>ILS 2,620,800</td>
<td>ILS 2,520,000</td>
<td>4%</td>
</tr>
<tr>
<td>CFO</td>
<td>£460,000</td>
<td>£460,000</td>
<td>0%</td>
</tr>
</tbody>
</table>

ANNUAL BONUS

The CEO and CFO will each have a maximum bonus opportunity of 150% of salary. Our CFO has exceptionally a contractual entitlement to an annual bonus opportunity during his notice period and will remain critical to the execution of our strategy throughout his notice period.

The annual bonus will be determined by adjusted EBITDA for 70% of the bonus. In line with last year, targets will be set by reference to a range around budget. The remaining 30% will be based on the achievement of strategic objectives set by the Committee. This is the first time the Committee has based part of the annual bonus on strategic measures, which is considered a critical part of the evolution of the remuneration strategy as the Company continues to navigate a volatile and increasingly regulated market. The strategic objectives ensure that the Executive Directors are focused on, and rewarded for, driving and developing specific strategic parts of the business that are critical to ensuring future longer-term sustainable growth.

These objectives are commercially sensitive but in broad terms are focussed on:

- Growing existing business across and within certain specified markets;
- Developing product growth opportunities;
- Progressing with our M&A strategy to identify, develop and grow new business opportunities;
- Continuing delivery of our responsible gaming proposition, relationships with our regulators and compliance requirements;
- Operational efficiencies.

The Committee has the discretion under the Directors’ Remuneration Policy to review and scale back the formulaic annual bonus outcome (based on the strategic objectives and the adjusted EBITDA targets) if it does not consider that it is appropriate in all the circumstances, including taking into account the underlying performance of the Company.

The Committee has determined that the adjusted EBITDA target range and strategic objectives are commercially sensitive, and therefore cannot disclose these prospectively in this report. However, full disclosure of targets and performance against them will be disclosed retrospectively in our 2020 Annual Report on Remuneration provided they are no longer commercially sensitive at that time.

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

Award levels
The CEO will be granted an award under the 888 Long-Term Incentive Plan 2015 of 200% of salary. When a new CFO is appointed, the individual will be entitled to receive an LTIP award within the terms of our shareholder approved remuneration policy. No LTIP award will be granted to our current CFO Aviad Kobrine.

The Committee has considered carefully the very recent impact of external factors on our share price and has determined to maintain normal award levels, noting it has the discretion to ensure that the final vesting outcome is appropriate in all the circumstances.

Performance conditions
The Committee has reviewed the performance conditions for the 2020 LTIP awards, in light of the exceptional approach taken in 2019 when the Committee based vesting of the entire award on relative TSR targets.

For 2020, the Committee has determined that the vesting of LTIP awards will return to the pre-2019 approach with 50% of an award based on adjusted earnings per share growth targets and 50% on relative TSR.

Target ranges
The targets for the 2020 awards are set out below. Straight line vesting will occur between target points.

The target range set for the adjusted EPS element of the 2020 LTIP award is 3% to 9% per annum compounded. Last year, the entire LTIP award was based on relative TSR because the Committee was unable to set adjusted EPS targets given the volatile and uncertain economic, business and regulatory outlook. The outlook remains difficult but the Committee was keen to return to a mix of adjusted EPS and TSR performance targets. In the circumstances the Committee is comfortable that the targets set for 2020 are in all the circumstances stretching.

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weighting (% of max award)</th>
<th>Threshold (25% of max vesting)</th>
<th>Maximum (100% of max vesting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relative TSR*</td>
<td>50%</td>
<td>Median</td>
<td>Median + 10% p.a compounded</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>50%</td>
<td>3% CAGR</td>
<td>9% CAGR</td>
</tr>
</tbody>
</table>

* The TSR peer group has been refined for 2020 to remove International Game Technology and OPAP and to introduce Rank Group. This provides a peer group comprising Betsson AB, Flutter Entertainments, Gammeys (which was acquired by JPJ), GVC Holdings, Kindred Group, Playtech, William Hill, Sportech and Rank Group.

The 2020 awards will be subject to a two-year post vesting holding period.

PENSION AND BENEFITS
888 offers a defined contribution pension scheme (via outsourced pension providers) or cash payment in lieu of pension. In accordance with standard practice in Israel, Itai Pazner receives personal pension scheme contributions in an amount of 14.87% of base salary, including a contribution for loss of working capacity. Aviad Kobrine receives an annual cash payment in lieu of pension in the amount of 15% of base salary. The pension contributions received by the Executive Directors are aligned to those available to the majority of the workforce in Israel where the CEO is based (and other employees in the UK where the CFO is based).

Benefits will continue as for 2019.

Chairman and Non-Executive Directors fees
The Non-Executive Director fees will remain unchanged from 2019:

- Chairman’s fee: £320,000;
- Non-Executive Director fee: £90,000;
- Senior Independent Director fee: £20,000;
- Chair of a Board committee (inclusive of membership fee): £15,000; and
- Membership of Audit or Remuneration Committee: £5,000.
Remuneration paid to Executive Directors for service in 2019

The following table presents the Executive Directors’ emoluments in respect of the year ended 31 December 2019 (all amounts are in US$'000).

<table>
<thead>
<tr>
<th>Executive Directors</th>
<th>Salary² $'000</th>
<th>Taxable Benefits³ $'000</th>
<th>Annual Bonus⁴ $'000</th>
<th>Long-Term Incentives⁵ $'000</th>
<th>Pension⁶ $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itai Pazner, CEO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(24 Jan 2019 onwards)</td>
<td>2019 681</td>
<td>99</td>
<td>766</td>
<td>81</td>
<td>101</td>
<td>1,728</td>
</tr>
<tr>
<td></td>
<td>2018 —</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Aviad Kobrine, CFO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>588</td>
<td>71</td>
<td>683</td>
<td>152</td>
<td>88</td>
<td>1,582</td>
</tr>
<tr>
<td>2018</td>
<td>601</td>
<td>55</td>
<td>251</td>
<td>532</td>
<td>90</td>
<td>1,529</td>
</tr>
<tr>
<td>Itai Frieberger, CEO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Stepped down 23 Jan 2019 but remained as a Director)</td>
<td>2019 919</td>
<td>154</td>
<td>1,061</td>
<td>327</td>
<td>137</td>
<td>2,598</td>
</tr>
<tr>
<td></td>
<td>2018 912</td>
<td>170</td>
<td>387</td>
<td>913</td>
<td>136</td>
<td>2,518</td>
</tr>
</tbody>
</table>

1. Directors’ remuneration is converted from Sterling and New Israeli Shekels into US$ at the average rate of exchange for the relevant month it was paid save for the annual bonus which is converted into US$ at the year-end exchange rate.
2. Salaries for 2019 were ILS 2,520,000 for Itai Pazner, ILS 3,275,000 for Itai Frieberger and £460,000 for Aviad Kobrine.
3. Benefits for Aviad Kobrine include car allowance and health, disability and life insurance; and for Itai Pazner and Itai Frieberger include convalescence and health insurance for the individual and their family; contribution to “study fund” up to the Israeli tax-free ceiling (with the excess up to 7.5% of Itai Frieberger’s salary paid in cash), car allowance (as well as gross-up of car allowance for Itai Frieberger), and meal allowance.
4. A breakdown of the 2019 annual bonus targets and the extent of their achievement is set out overleaf. Out of the total bonus payment made to Itai Pazner of ILS 2,645,535 (total of 111.9% of salary), an amount equal to 100% of salary (ILS 2,520,000) is paid in cash, and the excess portion above 100% of salary (ILS 125,533) is to be deferred into shares under the DSBP. Out of the total bonus payment made to Aviad Kobrine of GBP 54,740 (total of 111.9% of salary), an amount equal to 100% of salary (GBP 46,000) is paid in cash, and the excess portion above 100% of salary (GBP 8,740) is to be deferred into shares under the DSBP. Out of the total bonus payment made to Itai Frieberger of ILS 3,664,729 (total of 111.9% of salary), an amount equal to 100% of salary (ILS 3,275,000) is paid in cash, and the excess portion above 100% of salary (ILS 389,729) is to be deferred into shares under the DSBP.
5. Performance-based long-term incentives are disclosed in the financial year in which the performance period ends. LTIPs for the single total figure in 2019 are the value of the 2017 LTIP awards, for which the performance period ended on 31 December 2019, and will vest in 2020. The value is based on the average share price for the last three months of FY19 of $2.07 compared to a share price on the date of grant of $3.38 (£2.73). The value will be restated in the 2020 Annual Report on Remuneration using the actual share price on vesting. The long-term incentive for Itai Pazner was awarded to him in 2017 prior to his appointment as CEO. The full vesting value is shown in the table above (and not a time apportioned amount).
6. 888 offers a defined contribution pension scheme (via outsourced pension providers) or cash in lieu of pension. In accordance with standard practice in Israel, Itai Pazner is granted personal pension scheme contributions in an amount of 14.29% of base salary (Itai Frieberger: 13.99% of base salary). Aviad Kobrine receives a cash payment in lieu of pension in the amount of 15% of base salary.

NON-EXECUTIVE DIRECTORS’ AND CHAIRMAN’S FEES

<table>
<thead>
<tr>
<th>Non-Executive Directors</th>
<th>Fee $'000</th>
<th>Other¹ $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ron McMillan²</td>
<td>2019 70</td>
<td>—</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>2018 160</td>
<td>—</td>
<td>160</td>
</tr>
<tr>
<td>Zvika Zivlin</td>
<td>2019 153</td>
<td>—</td>
<td>153</td>
</tr>
<tr>
<td></td>
<td>2018 134</td>
<td>—</td>
<td>134</td>
</tr>
<tr>
<td>Anne De Kerckhove</td>
<td>2019 128</td>
<td>—</td>
<td>128</td>
</tr>
<tr>
<td></td>
<td>2018 120</td>
<td>—</td>
<td>120</td>
</tr>
<tr>
<td>Mark Summerfield³</td>
<td>2019 43</td>
<td>—</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>2018 —</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Brian Mattingley (Executive Chairman)</td>
<td>2019 409</td>
<td>23</td>
<td>432</td>
</tr>
<tr>
<td></td>
<td>2018 407</td>
<td>24</td>
<td>431</td>
</tr>
</tbody>
</table>

1. “Other” for Brian Mattingley reflects reimbursement of expenses connected with his role.
3. Mark Summerfield was appointed as a Non-Executive Director on 5 September 2019.
ANNUAL BONUS PAYMENTS IN RESPECT OF 2019 PERFORMANCE

The annual bonus opportunity was 150% of base salary and the bonus was determined by reference to challenging adjusted EBITDA targets based around budget. Annual bonus in excess of 100% of salary is deferred into shares in one-third tranches for one, two and three years.

EBITDA PERFORMANCE

The extent to which the EBITDA performance condition in respect of 2019 performance was achieved is as follows:

<table>
<thead>
<tr>
<th>Performance Measures</th>
<th>Target (50% pay-out)</th>
<th>Max (100% pay-out)</th>
<th>Actual performance</th>
<th>Bonus awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Like-for-like adjusted EBITDA</td>
<td>$93.4m</td>
<td>$102.7m</td>
<td>$98.0m</td>
<td>74.6% of maximum</td>
</tr>
<tr>
<td>Itai Pazner</td>
<td></td>
<td></td>
<td></td>
<td>$766k</td>
</tr>
<tr>
<td>Aviad Kobrine</td>
<td></td>
<td></td>
<td></td>
<td>$683k</td>
</tr>
<tr>
<td>Itai Frieberger</td>
<td></td>
<td></td>
<td></td>
<td>$1,061k</td>
</tr>
</tbody>
</table>

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

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

The Committee agreed the following adjustments to the 2019 reported adjusted EBITDA for bonus purposes:

<table>
<thead>
<tr>
<th>Adjusted EBITDA</th>
<th>2019 Reported (US$ million)</th>
<th>Adjustments (US$ million)</th>
<th>Adjusted EBITDA (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>85.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Constant currency adjustment</td>
<td>4.6</td>
<td>90.2</td>
<td></td>
</tr>
<tr>
<td>- Exit certain markets due to adverse regulatory changes</td>
<td>3.4</td>
<td>93.6</td>
<td></td>
</tr>
<tr>
<td>- Impact of M&amp;A transactions on operations</td>
<td>3.1</td>
<td>96.7</td>
<td></td>
</tr>
<tr>
<td>Above plan marketing investment with long-term benefit (outside of 2019)</td>
<td>13</td>
<td>98.0</td>
<td></td>
</tr>
<tr>
<td>Like-for-like Adjusted EBITDA</td>
<td></td>
<td></td>
<td>98.0</td>
</tr>
</tbody>
</table>

As mentioned in the 2018 Remuneration Report, for the first time, the target range for 2019 is lower than the prior year actual EBITDA, reflecting the extremely challenging regulatory environment in which 888 operates and the outlook when targets were set. The Committee considered at the time that the targets set were as stretching as those set for the previous year given the outlook and regulatory environment. In the circumstances, the Committee considers that preserving the level of profitability that management has achieved is an excellent result for 2019 and that the annual bonus payment of 74.6% of maximum and LTIP vesting of 30.6% of maximum (see below) are appropriate.

In line with policy, the bonus in excess of 100% of salary will be deferred in shares over one, two and three years for all Directors.
LONG-TERM INCENTIVE AWARDS WITH PERFORMANCE PERIOD ENDING IN THE YEAR ENDED 31 DECEMBER 2019

Long-Term Incentive Plan

The 2017 LTIP awards have a performance period that ended on 31 December 2019 and the awards are due to vest in 2020. The tables below set out the achievement against the performance conditions attached to the award, resulting in aggregate vesting of 30.6%, and the actual number of shares vesting (with their estimated value).

<table>
<thead>
<tr>
<th>Performance level</th>
<th>TSR (relative to a comparator group of five gaming companies – BwinParty Digital Entertainment, Sportech PLC, Ladbrokes PLC, Playtech plc and Paddy Power PLC)1</th>
<th>Like-for-like EPS Growth2,3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below threshold</td>
<td>Below median 0%</td>
<td>Below 15.76% 0%</td>
</tr>
<tr>
<td>Threshold</td>
<td>Median = -5% 25%</td>
<td>15.76% 25%</td>
</tr>
<tr>
<td>Stretch or above</td>
<td>33% above median = 271%</td>
<td>72.8% or above 100%</td>
</tr>
<tr>
<td>Actual achieved</td>
<td>-11% 0%</td>
<td>41.4% 61.2%</td>
</tr>
</tbody>
</table>

1 Relative to a comparator group of five gaming companies – GVC Holdings, Ladbrokes Coral Group plc, Playtech plc, Paddy Power Betfair plc and William Hill plc. On 28 March 2018 the acquisition of Ladbrokes plc by GVC Holdings plc was completed. As of such date, Ladbrokes plc was delisted and therefore the company was removed from the comparator group. In addition, during 2016, Paddy Power plc acquired Betfair plc and changed its listing to Paddy Power Betfair plc. Playtech Ltd listed on 2 July 2012 and is referred to as Playtech plc.
2 15.76% aggregate EPS growth is the equivalent of 5% EPS growth compounded annually. 72.8% aggregate EPS growth is the equivalent of 20% EPS growth compounded annually.
3 Like-for-like EPS growth is calculated as the growth in adjusted EPS between 2016 (the base year) and 2019 (the final year of the performance period). To ensure that the comparison is made on a like-for-like basis, adjustments have been made to exclude the impact of the Group’s withdrawal from certain markets and new gaming duties and taxes introduced during the period.

Details of the level of vesting for each Director in respect of awards granted under the 2017 LTIP, based on the above, are shown in the table below:

<table>
<thead>
<tr>
<th>Executive</th>
<th>Number of awards at grant</th>
<th>Number of awards to lapse</th>
<th>Number of awards to vest</th>
<th>Dividend accrual on vested awards value1 USS</th>
<th>Value of awards excluding Dividend Accrual USS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itai Pazner</td>
<td>128,347</td>
<td>89,073</td>
<td>39,274</td>
<td>0</td>
<td>81,464</td>
</tr>
<tr>
<td>Aviad Kobrine</td>
<td>240,110</td>
<td>166,636</td>
<td>73,474</td>
<td>0</td>
<td>152,402</td>
</tr>
<tr>
<td>Itai Frieberger</td>
<td>515,334</td>
<td>357,642</td>
<td>157,692</td>
<td>0</td>
<td>327,091</td>
</tr>
</tbody>
</table>

1 The value of the vested shares is based on the share price of $2.074 (based on the exchange rate of 1.29) being the average share price for the last three months of 2019.

2 Dividends accrue on awards at the date of a dividend payment to the date of vesting and upon exercise the value of the accrued dividends is paid to the employee on the number of vested awards.
SCHEME INTERESTS AWARDED DURING THE YEAR
The table below sets out the grants under the 888 Holdings plc Long-Term Incentive Plan in 2019. As the 2018 bonus achieved was less than 100% of salary, no Deferred Share Bonus Plan awards were made in 2019.

Itai Pazner was appointed as CEO in January 2019, just prior to the 2019 LTIP awards being granted, and in the circumstances the Committee did not consider it appropriate to scale back the level of LTIP awards to take into account the fall in share price from the time the 2018 awards were granted. The Committee has the discretion to adjust formulaic remuneration outcomes if it considers this appropriate at the time of vesting, for example to take account of windfall gains.

**888 Holdings Plc**
Scheme interests awarded during the financial year

<table>
<thead>
<tr>
<th>Executive</th>
<th>Award Type</th>
<th>Grant Date</th>
<th>Number of awards granted</th>
<th>Face value of awards granted</th>
<th>Face value of awards as % salary</th>
<th>% vesting at threshold performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itai Pazner</td>
<td>LTIP</td>
<td>12-Mar-19</td>
<td>638,332</td>
<td>$1,390,155</td>
<td>200%</td>
<td>25%</td>
</tr>
<tr>
<td>Aviad Kobrine</td>
<td>LTIP</td>
<td>12-Mar-19</td>
<td>413,917</td>
<td>$901,426</td>
<td>150%</td>
<td>25%</td>
</tr>
</tbody>
</table>

1 Face value was calculated using share price on the date of grant, which was £1.67 (12 March 2019). The awards to Itai Pazner were awards of Ordinary Shares, whilst the awards to Aviad Kobrine were Nil-Cost Options.
2 These awards are due to vest subject to performance conditions being met at the end of the performance period ending 31 December 2021. The award is subject to a TSR performance condition versus a peer group comprised of Betsson AB, Flutter Entertainments plc (formerly Paddy Power Betfair plc), GVC Holdings plc, International Game Technology plc, JU Group plc, Kindred Group, OPAP SA, Sportech plc, Playtech plc, and William Hill plc (25% of the TSR awards vest for median performance with full vesting achieved for out-performance the median plus 10% p.a.).

LOSS OF OFFICE PAYMENTS AND PAYMENTS TO PAST DIRECTORS
In 2019, no loss of office payments were made to Executive Directors, and no payments were made to past Executive Directors.

On 14 January 2020, it was announced that Aviad Kobrine will step down from his role as Chief Financial Officer during 2020. Mr Kobrine’s remuneration for his notice period and the treatment of his incentive awards, for which he will be treated as a good leaver, is set out below.

- Salary, benefits and pension to be paid for the duration of his notice period.
- Eligible to receive an annual bonus for 2020 (and for the part of 2021) for the duration of his notice period subject to the performance targets being met and paid at the normal time. Mr Kobrine exceptionally has a contractual entitlement to be eligible for an annual bonus payment for the duration of his notice period whether this is worked or not. It is the Company’s intention that Mr Kobrine will work his full notice period and therefore this will be the period for which he is eligible for an annual bonus.
- No LTIP grant for 2020.
- Mr Kobrine’s 2017, 2018 and 2019 LTIP awards will vest at the usual time, subject to performance and will be pro-rated to reflect the period of service as a proportion of the total vesting period.
- The 2019 LTIP award is subject to a two-year post vesting holding period which will continue post employment and annual bonus share holding periods will also continue post employment.

All payments to Itai Frieberger in 2019 are disclosed in the table of remuneration paid to executive directors on page 95.
DIRECTORS’ SHAREHOLDINGS AND SHARE INTERESTS
The Executive Directors are required to build and maintain a shareholding in 888 worth two times their annual salary as set out in the Remuneration Policy.

Details of the Directors’ interests in shares as at 31 December 2019 are shown in the table below. There were no changes in the Directors’ interests in shares between 31 December 2019 and the date of this Report.

<table>
<thead>
<tr>
<th>Director</th>
<th>Legally owned</th>
<th>Unvested shares with performance conditions</th>
<th>Unvested options1 with performance conditions</th>
<th>Unvested options1 without performance conditions</th>
<th>Vested unexercised options1</th>
<th>Total</th>
<th>Total for shareholding guideline</th>
<th>% achievement against shareholding guideline2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itai Pazner</td>
<td>780,522</td>
<td>909,127</td>
<td></td>
<td></td>
<td></td>
<td>1,689,649</td>
<td>780,522</td>
<td>780,522</td>
</tr>
<tr>
<td>Aviad Kabrine</td>
<td>—</td>
<td>—</td>
<td>898,415</td>
<td>79,665</td>
<td>3,570,910</td>
<td>4,548,990</td>
<td>3,650,575*</td>
<td>98%</td>
</tr>
<tr>
<td>Itai Frieberger</td>
<td>3,697,957</td>
<td>1,001,291</td>
<td></td>
<td>122,282</td>
<td></td>
<td>4,821,530</td>
<td>3,820,239</td>
<td>882%</td>
</tr>
<tr>
<td>Brian Mattingley</td>
<td>142,857</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td>142,857</td>
<td>—</td>
<td>N/A</td>
</tr>
<tr>
<td>Mark Summerfield</td>
<td>30,446</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td>30,446</td>
<td>—</td>
<td>N/A</td>
</tr>
<tr>
<td>Zvika Zivlin</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td>—</td>
<td>—</td>
<td>N/A</td>
</tr>
<tr>
<td>Anne De Kerckhove</td>
<td>—</td>
<td>—</td>
<td></td>
<td></td>
<td></td>
<td>—</td>
<td>—</td>
<td>N/A</td>
</tr>
</tbody>
</table>

1 Nil Cost Options.
2 The Executive Directors are required to build and maintain a shareholding equivalent to 200% of base salary. Shares counting towards this guideline include legally owned shares and fully vested but unexercised nil-cost options and deferred bonus share awards both without performance conditions (valued on a net of tax basis).
3 Share price at 31/12/2019 was £1.65
4 FX ILS/GBP = 4.58
5 Includes Closely Associated Persons in accordance with the EU Market Abuse Regulation.

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

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

Value of £100 Sterling in 888 1/1/2010 – 31/12/2019 vs FTSE 250
### TOTAL REMUNERATION HISTORY FOR CEO

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Remuneration ($000s)</th>
<th>Annual Bonus (%)</th>
<th>LTIP Vesting (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>958</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2011</td>
<td>3,783</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>2012</td>
<td>1,060</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2013</td>
<td>1,275</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2014</td>
<td>1,331</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2015</td>
<td>5,415</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2016</td>
<td>18,550</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2017</td>
<td>10,771</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2018</td>
<td>2,518</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>2019</td>
<td>465</td>
<td>74.6%</td>
<td>74.6%</td>
</tr>
<tr>
<td>2019</td>
<td>1,728</td>
<td>74.6%</td>
<td>74.6%</td>
</tr>
</tbody>
</table>

1. Gigi Levy was the CEO of 888 in 2010. Mr Levy resigned as CEO of 888 as of 30 April 2011.
2. Brian Mattingley was appointed as CEO on 27 March 2012.
3. Brian Mattingley’s total remuneration in 2015 included a phantom award granted to him on 27 March 2012 and which vested on 27 March 2015.
4. Reflects Brian Mattingley’s tenure as CEO until 13 May 2015.
5. Itai Frieberger was appointed as CEO on 2 March 2016 and stepped down as CEO on 25 January 2019. Remuneration is salary, benefits, pension and annual bonus for the period as CEO and the total LTIP value for 2019.
6. Itai Pazner was appointed as CEO on 24 January 2019. Remuneration is salary, benefits, pension and annual bonus for the period as CEO and the total LTIP value for 2019.

### PERCENTAGE CHANGE IN CEO REMUNERATION COMPARED TO THE AVERAGE FOR OTHER EMPLOYEES

The following table sets out the percentage change in salary, taxable benefits and annual bonus from financial year 2018 to financial year 2019, for both the CEO and employees of the Group taken as a whole. Exchange rates were normalized for 2019 in order to neutralise foreign exchange effects.

<table>
<thead>
<tr>
<th>Year on year change (CEO 2019 vs. 2018)</th>
<th>Year on year change (Employee 2019 vs. 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>-22%</td>
</tr>
<tr>
<td>Benefits</td>
<td>-37%</td>
</tr>
<tr>
<td>Bonus</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

### CEO PAY RATIO

<table>
<thead>
<tr>
<th>Method</th>
<th>25th percentile</th>
<th>50th percentile</th>
<th>75th percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>125</td>
<td>119</td>
<td>115</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Method</th>
<th>CEO 25th percentile</th>
<th>CEO 50th percentile</th>
<th>CEO 75th percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$709,878</td>
<td>$541,000</td>
<td>$541,000</td>
</tr>
<tr>
<td>A</td>
<td>$1808,299</td>
<td>$73,000</td>
<td>$95,000</td>
</tr>
<tr>
<td>A</td>
<td>$94,700</td>
<td>$123,000</td>
<td>$123,000</td>
</tr>
</tbody>
</table>

The table above sets out the CEO pay ratio for 2019. The ratios have been calculated as far as practicable following the methodology in Option A, as this is the most accurate method of calculation. The CEO pay is compared to the pay of our Israeli employees at the 25th, 50th and 75th percentile.

The reward policies and practices for our employees are aligned to those set for the Executive Directors, including the CEO and on this basis the Committee is satisfied that the median pay ratio is consistent with the pay, reward and progression policies across the 888 Group employees.
RELATIVE IMPORTANCE OF SPEND ON PAY

The following graph sets out the actual expenditure by 888 in financial years 2018 and 2019 on items that were the most significant outgoings for 888 in the last financial year, including on remuneration to Group employees.

![Graph showing expenditure comparison between 2018 and 2019]

- **Employee pay & benefits**: Employee pay & benefit is according to note 6. Employee pay & benefits are included SBC (Equity and Cash settled).
- **Tax**: YOY increase is mainly derived from:
  1. Tax in 2018 includes US$22.4 million release of provision following receipt of tax assessments in respect of legacy VAT relating to the provision of gaming services in Germany prior to 2015.
  2. UK POC3 regime commenced in April 2019, coupled with changes in tax rates in Italy and Romania, accompanied by growth in activity.

The comparables chosen were the following:

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

COMMITTEE MEMBERS, ATTENDEES AND ADVICE

The Remuneration Committee consists solely of Non-Executive Directors, Zvika Zivlin (Chair), Anne de Kerckhove, Ron McMillan (until 4 April 2019) and Mark Summerfield (from 16 March 2020). Details of attendances at Committee meetings are contained in the statement on Corporate Governance on page 76. The Chairman and Company Secretary attend meetings by invitation.

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

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

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

The total fees paid to Korn Ferry in respect of its services to the Committee for the year ending 31 December 2019 were £71,350 (2018: £25,000*). Fees are charged on a ‘time spent’ basis.

* Disclosed as nil in 2018 Report as invoiced after year-end.

ENGAGEMENT WITH SHAREHOLDERS

The Committee includes as part of its annual agenda consideration and review of workforce policies and practices and invites members of the management team to attend Committee meetings to provide input into the Committee’s considerations. A key part of the Group’s SVP for Human Resources and Chief Operating Officer’s roles supported by the CEO are to engage with the wider workforce and views and feedback on remuneration are provided to the Committee and wider Board. The Company engages with its workforce through a number of different channels (as set out in more detail on pages 60 to 64). Engagement with the workforce to explain broader pay policies and practices and the alignment to the Executive Directors’ Remuneration Policy is carried out throughout the year focusing on different elements of pay at different times in line with the Group’s annual performance, strategy and reward agenda, through a variety of existing engagement channels including town halls and the cascade of group communication by the Chief Executive Officer to his key team and then throughout the organisation.

The Committee is committed to having a transparent and constructive dialogue with our investors and consults with its investors to seek feedback on any proposed policy changes and significant operation of policy changes.

The Committee has spent time considering the introduction of a new long-term incentive structure for our CEO and has consulted with investors about this. Given the current market environment, the Committee has concluded now is not the right time to introduce an alternative structure although the Committee will consider this matter again later in 2020.

STATEMENT OF SHAREHOLDER VOTING AT AGM

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

<table>
<thead>
<tr>
<th>Advisory Vote to approve Annual Report on Remuneration (at 2019 Annual General Meeting)</th>
<th>Advisory Vote to approve Remuneration Policy (at 2019 Annual General Meeting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of votes</td>
<td>Total number of votes</td>
</tr>
<tr>
<td>For</td>
<td>237,526,124</td>
</tr>
<tr>
<td>Against</td>
<td>14,291,492</td>
</tr>
<tr>
<td>Vote Withheld</td>
<td>2,359</td>
</tr>
</tbody>
</table>

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

ZVIKA ZIVLIN

Chair of the Remuneration Committee

15 April 2020
AUDIT COMMITTEE REPORT

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

On the following pages we set out the Audit Committee Report for 2019, providing an overview of the Committee’s role and the matters it considered during the year. This is my first report and I can reassure shareholders that I have inherited a Committee that is working well, with the right mix of skills and experience to provide constructive, yet independent and robust, challenge and support to both management and our auditors. I would like to thank my colleagues on the Committee for their help and support since my appointment.

During the year, the Audit Committee has continued to carry out a key role within the Group’s governance framework, supporting the Board in risk management, internal control and financial reporting. The Committee has monitored the integrity of the financial statements, in particular exercising oversight of 888’s financial reporting policies and considering the significant financial reporting judgments applied in preparing the financial statements, as well as the implementation of new accounting standards. It has also ensured that disclosures in the financial statements are appropriate and obtained from the external auditors an independent view of the key disclosure issues and risks.

At the request of the Board, the Committee has reviewed this Annual Report and advised that it considers that sufficient information has been provided to give shareholders a fair, balanced and understandable account of the Group’s business and allow them to assess its position and performance, business model and strategy. The Committee has also ensured that the financial performance aspects of all communications with shareholders were properly considered.

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

An associated Committee responsibility is to review the scope, nature and effectiveness of internal and external audits. Internal audit work is conducted by Deloitte, and the scope of their plan is agreed with both management and the Committee to ensure it helps the Board consider the effectiveness of controls over certain of the significant risks disclosed in these accounts.

The Committee also monitors and reviews the key aspects of 888’s external audit, which is conducted by Deloitte, and the scope of their plan is agreed with both management and the Committee to ensure it helps the Board consider the effectiveness of controls over certain of the significant risks disclosed in these accounts.

Amongst other things, during the year the Committee considered:

- The complex legal and regulatory environment in which 888 operates, together with changes in laws and governance regulations that may impact 888’s business, sector and market and the Group’s ongoing engagement with regulatory bodies.
- 888’s exposure to corporation tax, VAT and gaming duties in various jurisdictions.
- The accounting treatment of the BetBright and Costa Bingo acquisitions, as well as the carrying value of goodwill and other intangible assets relating to prior acquisitions and their related disclosures in the financial statements.
- The adequacy of 888’s IT systems and controls and review of cyber-attack and data protection incidents and management response.
- The adequacy of the systems and controls on which management relies.
- The Board’s assessment of risk, risk appetite and the risk register prepared by management.
- The viability statement and going concern statement prepared by management.
- 888’s anti-bribery obligations.
- 888’s anti-money laundering obligations.

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

We seek to respond to shareholders expectations in our reporting and would welcome feedback. I am available to speak with shareholders at any time and shall also be available at the Annual General Meeting on 20 May 2020 to answer any questions.

Sincerely,

MARK SUMMERFIELD
Chair of the Audit Committee
15 April 2020
COMMITTEE COMPOSITION
During 2019, the Committee comprised three independent Non-Executive Directors, except during the period following the resignation of Ron McMillan (Chair) in April 2019, until the appointment of Mark Summerfield (Chair) in September 2019; Zvika Zivlin and Anne de Kerckhove served as members of the Audit Committee throughout the year. Two members constitute a quorum. The Committee requires the inclusion of at least one financially qualified member with recent and relevant financial experience. The Committee’s Chairmen fulfilled that requirement: The Committee as a whole has competence relevant to the online gaming sector and all members of the Committee have an understanding of financial reporting, 888’s internal control environment, relevant corporate legislation, the functions of internal and external audit and the regulatory and compliance framework of the business. Specifically, Mr. Zivlin has extensive business experience through his various roles, Mr. McMillan has served in the past as the auditor of companies in the betting and gaming sector, Mr. Summerfield was both an auditor and worked within the sector, and Ms. de Kerckhove has extensive strategy, entrepreneurial and sector experience. Details of meetings of the Audit Committee are set out in the Corporate Governance Report on page 76.

The timing of Audit Committee meetings is set to accommodate the dates of release of financial information at the half-year and full-year ends and the approval of scope and outputs from work programmes executed by the internal and external auditors. In addition to scheduled meetings, the Chairmen of the Committee met with the Chief Financial Officer and the internal and external auditors on a number of occasions. Although not members of the Committee, the Chairman, Chief Executive Officer and Chief Financial Officer normally attend meetings, together with representatives from the internal and external auditors.

RESPONSIBILITIES
The committee is responsible for:

• Monitoring the integrity of 888’s financial statements and reviewing significant financial judgments;

• Reviewing internal financial controls and management’s response to required corrective actions identified in both internal and external audit reports;

• Monitoring and reviewing the effectiveness of the internal audit function;

• Overseeing the effectiveness of the external audit process, reviewing and monitoring the external auditor’s objectivity and independence, and agreeing their terms of engagement and remuneration;

• Developing and implementing a policy on the engagement of the external auditor to supply non-audit services; and

• Assisting the Board in its consideration of internal control and risk management systems and determining appropriate mitigation actions to the risks identified.

OUR FOCUS IN 2019
In planning its work, the Committee has reference to the significant risks that may have an impact on the financial statements. During the year, there were no matters where there was significant disagreement between management, the external auditor and the Committee, or unresolved issues that required referring to the Board. The key matters discussed by the Committee during the year were as follows:

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

During 2019, the Board and Audit Committee received regulatory briefings from the Company’s lawyers and reviewed updates on the management of regulatory risk from management, as well as reviewing the status of litigation involving 888 and the related accounting for 888’s obligations in the financial statements. This included examination of the changing regulatory landscape in Germany and defence of the Company’s position in that market, and implementation of the Group’s Brexit planning, as well as various compliance and quality assurance controls in various markets as the regulatory regimes evolve. Based on legal advice, the Audit Committee considers whether it can quantify reliably the outflow of funds that may result from any regulatory actions. For matters where an outflow of funds is probable and can be measured reliably, amounts are recognised in the financial statements within provisions.

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

In 2019, the Board and Audit Committee discussed tax related matters including the Group’s German VAT proceedings, which are presently under administrative appeal. Furthermore, the Committee received detailed updates regarding the progress of the Israeli tax audit of Random Logic Ltd. The Committee noted that the Group registered for taxes in relevant jurisdictions in order to ensure timely reporting and payment on the correct basis, whilst reserving its position concerning contesting possible existence of a liability in appropriate cases. For further information, see notes 8 and 27 to the financial statements.
GOODWILL AND INTANGIBLE ASSETS
As set out in note 12 to the consolidated financial statements, 888 has significant goodwill and other intangible assets relating to the acquisitions of the Bingo and AAPN businesses, the development of gaming platforms and software, and the internal costs incurred in respect of the new data centre project in Dublin.

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

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

BetBright and Costa Bingo Acquisitions
In February 2019, 888 acquired certain assets primarily comprising the Costa Bingo business from Jet Management Group Limited, for £18 million. Furthermore, in April 2019, 888 acquired the assets of BetBright comprising primarily of its sports betting platform, for US $19.3 million. The Group used the services of an independent valuation expert to assist with the fair valuations and purchase price allocations. The Audit Committee also reviewed the cash flow forecasts supporting the varying book values including the key assumptions and estimates and satisfied itself with the resulted goodwill and gain.

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

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

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

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

The Group is proactive in ensuring that corporate and operational risks are identified, assessed and managed by identifying suitable controls. A corporate risk register is maintained which details:
1. The risks and impact they may have;
2. Actions to mitigate risks;
3. Risk scores to highlight the likelihood and implications of occurrence;
4. The owners of risks; and
5. Target dates for actions to mitigate.

A description of the principal risks is set out on pages 32 to 41.

The Board has confirmed that it has carried out a robust assessment of the principal risks facing 888, including those which threaten its business model, future performance, solvency or liquidity.
Internal controls and risk management continued

In addition to the matters described above, the work of the Committee during the year included:

- Reviewing the draft interim and annual reports and considering:
  1. The accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports;
  2. Application of IAS 36;
  3. The significant accounting issues, estimates and judgments of management in relation to financial reporting, including impairment;
  4. Whether any significant adjustments were required arising from the audit;
  5. Compliance with statutory tax obligations and the Company’s tax policy;
  6. Whether the information set out in the Strategic Report was balanced, comprehensive, clear and concise and covered both positive and negative aspects of performance; and
  7. Whether the use of ‘alternative performance measures’ obscured IFRS measures.
- Meeting with internal and external auditors, both with and in the absence of the Executive Directors.
- Reporting to the Board on how it has discharged its responsibilities.
- Making recommendations to the Board in respect of its findings in respect of all of the above matters.
- Review and approval of the external audit fee.

The Board considers that the processes undertaken by the Audit Committee continue to be appropriately robust and effective and in compliance with the guidance issued by the FRC. During the year, the Board has not been advised by the Audit Committee of, nor identified itself, any failings, frauds or weaknesses in internal control which it has determined to be material in the context of the financial statements.

The Committee believes that appropriate internal controls are in place through the Group, that 888 has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system. The Committee also believes that the Company complies with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

FAIR, BALANCED AND UNDERSTANDABLE

The Committee considered whether the 2019 Annual Report is fair, balanced and understandable, and whether it provides the necessary information to shareholders to assess the Group’s performance, business model and strategy. The Committee considered management’s assessment of items included in the financial statements and the prominence given to them. The Committee and subsequently the Board were satisfied that, taken as a whole, the 2019 Annual Report and Accounts are fair, balanced and understandable.

PERFORMANCE OF AUDIT COMMITTEE

The Audit Committee’s performance was evaluated as part of the Board evaluation carried out during 2019, as detailed on page 80. The overall conclusion of the review was that the Committee remains effective in discharging its functions and reporting to the Board.

INTERNAL AUDITORS

The Group’s internal audit function is outsourced to Deloitte. The Audit Committee reviewed and monitored the internal audit plan in accordance with the principal risks to 888’s business as set out in the Risk Register. It has also reviewed reports from Deloitte in relation to all internal audit work carried out during the year and monitored response and follow up by management to internal audit findings. In the past three years, the internal auditors have reviewed various aspects of 888’s customer services and business operations, finance, B2B and B2C activities, product technologies, human resources and regulation. In 2019, Deloitte issued reports on B2B compliance, responsible gaming, Romania location review, accounts payable, anti-money laundering and source of funds, accounts receivable, UK gaming tax, implementation of board resolutions, and follow up of previous internal audit recommendations, as well as presenting the internal audit plan.

While no critical issues were identified by Deloitte, a number of matters were identified which required modifications to procedures and improved controls which either have been or are being implemented by management. The Committee has evaluated the performance of Deloitte, and has concluded that they provide constructive challenge and consistently demonstrate a realistic and commercial view of the business.

GOING CONCERN AND FINANCIAL VIABILITY

The Committee reviewed the appropriateness of adopting the going concern basis of accounting in preparing the full year financial statements and assessed whether the business was viable in accordance with the Code. The assessment included a review of the principal risks facing the Group, their financial impact, how they are managed, the availability of finance and the appropriate period for assessment. The committee challenged the identification of these significant risks and the assumptions comprising the viability analysis carried out by management. The Group’s viability statement is on page 48.
EXTERNAL AUDITORS

EY has been the Company’s external auditor since their appointment in 2014. The partners responsible for the external audit are Angelique Linares, a partner in EY’s Gibraltar office, and Philip Young, a partner in EY’s London office, who has replaced Cameron Cartmell who stepped down from the audit in 2019 due to rotation requirements.

The Committee has reviewed the performance of EY in relation to the 888 audit, a process which involved all Board members and senior members of 888’s finance function. In particular, 2019 was the first audit under a new London partner and the Committee sought feedback on how well the change had been handled. The Committee also considered whether the changes to the audit made in response to the FRC’s review of the 2017 audit were now fully embedded into the audit approach.

The conclusions reached were that EY had performed the external audit in a professional manner, and it was therefore the Committee’s recommendation that the reappointment of EY be proposed to shareholders at the Annual General Meeting to be held on 20 May 2020. If reappointed, EY will hold office until the conclusion of the next Annual General Meeting at which accounts are laid. The audit contract was last tendered for the year ending 31 December 2014 and no contractual obligations existed that acted to restrict the Audit Committee’s choice of external auditors. Under the EU Audit Regulation and the Competition and Markets Authority “The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities)” Order 2014, the Company is required to run a competitive tender process in respect of auditor appointment no later than 31 December 2023 year-end. Given EY’s short tenure to date, the Board has no present plans to consider an audit tender process. The Committee notes and confirms compliance with the other provisions of the Competition & Markets Authority Order 2014 in respect of statutory audit services for large companies.

The Committee reviewed the reports prepared by the external auditors on key audit findings and any significant deficiencies in the financial control environment, as well as the recommendations made by EY to improve processes and controls together with management’s responses to those recommendations. EY did not highlight any material internal control weaknesses and management has committed to making appropriate changes to controls in areas highlighted by EY.

AUDIT AND NON-AUDIT WORK

The Audit Committee remains mindful of the attitude investors have to the auditors performing non-audit services. The Committee has clear policies relating to the auditors undertaking non-audit work and monitors the appointment of the auditors for any non-audit work involving fees above US$0.1 million, with a view to ensuring that non-audit work does not compromise the Company’s auditors objectiveness and independence. The Committee is committed to ensuring that fees for non-audit services performed by the auditors will not exceed 70% of aggregate audit fees measured over a three-year period.

Minor non-audit work carried out by the external auditors for the Group in 2019 amounted to £55,000 (2018: £16,000). In 2019, the Company paid the external auditors for the statutory audit of the consolidated financial statements an amount of US$0.8 million (2018: US$0.7 million).
INDEPENDENT AUDITORS’ REPORT
TO THE MEMBERS OF 888 HOLDINGS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
In our opinion:

• 888 Holdings plc’s Group financial statements and parent company financial statements (the “financial statements”) give a true and fair view of the state of the Group’s and of the parent company’s affairs as at 31 December 2019 and of the Group’s profit for the year then ended;

• the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union;

• the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Gibraltar Companies Act 2014, and

• the financial statements have been prepared in accordance with the requirements of the Gibraltar Companies Act 2014, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of 888 Holdings plc which comprise:

<table>
<thead>
<tr>
<th>GROUP</th>
<th>PARENT COMPANY</th>
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<tr>
<td>Consolidated balance sheet as at 31 December 2019</td>
<td>Balance sheet as at 31 December 2019</td>
</tr>
<tr>
<td>Consolidated income statement for the year then ended</td>
<td>Statement of changes in equity for the year then ended</td>
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<tr>
<td>Consolidated statement of comprehensive income for the year then ended</td>
<td>Statement of cash flows for the year then ended</td>
</tr>
<tr>
<td>Consolidated statement of changes in equity for the year then ended</td>
<td>Related notes 1 to 10 to the financial statements including a summary of significant accounting policies</td>
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<tr>
<td>Consolidated statement of cash flows for the year then ended</td>
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<tr>
<td>Related notes 1 to 27 to the financial statements, including a summary of significant accounting policies</td>
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</table>

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Gibraltar Companies Act 2014. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs require us to report to you whether we have anything material to add or draw attention to:

• the disclosures in the annual report set out on page 34 that describe the principal risks and explain how they are being managed or mitigated;
• the Directors’ confirmation set out on page 33 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
• the Directors’ statement set out on page 48 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity’s ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
• whether the Directors’ statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
• the Directors’ explanation set out on page 48 in the annual report as to how they have assessed the prospects of the entity over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

• Going concern assessment and covenant compliance
• Regulatory and legal risks
• Taxation
• Revenue recognition
• Impairment of Bingo and AAPN cash generating units

Audit scope

• We performed an audit of the complete financial information of two components, one being a subsidiary in Israel and the other being the remainder of the Group.
• The components where we performed full audit procedures accounted for 100% of Profit before tax, Revenue and Total assets.

Materiality

• Overall Group materiality of US$2.2m which represents 5% of Profit before tax.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. All work on the Key audit matters was conducted by the Group audit team.
### INDEPENDENT AUDITORS’ REPORT CONTINUED

#### RISKS

**GOING CONCERN ASSESSMENT AND COVENANT COMPLIANCE**

The outbreak of COVID-19 has resulted in the postponement and cancellation of sporting events, which will negatively impact 888’s revenues from sports. This has significantly increased the uncertainties inherent in the going concern assessment.

Management have updated their base case forecast to reflect the impact of COVID-19, in particular the cancellation of sporting events, until September 2020. A downside scenario has been run on the assumption of a 20% decline in Casino, Poker and the continued suspension of sporting events until April 2021. In the downside scenario, Management have assumed the related reductions in revenue derived costs, such as gaming taxes and royalties as well as reductions in marketing costs and overheads. Management have also modelled an extreme downside scenario reflecting a shutdown of Sport revenues until April 2021 and a very substantial decline in Casino, Poker and Bingo revenues, in which case the group would take further rationalisation of its cost base including reduction of variable operating costs such as marketing expenditure, overheads and cuts to discretionary capital expenditure.

888’s forecast liquidity and covenant compliance are key considerations when considering the appropriateness of adopting the going concern basis of accounting. Refer to Financial Review (page 33), Refer to the Audit Committee Report (page 106); Accounting policies; and Note 2.1 of the Consolidated Financial Statements (page 121).

**OUR RESPONSE TO THE RISK**

- Confirmed our understanding of 888’s going concern assessment process as well as the review controls in place on the going concern model and management’s Board memoranda and compared cash on hand, and forecast cash generation to forecast liability settlement including committed dividends to assess liquidity risk.
- Assessed the flexibility of the business model to respond to reduced revenues; Audited the reasonableness of all key assumptions, namely each revenue stream, gaming duties, marketing expenses and overheads through reconciliation to the budget approved by the Board and comparison with recent actuals, as well as their consistency with other areas of the audit including impairment assessment.
- Compared the reduction in revenue derived costs to the levels of reduction we would expect through our other audit work.
- In the severe downside scenarios, we took into account of the impact of potential regulatory intervention to ensure responsible gambling at a time when consumers could be perceived as more vulnerable.
- Compared the reduction in revenues in the reasonable worst case to the decline in revenues observed following the 2008 financial crisis.
- Recalculated management’s forecast covenant ratio compliance calculations to check for breaches of each covenant ratio throughout the going concern period under management’s base case and downside scenario.
- Compared current trading to the similar period last year to assess the impact of COVID19, and potential impact on cash flows for the remainder of the going concern period.
- Considered the likelihood of management’s ability to execute mitigating actions, both in timing and amount, to prevent a breach of covenants in the downside and extreme downside scenarios based on our understanding of 888 and the sector in particular the ability of management to implement overhead cost savings, and
- Reviewed the appropriateness of management’s going concern disclosure in describing the risks associated with its ability to continue to operate as a going concern for a period of 12 months from the date of our Auditor’s Report.

**KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE**

- We reported to the Audit Committee that, based on our testing performed, we believed that the going concern assumption adopted in the 2019 financial statements remains appropriate after considering management’s base case updated for COVID-19.
- In the downside and extreme downside scenarios, management’s key mitigating actions include the ability reduce variable operating costs and to defer capital expenditure, as required.
- We confirmed that management’s disclosure appropriately describes the risks associated with 888’s ability to continue to operate as a going concern.

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**REGULATORY AND LEGAL RISKS**

- At 31 December 2019, the Group has provided US$10.2m (2018: US$11.3m) in respect of ongoing legal disputes.
- Given the industry and jurisdictions in which the Group operates, as described in the Principal Risks and Uncertainties on page 32, there is a risk that the Group will operate without an appropriate licence, have an existing licence adversely affected, or be subject to other regulatory sanctions and gaming duties, and in certain jurisdictions VAT or equivalent taxes.
- Understood the Group’s process and related controls in respect of regulatory and legal risks and the related accounting, and assessed whether the controls are designed effectively to mitigate the risk.
- Challenged the appropriateness of the group’s assumptions and estimates in relation to provisions and contingent liabilities, historical payments made by the Group and by competitors, emerging industry practice and the period to which any provision amounts relate, including with respect to anti-money laundering and responsible gaming in the UK and other markets.
- Based on our audit work we conclude that the accounting for revenue is appropriate.
<table>
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<th>RISKS</th>
<th>OUR RESPONSE TO THE RISK</th>
<th>KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE</th>
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| **REGULATORY AND LEGAL RISKS CONTINUED** | • Judgement is also applied in estimating amounts payable to regulatory authorities in certain jurisdictions. This gives rise to a risk over the accuracy of accruals and disclosure of contingent liabilities. There is also a risk that management may influence these significant estimates and judgements in order to meet market expectations or bonus targets.  
• Refer to the significant accounting policies (Note 2 on page 121) and Note 27 to the Consolidated Financial Statements (page 154). | • In respect of the regulatory provisions, we discussed any updates to the fact patterns with management and the Group’s lawyers and read their legal confirmations. The Group’s lawyers confirmed that they believed the quantum of the provisions for regulatory matters are reasonable.  
• Assessed the competence, integrity and expertise of the Group’s legal advisers and concluded they were appropriate and we therefore relied on their opinions.  
• Inquired of management and the Group’s legal advisers, HFN and local legal counsels involved, where appropriate, about any known instances of material breaches in regulatory or licence compliance that need to be disclosed or required provisions to be recorded.  
• Read the Group’s correspondence with regulators and tax authorities.  
• Circularised legal confirmations to all significant legal management experts as at 31 December 2019.  
• Understood the Group’s process and related controls over the identification and mitigation of taxation risks and the related accounting.  
• Obtained and read the results of the third-party tax studies obtained by the group and reviewed its correspondence with the relevant tax authorities, in order to support the tax position of the Group as recorded in the financial statements.  
• We read the Group Transfer Pricing policy and Permanent Establishment (PE) risk assessment prepared by management and their legal adviser (HFN) to understand the context of the group’s international tax strategy.  
• With support from our international tax experts, we understood management’s interpretation and application of relevant tax law and formed our own view in relation to provisions and contingent liabilities.  
• We read whether the Group’s disclosures of its tax estimates and judgements are in accordance with IFRS requirements. |
| **TAXATION** | • The Group recognised a taxation charge of US$3.7 million in 2019 (2018: US$13.9 million) and had income tax payable of US$10.1 million at 31 December 2019 (2018: US$11.4 million). The Group operates in a number of jurisdictions, resulting in complexities in the payment of and accounting for tax, particularly related to Transfer Pricing and Tax Residency. The Group faces a risk that given the international nature of its operations, material tax exposures may not be appropriately provided or disclosed in the financial statements. Refer to the Audit Committee Report (page 103), significant accounting policies (Note 2 on page 124), and Notes 8 and 14 to the Consolidated Financial Statements (pages 136 and 142). | • With assistance from tax specialists in each major jurisdiction, we have concluded that management’s judgements in relation to the taxation charge and provisions are materially correct and the related disclosures are appropriate. |
### INDEPENDENT AUDITORS’ REPORT

#### CONTINUED

#### RISKS

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<tr>
<td><strong>REVENUE RECOGNITION</strong></td>
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| The Group recognised revenue of US$560.3 million in 2019 (2018: US$540.6 million). The Group’s revenue recognition is highly dependent on the Group systems, including the Gaming servers and Datawarehouse. Systematic errors in calculations which could result in incorrect reporting of revenue.
| **OUR RESPONSE TO THE RISK** |
| • We understood and tested the key application and manual controls over the Group’s principal gaming systems. • We applied IT-based auditing techniques to re-perform the monthly reconciliation between the Group’s gaming revenue, cash and customer accounts. • We performed testing using “test accounts” in the live gaming environment for each revenue stream to test the interface between gaming servers, production systems and cash processing system with the Datawarehouse. • We proved that, in aggregate, the revenues recognised were equivalent to the cash receipts adjusted for known timing differences. |
| **KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE** |
| • Based on our audit work, we conclude that the accounting for revenue is appropriate. |

| **IMPAIRMENT OF BINGO AND AAPN CASH GENERATING UNITS** |
| **OUR RESPONSE TO THE RISK** |
| • We reviewed management’s assessment of indicators of impairment in the context of other information obtained during our audit and particularly where the performance of certain products is below management’s and external expectations. • We assessed whether the allocation of goodwill to CGU’s based on our understanding of the business and guidance in IAS 36. In particular with relation to AAPN, we assessed whether it was appropriate to treat the US as one CGU. • We corroborated the assumptions used by management to budgets and historically observed inputs, particularly in respect of forecast growth rates, and in the case of AAPN the duration of the forecast period, and we performed sensitivity analysis where there is limited headroom. |
| **KEY OBSERVATIONS COMMUNICATED TO THE AUDIT COMMITTEE** |
| • Based on our audit work, including the sensitivities applied, we are satisfied that that the carrying value of goodwill is materially correct and no impairment is required on any cash-generating unit at 31 December 2019. • In respect of the Bingo cash-generating units, we reported to the Audit Committee that the decline in revenues over the last two years indicated to us that more conservative growth rates should be applied in our independent forecast. Using these lower growth rates the headroom on both cash generating units was reduced, but did not indicate an impairment. • In respect of the AAPN cash generating unit we reported to the Audit Committee that the potential size of the US market had increased as compared to the prior year, and that the company’s assumed market share was in line with that achieved in other markets, however should the forecast growth rates not be achieved an impairment could be required. • We reported to the Audit Committee how the discount rate assumptions of 8.6% and 15% for Bingo and AAPN respectively compared with the range of acceptable estimates, which we consider to be 8.4%-11% and 13.7%-17.0% respectively. The disclosures in the ARA, in relation to short-term and long-term growth rates, appropriately describe that a reasonably possible change could lead to an impairment given the limited headroom for the B2B cash generating unit. |
AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent Internal Audit results when assessing the level of work to be performed at each entity.

The Group operates from a small number of locations and the Group’s accounting is centrally managed. In assessing the risk of material misstatement to the Group financial statements, we determined that there were two components, one being a subsidiary in Israel and the other being the remainder of the Group.

We performed an audit of the complete financial information of both of these components (‘full scope’). The components we audited therefore account for the entirety of the Group’s revenue, profit before tax and total assets. This is consistent with our approach in the prior year.

Involvement with component teams
In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction.

The Israeli subsidiary was subject to a full scope audit by a component team in Israel and the remainder of the Group was audited directly, as a full scope audit, by the Group audit team.

The Group audit team performed the majority of its audit fieldwork in Israel and to a lesser extent Gibraltar, including auditing all of the significant judgements. Non-statutory and statutory audit partners visited Israel at the year-end phase of the audit.

During this visit they conducted and reviewed audit work and attended audit closing meetings.

For the Israeli subsidiary, in addition to the location visits, the Group audit team interacted with the component audit team regularly during the various stages of the audit, reviewed key working papers, participated in the component team’s planning, including its discussion of fraud and error and were responsible for the scope and direction of the audit process. The allocation of responsibilities between the Group audit team and the Israeli component team was such that the audit work on each of the areas of risk described above was led by the Group audit team. This gave us sufficient and appropriate evidence for our opinion on the Group financial statements.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be US$2.2 million (2018: US$3.7 million), which is 5% (2018: 5%) of profit before tax. In the prior year we used profit before tax adjusted for exceptional charges.

We believe that profit before tax provides us with a consistent year on year basis for determining materiality and is the most relevant performance measure to the stakeholders of the Group. The decrease from the prior year primarily reflects the increase in the gaming tax burden through newly regulated markets and increased gaming tax rates (recognised as operating expenses), and fall in revenue, by the Group.

We determined materiality for the parent company to be US$1.2 million (2018: US$1.4 million), which is 2% (2018: 2%) of net assets.

During the course of our audit, we reassessed initial materiality and did not identify the need for any significant changes.
INDEPENDENT AUDITORS’ REPORT
CONTINUED

PERFORMANCE MATERIALITY
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group’s overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely US$1.7 million (2018: US$2.8 million). We have set performance materiality at this percentage due to our past experience of the audit, low number of misstatements and overall effective internal controls.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the performance materiality allocated to Israeli component was US$0.8 million (2018: US$1.6 million). The audit work on the remainder of the Group was undertaken using Group materiality.

REPORTING THRESHOLD
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of US$113,000 (2018: US$188,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION
The other information comprises the information included in the annual report set out on pages 01 to 48, including Strategic Report, the Directors’ Report and the Corporate Governance Report set out on page 76 other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

• Fair, balanced and understandable set out on pages 74 to 75 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group’s performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
• Audit committee reporting set out on pages 103 to 107 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the audit committee; or
• Directors’ statement of compliance with the UK Corporate Governance Code set out on page 76 – the parts of the Directors’ statement required under the Listing Rules relating to the company’s compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

OPINION ON OTHER MATTER PRESCRIBED BY THE GIBRALTAR COMPANIES ACT 2014
In our opinion, the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements and has been properly prepared in accordance with the Act.
OPINIONS ON OTHER MATTERS AS PER THE TERMS OF OUT ENGAGEMENT LETTER WITH THE COMPANY

In our opinion, the part of the Directors’ Remuneration Report to be audited has been properly prepared in accordance with the Gibraltar Companies Act 2014.

In our opinion, based on the work undertaken in the course of the audit:

• the information given in the strategic report and the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
• the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
• information about the company’s corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Gibraltar Companies Act 2014 requires us to report to you if, in our opinion:

• we have not received all the information and explanations we require for our audit; or
• there are material misstatements in the Directors’ Report based on our knowledge and understanding of the Company and its environment obtained in the course of the audit.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION AS PER THE TERMS OF OUR ENGAGEMENT LETTER WITH THE COMPANY

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

We have nothing to report in respect of the following matters which we have been instructed to report to you if, in our opinion:

• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
• the parent company financial statements and the part of the Directors’ Remuneration Report to be audited are not in agreement with the accounting records and returns; or
• certain disclosures of directors’ remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors’ responsibilities statement set out on pages 74 to 75, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

The objectives of our audit, in respect to fraud, are to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.
INDEPENDENT AUDITORS’ REPORT
CONTINUED

Our approach was as follows:

• We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those related to Gambling Regulations and related gaming and indirect taxes in different countries where the Group is operating, including the UK, Spain and Germany and other countries, those related to relevant tax compliance regulations in Gibraltar and Israel and related to the financial reporting framework (IFRS as adopted by the EU, UK Corporate Governance Code, Gibraltar Companies Act 2014 the Listing Rules of the London Stock Exchange and the Bribery Act 2010).

• We understood how 888 Holdings plc is complying with those frameworks by making enquiries of management and the company’s legal counsel (HFN). We corroborated our enquiries through our review of Board minutes, discussion with the audit committee and any correspondence with regulatory bodies, our audit procedures in respect of “Regulatory and legal risk” and “Taxation” significant risks, as described above.

• We assessed the susceptibility of the Group’s financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud, including in respect of revenue recognition. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journal entries.

• Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations, including anti-money laundering. Our procedures involved audit procedures in respect of “Regulatory and legal risk” and “Taxation” significant risks (as described above) as well as review of Board minutes to identify non-compliance with such laws and regulations, review of reporting to the Audit Committee on compliance with regulations and enquires of the management and HFN.

• In respect to the Israeli component, any instances of non-compliance with laws and regulations were communicated to the Primary team as they arose and were followed up with management by the Primary team.

• The Group operates in the gaming industry which is a highly regulated environment. The non-statutory audit partner has experience serving clients in the gaming industry and has served a variety of public UK-listed companies, including those with the majority of their operations overseas. He reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of a specialist where appropriate. The team had discussions during planning and throughout the audit in respect of the evolving gaming regulatory environment.

• We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved discussions with management and legal counsel to assess and understand the implications on our audit procedures. Our audit procedures in respect of the “Regulatory and Legal risk” are described above in “Key audit matters” section.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

• We were appointed by the company on 21 May 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. We signed an engagement letter on 19 March 2020.

• The period of total uninterrupted engagement including previous renewals and reappointments is six years, covering the years ending 31 December 2014 to 31 December 2019.

• The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

• The audit opinion is consistent with the additional report to the audit committee.

USE OF OUR REPORT

• This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work for this report, or for the opinions we have formed.

PHILIP YOUNG (NON-STATUTORY AUDITOR)

Ernst & Young LLP
London
13 April 2020

ANGELIQUE LINARES (STATUTORY AUDITOR)

For and on behalf of EY Limited, Registered Auditors
Gibraltar
15 April 2020

The maintenance and integrity of the 888 Holdings plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
## CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>560.3</td>
<td>529.9</td>
</tr>
<tr>
<td>19</td>
<td>—</td>
<td>10.7</td>
</tr>
<tr>
<td></td>
<td><strong>Revenue</strong></td>
<td><strong>560.3</strong></td>
</tr>
<tr>
<td>4</td>
<td>(175.9)</td>
<td>(158.1)</td>
</tr>
<tr>
<td>19</td>
<td>—</td>
<td>10.7</td>
</tr>
<tr>
<td>11</td>
<td>(10.7)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Revenue</strong></td>
<td><strong>540.6</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Operating expenses</strong></td>
<td><strong>(175.9)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Gaming duties</strong></td>
<td><strong>(95.5)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Research and development expenses</strong></td>
<td><strong>(33.6)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Selling and marketing expenses</strong></td>
<td><strong>(161.8)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Administrative expenses</strong></td>
<td><strong>(39.0)</strong></td>
</tr>
<tr>
<td>5</td>
<td>(2.3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Operating profit before exceptional items, VAT accrual release and share benefit charge</strong></td>
<td><strong>59.9</strong></td>
</tr>
<tr>
<td>5</td>
<td>(2.3)</td>
<td>10.7</td>
</tr>
<tr>
<td>23</td>
<td>(5.4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Operating profit</strong></td>
<td><strong>52.2</strong></td>
</tr>
<tr>
<td>7</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>7</td>
<td>(7.2)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>14</td>
<td>(0.2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Profit before tax</strong></td>
<td><strong>45.3</strong></td>
</tr>
<tr>
<td>8</td>
<td>(3.7)</td>
<td>(1.9)</td>
</tr>
<tr>
<td></td>
<td><strong>Profit after tax for the year attributable to equity holders of the parent</strong></td>
<td><strong>41.6</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td><strong>Earnings per share</strong></td>
<td><strong>11.3¢</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Basic</strong></td>
<td>26.3¢</td>
</tr>
<tr>
<td></td>
<td><strong>Diluted</strong></td>
<td>25.8¢</td>
</tr>
</tbody>
</table>

## CONSOLIDATED STATEMENT
OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Profit for the year</strong></td>
<td><strong>41.6</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Items that may be reclassified subsequently to profit or loss</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Exchange differences on translation of foreign operations</strong></td>
<td><strong>(0.1)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Items that will not be reclassified to profit or loss</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Remeasurement of severance pay liability, net of tax</strong></td>
<td><strong>(2.2)</strong></td>
</tr>
<tr>
<td>6</td>
<td>(2.2)</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td><strong>Total other comprehensive (expense) income for the year</strong></td>
<td><strong>(2.3)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total comprehensive income for the year attributable to equity holders of the parent</strong></td>
<td><strong>39.3</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>95.5</td>
</tr>
</tbody>
</table>

The notes on pages 121 to 154 form part of these consolidated financial statements.
## CONSOLIDATED BALANCE SHEET
### AT 31 DECEMBER 2019

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill and other intangible assets</td>
<td>12</td>
<td>240.4</td>
</tr>
<tr>
<td>Right-of-use assets</td>
<td>2.2</td>
<td>33.3</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>13</td>
<td>13.0</td>
</tr>
<tr>
<td>Investments</td>
<td>14</td>
<td>0.9</td>
</tr>
<tr>
<td>Non-current receivables</td>
<td>17</td>
<td>0.6</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>15</td>
<td>2.8</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>291.0</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>16</td>
<td>99.5</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>17</td>
<td>42.6</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>142.1</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>433.1</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity attributable to equity holders of the parent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>18</td>
<td>3.3</td>
</tr>
<tr>
<td>Share premium</td>
<td>18</td>
<td>3.7</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td></td>
<td>(2.1)</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>23</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>160.5</td>
</tr>
<tr>
<td><strong>Total equity attributable to equity holders of the parent</strong></td>
<td></td>
<td>164.7</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>15</td>
<td>4.0</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>20</td>
<td>28.8</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>32.8</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>19</td>
<td>130.9</td>
</tr>
<tr>
<td>Provisions</td>
<td>19</td>
<td>10.2</td>
</tr>
<tr>
<td>Income tax payable</td>
<td></td>
<td>10.1</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>20</td>
<td>23.7</td>
</tr>
<tr>
<td>Severance pay liability</td>
<td>6</td>
<td>6.0</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>21</td>
<td>54.7</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>235.6</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>433.1</td>
</tr>
</tbody>
</table>

The consolidated financial statements on pages 117 to 154 were approved and authorised for issue by the Board of Directors on 15 April 2020 and were signed on its behalf by:

ITAI PAZNER  AVIAD KOBRINE  
Chief Executive Officer  Chief Financial Officer

The notes on pages 121 to 154 form part of these consolidated financial statements.
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 January 2018</strong></td>
<td>3.3</td>
<td>3.5</td>
<td>(0.7)</td>
<td>108.7</td>
<td>(16)</td>
<td>113.2</td>
</tr>
<tr>
<td>Profit after tax for the year attributable to equity holders of the parent</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>94.8</td>
<td>—</td>
<td>94.8</td>
</tr>
<tr>
<td>Other comprehensive (expense) income for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>11</td>
<td>(0.4)</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>95.9</td>
<td>(0.4)</td>
<td>95.5</td>
</tr>
<tr>
<td>Dividend paid (note 10)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(56.6)</td>
<td>—</td>
<td>(56.6)</td>
</tr>
<tr>
<td>Equity settled share benefit charges (note 23)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>8.9</td>
<td>—</td>
<td>8.9</td>
</tr>
<tr>
<td>Acquisition of treasury shares</td>
<td>—</td>
<td>—</td>
<td>(0.8)</td>
<td>—</td>
<td>—</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Exercise of deferred share bonus plan</td>
<td>—</td>
<td>—</td>
<td>0.3</td>
<td>(0.3)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Issue of shares to cover employee share schemes (note 18)</td>
<td>—</td>
<td>0.1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2018</strong></td>
<td>3.3</td>
<td>3.6</td>
<td>(1.2)</td>
<td>156.6</td>
<td>(2.0)</td>
<td>160.3</td>
</tr>
<tr>
<td>Profit after tax for the year attributable to equity holders of the parent</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>41.6</td>
<td>—</td>
<td>41.6</td>
</tr>
<tr>
<td>Other comprehensive (expense) income for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2.2)</td>
<td>(0.1)</td>
<td>(2.3)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>39.4</td>
<td>(0.1)</td>
<td>39.3</td>
</tr>
<tr>
<td>Dividend paid (note 10)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(40.4)</td>
<td>—</td>
<td>(40.4)</td>
</tr>
<tr>
<td>Equity settled share benefit charges (note 23)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5.4</td>
<td>—</td>
<td>5.4</td>
</tr>
<tr>
<td>Exercise of deferred share bonus plan</td>
<td>—</td>
<td>—</td>
<td>0.5</td>
<td>(0.5)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Issue of shares to cover employee share schemes (note 18)</td>
<td>—</td>
<td>0.1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2019</strong></td>
<td>3.3</td>
<td>3.7</td>
<td>(0.7)</td>
<td>160.5</td>
<td>(2.1)</td>
<td>164.7</td>
</tr>
</tbody>
</table>

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

**Share capital** – represents the nominal value of shares allotted, called-up and fully paid.

**Share premium** – represents the amount subscribed for share capital in excess of nominal value.

**Treasury shares** – represent reacquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.

**Retained earnings** – represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.

**Foreign currency translation reserve** – represents exchange differences arising from the translation of all Group entities that have functional currency different from US$.

The notes on pages 121 to 154 form part of these consolidated financial statements.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

<table>
<thead>
<tr>
<th>Note</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Profit before income tax</strong></td>
<td>45.3</td>
</tr>
<tr>
<td><strong>Adjustments for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Depreciation of property plant and equipment and right-of-use assets</strong></td>
<td>2.2, 13</td>
</tr>
<tr>
<td></td>
<td><strong>Amortisation</strong></td>
<td>12</td>
</tr>
<tr>
<td></td>
<td><strong>Interest income</strong></td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Interest expenses</strong></td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Gain from remeasurement of previously held equity interest in joint ventures</strong></td>
<td>14</td>
</tr>
<tr>
<td></td>
<td><strong>Share of post-tax loss of equity accounted associate</strong></td>
<td>14</td>
</tr>
<tr>
<td></td>
<td><strong>Exceptional items</strong></td>
<td>—</td>
</tr>
<tr>
<td></td>
<td><strong>VAT accrual release</strong></td>
<td>—</td>
</tr>
<tr>
<td></td>
<td><strong>Share benefit charges</strong></td>
<td>23</td>
</tr>
<tr>
<td><strong>Profit before income tax after adjustments</strong></td>
<td></td>
<td>85.5</td>
</tr>
<tr>
<td></td>
<td>(Increase) Decrease in trade receivables</td>
<td>(7.5)</td>
</tr>
<tr>
<td></td>
<td>Increase in other receivables</td>
<td>(2.8)</td>
</tr>
<tr>
<td></td>
<td>Decrease in customer deposits</td>
<td>(1.4)</td>
</tr>
<tr>
<td></td>
<td>Increase (Decrease) in trade and other payables</td>
<td>15.6</td>
</tr>
<tr>
<td></td>
<td>Decrease in provisions</td>
<td>(1.1)</td>
</tr>
<tr>
<td><strong>Cash generated from operating activities</strong></td>
<td></td>
<td>88.3</td>
</tr>
<tr>
<td></td>
<td><strong>Income tax paid</strong></td>
<td>(6.7)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td></td>
<td>81.6</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Acquisition of property plant and equipment</strong></td>
<td>13</td>
</tr>
<tr>
<td></td>
<td><strong>Investment in BetBright</strong></td>
<td>11</td>
</tr>
<tr>
<td></td>
<td><strong>Investment in Costa Bingo</strong></td>
<td>11</td>
</tr>
<tr>
<td></td>
<td><strong>Investment in AAPN Holdings LLC</strong></td>
<td>14</td>
</tr>
<tr>
<td></td>
<td><strong>Interest received</strong></td>
<td>7</td>
</tr>
<tr>
<td></td>
<td><strong>Acquisition of intangible assets</strong></td>
<td>12</td>
</tr>
<tr>
<td></td>
<td><strong>Internally generated intangible assets</strong></td>
<td>12</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td></td>
<td>(82.9)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Issue of shares to cover employee share schemes</strong></td>
<td>18</td>
</tr>
<tr>
<td></td>
<td><strong>Payment of lease liabilities</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Interest paid</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Proceeds from loans, net of transaction fee</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Repayment of loans</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Acquisition of treasury shares</strong></td>
<td>23</td>
</tr>
<tr>
<td></td>
<td><strong>Dividends paid</strong></td>
<td>10</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td></td>
<td>(31.7)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td></td>
<td>(33.0)</td>
</tr>
<tr>
<td></td>
<td><strong>Net foreign exchange difference</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the beginning of the year</strong></td>
<td></td>
<td>133.0</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of the year</strong></td>
<td></td>
<td>99.5</td>
</tr>
</tbody>
</table>


Net cash generated from operating activities is presented after deduction of US$1.1 million paid during 2019 in respect of exceptional items (2018: US$24.6 million).

Trade and other payables include non-cash movement of US$3.2 million related to remeasurement of severance pay scheme liability (2018 US$11 million).

The notes on pages 121 to 154 form part of these consolidated financial statements.
1 General information

COMPANY DESCRIPTION AND ACTIVITIES

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

The Group is the owner of innovative proprietary software solutions providing a range of virtual online gaming services over the internet, including Casino and games, Poker, Sport, Bingo, social games, and brand licensing revenue on third-party platforms. These services are provided to end users (“B2C”) and to business partners through its business to business unit, Dragonfish (“B2B”). In addition, the Group provides payment services, customer support and online advertising.

DEFINITIONS

In these financial statements:

The Company 888 Holdings Public Limited Company.

The Group 888 Holdings Public Limited Company and its subsidiaries.

Subsidiaries Companies over which the Company has control (as defined in IFRS 10 – Consolidated Financial Statements) and whose accounts are consolidated with those of the Company.

Related parties As defined in IAS 24 – Related Party Disclosures.

Joint ventures and associates As defined in IFRS 11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures.

2 Significant accounting policies

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

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), including International Accounting Standards (“IAS”) and Interpretations adopted by the International Accounting Standards Board (“IASB”), endorsed for use by companies listed on an EU regulated market. The consolidated financial statements have been prepared on a historical cost basis, except for equity investments which have been measured at fair value.

The financial statements have been prepared on a going concern basis. Further information relating to the use of the going concern assumption is provided in the ‘Going concern’ section of the Financial Review as set out on page 48.

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

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

Going concern

The Group closely monitors and carefully manages its liquidity risk. Cashflow forecasts are regularly produced, and sensitivities run for different scenarios including but not limited to market closures, anticipated tax developments together with the crystallisation of tax risks, a major cyber attack, tighter regulation and loss of key personnel.

Cashflow forecasts have been updated in light of the COVID-19 outbreak, with the base case run using an assumption that postponement and cancellations of sports events will continue until September 2020. Casino, Poker and Bingo revenues are forecast to remain on budget including moderate growth compared to 2019. As described on page 38, there is currently evidence of increased customer activity in the Group’s Casino and Poker products however this offsetting effect is not included in the base case due to the high levels of uncertainty involved. The base case scenario includes a 33% reduction in Sports related marketing within the going concern period as compared to Sport related marketing budget. Operating expenses for Casino, Poker and Bingo are in line with budget. A downside scenario has been run on the assumption of a decline of 20% in Casino, Poker and Bingo revenues (as compared to the base case) in addition to the shutdown of sports revenues until April 2021 and the implementation of certain possible regulatory restrictions. In the downside scenario, Group management have assumed additional cost savings of 30% can be implemented by reduced variable operating expense, in line with the revenue reduction.

The Group has access to a committed revolving credit facility (“RCF”) of US$ 50 million. Both under the base case assumptions and the downside scenario noted above, the Group will be able to operate within the covenants in the RCF and has sufficient financial headroom for the 12 months after the approval of the 2019 Annual Report and Accounts.

Under an extreme downside scenario reflecting a shutdown of Sport revenues until April 2021 and a very substantial decline in Casino, Poker and Bingo revenues, the likelihood of which the Directors consider remote, it is possible, without further mitigating actions, the Group would breach the finance cost to EBIT ratio covenant set out in the RCF, though not its leverage ratio covenant. If performance indicates the extreme downside was more likely, the Group would take mitigating actions in advance to maintain compliance with its external debt facility.
2 Significant accounting policies continued

2.1 BASIS OF PREPARATION CONTINUED

Going concern continued

These actions would include rationalisation of its cost base including cuts to discretionary capital expenditure and reduction of variable operating costs such as marketing expenditure, overheads and cuts to discretionary capital expenditure.

Following consideration of the updated base case forecasts, and the updated downside scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The significant accounting policies applied in the consolidated financial statements in the prior year have been applied consistently in these consolidated financial statements, with the exception of the amendments to accounting standards effective for the annual periods beginning on 1 January 2019. These are described in more detail on the next following pages.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The following interpretation and amendments to International Financial Reporting Standards, issued by the IASB and adopted by the EU, were effective from 1 January 2019 and have been adopted by the Group during the year with no significant impact on the parent company or on the consolidated results or financial position:

- IFRIC Interpretation 23 – Uncertainty over Income Tax.
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement.
- Amendments to IFRS 9: Prepayment Features with Negative Compensation.

The Group has applied, for the first time, IFRS 16

IFRS 16 Leases – IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for most leases. A contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are initially measured at cost and depreciated by the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The cost of right-of-use assets comprises of initial measurement of the lease liabilities, any lease payments made before or at the commencement date and initial direct costs. Right-of-use assets are also subject for impairment losses and adjusted for any remeasurement of lease liabilities. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and subsequently measured at amortised cost with the interest expense recognised within finance income (expense) in the consolidated statement of income.

In accordance with the transition provisions in IFRS 16, the Group applied the modified retrospective approach. Under this approach, a lessee does not restate comparative information and recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. At date of initial application, lease liabilities for leases previously classified as an operating lease applying IAS 17 were recognised and measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. Lease liabilities are included within ‘Interest-bearing loans and borrowings’ (see note 20).

Right-of-use asset at the date of initial application for leases previously classified as an operating lease applying IAS 17 was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Leases are mainly comprised of offices in the period between one to ten years.

The effect of adoption of IFRS 16 is as follows:

Impact on the statement of financial position as at 1 January 2019:

<table>
<thead>
<tr>
<th>Assets</th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right-of-use assets</td>
<td>26.8</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>Current lease liabilities</td>
<td>(5.6)</td>
</tr>
<tr>
<td>Non-current lease liabilities</td>
<td>(21.2)</td>
</tr>
<tr>
<td><strong>Net impact on equity</strong></td>
<td><strong>–</strong></td>
</tr>
</tbody>
</table>
2 Significant accounting policies continued

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP CONTINUED

Movement in the right of use assets during the period:

<table>
<thead>
<tr>
<th></th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2019</td>
<td>26.8</td>
</tr>
<tr>
<td>Arising during the period</td>
<td>12.6</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(6.1)</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td><strong>33.3</strong></td>
</tr>
</tbody>
</table>

Movement in lease liabilities during the period:

<table>
<thead>
<tr>
<th></th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2019</td>
<td>26.8</td>
</tr>
<tr>
<td>Arising during the period</td>
<td>12.6</td>
</tr>
<tr>
<td>Paid during the period</td>
<td>(7.5)</td>
</tr>
<tr>
<td>Interest</td>
<td>1.3</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td><strong>34.8</strong></td>
</tr>
</tbody>
</table>

Impact on the statement of profit or loss for the year ended 31 December 2019:

<table>
<thead>
<tr>
<th></th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation expense</td>
<td>(6.1)</td>
</tr>
<tr>
<td>Operating lease expense under IAS 17</td>
<td>6.6</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td><strong>0.5</strong></td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1.3)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td><strong>(0.8)</strong></td>
</tr>
</tbody>
</table>

Impact on the statement of cash flows for the year ended 31 December 2019:

<table>
<thead>
<tr>
<th></th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flows from operating activities under IAS 17</td>
<td>7.5</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td>(7.5)</td>
</tr>
<tr>
<td><strong>Net impact on cash flows</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

Following the adoption of IFRS 16, the Group’s operating profit improved, while its interest expense increased. This is due to the change in the accounting for expenses of leases that were classified as operating leases under IAS 17.

2.3 NEW STANDARDS THAT HAVE NOT BEEN ADOPTED BY THE GROUP AS THEY WERE NOT EFFECTIVE FOR THE YEAR:

The following relevant interpretations and amendments to existing standards issued by the IASB, have not been adopted by the Group as they were either not effective for the year or not yet endorsed for use in the EU. The Group is currently assessing the impact of these interpretations and amendments will have on the presentation of, and recognition in, parent company or consolidated results or financial position in future periods:

• Amendments to References to the Conceptual Framework in IFRS Standards, Effective date 1 January 2020
• Amendments to IAS 1 and IAS 8: Definition of Material, Effective date 1 January 2020

The Directors do not expect the adoption of these standards and interpretations to have a material impact on the consolidated or company financial statements in the period of initial application.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements under IFRS as adopted by the EU requires the Group to make estimates and judgements that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.
Significant accounting policies continued 2

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS CONTINUED

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

CRITICAL JUDGEMENTS

Revenue

The Group applies judgement in determining whether it is acting as a principal or an agent where it provides services to business partners through its business to business unit. In making these judgements, the Group considers, by examining each contract with its business partner, which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly. This is described in further detail in the revenue accounting policy set out below.

Internally generated intangible assets

Costs relating to internally generated intangible assets, are capitalised if the criteria for recognition as assets are met. The initial capitalisation of costs is based on management’s judgement that technological and economic feasibility criteria are met. In making this judgement, management considers the progress made in each development project and its latest forecasts for each project. Other expenditure is charged to the consolidated income statement in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. For further information see note 12.

Exceptional items and adjusted performance measures

The Group classifies and presents certain items of income and expense as exceptional items. The Group presents adjusted performance measures which differ from statutory measures due to exclusion of exceptional items and certain non-cash items as the Group considers that it allows a further understanding of the underlying financial performance of the Group. These measures are described as “adjusted” and are used by management to measure and monitor the Group’s underlying financial performance. Non-cash items that are excluded from adjusted performance measures of underlying financial performance include share benefit charge and share of post-tax loss of equity accounted joint ventures and associates. The Group also seeks to present a measure of underlying performance which is not impacted by exceptional items. The Group considers any non-recurring items of income and expense for classification as exceptional by virtue of their nature and size. The items classified as exceptional (and are excluded from the adjusted measures) are described in further detail in note 5.

Key accounting estimates

The Group’s response to Brexit is detailed on risk management strategy report. Having redomiciled relevant operating entities to Malta, the remaining risks of Brexit to 888 are the potential for disruption to movements of staff between Spain and Gibraltar, and the potential adverse impact on economic and market conditions in the United Kingdom; at this stage, the effect of Brexit on the carrying values of assets and liabilities cannot be quantified. Brexit has been considered when assessing other key accounting estimates.

Taxation

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

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

The Group believes that its accruals or, where applicable, provisions for tax liabilities are appropriate. For further information, see note 8.

Impairment of goodwill and other intangible assets

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Cash flows are typically forecast for periods up to five years. For some cash generating units it is appropriate to use forecasts extending beyond five years where future investment in the business is expected to result in a long-term growth being achieved outside of five years. For further information, see note 12.

Provisions, contingent liabilities and regulatory matters

The Group makes a number of estimates in respect of the accounting for and disclosure of expenses and contingent liabilities for regulatory matters, including gaming duties. These are described in further detail in note 27.
Significant accounting policies continued 2

**Basis of Consolidation**

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

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

Intercompany transactions and balances are eliminated on consolidation.

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

Revenue consists of income from online activities and income generated from foreign exchange commissions on customer deposit and withdrawals and account fees, which is allocated to each reporting segment. Revenue is recognised in the accounting periods in which the performance obligations associated with the transactions are satisfied after the deduction of certain promotional bonuses granted to customers and VAT, and after adding the fees and charges applied to customer accounts, and is measured at the fair value of the consideration received or receivable.

The Group’s income earned from Casino, Bingo and Sports does not fall within the scope of IFRS 15. Income from these online activities is disclosed as revenue although these are accounted for and meet the definition of a gain under IFRS 9.

Poker and B2B revenue are within the scope of IFRS 15 and recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue from online activities comprises:

**Casino and Bingo (IFRS 9)**

Casino and Bingo online gaming revenue is represented by the difference between the amounts of bets placed by customers less amounts won, adjusted for the fair value of certain promotional bonuses granted to customers and the value of loyalty points accrued.

**Sport (IFRS 9)**

Sport online gaming revenue comprises bets placed less pay-outs to customers, adjusted for the fair value of open betting positions and the fair value of bonuses and promotions.

**Poker (IFRS 15)**

Poker online gaming revenue represents the commission (rake) charged from each poker hand in ring games and entry fees for participation in Poker tournaments less the fair value of certain promotional bonuses and the value of loyalty points accrued. In Poker tournaments certain promotional costs are accounted for, and entry fee revenue is recognised when the tournament has concluded.

**B2B (IFRS 15)**

Revenue from B2B is mainly comprised of services provided to business partners and brand licensing on third-party platforms.

- For services provided to business partners through its B2B unit, the Group considers whether for each customer it is acting as a principal or as an agent by considering which party has the primary responsibility for providing the services and is exposed to the majority of the risks and rewards associated with providing the services, as well as if it has latitude in establishing prices, either directly or indirectly.
- Where the Group is considered to be the principal, income is recognised as the gross revenue generated from use of the Group’s platform in online gaming activities with the partners’ share of the revenue charged to marketing expenses.
- In other cases, income is recognised as the Group share of the net revenue generated from use of the Group’s platform.
- B2B also includes fees from the provision of certain gaming related services to partners.
- Customer advances received are treated as deferred income within current liabilities and released as they are earned.
- Revenue derived from brand licensing on third-party platforms represents the Group’s net revenue share from that activity.

**Operating Expenses**

Operating expenses consists primarily of staff costs, payment service providers’ commissions, chargebacks, commission and royalties payable to third parties, all of which are recognised on an accruals basis, and depreciation and amortisation.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Significant accounting policies continued

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

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

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
(ii) income and expenses for each income statement are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

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

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

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

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

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

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement and not subsequently reversed. Where the fair values of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition. Changes in the fair value of the contingent consideration are charged or credited to the consolidated income statement. In addition, the direct costs of acquisition are charged immediately to the consolidated income statement.
Significant accounting policies continued 2

PROPERTY, PLANT AND EQUIPMENT

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

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT equipment</td>
<td>33%</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>7-15%</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>15%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Over the shorter of the term of the lease or useful lives</td>
</tr>
</tbody>
</table>

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

INVESTMENT IN EQUITY ACCOUNTED JOINT VENTURES AND ASSOCIATES

Joint ventures are those entities over whose relevant activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates are those businesses in which the Group has a long-term interest and is able to exercise significant influence over the financial and operational policies but does not have control or joint control over those policies.

Joint ventures and associates are accounted for using the equity method and are recognised initially at cost. The Group’s share of post-acquisition profits and losses is recognised in the consolidated income statement, except that losses in excess of the Group’s investment in the joint ventures and associates are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its joint ventures or associates are recognised only to the extent of unrelated investors’ interests in the joint ventures and associates. The investor’s share in the profits and losses of the investment resulting from these transactions is eliminated against the carrying value of the investment.

Any premium paid above the fair value of the Group’s share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment. Where there is objective evidence that the investment has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets, and any charge or reversal of previous impairments is taken to the consolidated income statement.

Where amounts paid for an investment in joint venture and associates are in excess of the Group’s share of the fair value of net assets acquired, the excess is recognised as negative goodwill and released to the consolidated income statement immediately.

The Group’s share of additional equity contributions from other joint venture partners is taken to the consolidated statement of comprehensive income.

BUSINESS COMBINATION

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Business combination achieved in stages refers to transactions which the Group obtains control in entities which it held an equity interest immediately before the acquisition date. The Group remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in the income statement.
TRADE RECEIVABLES
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost and principally comprise amounts due from credit card companies and from e-payment companies. The Group has applied IFRS 9’s simplified approach and has calculated the ECLs based on lifetime of expected credit losses. Bad debts are written off when there is objective evidence that the full amount may not be collected.

FAIR VALUE MEASUREMENT
The Group measures certain financial instruments, including derivatives and equity investments, at fair value at each balance sheet date. The fair value related disclosures are included in notes 25 and 26. Fair value is the price that would be received or paid in an orderly transaction between market participants at a particular date, either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for that asset or liability accessible to the Group.

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

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

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

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

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

TRADE AND OTHER PAYABLES
Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost.

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

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

RIGHT-OF-USE ASSETS
Right-of-use assets are recognised at the commencement date of the lease and measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office lease</td>
<td>1-10 years</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>3 years</td>
</tr>
</tbody>
</table>
Significant accounting policies continued

**LEASE LIABILITIES**
Lease liabilities are recognised at the commencement date of the lease and measured at the present value of lease payments to be made over the lease term.

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

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

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

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

**SEVERANCE PAY SCHEMES**
The Group operates two severance pay schemes:

* **Defined benefit severance pay scheme**
  The Group operates a defined benefit severance pay scheme pursuant to the Severance Pay Law in Israel. Under this scheme, Group employees are entitled to severance pay upon redundancy or retirement. The liability for termination of employment is measured using the projected unit credit method.
  
  Severance pay scheme surpluses and deficits are measured as:
  
  - the fair value of plan assets at the reporting date, less
  - plan liabilities calculated using the projected unit credit method, discounted to its present value using yields available for the appropriate government bonds that have maturity dates appropriate to the terms of the liabilities.
  
  Remeasurements of the net severance pay scheme assets and liabilities, including actuarial gains and losses on the scheme liabilities due to changes in assumptions or experience within the scheme and any differences between the interest income and the actual return on assets, are recognised in the consolidated statement of comprehensive income in the period in which they arise.

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

**Loans and borrowings**
Interest-bearing loans and borrowings are recognised initially at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

3 Segment information

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

- B2C (Business to Customer): including Casino and games, Poker, Sport, Bingo, and
- B2B (Business to Business): offering Total Gaming Services under the Dragonfish trading brand. Dragonfish offers to its business partners use of technology, software, operations, E-payments and advanced marketing services, through the provision of offline/online marketing, management of affiliates, search engine optimisation (SEO), customer relationship management (CRM) and business analytics.

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

<table>
<thead>
<tr>
<th></th>
<th>B2C</th>
<th>B2B</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment revenue</td>
<td>359.3</td>
<td>42.7</td>
<td>90.0</td>
</tr>
<tr>
<td>Segment result(^2)</td>
<td>210.2</td>
<td>13.7</td>
<td>223.9</td>
</tr>
<tr>
<td>Unallocated corporate expenses(^3)</td>
<td>(169.4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(2.3)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Operating profit

- Finance income | 0.5 |
- Finance expenses | (7.2) |
- Share of post-tax loss of equity accounted associate | (0.2) |
- Taxation | (3.7) |

Profit after tax for the year | 41.6 |

Adjusted profit after tax for the year\(^4\) | 49.5 |

Assets

- Unallocated corporate assets | 433.1 |

Total assets | 433.1 |

Liabilities

- Segment liabilities | 53.8 | 0.9 | 54.7 |
- Unallocated corporate liabilities | 213.7 |

Total liabilities | 268.4 |

\(^1\) Revenue recognised in accordance with IFRS 15 – Revenue from contracts with customers.

\(^2\) Revenue net of chargebacks, payment service providers’ commissions, gaming duties, royalties payable to third parties and selling and marketing expenses.

\(^3\) Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.

\(^4\) As defined in note 9.
### 3 Segment information continued

<table>
<thead>
<tr>
<th>2018</th>
<th>B2C</th>
<th>B2B</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment revenue before VAT accrual</td>
<td>317.6</td>
<td>49.0</td>
<td>80.3</td>
</tr>
<tr>
<td>VAT accrual release</td>
<td>10.7</td>
<td>10.7</td>
<td></td>
</tr>
<tr>
<td>Segment revenue</td>
<td>490.0</td>
<td>50.6</td>
<td>540.6</td>
</tr>
<tr>
<td>Segment result²</td>
<td>218.7</td>
<td>25.4</td>
<td>244.1</td>
</tr>
<tr>
<td>Unallocated corporate expenses¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exceptional items</td>
<td>111</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td></td>
<td>99.7</td>
</tr>
<tr>
<td>Finance income</td>
<td></td>
<td></td>
<td>0.6</td>
</tr>
<tr>
<td>Finance expenses</td>
<td></td>
<td></td>
<td>(0.7)</td>
</tr>
<tr>
<td>Gain from remeasurement of previously held equity interest in joint ventures</td>
<td></td>
<td></td>
<td>9.3</td>
</tr>
<tr>
<td>Share of post-tax loss of equity accounted associate</td>
<td></td>
<td></td>
<td>(0.2)</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td></td>
<td>(13.9)</td>
</tr>
<tr>
<td>Profit after tax for the year</td>
<td></td>
<td></td>
<td>94.8</td>
</tr>
<tr>
<td>Adjusted profit after tax for the year⁴</td>
<td></td>
<td></td>
<td>72.8</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unallocated corporate assets</td>
<td>380.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td></td>
<td>380.6</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>55.5</td>
<td>16</td>
<td>571</td>
</tr>
<tr>
<td>Unallocated corporate liabilities</td>
<td></td>
<td></td>
<td>163.2</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td></td>
<td>220.3</td>
</tr>
</tbody>
</table>

1 Revenue recognised in accordance with IFRS 15 - Revenue from contracts with customers.
2 Revenue net of chargebacks, payment service providers' commissions, gaming duties, royalties payable to third parties and selling and marketing expenses.
3 Including staff costs, corporate professional expenses, other administrative expenses, depreciation, amortisation and share benefit charges.
4 As defined in note 9.

Other than where amounts are allocated specifically to the B2C and B2B segments above, the expenses, assets and liabilities relate jointly to all segments. These amounts are not discretely analysed between the two operating segments as any allocation would be arbitrary.

### GEOGRAPHICAL INFORMATION

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

### REVENUE BY GEOGRAPHICAL MARKET (BASED ON LOCATION OF CUSTOMER)

<table>
<thead>
<tr>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA (excluding the UK and Spain)¹</td>
<td>231.2</td>
</tr>
<tr>
<td>UK</td>
<td>204.1</td>
</tr>
<tr>
<td>Spain</td>
<td>60.9</td>
</tr>
<tr>
<td>Americas</td>
<td>51.7</td>
</tr>
<tr>
<td>Rest of world</td>
<td>12.4</td>
</tr>
<tr>
<td>Revenue before VAT accrual release</td>
<td>560.3</td>
</tr>
<tr>
<td>VAT accrual release</td>
<td>—</td>
</tr>
<tr>
<td>Total revenue</td>
<td>560.3</td>
</tr>
</tbody>
</table>

1 Non-European revenue included in the market during 2019 amounts to US$42.8 million (2018: US$45.7 million).
### 3 Segment information continued

#### NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION

<table>
<thead>
<tr>
<th>Location</th>
<th>Carrying amount of non-current assets by location</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gibraltar</td>
<td></td>
<td>158.5</td>
<td>135.6</td>
</tr>
<tr>
<td>Rest of world</td>
<td></td>
<td>129.7</td>
<td>77.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>288.2</strong></td>
<td><strong>213.2</strong></td>
</tr>
</tbody>
</table>


### 4 Operating profit

**Operating profit is stated after charging:**

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Staff costs (including Executive Directors)</td>
<td>98.0</td>
<td>95.7</td>
</tr>
<tr>
<td>95.5</td>
<td>Gaming duties</td>
<td>95.5</td>
<td>69.9</td>
</tr>
<tr>
<td>161.8</td>
<td>Selling and marketing expenses</td>
<td>161.8</td>
<td>155.0</td>
</tr>
<tr>
<td>5</td>
<td>Exceptional items</td>
<td>2.3</td>
<td>(111)</td>
</tr>
<tr>
<td>2.2</td>
<td>Fees payable to EY Limited, Ernst &amp; Young LLP and its affiliates:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.8</td>
<td>Statutory audit of the consolidated financial statements</td>
<td>0.8</td>
<td>0.7</td>
</tr>
<tr>
<td>2.3</td>
<td>Other assurance services</td>
<td>2.3</td>
<td>2.8</td>
</tr>
<tr>
<td>2.2</td>
<td>Depreciation of property plant and equipment and right-of-use assets (within operating expenses)</td>
<td>12.6</td>
<td>5.3</td>
</tr>
<tr>
<td>19.6</td>
<td>Amortisation (within operating expenses)</td>
<td>19.6</td>
<td>15.0</td>
</tr>
<tr>
<td>3.3</td>
<td>Chargebacks</td>
<td>3.3</td>
<td>2.8</td>
</tr>
<tr>
<td>23.6</td>
<td>Payment of service providers’ commissions</td>
<td>23.6</td>
<td>23.2</td>
</tr>
</tbody>
</table>

### 5 Exceptional items

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptional legal and professional costs</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>1.3</td>
<td>—</td>
</tr>
<tr>
<td>Historical VAT charge</td>
<td>—</td>
<td>(22.4)</td>
</tr>
<tr>
<td>Provision – regulatory matters</td>
<td>—</td>
<td>10.4</td>
</tr>
<tr>
<td><strong>Total exceptional items</strong></td>
<td>2.3</td>
<td>(111)</td>
</tr>
</tbody>
</table>

1. Tax effect of the exceptional items is US$0.3 million credit (2018: US$0.3 million tax charge).

#### EXCEPTIONAL LEGAL AND PROFESSIONAL COSTS

During 2019, the Group incurred legal and professional costs of US$1.0 million (2018: US$0.9 million) associated with the acquisitions of Jet Bingo brands and BetBright’s sports betting platform.

#### RESTRUCTURING COSTS

Restructuring costs during the period comprises with employees redundancy costs mainly in Israel, part of the Group cost optimisation project, shifting workforce from high cost locations to low cost locations.

#### HISTORICAL VAT CHARGE

In 2017, the Group recorded a provision for exceptional items of US$45.3 million in respect of historical value added tax relating to the provision of gaming services in Germany prior to 2015. During 2018, following receipt of tax assessments from the Tax Authorities in Germany, the Group paid US$24.6 million on account of this provision and released US$22.4 million of the provision.
5 Exceptional items continued

PROVISION – REGULATORY MATTERS

During 2018, the Group recorded a provision of US$10.4 million in respect of regulatory matters related to legacy customers’ activity in prior periods. This amount represents management’s best estimate of probable cash outflows related to these matters, which are closely monitored by the Group. See also note 19.

6 Employee benefits

Staff costs, including Executive Directors’ remuneration, comprises the following elements:

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>97.4</td>
<td>94.6</td>
</tr>
<tr>
<td>Social security</td>
<td>5.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Employee benefits and severance pay scheme costs</td>
<td>7.8</td>
<td>8.0</td>
</tr>
<tr>
<td>Staff costs capitalised in respect of internally generated intangible assets</td>
<td>110.3</td>
<td>107.5</td>
</tr>
<tr>
<td></td>
<td>(12.3)</td>
<td>(118)</td>
</tr>
<tr>
<td></td>
<td>98.0</td>
<td>95.7</td>
</tr>
</tbody>
</table>

In the consolidated income statement, total staff costs, excluding share benefit charges of US$5.4 million (2018: US$8.9 million), are included within the following expenditure categories:

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating expenses</td>
<td>50.8</td>
<td>51.9</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>26.9</td>
<td>25.6</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>20.3</td>
<td>18.2</td>
</tr>
<tr>
<td></td>
<td>98.0</td>
<td>95.7</td>
</tr>
</tbody>
</table>

The average number of employees by category was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019 Number</th>
<th>2018 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>843</td>
<td>805</td>
</tr>
<tr>
<td>Research and development</td>
<td>427</td>
<td>388</td>
</tr>
<tr>
<td>Administration</td>
<td>143</td>
<td>127</td>
</tr>
<tr>
<td></td>
<td>1,413</td>
<td>1,320</td>
</tr>
</tbody>
</table>

At 31 December 2019, the Group employed 1,413 (2018: 1,364) staff.

At 31 December 2019, the Group used the services of 62 chat moderators (2018: 210) and 153 contractors (2018: 82).

SEVERANCE PAY SCHEME – ISRAEL

The Group has defined contribution plan pursuant to section 14 to the Severance Pay Law under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service at the date of their departure. The Group recognised an expense in respect of contribution to the defined contribution plan during the year of US$1.1 million (2018: US$0.8 million).

The Group’s employees in Israel, which are not subject to section 14 to the Severance Pay Law, are eligible to receive certain benefits from the Group in specific circumstances on leaving the Group. As such, the Group operates a defined benefit severance pay plan which requires contributions to be made to separately administered funds. The funds are held by an independent third-party company.

The current service cost and the present value of the defined benefit obligation are measured using the projected unit credit method. Under this schedule, the Company contributes on a monthly basis at the rate of 8.3% of the aggregate of members’ salaries.

The disclosures set out below are based on calculations carried out as at 31 December 2019 by a qualified independent actuary.
NOTES TO THE CONSOLIDATED 
FINANCIAL STATEMENTS CONTINUED

6 Employee benefits continued

SEVERANCE PAY SCHEME – ISRAEL, CONTINUED

The following table summarises the employee benefits figures as included in the consolidated financial statements:

<table>
<thead>
<tr>
<th>Included in the balance sheet:</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Severance pay scheme liability (within trade and other payables)</td>
<td>6.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Included in the income statement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current service costs (within operating expenses)</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Current service costs (within research and development)</td>
<td>1.3</td>
<td>1.5</td>
</tr>
<tr>
<td>Current service costs (within administrative expenses)</td>
<td>0.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Included in the statement of comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement of severance pay scheme liability</td>
<td>2.2</td>
<td>(11)</td>
</tr>
</tbody>
</table>

Movement in severance pay scheme liability:

<table>
<thead>
<tr>
<th>Severance pay scheme assets</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>21.9</td>
<td>22.5</td>
</tr>
<tr>
<td>Interest income</td>
<td>1.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Contributions by the Group</td>
<td>3.1</td>
<td>3.6</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(6.0)</td>
<td>(3.2)</td>
</tr>
<tr>
<td>Return on assets less interest income already recorded</td>
<td>0.1</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>1.7</td>
<td>(1.6)</td>
</tr>
<tr>
<td>At end of year</td>
<td>21.8</td>
<td>21.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Severance pay plan liabilities</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>At beginning of year</td>
<td>24.1</td>
<td>25.8</td>
</tr>
<tr>
<td>Interest expense</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td>Current service costs</td>
<td>3.6</td>
<td>3.8</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(6.1)</td>
<td>(3.2)</td>
</tr>
<tr>
<td>Actuarial gain on past experience</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Actuarial loss on changes in financial assumptions</td>
<td>3.4</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Exchange differences</td>
<td>2.0</td>
<td>(1.8)</td>
</tr>
<tr>
<td>At end of year</td>
<td>27.8</td>
<td>24.1</td>
</tr>
</tbody>
</table>

As at 31 December, the net accounting deficit of the defined benefit severance pay plan was US$6.0 million (2018: US$2.2 million). The Scheme is backed by substantial assets, amounting to US$21.8 million at 31 December 2019 (2018: US$21.9 million). The net accounting deficit of defined benefit severance pay plan is a result of two elements:

- Potential liability to pay further contributions to employees who will be made redundant, if the fund does not hold sufficient assets to pay all benefits relating to employee service at the date of their departure.
- Volatility of Israeli government bond rates may have substantial impact in absolute terms on the net liability. A decrease in the discount rate from 4.46% in 2018 to 2.88% in 2019 resulted in a US$3.4 million increase the plan liabilities.
- A further decrease in the discount rate by 0.25% per annum (i.e. 2.88% to 2.63%) would increase the plan liabilities by US$0.7 million (2018: US$0.5 million).

The impact of the severance deficit on the level of distributable reserves is monitored on an ongoing basis. Monitoring enables planning for any potential adverse volatility and helps the Group to assess the likely impact on distributable reserves.

Employees can determine individually into which type of investment their share of the plan assets are invested and, therefore the Group is unable to accurately disclose the proportions of the plan assets invested in each class of asset.

The expected contribution for 2020 is US$3.8 million.
6 Employee benefits continued

SEVERANCE PAY SCHEME – ISRAEL, CONTINUED

The main actuarial assumptions used in determining the fair value of the Group’s severance pay plan are shown below:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate (nominal)</td>
<td>2.88</td>
<td>4.46</td>
</tr>
<tr>
<td>Estimated increase in employee benefits costs</td>
<td>5.14</td>
<td>5.14</td>
</tr>
<tr>
<td>Voluntary termination rate</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Inflation rates based on Israeli bonds</td>
<td>1.52</td>
<td>1.52</td>
</tr>
</tbody>
</table>

SENSITIVITY OF BALANCE SHEET AT 31 DECEMBER 2019

The results of the calculations are sensitive to the assumptions used. The balance sheet position revealed by IAS 19 calculations must be expected to be volatile, principally because the market value of assets (with significant exposure to equities) is being compared with a liability assessment derived from corporate bond yields.

The table below shows the sensitivity of the IAS 19 balance sheet position to small changes in some of the assumptions. Where one assumption has been changed all the other assumptions are kept as disclosed above.

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Resulted surplus/deficit US$ million</th>
<th>Change from disclosed US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate less 0.25%</td>
<td>(0.7)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Estimated increase in employee benefits costs plus 1%</td>
<td>(8.6)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Voluntary termination rate decrease 5%</td>
<td>(6.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Inflation rates up 0.25%</td>
<td>(5.4)</td>
<td>0.6</td>
</tr>
</tbody>
</table>

7 Finance income and finance expenses

Finance income:

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Finance income</td>
<td>0.5</td>
<td>0.6</td>
</tr>
</tbody>
</table>

Finance expenses:

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange losses</td>
<td>4.3</td>
<td>0.7</td>
</tr>
<tr>
<td>Interest expenses related to right-of-use lease liabilities</td>
<td>1.3</td>
<td>—</td>
</tr>
<tr>
<td>Interest-bearing credit facility</td>
<td>1.6</td>
<td>—</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>7.2</td>
<td>0.7</td>
</tr>
</tbody>
</table>
8 Taxation

CORPORATE TAXES

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current taxation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gibraltar taxation</td>
<td>0.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Other jurisdictions</td>
<td>2.3</td>
<td>11.9</td>
</tr>
<tr>
<td>Adjustments in respect of prior years</td>
<td>1.7</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Deferred taxation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Origination and reversal of temporary differences</td>
<td>(0.7)</td>
<td>—</td>
</tr>
<tr>
<td>Taxation expense</td>
<td>3.7</td>
<td>13.9</td>
</tr>
<tr>
<td><strong>Deferred taxation related to items recognised in OCI</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement of severance pay liability</td>
<td>(1.1)</td>
<td>—</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before taxation</td>
<td>45.3</td>
<td>108.7</td>
</tr>
<tr>
<td>Standard tax rate in Gibraltar (2019: 10%, 2018: 10%)</td>
<td>4.5</td>
<td>10.9</td>
</tr>
<tr>
<td>Higher effective tax rate on other jurisdictions</td>
<td>1.9</td>
<td>4.1</td>
</tr>
<tr>
<td>Tax on dividend distribution from other jurisdictions</td>
<td>—</td>
<td>5.5</td>
</tr>
<tr>
<td>Expenses not allowed for taxation</td>
<td>0.2</td>
<td>1.8</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>(0.7)</td>
<td>—</td>
</tr>
<tr>
<td>Capital allowances in excess of depreciation</td>
<td>(0.5)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Non-taxable revaluation of equity interest</td>
<td>—</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Non-taxable income</td>
<td>(1.8)</td>
<td>(6.5)</td>
</tr>
<tr>
<td>Adjustments to prior years’ tax charges</td>
<td>0.1</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Total tax charge for the year</strong></td>
<td>3.7</td>
<td>13.9</td>
</tr>
</tbody>
</table>

Current tax is calculated with reference to the profit of the Company and its subsidiaries in their respective countries of operation. Set out below are details in respect of the significant jurisdictions where the Group operates and the factors that influenced the current and deferred taxation in those jurisdictions:

**GIBRALTAR**
Gibraltar companies are subject to a corporate tax rate of 10%. Gibraltar corporate tax expenses for the year are significantly lower compared to 2018, as a result of lower profit before tax and re-domiciliation of several companies to Malta.

**MALTA**
During the year, the Company redomiciled several its Gibraltar companies to Malta, and also incorporated a number of new Maltese companies. Maltese companies are subject to a corporate tax rate of 35%, however a deemed dividend deduction of 30% reduces the effective rate to 5%. In order to qualify for the deduction, the Company must pay an appropriate dividend to its shareholders from trading income.

**ISRAEL**
The domestic corporate tax rate in Israel in 2019 is 23% (2018: 23%). The Company’s Israeli subsidiary concluded an assessment agreement with respect to all tax years up to and including 2014 and entered into certain transfer pricing agreements with the Israeli Income Tax Commissioner as regards to 2015.

**UK**
The Group’s subsidiary in the UK is subject to a corporate tax rate of 19% (2018: 19%). In addition to the previously enacted reduction in the UK corporation tax rate to 19% from April 2017, the UK government announced and substantively enacted a further reduction to 17% from April 2020.
8 Taxation continued

ROMANIA
The Group’s subsidiary in Romania is subject to a corporate tax rate of 16% (2018: 16%).

US
The Group’s subsidiaries in US are subject to federal corporate tax rate of 21% (2018: 21%), and state (New Jersey) tax rate of 9% (2018: 9%).

SENSITIVITY ANALYSIS
The key operating companies in the Group are incorporated, managed and controlled and tax resident mainly in Gibraltar, with several operating companies tax residents in Malta. The Group’s subsidiaries are located in different jurisdictions and these subsidiaries are taxed locally on their respective profits which are determined based on transfer pricing studies. Effective tax rate increased by 1% would result in an increase in the tax charge (and associated provision) of US$0.5 million (2018: US$11 million).

9 Earnings per share

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

DILUTED EARNINGS PER SHARE
The weighted average number of shares for diluted earnings per share takes into account all potentially dilutive equity instruments granted, which are not included in the number of shares for basic earnings per share. Certain equity instruments have been excluded from the calculation of diluted EPS as their conditions of being issued were not deemed to satisfy the performance conditions at the end of the period or it will not be advantageous for holders to exercise them into shares, in the case of options. The number of equity instruments included in the diluted EPS calculation consist of 2,128,947 Ordinary Shares (2018: 5,759,968) and no market-value options (2018: 18,481). The number of equity instruments excluded from the diluted EPS calculation is 3,802,458 (2018: 2,078,991).

Profit for the period attributable to equity holders of the parent (US$ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>Profit for the period attributable to equity holders of the parent</td>
<td>41.6</td>
<td>94.8</td>
</tr>
<tr>
<td>Weighted average number of Ordinary Shares in issue and outstanding</td>
<td>367,173,313</td>
<td>361,122,725</td>
</tr>
<tr>
<td>Effect of dilutive Ordinary Shares and Share options</td>
<td>2,128,947</td>
<td>5,778,449</td>
</tr>
<tr>
<td>Weighted average number of dilutive Ordinary Shares</td>
<td>369,302,260</td>
<td>366,901,174</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>11.3¢</td>
<td>26.3¢</td>
</tr>
<tr>
<td>Diluted earnings per share</td>
<td>11.3¢</td>
<td>25.8¢</td>
</tr>
</tbody>
</table>

ADJUSTED EARNINGS PER SHARE
The Directors believe that EPS excluding VAT accrual release, exceptional items, share benefit charges, gain from remeasurement of previously held equity interest in joint ventures and share of post-tax loss of equity accounted associate (‘Adjusted EPS’) allows for a further understanding of the underlying performance of the business and assists in providing a clearer view of the performance of the Group.

Reconciliation of profit to profit excluding VAT accrual release, exceptional items, share benefit charges, gain from remeasurement of previously held equity interest in joint ventures and share of post-tax loss of equity accounted associate (‘Adjusted profit’):

<table>
<thead>
<tr>
<th>Year</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period attributable to equity holders of the parent</td>
<td>41.6</td>
<td>94.8</td>
</tr>
<tr>
<td>VAT accrual release</td>
<td>—</td>
<td>(10.7)</td>
</tr>
<tr>
<td>Exceptional items (see note 5)</td>
<td>2.3</td>
<td>(111)</td>
</tr>
<tr>
<td>Share benefit charges (see note 23)</td>
<td>5.4</td>
<td>8.9</td>
</tr>
<tr>
<td>Gain from remeasurement of previously held equity interest in joint ventures</td>
<td>—</td>
<td>(9.3)</td>
</tr>
<tr>
<td>Share of post-tax loss of equity accounted associate (see note 14)</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Adjusted profit</td>
<td>49.5</td>
<td>72.8</td>
</tr>
<tr>
<td>Weighted average number of Ordinary Shares in issue</td>
<td>367,173,313</td>
<td>361,122,725</td>
</tr>
<tr>
<td>Weighted average number of dilutive Ordinary Shares</td>
<td>369,302,260</td>
<td>366,901,174</td>
</tr>
<tr>
<td>Adjusted basic earnings per share</td>
<td>13.5¢</td>
<td>20.2¢</td>
</tr>
<tr>
<td>Adjusted diluted earnings per share</td>
<td>13.4¢</td>
<td>19.8¢</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10 Dividends

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>40.4</td>
</tr>
<tr>
<td>2018</td>
<td>56.6</td>
</tr>
</tbody>
</table>

An interim dividend of 3.0¢ per share was paid on 18 October 2019 (US$11.0 million). The Board of Directors will recommend to the shareholders a final dividend in respect of the year ended 31 December 2019 of 3.0¢ per share, which will be recognised in the 2020 financial statements once approved.

In 2018, an interim dividend of 4.2¢ per share was paid on 31 October 2018 (US$15.2 million) and a final dividend of 6.0¢ per share plus an additional one-off 2.0¢ per share were paid on 23 May 2019 (US$29.4 million).

11 Business combinations

ACQUISITION OF JET BINGO BRANDS

On 19 February 2019, the Group announced the signing of an agreement for the acquisition of a portfolio of Bingo brands, including Costa Bingo and certain other Bingo brands of Jet Management Group Limited and Jet Media Limited (together, ‘Jet’) for consideration of £18.0 million (US$22.9 million). Jet is part of the group of companies headed by JPJ Group plc, which owns the Jackpotjoy brands. The consideration was satisfied all in cash during 2019.

Jet has been a partner of Dragonfish, the Group’s B2B Bingo division, since 2009, with brands including Costa Bingo, City Bingo and Sing Bingo. The acquisition gives the Group full control of these successful brands from a marketing perspective to support and further strengthen the Group’s position in the UK online bingo market. Revenue of the acquired business since the acquisition date amount to US$8.3 million. Results of the acquired business are measured as part of Bingo segment. See also note 3.

The fair values of the identifiable assets and liabilities acquired were:

<table>
<thead>
<tr>
<th>Fair value recognised on acquisition (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
</tr>
<tr>
<td>Other intangible assets1</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>Liabilities</td>
</tr>
<tr>
<td>Deferred tax Liability</td>
</tr>
<tr>
<td>Total Liabilities</td>
</tr>
<tr>
<td>Total identifiable net assets at fair value</td>
</tr>
<tr>
<td>Goodwill arising on acquisition</td>
</tr>
<tr>
<td>Purchase consideration transferred</td>
</tr>
<tr>
<td>Fair value of purchase consideration</td>
</tr>
</tbody>
</table>

1 Other intangible assets consist of Customer list of US$19.2 million and Brand name of US$2.3 million.
11 Business combinations continued

ACQUISITION BETBRIGHT’S SPORTS BETTING PLATFORM

On 4 March 2019, the Group announced the acquisition of BetBright’s sports betting platform for £15.0 million. The consideration was satisfied all in cash, with £15.0 million (US$19.3 million) paid during H1 2019. The acquisition strengthens 888’s product and technology capabilities and will support the long-term development strategy for 888Sport. During 2019 the Group was focused on the integration of the acquired technology and team into 888’s business with the aim of commencing a phased and market-by-market roll-out of the Group’s proprietary sportsbook solution during 2020.

The fair values of the identifiable assets and liabilities acquired were:

<table>
<thead>
<tr>
<th>Fair value recognised on acquisition</th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>0.2</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>19.1</td>
</tr>
<tr>
<td>Total identifiable net assets at fair value</td>
<td>19.3</td>
</tr>
</tbody>
</table>

| Purchase consideration transferred  | 19.3       |

Fair value of purchase consideration | 19.3       |

1 Other intangible assets consist of Sport platform technology of US$18.3 million and the right to access third-party customer list of US$0.8 million.

12 Goodwill and other intangible assets

<table>
<thead>
<tr>
<th>Goodwill</th>
<th>Acquired intangible assets</th>
<th>Internally generated intangible assets</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost or valuation At 1 January 2018</td>
<td>146.1</td>
<td>21.6</td>
<td>80.6</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of a subsidiary (AAPN buyout)</td>
<td>30.9</td>
<td>9.9</td>
<td>—</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>177</td>
<td>34.2</td>
<td>92.6</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of BetBright Sport platform</td>
<td>—</td>
<td>31</td>
<td>11.8</td>
</tr>
<tr>
<td>Acquisition of Jet Bingo brands</td>
<td>4.2</td>
<td>21.5</td>
<td>—</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>(0.5)</td>
<td>—</td>
</tr>
<tr>
<td>At 31 December 2019</td>
<td>181.2</td>
<td>77.4</td>
<td>104.4</td>
</tr>
</tbody>
</table>

Amortisation and impairments:

| At 1 January 2018 | 20.7 | 16.2 | 51.6 | 88.5 |
| Amortisation charge for the year | — | 3.2 | 11.8 | 15.0 |
| At 31 December 2018 | 20.7 | 19.4 | 63.4 | 103.5 |
| Amortisation charge for the year | — | 10.3 | 9.3 | 19.6 |
| Disposals | — | (0.5) | — | (0.5) |
| At 31 December 2019 | 20.7 | 29.2 | 72.7 | 122.6 |

Carrying amounts At 31 December 2019 | 160.5 | 48.2 | 31.7 | 240.4 |
| At 31 December 2018 | 156.3 | 14.8 | 29.2 | 200.3 |
| At 1 January 2018 | 125.4 | 5.4 | 29.0 | 159.8 |

1 Acquired intangible assets includes US$0.5 million capitalisation of finance costs relating to the acquisition of BetBright’s sports betting platform.

Following a review of fully written down assets, assets no longer in use with a total cost and accumulated amortisation of US$0.5 million were written off in 2019 (2018: nil).
12 Goodwill and other intangible assets continued

**ACQUISITION DURING THE PERIOD**

Fair Value of acquired intangible assets recognised on the acquisition of Jet Bingo brands consisting of Customer list of US$19.2 million and Brand name of US$2.3 million. The estimated remaining useful life of the Customer list and Brand name is 12 years (using the sliding scale method with 70% of the value to be amortised over five years) and ten years, respectively.

Fair Value of acquired intangible assets recognised on the acquisition of BetBright Sport platform consist of Sport platform of US$18.3 million and the right to access third-party customer list of US$0.8 million. The estimated remaining useful life of the Sport platform and right to access third-party customer list is 12 years and eight years, respectively.

**ACQUISITION IN 2018**

Fair value of acquired intangible assets recognised on the acquisition of AAPN included licence to operate, trade names and customer relationships. The estimated remaining useful life of the acquired intangible assets is five years, five years and up to 12 years, respectively.

**SOFTWARE LICENCES**

No impairment tests were considered to be required at 31 December 2019 and the carrying value of licences is considered to be appropriate.

**OTHER INTANGIBLE ASSETS**

No impairment tests were considered to be required at 31 December 2019 and the carrying value of other intangible assets is considered to be appropriate.

**INTERNALLY GENERATED INTANGIBLE ASSETS**

This category of assets includes capitalised development costs in accordance with IAS 38. The material projects as included within the carrying amount above include compliance with local regulatory requirements in certain jurisdictions US$5.4 million (2018: US$5.6 million) and a major upgrade to the gaming systems platform US$26.3 million (2018: US$23.5 million). No impairment tests were considered to be required at 31 December 2019 and the carrying value of internally generated intangible assets is considered to be appropriate. At 31 December 2019, there were projects with carrying value US$8.4 million (2018: US$4.3 million) which were not completed and therefore not being amortised. All of these projects are expected to complete and commence amortisation in 2020.

**GOODWILL – JET**

The recognised goodwill reflects the potentially significant opportunities in the Bingo business to create additional value for the Group.

**Analysis of goodwill by cash generating units:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bingo A 31 Dec 2019</td>
<td>104.4</td>
<td>30.9</td>
<td>24.9</td>
</tr>
<tr>
<td>AAPN</td>
<td>95.4</td>
<td>30.9</td>
<td>29.7</td>
</tr>
<tr>
<td>Other</td>
<td>0.3</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Bingo A 31 Dec 2018</td>
<td>95.4</td>
<td>30.9</td>
<td>29.7</td>
</tr>
</tbody>
</table>

**REORGANISATION OF GOODWILL**

Following the acquisition of B2B partner Jet by the B2C cash generating unit (see note 11), management undertook a review of the goodwill allocated to its cash generating units. This resulted in an $4.8m of goodwill being reallocated from B2B to B2C cash generating unit.

Prior to the reallocation of the goodwill, impairment reviews were carried out for each individual goodwill CGU with no impairment identified. The carrying values of the assets were compared with the recoverable amounts, the recoverable amount was estimated based upon a value in use calculation, based upon management forecasts, as at 31 December 2019, for the years ending 31 December 2020 and up to 31 December 2024. An impairment review was also carried on the reallocated goodwill using the assumptions shown below.

**IMPAIRMENT**

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

GOODWILL – BINGO B2C AND B2B BUSINESS

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

KEY ASSUMPTIONS AND INPUTS USED

Cash flow projections have been prepared for a five-year period, following which a long-term growth rate has been assumed. Underlying growth rates, as shown in the table below for each of B2B and B2C, have been applied to revenue and are based on past experience, including the results in 2018 and 2019 and projections of future changes in the UK online bingo gaming market. Key assumptions in preparing these cash flow projections include zero short-term revenue growth rate, continued optimisation of costs per customer acquisition and the expectation that the Group will continue to operate and be subject to gaming duties in its core jurisdictions.

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

<table>
<thead>
<tr>
<th>Pre-tax discount rate applied</th>
<th>Underlying growth rate</th>
<th>Underlying short-term growth rate</th>
<th>Long-term growth rate</th>
<th>Operating expenses increase</th>
<th>Operating expenses increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 December 2019</td>
<td>9%</td>
<td>2%</td>
<td>0%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>9%</td>
<td>2%</td>
<td>0%</td>
<td>2%</td>
<td>0%</td>
</tr>
</tbody>
</table>

1. The pre-tax discount rate is recalculated by taking into account prevailing risk free rates, equity risk premium and company beta and having regard to external data commenting upon the Weighted Average Cost of Capital applied to the Group.

2. The underlying growth rates of Bingo B2C and Bingo B2B units are 6% and 3%, respectively. This outcome is a direct result of recognising Jet as Bingo B2C rather than B2B for the first full year following the acquisition of Jet bingo brands.

The calculation of value in use for Bingo B2C and Bingo B2B units is most sensitive to the following assumptions:

(i) Revenue growth rate assumptions. Growth rates are based on past experience and projections of future changes in the online gaming market, the continued highly competitive UK Bingo market, as well as the proactive steps 888 has taken to address the tighter regulatory environment in the UK. A reduction of the short-term growth rates by 2% for each of B2B and B2C would result in zero headroom for Bingo B2B and Bingo B2C, respectively.

(ii) Cash flow forecast – cash flow projections may be affected by changes in the UK gaming market, including possible economic slowdown as a result of Brexit. A reduction of 34% and 10% in the cash flow projections for each of B2B and B2C would result in zero headroom for Bingo B2B and Bingo B2C, respectively.

GOODWILL - AAPN

The Group recognised goodwill of US$30.9 million following the acquisition of the remaining 53% interest in the voting shares of AAPN in December 2018. The recognised goodwill represents the potential revenues from the US, which the Group considers as a single CGU, as the states regulate online gambling and reflects potentially significant opportunities in the US to create additional value for the Group.

KEY ASSUMPTIONS AND INPUTS USED

Given the early stage of market development, cash flow projections have been prepared for a ten year period, following which a long-term growth rate has been assumed based on the long-term GDP growth rate of the states ten-year. Underlying growth rates have been applied to revenue and are based on past experience of the Group, including market share forecast for each relevant state. Key assumptions in preparing these cash flow projections include market share assumptions based on current 888 market share in other regulated online gaming jurisdictions, 15% pre-tax discount rate and the expectation that the Group will continue to operate in the US and launch in further states as regulation develops. The states which the Group are forecasted to enter have either already regulated or are in the process of regulating.

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

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

(i) Market share assumptions - A reduction of 25% in market share assumptions for each state would result in zero headroom for US B2C value in use.

(ii) Pre-tax discount rate – An increase of Pre-tax discount rate from 15% to 18% would result in zero headroom for US B2C value in use.
### 13 Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>IT equipment US$ million</th>
<th>Office furniture, equipment and motor vehicles US$ million</th>
<th>Leasehold improvements US$ million</th>
<th>Total US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2018</td>
<td>44.1</td>
<td>5.5</td>
<td>15.2</td>
<td>64.8</td>
</tr>
<tr>
<td>Additions</td>
<td>6.4</td>
<td>0.6</td>
<td>0.3</td>
<td>7.3</td>
</tr>
<tr>
<td>Disposals</td>
<td>(3.5)</td>
<td>-</td>
<td>-</td>
<td>(3.5)</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>47.0</td>
<td>6.1</td>
<td>15.5</td>
<td>68.6</td>
</tr>
<tr>
<td>Additions</td>
<td>7.5</td>
<td>0.3</td>
<td>0.8</td>
<td>8.6</td>
</tr>
<tr>
<td>Disposals</td>
<td>(0.1)</td>
<td>-</td>
<td>-</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td><strong>54.4</strong></td>
<td><strong>6.3</strong></td>
<td><strong>16.3</strong></td>
<td><strong>77.0</strong></td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 January 2018</td>
<td>38.6</td>
<td>3.6</td>
<td>13.6</td>
<td>55.8</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>4.4</td>
<td>0.5</td>
<td>0.4</td>
<td>5.3</td>
</tr>
<tr>
<td>Disposals</td>
<td>(3.5)</td>
<td>-</td>
<td>-</td>
<td>(3.5)</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>39.5</td>
<td>4.1</td>
<td>14.0</td>
<td>57.6</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>5.7</td>
<td>0.5</td>
<td>0.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Disposals</td>
<td>(0.1)</td>
<td>-</td>
<td>-</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td><strong>45.1</strong></td>
<td><strong>4.6</strong></td>
<td><strong>14.3</strong></td>
<td><strong>64.0</strong></td>
</tr>
<tr>
<td><strong>Carrying amounts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2019</td>
<td>9.3</td>
<td>1.7</td>
<td>2.0</td>
<td>13.0</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>7.5</td>
<td>2.0</td>
<td>1.5</td>
<td>11.0</td>
</tr>
<tr>
<td>At 1 January 2018</td>
<td>5.5</td>
<td>1.9</td>
<td>1.6</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Following a review of fully written down assets in 2018, assets no longer in use with a total cost and accumulated depreciation of US$3.5 million were written off.

### 14 Investments

#### INVESTMENTS IN ASSOCIATE

The following entities meet the definition of an associate and have been equity accounted in the consolidated financial statements:

<table>
<thead>
<tr>
<th>Name</th>
<th>Relationship</th>
<th>Country of incorporation</th>
<th>Effective interest 31 December 2019</th>
<th>Effective interest 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Come2Play Limited</td>
<td>Associate</td>
<td>Israel</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>

On 15 April 2015, the Group acquired 20% of the Ordinary Shares of Come2Play Limited for a cash payment of US$1.5 million. As at 31 December 2019, the Group had investment in associate of US$0.7 million (2018: US$0.9 million). Further disclosures have not been provided as the investment is not material to the Group.

A reconciliation of the movements in the Group’s interest in equity accounted associate is shown below:

<table>
<thead>
<tr>
<th></th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2018</td>
<td>11</td>
</tr>
<tr>
<td>Share of post-tax loss of equity accounted associate</td>
<td>(0.2)</td>
</tr>
<tr>
<td>At 31 December 2018</td>
<td>0.9</td>
</tr>
<tr>
<td>Share of post-tax loss of equity accounted associate</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td><strong>0.7</strong></td>
</tr>
</tbody>
</table>
INVESTMENTS IN US JOINT VENTURES

In 2013, the Group entered into a joint venture agreement (“JVA”) with Avenue OLG Entertainment LLC (“Avenue”) and other minority shareholders to form AAPN Holdings LLC (“AAPN”), under which the Group had a 47% interest in AAPN. AAPN has a 100% owned subsidiary, AAPN New Jersey LLC (“AAPN NJ”), which has a B2C gaming offering in New Jersey.

AAPN has been equity accounted for, reflecting the Group’s effective 47% interest in their consolidated results and assets.

On 10 December 2018 (‘AAPN buyout day’), the Group acquired an additional 53% interest in the voting shares of AAPN Holdings LLC (AAPN), increasing its ownership interest to 100% for cash consideration of US$28.5 million. US$10.0 million was paid (gross of US$0.8 million cash acquired) to the non-controlling shareholders on the day of acquisition and additional US$18.4 million paid during the first quarter of 2019.

The Group remeasured its previously held 47% equity interest in AAPN at its acquisition-date fair value and recognised US$9.3 million gain in the consolidated income statement. The US$30.9 million goodwill recognised on acquisition represents the potential revenues from the US market as the states regulate online gambling.

AAPN results were under the joint venture framework until AAPN buyout day. Starting 11 December 2018, AAPN results are included in the consolidated income statement. AAPN assets and liabilities as of 31 December 2019 and 31 December 2018 are included in the consolidated balance sheet.

The Group’s share of post-tax losses of the joint ventures for the period 1 January 2018–10 December 2018 as are as follows:

<table>
<thead>
<tr>
<th>Income statement of US joint ventures</th>
<th>US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2.7</td>
</tr>
<tr>
<td>Expenses</td>
<td>(10.8)</td>
</tr>
<tr>
<td>Post-tax loss of joint ventures</td>
<td>(8.1)</td>
</tr>
<tr>
<td>Expenses attributed to class B holders</td>
<td>(2.0)</td>
</tr>
<tr>
<td>Total post-tax loss of joint ventures attributed to the Group</td>
<td>(10.1)</td>
</tr>
<tr>
<td>Group effective interest in joint ventures</td>
<td>47%</td>
</tr>
<tr>
<td>Group share of post-tax loss of joint ventures</td>
<td>(4.7)</td>
</tr>
</tbody>
</table>

1 The Group’s investment in the US joint ventures had reduced to nil due to the US joint ventures’ cumulative losses exceeding the Group’s investment. In 2018, the US joint ventures incurred further losses and, as a result, the Group’s investment remained at nil. As the Group’s investment remained at nil, the Group did not recognise the losses of US$4.7 million in its consolidated income statement in 2018. The total amount of unrecognised loss as of AAPN buyout day is US$13.2 million.

OTHER INVESTMENTS

The Group holds equity instruments designated at fair value through OCI of US$0.2 million at 31 December 2019 (31 December 2018: US$0.2 million).

15 Deferred taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Group’s deferred tax assets and liabilities resulting from temporary differences, some of which are expected to be settled on a net basis, are as follows:

<table>
<thead>
<tr>
<th>Deferred tax relates to the following</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued severance pay</td>
<td>1.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Vacation pay accrual</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(4.3)</td>
<td>(2.6)</td>
</tr>
<tr>
<td></td>
<td>(1.2)</td>
<td>(0.9)</td>
</tr>
</tbody>
</table>

Reflected in the statement of financial position as follows:

<table>
<thead>
<tr>
<th>Deferred tax assets</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax assets</td>
<td>2.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(4.0)</td>
<td>(2.3)</td>
</tr>
</tbody>
</table>

The Group has no tax losses at 31 December 2019 (2018: nil) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

Deferred tax liabilities of US$2.2 million have been recognised in respect of the fair value of acquired intangible assets recognised on acquisition of Sport platform and Bingo brands (2018: US$2.3 million in respect of the fair value of acquired intangible assets recognised on acquisition of AAPN).
### 16 Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term deposits</td>
<td>42.2</td>
<td>74.4</td>
</tr>
<tr>
<td>Customer funds</td>
<td>54.7</td>
<td>571</td>
</tr>
<tr>
<td>Restricted short-term deposits</td>
<td>2.6</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>99.5</strong></td>
<td><strong>133.0</strong></td>
</tr>
</tbody>
</table>

Customer funds represent bank deposits matched by liabilities to customers and progressive prize pools of an equal value (see note 21). Restricted short-term deposits represent amounts held by banks primarily to support guarantees in respect of regulated markets licence requirements.

### 17 Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>26.5</td>
<td>19.0</td>
</tr>
<tr>
<td>Other receivables</td>
<td>10.9</td>
<td>10.3</td>
</tr>
<tr>
<td>Prepayments</td>
<td>5.2</td>
<td>3.7</td>
</tr>
<tr>
<td><strong>Total current trade and other receivables</strong></td>
<td><strong>42.6</strong></td>
<td><strong>33.0</strong></td>
</tr>
<tr>
<td>Non-current prepayments</td>
<td>0.6</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>43.2</strong></td>
<td><strong>33.8</strong></td>
</tr>
</tbody>
</table>

The carrying value of trade receivables and other receivables approximates to their fair value as the credit risk has been addressed as part of impairment provisioning and, due to the short-term nature of the receivables, they are not subject to ongoing fluctuations in market rates. Note 25 provides credit risk disclosures on trade and other receivables.

### 18 Share capital

Share capital comprises the following:

#### Authorised

<table>
<thead>
<tr>
<th></th>
<th>31 December 2019 Number</th>
<th>31 December 2018 Number</th>
<th>31 December 2019 US$ million</th>
<th>31 December 2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares of £0.005 each</td>
<td>1,026,387,500</td>
<td>1,026,387,500</td>
<td>8.1</td>
<td>8.1</td>
</tr>
</tbody>
</table>

#### Allotted, called up and fully paid

<table>
<thead>
<tr>
<th></th>
<th>31 December 2019 Number</th>
<th>31 December 2018 Number</th>
<th>31 December 2019 US$ million</th>
<th>31 December 2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Shares of £0.005 each at beginning of year</td>
<td>364,284,539</td>
<td>359,679,561</td>
<td>3.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Issue of Ordinary Shares of £0.005 each</td>
<td>4,063,255</td>
<td>4,604,978</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Ordinary Shares of £0.005 each at end of year</td>
<td>368,347,794</td>
<td>364,284,539</td>
<td>3.3</td>
<td>3.3</td>
</tr>
</tbody>
</table>

The narrative below includes details on issue of Ordinary Shares of £0.005 each as part of the Group’s employee share option plan (see note 23) during 2019 and 2018:

During 2019, the Company issued 4,063,255 shares (2018: 4,604,978) out of which 32,440 shares (2018: 60,182) were issued in respect of employees’ exercising market value options giving rise to an increase in share premium of US$0.1 million (2018: US$0.1 million).

Shares issued are converted into US$ at the exchange rate prevailing on the date of issue. The issued and fully paid share capital of the Group amounts to US$3.3 million (2018: US$3.3 million) and is split into 368,347,794 (2018: 364,284,539) Ordinary Shares. The share capital in UK sterling (GBP) is £18 million (2018: £18 million).
19 Trade, other payables and provisions

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>28.4</td>
<td>30.8</td>
</tr>
<tr>
<td>Accrued expenses¹</td>
<td>79.9</td>
<td>63.6</td>
</tr>
<tr>
<td>Liability in respect of AAPN buyout²</td>
<td>—</td>
<td>18.5</td>
</tr>
<tr>
<td>Other payables</td>
<td>22.6</td>
<td>23.1</td>
</tr>
<tr>
<td><strong>Total trade and other payables</strong></td>
<td><strong>130.9</strong></td>
<td><strong>136.0</strong></td>
</tr>
<tr>
<td>Provisions³</td>
<td>10.2</td>
<td>11.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>141.1</strong></td>
<td><strong>147.3</strong></td>
</tr>
</tbody>
</table>

1. During 2018, the Group released US$10.7 million of accrued liability in respect of VAT due, following the receipt of tax assessments from the German tax authorities in respect of 2015-2017.

2. In 2018, the Group acquired the remaining 53% interest in the voting shares of AAPN for cash consideration of US$28.4 million. US$10.0 million (gross of US$0.8 million cash acquired) was paid on the day of acquisition and additional US$18.4 million was paid during 2019.

3. Includes mainly provisions in respect of regulatory matters related to legacy customers’ activity in prior periods.

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

**PROVISIONS**

The Group has recorded a provision in respect of regulatory matters related to legacy customers’ activity in prior periods. This amount represents management’s best estimate of probable cash outflows related to these matters, which are closely monitored by the Group.

During 2017, the Group recorded a provision for exceptional items of US$45.3 million in respect of historical value added tax relating to the provision of gaming services in Germany prior to 2015. During 2018, following receipt of tax assessments from the Tax Authorities in Germany, the Group paid US$24.6 million on account of this provision and released US$22.4 million of the provision, as described in note 5.

Movement in the provision during the year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2018</td>
<td>47.0</td>
</tr>
<tr>
<td>Arising during the year</td>
<td>10.4</td>
</tr>
<tr>
<td>Paid during the year</td>
<td>(24.6)</td>
</tr>
<tr>
<td>Released to income statement during the period</td>
<td>(22.4)</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>0.9</td>
</tr>
<tr>
<td>At 1 January 2019</td>
<td>11.3</td>
</tr>
<tr>
<td>Paid during the year</td>
<td>(11)</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td><strong>10.2</strong></td>
</tr>
<tr>
<td>Current</td>
<td>10.2</td>
</tr>
<tr>
<td>Non-current</td>
<td>—</td>
</tr>
</tbody>
</table>
20 Interest-bearing loans and borrowings

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease liabilities1</td>
<td>34.8</td>
<td>—</td>
</tr>
<tr>
<td>Interest-bearing loan - RCF2</td>
<td>17.7</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total interest-bearing loans and borrowings</strong></td>
<td><strong>52.5</strong></td>
<td><strong>—</strong></td>
</tr>
</tbody>
</table>

1 The Group applies, for the first time, IFRS 16 – Leases, see note 2.2. At 1 January 2019, US$26.8 million was recognised as lease liabilities – being the present value of US$29.2 million remaining lease payments, discounted using a weighted average incremental borrowing rate of 3.9%. As at 31 December 2019, the lease liabilities of US$34.8 million include interest of US$1.3 million.

2 During the period, 888 has finalised a revolving credit facility (“RCF”) with Barclays Bank plc of up to US$50.0 million in order to finance its M&A activities in the short term. At 31 December 2019, the Group has RCF liability of US$18 million. Arrangement fee of US$0.5 million is amortised to income statement over period of the RCF.

<table>
<thead>
<tr>
<th></th>
<th>Lease liabilities US$ million</th>
<th>RCF US$ million</th>
<th>Total US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2019</td>
<td>26.8</td>
<td>—</td>
<td>26.8</td>
</tr>
<tr>
<td>Arising during the period</td>
<td>12.6</td>
<td>32.5</td>
<td>45.1</td>
</tr>
<tr>
<td>Paid during the period</td>
<td>(7.5)</td>
<td>(15.0)</td>
<td>(22.5)</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>1.3</td>
<td>1.3</td>
<td>2.6</td>
</tr>
<tr>
<td>Interest paid</td>
<td>—</td>
<td>(11)</td>
<td>(11)</td>
</tr>
<tr>
<td>Exchange rate</td>
<td>1.6</td>
<td>—</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>At 31 December 2019</strong></td>
<td><strong>34.8</strong></td>
<td><strong>17.7</strong></td>
<td><strong>52.5</strong></td>
</tr>
<tr>
<td>Current</td>
<td>6.0</td>
<td>17.7</td>
<td>23.7</td>
</tr>
<tr>
<td>Non-current</td>
<td>28.8</td>
<td>—</td>
<td>28.8</td>
</tr>
</tbody>
</table>

21 Liabilities to customers and progressive prize pools

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities to customers</td>
<td>48.3</td>
<td>49.5</td>
</tr>
<tr>
<td>Progressive prize pools</td>
<td>6.4</td>
<td>7.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54.7</strong></td>
<td><strong>57.1</strong></td>
</tr>
</tbody>
</table>

22 Investments in significant subsidiaries

The consolidated financial statements include the following principal subsidiaries of 888 Holdings plc:

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of incorporation</th>
<th>Percentage of equity interest 2019</th>
<th>Percentage of equity interest 2018</th>
<th>Nature of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>VHL Financing Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Holding company</td>
</tr>
<tr>
<td>VHL Financing (Malta) Limited</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holding company</td>
</tr>
<tr>
<td>Virtual Global Digital Services Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Holder of gaming licences in Gibraltar</td>
</tr>
<tr>
<td>Cassava Enterprises (Gibraltar) Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Holder of gaming licences in Gibraltar during 2019</td>
</tr>
<tr>
<td>Virtual Digital Services Limited</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holder of gaming licences in Malta for European markets which are not locally regulated</td>
</tr>
<tr>
<td>Brigend Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Bingo business operator</td>
</tr>
<tr>
<td>Fordart Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>B2B business operator (except Bingo)</td>
</tr>
<tr>
<td>888 UK Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Holder of UK remote gaming licence</td>
</tr>
<tr>
<td>888 Italia Limited</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holder of Italian online gaming licence</td>
</tr>
<tr>
<td>888 Spain Public Limited Company</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holder of Spanish online gaming licence</td>
</tr>
</tbody>
</table>
### 22 Investments in significant subsidiaries continued

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of incorporation</th>
<th>Percentage of equity interest 2019</th>
<th>Percentage of equity interest 2018</th>
<th>Nature of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>888 US Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Holder of Interactive Gaming Service Provider and Manufacturer licence in the state of Nevada</td>
</tr>
<tr>
<td>888 Atlantic Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Holder of Transactional Waiver pending application for full licensing in the state of New Jersey</td>
</tr>
<tr>
<td>888 Liberty Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Holder of Gaming Vendor License in the state of Delaware</td>
</tr>
<tr>
<td>888 Romania Limited</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holder of Romanian online gaming licence</td>
</tr>
<tr>
<td>888 (Ireland) Limited</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holder of of Irish online betting licence</td>
</tr>
<tr>
<td>888 Denmark Limited</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holder of Danish online gaming licence</td>
</tr>
<tr>
<td>888 Portugal Limited</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holder of Portuguese online gaming licence</td>
</tr>
<tr>
<td>888 Sweden Limited</td>
<td>Malta</td>
<td>100</td>
<td>100</td>
<td>Holder of Swedish online gaming licence</td>
</tr>
<tr>
<td>Virtual Emerging Entertainment Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Trademark licensor</td>
</tr>
<tr>
<td>Gisland Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Payment transmission</td>
</tr>
<tr>
<td>Virtual IP Assets Limited</td>
<td>BVI</td>
<td>100</td>
<td>100</td>
<td>Holder of group IP assets</td>
</tr>
<tr>
<td>Virtual Marketing Services (Gibraltar) Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Marketing acquisition</td>
</tr>
<tr>
<td>Virtual Marketing Services (UK) Limited</td>
<td>UK</td>
<td>100</td>
<td>100</td>
<td>Advertising services</td>
</tr>
<tr>
<td>888 US Services Inc.</td>
<td>New Jersey, USA</td>
<td>100</td>
<td>100</td>
<td>Provider of US-based services for US operations</td>
</tr>
<tr>
<td>Dixie Operations Limited</td>
<td>Antigua</td>
<td>100</td>
<td>100</td>
<td>Customer call center operator</td>
</tr>
<tr>
<td>Random Logic Limited</td>
<td>Israel</td>
<td>100</td>
<td>100</td>
<td>Research, development and marketing support</td>
</tr>
<tr>
<td>Random Logic Ventures Limited</td>
<td>Israel</td>
<td>100</td>
<td>100</td>
<td>Investment holding company</td>
</tr>
<tr>
<td>Sparkware Technologies SRL</td>
<td>Romania</td>
<td>100</td>
<td>100</td>
<td>Software development</td>
</tr>
<tr>
<td>Virtual Internet Services Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Data hosting and development services</td>
</tr>
<tr>
<td>Virtual Internet Services (Ireland) Limited</td>
<td>Ireland</td>
<td>100</td>
<td>100</td>
<td>Data hosting services</td>
</tr>
<tr>
<td>Virtual Share Services Limited</td>
<td>Gibraltar</td>
<td>100</td>
<td>100</td>
<td>Administration of employee equity schemes</td>
</tr>
<tr>
<td>888 US Inc.</td>
<td>Delaware, USA</td>
<td>100</td>
<td>100</td>
<td>Holder of AAPN</td>
</tr>
<tr>
<td>888 US Holdings Inc.</td>
<td>Delaware, USA</td>
<td>100</td>
<td>100</td>
<td>Holder of AAPN</td>
</tr>
<tr>
<td>AAPN Holdings, LLC</td>
<td>Delaware, USA</td>
<td>100</td>
<td>47</td>
<td>Holding company</td>
</tr>
<tr>
<td>AAPN New Jersey LLC</td>
<td>New Jersey, USA</td>
<td>100</td>
<td>47</td>
<td>Holder of Casino Service Industry Enterprise licence in New Jersey</td>
</tr>
<tr>
<td>Spectate Limited</td>
<td>Ireland</td>
<td>100</td>
<td>N/A</td>
<td>Software development</td>
</tr>
<tr>
<td>Gaming Ventures Europe 2019 Limited</td>
<td>Malta</td>
<td>100</td>
<td>N/A</td>
<td>Holder of gaming licences in Malta for European markets which are not locally regulated</td>
</tr>
<tr>
<td>Entertainment Ventures Europe 2019 Limited</td>
<td>Malta</td>
<td>100</td>
<td>N/A</td>
<td>Holder of gaming licences in Malta for European markets which are not locally regulated</td>
</tr>
</tbody>
</table>

1. Virtual IP Assets Limited has been redomiciled to Antigua with effect as of 22 November 2019.
23 Share benefit charges

**EQUITY-SETTLED SHARE BENEFIT CHARGES**

As at 31 December 2019, the Group has equity-settled employee shares and share options granted under two equity-settled employee share incentive plans – the 888 All-Employee Share Plan ("AEP"), which expired according to its terms in August 2015, and the 888 Long-Term Incentive Plan 2015 ("LTIP") which was adopted at the Extraordinary General Meeting on 29 September 2015. The 888 Long-Term Incentive Plan 2015 is open to employees (including Executive Directors) and full-time consultants of the Group, at the discretion of the Remuneration Committee. Awards under this scheme will vest in instalments over a fixed period of at least three years subject to the relevant individuals remaining in service. Certain of these awards are subject to additional performance conditions imposed by the Remuneration Committee at the dates of grant, further details of which are given in the Directors’ Remuneration Report.

In addition, on 8 May 2017, the Board adopted a Deferred Share Bonus Plan ("DSBP") in order to allow the Company to comply with the requirement contained in its Remuneration Policy pursuant to which any annual bonus payment made to an Executive Director in excess of 100% of such Executive Director’s annual salary is deferred into equity awards of the Company in the form of nil cost options or share awards.

The Company grants equity awards under which shares of the Company are issued to employees at nil consideration. The nominal value of such shares is covered internally. Details of equity settled shares and share options granted as part of the AEP, the LTIP and the DSBP are set out below.

### SHARE OPTIONS GRANTED

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Weighted average exercise price</td>
<td>Number</td>
</tr>
<tr>
<td>Outstanding at the beginning of the year</td>
<td>£1.08</td>
<td>33,092</td>
</tr>
<tr>
<td>Market value options lapsed during the year</td>
<td>£1.02</td>
<td>(652)</td>
</tr>
<tr>
<td>Market value options exercised during the year</td>
<td>£1.08</td>
<td>32,440</td>
</tr>
<tr>
<td>Outstanding at the end of the year</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### ORDINARY SHARES GRANTED (WITHOUT PERFORMANCE CONDITIONS)

<table>
<thead>
<tr>
<th></th>
<th>2019 Number</th>
<th>2018 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at the beginning of the year</td>
<td>3,578,276</td>
<td>4,083,372</td>
</tr>
<tr>
<td>Shares granted during the year</td>
<td>1,702,870</td>
<td>(398,981)</td>
</tr>
<tr>
<td>Lapsed future vesting shares</td>
<td>(2,970,183)</td>
<td>(1,275,858)</td>
</tr>
<tr>
<td>Shares issued during the year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Outstanding at the end of the year</td>
<td>1,911,982</td>
<td>3,578,276</td>
</tr>
<tr>
<td>Averaged remaining life until vesting</td>
<td>1.45 years</td>
<td>0.59 years</td>
</tr>
</tbody>
</table>

### DEFERRED SHARE BONUS PLAN

<table>
<thead>
<tr>
<th></th>
<th>2019 Number</th>
<th>2018 Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at the beginning of the year</td>
<td>338,201</td>
<td>211,691</td>
</tr>
<tr>
<td>Shares granted during the year</td>
<td>–</td>
<td>197,074</td>
</tr>
<tr>
<td>Shares exercised during the year</td>
<td>(136,254)</td>
<td>(70,564)</td>
</tr>
<tr>
<td>Outstanding at the end of the year</td>
<td>201,947</td>
<td>338,201</td>
</tr>
<tr>
<td>Averaged remaining life until vesting</td>
<td>0.54 years</td>
<td>1.02 years</td>
</tr>
</tbody>
</table>

The aforementioned grants under the DSBP were approved by the Board as part of the annual bonus award to the Executive Directors for 2016-2018, pursuant to which an amount equal to 100% of salary was granted in cash, with the additional 50% of salary deferred into shares of the Company. These grants were made on 21 March 2018 to the CEO (117,965 Shares) and CFO (79,109 Shares) and 28 June 2017 to the CEO (130,914 Shares) and CFO (80,777 Shares), with the shares vesting in equal tranches over three years. Ordinary Shares granted for future vesting are valued at the share price at grant date, which the Group considers approximates to the fair value. On 28 March 2018, the Group purchased 197,074 shares and, on 29-30 June 2017, the Group purchased 211,691 shares on the open market at an average price of 277.9¢ per share and 255.31¢ per share, respectively, all of which were recognised as treasury shares as of 31 December 2019.
23 Share benefit charges continued

**ORDINARY SHARES GRANTED (SUBJECT TO PERFORMANCE CONDITIONS)**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>4,142,129</td>
<td>5,991,888</td>
</tr>
<tr>
<td>Shares granted during the year</td>
<td>1,703,845</td>
<td>1,372,015</td>
</tr>
<tr>
<td>Lapsed future vesting shares</td>
<td>(613,093)</td>
<td>—</td>
</tr>
<tr>
<td>Shares issued during the year</td>
<td>(1,060,632)</td>
<td>(3,221,774)</td>
</tr>
<tr>
<td>Outstanding at the end of the year</td>
<td>4,172,249</td>
<td>4,142,129</td>
</tr>
<tr>
<td>Averaged remaining life until vesting</td>
<td>1.34 years</td>
<td>1.25 years</td>
</tr>
</tbody>
</table>

Shares granted during the year (1,703,845) are 100% dependent on total shareholder return (TSR) compared to a peer group of companies. All other shares outstanding at the end of the year (2,468,405) 50% are dependent on an EPS growth target, and 50% on total shareholder return (TSR) compared to a peer group of companies. Further details of performance conditions that have to be satisfied on these awards are set out in the Directors’ Remuneration Report on page 86. The EPS growth target is taken into account when determining the number of shares expected to vest at each reporting date, and the TSR target is taken into account when calculating the fair value of the share grant.

**VALUATION INFORMATION – SHARES GRANTED UNDER TSR CONDITION:**

<table>
<thead>
<tr>
<th>Shares granted during the year:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share pricing model used</td>
<td>Monte Carlo</td>
<td>Monte Carlo</td>
</tr>
<tr>
<td>Determined fair value</td>
<td>£1.74</td>
<td>£1.72</td>
</tr>
<tr>
<td>Number of shares granted</td>
<td>1,703,845</td>
<td>686,008</td>
</tr>
<tr>
<td>Average risk-free interest rate</td>
<td>0.75%</td>
<td>0.98%</td>
</tr>
<tr>
<td>Average standard deviation</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>Average standard deviation of peer group</td>
<td>30%</td>
<td>29%</td>
</tr>
</tbody>
</table>

**VALUATION INFORMATION – SHARES GRANTED**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average share price at grant date</td>
<td>£1.62</td>
<td>£2.76</td>
</tr>
<tr>
<td>Weighted average share price at issue of shares</td>
<td>£1.61</td>
<td>£2.50</td>
</tr>
</tbody>
</table>

Ordinary shares granted for future vesting with EPS growth performance conditions are valued at the share price at grant date, which the Group considers approximates to the fair value. The restrictions on the shares during the vesting period, primarily relating to non-receipt of dividends, are considered to have an immaterial effect on the share option charge.

In accordance with IFRS 2 a charge to the consolidated income statement in respect of any shares or options granted under the above schemes is recognised and spread over the vesting period of the shares or options based on the fair value of the shares or options at the grant date, adjusted for changes in vesting conditions at each balance sheet date. These charges have no cash impact.

**SHARE BENEFIT CHARGES**

<table>
<thead>
<tr>
<th></th>
<th>2019 (US$ million)</th>
<th>2018 (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity-settled charge for the year</td>
<td>5.4</td>
<td>8.9</td>
</tr>
<tr>
<td>Total share benefit charges</td>
<td>5.4</td>
<td>8.9</td>
</tr>
</tbody>
</table>
24 Related party transactions
The aggregate amounts payable to key management personnel, considered to be the Directors of the Company, as well as their share benefit charges, are set out below:

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term benefits</td>
<td>5.9</td>
<td>3.2</td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Share benefit charges – equity-settled</td>
<td>1.9</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8.1</strong></td>
<td><strong>7.6</strong></td>
</tr>
</tbody>
</table>

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

25 Financial risk management
The Group is exposed through its operations to risks that arise from use of its financial instruments. Policies and procedures for managing these risks are set by the Board following recommendations from the Chief Financial Officer. The Board reviews the effectiveness of these procedures and, if required, approves specific policies and procedures in order to mitigate these risks.

The main financial instruments used by the Group, on which financial risk arises, are as follows:
- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables;
- Customer deposits;
- Lease liabilities;
- Interest-bearing loan – RCF;
- Equity instruments designated at fair value through OCI.

Detailed analysis of these financial instruments is as follows:

**Financial assets**

|                                | 2019 US$ million | 2018 US$ million |
|                                | 2019 US$ million | 2018 US$ million |
| Trade and other receivables¹ (note 17) | 37.4              | 29.3              |
| Cash and cash equivalents (note 16)     | 99.5              | 133.0             |
| Equity instruments designated at fair value through OCI (note 14) | 0.2              | 0.2              |
| **Total**                               | **137.1**         | **162.5**         |

¹ Excludes prepayments and non-current other receivables.

In accordance with IFRS 9, trade and other receivables and cash and cash equivalents are classified as financial assets at amortised costs. Equity investments are measured at fair value through other comprehensive income (FVOCI) without subsequent recycling to income statement.

**Financial liabilities**

|                                | 2019 US$ million | 2018 US$ million |
|                                | 2019 US$ million | 2018 US$ million |
| Trade and other payables¹ (note 19) | 102.5             | 100.7             |
| Customer deposits (note 21)        | 54.7              | 571.0             |
| Lease liabilities – IFRS 16 (note 20) | 34.8              | –                 |
| Interest-bearing loan – RCF (note 20) | 17.7              | –                 |
| **Total**                          | **209.7**         | **1578**          |

¹ Excludes taxes payable.

In accordance with IFRS 9, all financial liabilities are held at amortised cost.
25 Financial risk management continued

**CAPITAL**

The capital employed by the Group is composed of equity attributable to shareholders. The primary objective of the Group is maximising shareholders’ value, which, from the capital perspective, is achieved by maintaining the capital structure most suited to the Group’s size, strategy, and underlying business risk. There are no demands or restrictions on the Group’s capital.

The main financial risk areas are as follows:

**CREDIT RISK**

**Trade receivables**

The Group’s credit risk is primarily attributable to trade receivables, most of which are due from the Group’s payment service providers (PSP). These are third-party companies that facilitate deposits and withdrawals of funds to and from customers’ virtual wallets with the Group. These are mainly intermediaries that transact on behalf of credit card companies.

The risk is that a PSP would fail to discharge its obligation with regard to the balance owed to the Group. The Group reduces this credit risk by:

- Monitoring balances with PSPs on a regular basis.
- Arranging for the shortest possible cash settlement intervals.
- Replacing rolling reserve requirements, where they exist, with a Letter of Credit by a reputable financial institution.
- Ensuring a new PSP is only contracted following various due diligence and ‘Know Your Customer’ procedures.
- Ensuring policies are in place to reduce dependency on any specific PSP and as a limit any concentration of risk.

The Group considers that based on the factors above and on extensive past experience, the PSP receivables are of good credit quality and there is a low level of potential bad debt as at year-end, amounting to US$0.1 million arising from a PSP failing to discharge its obligation (2018: US$0.1 million). This has been charged to the consolidated income statement.

An additional credit risk the Group faces relates to customers disputing charges made to their credit cards (“chargebacks”) or any other funding method they have used in respect of the services provided by the Group. Customers may fail to fulfil their obligation to pay, which will result in funds not being collected. These chargebacks and uncollected deposits, when occurring, will be deducted at source by the PSPs from any amount due to the Group. As such, the Group provides for these eventualities by way of an impairment provision based on analysis of past transactions. This provision is set off against trade receivables and at 31 December 2019 was US$1.0 million (2018: US$1.1 million).

The Group’s in-house Fraud and Risk Management department carefully monitors deposits and withdrawals by following prevention and verification procedures using internally-developed bespoke systems integrated with commercially-available third-party measures.

**Cash and cash equivalents**

The Group controls its cash position from its Gibraltar headquarters. Subsidiaries in its other main locations maintain minimal cash balances as required for their operations. Cash settlement proceeds from PSPs, as described above, are paid into bank accounts controlled by the Treasury function in Gibraltar.

The Group holds the majority of its funds with highly reputable financial institutions and will not hold funds with financial institutions with a low credit rating save for limited balances for specific operational needs. The Group maintains its cash reserves in highly liquid deposits and regularly monitors interest rates in order to maximise yield.

**Customer funds**

Customer funds are matched by customer liabilities and progressive prize pools of an equal value.

**Restricted short-term deposits**

Restricted short-term deposits are short-term deposits held by banks primarily to support guarantees in respect of regulated markets licence requirements.

The Group’s maximum exposure to credit risk is the amount of financial assets presented above, totalling US$1371 million (2018: US$162.5 million).
LIQUIDITY RISK

Liquidity risk exists where the Group might encounter difficulties in meeting its financial obligations as they become due. The Group monitors its liquidity in order to ensure that sufficient liquid resources are available to allow it to meet its obligations.

The following table details the contractual maturity analysis of the Group’s financial liabilities (undiscounted payments):

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On demand</td>
<td>In 3 months and 1 year</td>
<td>More than 1 year</td>
<td>Total US$ million</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>15.8</td>
<td>73.7</td>
<td>13.0</td>
<td>—</td>
<td>102.5</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>54.7</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>54.7</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>—</td>
<td>1.7</td>
<td>4.3</td>
<td>34.5</td>
<td>40.5</td>
</tr>
<tr>
<td>Interest-bearing loan – RCF</td>
<td>—</td>
<td>—</td>
<td>18.0</td>
<td>—</td>
<td>18.0</td>
</tr>
<tr>
<td></td>
<td>70.5</td>
<td>75.4</td>
<td>35.3</td>
<td>34.5</td>
<td>215.7</td>
</tr>
</tbody>
</table>

1. Excludes taxes payable.

MARKET RISK

Currency risk

The Group’s financial risk arising from exchange rate fluctuations is mainly attributed to:

- Mismatches between customer deposits, which are predominantly denominated in US$, and the net receipts from customers, which are settled in the currency of the customer’s choice and of which Pounds Sterling (GBP) and Euros (EUR) are the most significant.
- Mismatches between reported revenue, which is mainly generated in US$ (the Group’s reporting currency and the functional currency of the majority of its subsidiaries), and a significant portion of deposits settled in local currencies.
- Expenses, the majority of which are denominated in foreign currencies, including Pounds Sterling (GBP), Euros (EUR) and New Israeli Shekels (ILS).

The Group continually monitors the foreign currency risk and takes steps, where practical, to ensure that the net exposure is kept to an acceptable level. This includes the potential use of foreign exchange forward contracts designed to fix the economic impact of known liabilities when considered appropriate.

At 31 December 2019, the Group does not have any open foreign exchange forward contracts.
## MARKET RISK CONTINUED

### Currency risk continued

The tables below detail the monetary assets and liabilities by currency:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th></th>
<th>2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>27.7</td>
<td>34.4</td>
<td>5.0</td>
<td>27.4</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>9.2</td>
<td>19.6</td>
<td>0.3</td>
<td>2.1</td>
</tr>
<tr>
<td>Equity instruments designated at fair value through OCI</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Monetary assets</td>
<td>36.9</td>
<td>54.0</td>
<td>5.3</td>
<td>29.7</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(18.0)</td>
<td>(24.7)</td>
<td>(16.3)</td>
<td>(411)</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>(9.3)</td>
<td>(14.4)</td>
<td>—</td>
<td>(27.9)</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>(3.3)</td>
<td>(10.4)</td>
<td>(20.2)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Interest-bearing loan – RCF</td>
<td>—</td>
<td>—</td>
<td>(17.7)</td>
<td>—</td>
</tr>
<tr>
<td>Monetary liabilities</td>
<td>(30.6)</td>
<td>(49.5)</td>
<td>(36.5)</td>
<td>(871)</td>
</tr>
<tr>
<td>Net financial position</td>
<td>6.3</td>
<td>4.5</td>
<td>(31.2)</td>
<td>(57.4)</td>
</tr>
</tbody>
</table>

### SENSITIVITY ANALYSIS

The table below details the effect on profit before tax of a 10% strengthening (and weakening) in the US$ exchange rate at the balance sheet date for balance sheet items denominated in Pounds Sterling, Euros and New Israeli Shekels:

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GBP US$ million</td>
<td>EUR US$ million</td>
</tr>
<tr>
<td>10% strengthening</td>
<td>(0.6)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>10% weakening</td>
<td>0.6</td>
<td>0.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 December 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GBP US$ million</td>
<td>EUR US$ million</td>
</tr>
<tr>
<td>10% strengthening</td>
<td>(19)</td>
<td>(2.0)</td>
</tr>
<tr>
<td>10% weakening</td>
<td>19</td>
<td>2.0</td>
</tr>
</tbody>
</table>
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

25 Financial risk management continued

INTEREST RATE RISK
The Group’s exposure to interest rate risk is limited to the interest-bearing deposits in which the Group invests surplus funds and debt obligations (RCF).

At 31 December 2019, the Group has US$18.0 million RCF and is exposed to floating rate risk. Given the magnitude of the max drawable amount under the RCF (US$50 million), interest rate fluctuations are not expected to be significant.

The Group’s policy is to invest surplus funds in low risk money market funds and in interest-bearing bank accounts. The Group arranges for excess funds to be placed in these interest-bearing accounts with its principal bankers in order to maximise availability of funds for investments.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group’s profit before tax is affected through the impact on floating rate borrowings, as follows:

<table>
<thead>
<tr>
<th>Effect on profit before tax</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest-bearing deposits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US$ million</td>
<td>0.1</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Debt obligations (RCF)</td>
<td>0.3</td>
<td>(0.3)</td>
</tr>
<tr>
<td>US$ million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50bp increase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50bp decrease</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.1)</td>
<td>0.1</td>
<td>(0.3)</td>
</tr>
</tbody>
</table>

26 Fair value measurements
At 31 December 2019 and 2018, the Group’s equity investment is measured at fair value (level 2). For the remaining financial assets and liabilities, the Group considers that the book value approximates to fair value.

There were no changes in valuation techniques or transfers between categories in the period.

27 Provisions, contingent liabilities and regulatory issues

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

(b) In 2017, in response to an inquiry from the tax authorities in Germany relating to a legacy VAT matter, the Group disclosed a contingent liability of US$18.5 million, relating to issues on which the Group considered that it has strong arguments but regarding which it remained possible that there would be a cash outflow. During 2018, following further discussions with tax authorities in Germany culminating in the issuance of tax assessments, the Board, supported by their updated legal advice, considered that the risk of cash outflow in respect of these services is remote, and therefore the contingent liability no longer exists. The Board has reserved its position and all legal rights, based on the legal advice received.

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

Given the nature of the legal and regulatory landscape of the industry, from time to time the Group has received notices, communications and legal actions from a small number of regulatory authorities and other parties in respect of its activities. The Group has taken legal advice as to the manner in which it should respond and the likelihood of success of such actions. Based on this advice and the nature of the actions, for the majority of these matters the Board is unable to quantify reliably the outflow of funds that may result, if any. For matters where an outflow of funds is probable and can be measured reliably, amounts have been recognised in the financial statements within Provisions. Except for the regulatory matters described in note 19, these amounts are not material at 31 December 2019.
## COMPANY BALANCE SHEET
### AT 31 DECEMBER 2019

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in subsidiaries</td>
<td>46.1</td>
<td>48.3</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong> Non-current assets</td>
<td>46.8</td>
<td>49.0</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>90.9</td>
<td>78.9</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>137.7</td>
<td>127.9</td>
</tr>
<tr>
<td><strong>Equity and liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>4</td>
<td>3.3</td>
</tr>
<tr>
<td>Share premium</td>
<td>4</td>
<td>3.7</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>4</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Retained earnings¹</td>
<td>54.9</td>
<td>61.8</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>61.2</td>
<td>67.5</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>5</td>
<td>4.3</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>6</td>
<td>7.8</td>
</tr>
<tr>
<td>Interest-bearing loans and borrowings</td>
<td>—</td>
<td>17.7</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>29.8</td>
<td>30.0</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan payable to subsidiaries</td>
<td>9</td>
<td>46.7</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>46.7</td>
<td>30.4</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>76.5</td>
<td>60.4</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>137.7</td>
<td>127.9</td>
</tr>
</tbody>
</table>

¹ Includes net profit of the Company for the year ended 31 December 2019 of US$28.6 million (31 December 2018: US$64.2 million).

The financial statements on pages 155 to 159 were approved and authorised for issue by the Board of Directors on 15 April 2020 and were signed on its behalf by:

ITAI PAZNER  AVIAD KOBRINE
Chief Executive Officer  Chief Financial Officer

The notes on pages 158 to 159 form part of these financial statements.
### COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 January 2018</strong></td>
<td>3.3</td>
<td>3.5</td>
<td>(0.7)</td>
<td>45.6</td>
<td>51.7</td>
</tr>
<tr>
<td>Profit and total comprehensive income for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>64.2</td>
<td>64.2</td>
</tr>
<tr>
<td>Dividend paid (note 9)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(56.6)</td>
<td>(56.6)</td>
</tr>
<tr>
<td>Issue of shares (note 4)</td>
<td>—</td>
<td>0.1</td>
<td>—</td>
<td>—</td>
<td>0.1</td>
</tr>
<tr>
<td>Acquisition of treasury shares (note 4)</td>
<td>—</td>
<td>—</td>
<td>(0.8)</td>
<td>—</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Exercise of deferred share bonus plan</td>
<td>—</td>
<td>—</td>
<td>0.3</td>
<td>(0.3)</td>
<td>—</td>
</tr>
<tr>
<td>Equity settled share benefit charges (note 8)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>8.9</td>
<td>8.9</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2018</strong></td>
<td>3.3</td>
<td>3.6</td>
<td>(1.2)</td>
<td>61.8</td>
<td>67.5</td>
</tr>
<tr>
<td>Profit and total comprehensive income for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>28.6</td>
<td>28.6</td>
</tr>
<tr>
<td>Dividend paid (note 9)</td>
<td>—</td>
<td>—</td>
<td>(40.4)</td>
<td>(40.4)</td>
<td>—</td>
</tr>
<tr>
<td>Issue of shares (note 4)</td>
<td>—</td>
<td>0.1</td>
<td>—</td>
<td>—</td>
<td>0.1</td>
</tr>
<tr>
<td>Exercise of deferred share bonus plan</td>
<td>—</td>
<td>—</td>
<td>0.5</td>
<td>(0.5)</td>
<td>—</td>
</tr>
<tr>
<td>Equity settled share benefit charges (note 8)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5.4</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2019</strong></td>
<td>3.3</td>
<td>3.7</td>
<td>(0.7)</td>
<td>54.9</td>
<td>61.2</td>
</tr>
</tbody>
</table>

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

- **Share capital** — represents the nominal value of shares allotted, called-up and fully paid for.
- **Share premium** — represents the amount subscribed for share capital in excess of nominal value.
- **Treasury shares** — represent reacquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.
- **Retained earnings** — represents the cumulative net gains and losses recognised in the parent company statement of comprehensive income and other transactions with equity holders.

The notes on pages 158 to 159 form part of these financial statements.
### COMPANY STATEMENT

#### OF CASH FLOWS

#### FOR THE YEAR ENDED 31 DECEMBER 2019

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td>26.7</td>
<td>71.3</td>
</tr>
<tr>
<td>Adjustments for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share benefit charges</td>
<td>8</td>
<td>0.7</td>
</tr>
<tr>
<td>Interest costs</td>
<td>2.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Dividends received</td>
<td>(27.2)</td>
<td>(72.2)</td>
</tr>
<tr>
<td>Increase in net amounts owed by subsidiaries</td>
<td>3.5</td>
<td>(20.1)</td>
</tr>
<tr>
<td>(Increase) decrease in other receivables</td>
<td>3</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Increase (decrease) in trade and other payables</td>
<td>5</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>(18.0)</td>
<td>(44.3)</td>
</tr>
<tr>
<td><strong>Income tax paid</strong></td>
<td>(0.8)</td>
<td>(0.7)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td><strong>(18.8)</strong></td>
<td><strong>(45.0)</strong></td>
</tr>
</tbody>
</table>

| Cash flows from investing activities  |                  |                  |
| Dividends received                   | 27.2             | 72.2             |

| Cash flows from financing activities: |                  |                  |
| Issue of shares                      | 0.1              | 0.1              |
| Acquisition of treasury shares       | (0.8)            |                  |
| Loan received from subsidiaries      | 15.8             | 30.0             |
| Interest paid                        | (1.4)            |                  |
| Proceeds from loans, net of transaction fee | 32.5            |                  |
| Repayment of loans                   | (15.0)           |                  |
| Dividends paid                       | (40.4)           | (56.6)           |

| Net cash used in financing activities | (8.4)            | (27.3)           |

| Net decrease in cash and cash equivalents | —                | (0.1)           |
| Cash and cash equivalents at the beginning of the year | —                | 0.1            |
| Cash and cash equivalents at the end of the year | —                | —              |

The notes on pages 158 to 159 form part of these financial statements.
NOTES TO THE COMPANY
FINANCIAL STATEMENTS

1 General information and accounting policies
A description of the Company, its activities and definitions are included in note 1 to the consolidated financial statements.

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and on an historical cost basis.

The Company applies consistent accounting policies, as applied by the Group. To the extent that an accounting policy is relevant to both Group and Company financial statements, refer to the Group financial statements for disclosure of the accounting policy (see note 2 to the consolidated financial statements). Material policies that apply to the Company only are included as appropriate.

Under Section 288 of the Gibraltar Companies Act 2014, the Company is exempt from the requirement to present its own income statement.

INVESTMENT IN SUBSIDIARIES
The Company’s investments in subsidiaries are carried at cost less provisions resulting from impairment.

SHARE-BASED PAYMENTS
The financial effect of awards by the Company of options over its equity shares to employees of subsidiary undertakings is recognised by the Company in its individual financial statements as an adjustment to its investment in subsidiaries with an opposite adjustment to equity. The subsidiary, in turn, will recognise the IFRS 2 adjustment in its income statement with a credit (debit) to equity to reflect the deemed capital contribution from (dividend to) the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – IMPAIRMENT TESTING OF INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES
The Company’s investments in and amounts due from subsidiaries have been tested for impairment by comparison against the underlying value of the subsidiaries’ assets.

2 Investments in subsidiaries
The Company’s principal subsidiaries are listed in note 22 to the consolidated financial statements. In the Company’s financial statements, investments in subsidiaries are held at cost less provision for any impairment. The Group applies IFRS 2 – Share-based Payment. Consequently, the Company recognises as a cost of investment the value of its own shares that it makes available for the purpose of granting share options to employees or contractors of its subsidiaries. The net movement in investment in subsidiaries during the year was US$2.2 million (2018: US$7.8 million) included within this were share-based payment charges of US$4.7 million in 2019 (2018: US$7.8 million), which is net of US$6.9 million intragroup recharges related to share-based payment schemes (2018: US$0.3 million). No capital contribution during the year (2018: nil) in respect of incorporation of new subsidiaries.

3 Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts due from subsidiaries</td>
<td>90.5</td>
<td>78.7</td>
</tr>
<tr>
<td>Other receivables and prepayments</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90.9</strong></td>
<td><strong>78.9</strong></td>
</tr>
</tbody>
</table>

The carrying value of trade and other receivables approximates to their fair value. None of the balances included within trade and other receivables are past due or impaired. Amounts due from subsidiaries are payable on demand.

4 Share capital
The disclosures in note 18 to the consolidated financial statements are consistent with those for the Company, including capital management in note 25 to the consolidated financial statements.
5 Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>2019 US$ million</th>
<th>2018 US$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>0.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Amounts due to subsidiaries</td>
<td>1.0</td>
<td>16.3</td>
</tr>
<tr>
<td>Other payables and accrued expenses</td>
<td>3.2</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>4.3</td>
<td>19.5</td>
</tr>
</tbody>
</table>

The carrying value of trade and other payables approximates to their fair value. All balances included within trade and other payables are repayable on demand.

6 Financial risk management

To the extent relevant to Company’s financial assets and liabilities (see notes 3 and 5), the Company’s financial risk management objectives and policies are consistent with those of the Group as disclosed in note 25 to the consolidated financial statements.

Interest-bearing loans and borrowings are disclosed in note 20 to the consolidated financial statements.

Loan payable to subsidiaries are made on terms equivalent to those that prevail in arm’s length transactions.

7 Contingent liabilities

The disclosures in note 27 to the consolidated financial statements are consistent with those for the Company.

8 Share benefit charges

The disclosures in note 23 to the consolidated financial statements are consistent with those for the Company except that the charge for the year is partly taken to investment in subsidiaries, as set out in note 2.

9 Related party transactions

The aggregate amounts payable to key management personnel, considered to be the Directors of the Company, as well as their share benefit charges is detailed in note 23 to the consolidated financial statements.

During the year, the Company received dividends from its subsidiaries through intercompany accounts (to be paid subsequently in cash), totalling US$27.2 million (2018: US$72.2 million), and paid to its shareholders dividends totalling US$40.4 million (2018: US$56.6 million). See note 10 to the consolidated financial statements.

Share benefit charges in respect of options and shares of the Company awarded to employees of subsidiaries totalled US$4.7 million (2018: US$8.1 million). During the year, the Company charged its subsidiary for cost of awards for US$6.9 million (2018: US$0.3 million).

During the year, the Company borrowed a US$15.8 million from its subsidiaries (2018: US$30.0 million) and recorded a US$18 million (2018: US$0.4 million) interest expenses in respect of the loan which were recharged to other Group entities. At 31 December 2019, the net amounts owed by subsidiaries to the Company were US$89.5 million (2018: US$62.4 million).

10 Deferred taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. As at 31 December 2019, the Company has a deferred tax asset of US$0.9 million (2018: US$1.0 million) partially offset by deferred tax liabilities of US$0.2 million (2018: US$0.3 million).
SHAREHOLDER INFORMATION

GROUP WEBSITES
A range of shareholder information is available in the Investor Relations area of the Group’s website, corporate.888.com, including:

• Latest information on the Group’s share price
• Information on the Group’s financial performance
• News and events

The following websites can also be accessed through the Group’s main website www.888.com or are available directly.

CASINO
888’s Casino games are offered through its 888casino, live casino and Costacasino:

• www.888casino.com
• www.777.com
• live-casino.888casino.com
• www.888vipcasinoclub.com
• www.costagames.com
• www.slotcrazy.com
• www.fantasticspins.com
• www.skyslots.com
• www.costagames.com
• www.slotcrazy.com
• www.fantasticspins.com
• www.skyslots.com
• www.winkslots.com

POKER
888’s Poker offering is through 888poker
• www.888poker.com

BINGO
888’s Bingo offering is through 888ladies, Wink and Costabingo and others:

• www.888ladies.com
• www.winkbingo.com
• www.poshbingo.co.uk
• www.tastybingo.com
• www.redbusbingo.com
• www.bingostreet.com
• www.daisybingo.com
• www.888bingo.com
• www.bingofabulous.com
• www.deepseablingo.com
• www.sweetshopbingo.com
• www.costabingo.com
• www.realdealbingo.com
• www.singbingo.com
• www.citybingo.com
• www.riobingo.com
• www.wishbingo.com
• www.angrybingo.com
• www.treasurebingo.com
• www.monkeybingo.com
• www.treasurebingo.com
• www.fantasticspins.com
• www.deepseablingo.com
• www.sweetshopbingo.com
• www.costabingo.com
• www.realdealbingo.com
• www.singbingo.com
• www.riobingo.com
• www.wishbingo.com
• www.angrybingo.com
• www.treasurebingo.com

SPORTSBOOK
888’s Sportsbook offering is through 888sport
• www.888sport.com

USA
888’s New Jersey Poker and Casino games are offered through its US regulated website

• US.888Poker.com
• US.888Casino.com
• US.888.com

SPAIN
888’s Spain Poker, Casino games and Sport are offered through its Spanish regulated website

• www.888.es
• www.888poker.es
• www.888casino.es
• www.888sport.es

ITALY
888’s Italy Poker, Casino games and Sport are offered through its Italian regulated website

• www.888.it
• www.888casino.it
• www.888poker.it
• www.888sport.it

DENMARK
888’s Denmark Poker, Casino games and Sport are offered through its Denmark regulated website

• www.888.dk
• www.888poker.dk
• www.888casino.dk
• www.888sport.dk

ROMANIA
888’s Romania Poker, Casino games and Sport are offered through its Romania regulated website

• www.888.ro
• www.888poker.ro
• www.888casino.ro
• www.888sport.ro

PORTUGAL
888’s Portugal Casino games and Poker are offered through its Portugal regulated website

• www.888.pt
• www.888poker.pt
• www.888casino.pt

SWEDEN
888’s Sweden Poker, Casino games and Sport are offered through its Sweden regulated website

• www.888.se
• www.888poker.se
• www.888casino.se
• www.888sport.se

RESPONSIBLE GAMING:
The Group’s dedicated site focusing on responsible gaming

• www.888responsible.com
COMPANY INFORMATION

SHAREHOLDER SERVICES
All enquiries relating to Ordinary Shares, Depository Interests, dividends and changes of address should be directed to the Group’s Transfer Agent:
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
UK
Tel: 0871 664 0300
www.signalshares.com

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For further information please contact:
info@888holdingsplc.com

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Gibraltar

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4 Weizman Street
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Corporate.888.com