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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

7 April 2022

888 Holdings Plc

(the "Company" and, together with its subsidiaries, "888" or "the Group")

Acquisition of William Hill Update

Revised transaction terms; further clarity on funding plans; and on track for completion in June 2022

888 (LSE: 888), one of the world's leading online betting and gaming companies, provides an update on the terms relating to the acquisition of the international (non-US) business of William Hill ("William Hill" or "WH" or "WHI" and, together with the Group, the "Enlarged Group").

Key update highlights

- Enterprise value reduced from £2.2 billion to £1.95 - £2.05 billion (inclusive of £0.1 billion IFRS-16 capitalised leases).
- Represents an attractive acquisition multiple of approximately 7.5x normalised EBITDA, and 5.7x[1] on a post-synergy basis for WHI for the 12 months ending December 2021[1].
- £250 million reduction in consideration payable on Completion.
- Up to £100 million deferred consideration payable in 2024, based on the Adjusted EBITDA of the Enlarged Group in 2023, to be settled in cash or 888 shares.
- Equity issuance of c.19% of issued share capital through an accelerated bookbuild, separately announced today, replacing original capital raise plans, such that the Company can target pro-forma net leverage of under 4x[2].
- Combined Prospectus and Circular to be published in the coming weeks, with shareholder vote expected in May 2022 and Completion of Acquisition expected in June 2022.
- Pro-forma Enlarged Group 2021 revenue of £2.1 billion[2] and Adjusted EBITDA of £437 million[2].
- Acquisition expected to be immediately earnings enhancing to 888's adjusted net earnings per share.

Revised transaction terms

888 is pleased to announce that it has entered into an agreement (the "Amendment Deed") with Caesars Entertainment, Inc. (the "Seller") to amend certain terms of the Sale and Purchase Agreement dated 9 September 2021. The amendments to the Sale and Purchase Agreement reflect the change in the macro-economic and regulatory environment since the announcement of the Acquisition, as well as compliance factors impacting the WH business, including actions taken as part of an ongoing review by the Gambling Commission of Great Britain ("UKGC").

The key elements of the Amendment Deed are:

- Cash consideration (equity value) payable to the Seller at closing reduced from £834.9 million to £584.9 million.
- Agreement to pay up to £100 million in deferred consideration in 2024, conditional upon the Enlarged Group achieving a minimum level of Adjusted EBITDA for the 12-month period ending 31 December 2023 (the "Deferred Consideration"), additional details are set out in the Appendix below.

- If payable, 888 may elect to satisfy all or any proportion of the Deferred Consideration in cash or by the issuance by 888 of new Ordinary Shares to the Seller.
- In connection with the ongoing licence review by the UKGC at WH, the Seller has agreed to indemnify the UK licenced entities from Completion with respect to certain potential losses and costs arising from the licence review. Further details on the licence review and the related indemnity provided by the Seller are set out in the Appendix below.

Strong strategic and financial rationale unchanged

The Board of Directors of 888 (the "Board") continues to believe that the Acquisition represents a transformational opportunity for 888 to significantly increase its scale, further diversify and strengthen its product mix and build leading positions across several of its key markets.

The Board continues to believe the Acquisition has highly compelling strategic and financial benefits, with the current macro-economic environment and changing market conditions across its key markets only serving to strengthen the rationale for bringing together two highly complementary businesses and combining two of the industry's leading brands. Alongside the strategic benefits, the combination of 888 and WHI is expected to deliver significant operating efficiencies, including pre-tax cost synergies of at least £100 million[3], including £15m in capex synergies, on or before 2025, with integration plans well progressed to ensure a well-executed integration and timely realisation of anticipated synergies. The Company currently expects to cumulatively achieve approximately £5m of such synergies in 2022, £54m in 2023, £70m in 2024, and £100m in 2025. In achieving these synergies, the Company expects to incur one-time cash costs of approximately 1x annual pre-tax cost synergies, spread across the first three years following completion of the Acquisition.

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

The Enlarged Group will continue its focus on developing and improving safer gambling processes and raising industry standards, leveraging knowledge from 888 and WHI to ensure protecting customers remains the top priority.

Updated financing of the Acquisition and capital structure

- In order to fund the Acquisition, 888 has fully committed debt financing from J.P. Morgan, Morgan Stanley, Mediobanca and Barclays Bank PLC of approximately £2.1 billion, which may take the form of senior secured term loans, other senior secured debt and/or other junior debt, as well as a fully committed revolving credit facility of £150 million (all together, the "Commitments").
- 888 intends to issue up to 70.8 million new ordinary shares[4] in the capital of the Company through an accelerated bookbuild, representing approximately 19 per cent. of the issued share capital of the Company (the "Placing"), with further details set out in the separate announcement issued by the Company today. This Placing replaces the previously announced expectation to raise approximately £500 million of gross proceeds at the appropriate time by issuing new equity via a capital raise.
- The Placing has been chosen as it minimises the time required to raise the intended proceeds, noting current market conditions. The Company has consulted with its major institutional shareholders ahead of release of this Announcement and the separate announcement on the Placing, which has confirmed the Board's view that the Placing is in the best interests of shareholders, as well as wider stakeholders in the Company and will promote the success of the Company.
- The reduction in quantum of equity proceeds is likely to result in 888's net debt / EBITDA temporarily running at levels slightly above those previously anticipated. However, the Board believe this is in the best long-term interests of shareholders, with strong free cash flow generation expected to support a more rapid deleveraging than originally expected, with 888's net debt / EBITDA still expected to be at or below 3x in the medium term.
- In order to accelerate deleveraging, and following feedback from shareholders, the Board intends to suspend the payment of dividends until such time as the Enlarged Group's net leverage ratio is at or below 3x, or such earlier time as the Board considers appropriate.

Trading update

888 – Revenue for the first quarter of 2022 is currently expected to be in the range of $222-226 million, an increase of 0-2% compared to Q4 2021. The positive performance relative to Q4 2021 reflects 888's continued focus on product and content leadership, customer excellence, and the ongoing success of its world-class brands and marketing. The mid-teens percentage decrease in revenue for Q1 2022 relative to Q1 2021 on a year-on-year basis primarily reflects of the previously announced regulatory and compliance impacts, including the temporary closure of The Netherlands, and the very strong comparative period that was impacted by leisure restrictions across several of our key markets. 888 currently expects to provide a more detailed Q1 2022 trading update later this month.

WH – In the 52-weeks ending 28 December 2021, WH revenue was £1,241.4 million and adjusted EBITDA was £164.4 million. The retail estate was closed for a significant portion of H1 2021, and 888 believes that taking the H2 2021 run-rate for retail revenue and EBITDA suggests normalised retail revenue of £499 million and adjusted EBITDA of £96.2 million for retail in H1 2021 and total group normalised revenue of £1,403.6 million and adjusted EBITDA of £260.0 million. FY 2022 revenues for WH are currently expected to grow by a low to mid-single digit percentage on a reported basis, with the normalisation of retail and underlying progress in online being partially offset by regulatory and compliance headwinds.

£ millions	**FY21**	**FY20**	***YoY%***
	Unaudited	**Unaudited**	
WH Online UK	628.6	503.2	*24.9%*
WH Online International	276.0	299.6	*-7.9%*
WH Retail[5,6]	336.8	354.2	*-4.9%*
Total Revenue	**1,241.4**	**1,157.0**	***7.3%***
WH Online UK	154.1	130.4	*18.2%*
WH Online International	35.8	44.4	*-19.4%*
WH Retail[5,6]	0.6	14.6	*-95.9%*
WH Central	(26.1)	(40.5)	*-35.6%*
Total Adjusted EBITDA	**164.4**	**148.9**	***10.4%***

Path to completion

- 888 now expects to publish a combined circular and prospectus for the Acquisition and Re-admission, including the notice of General Meeting (the "Combined Circular and Prospectus") in the coming weeks.
- The General Meeting for shareholder approval of the Acquisition is expected to be held in May 2022.
- 888 expects to announce credit ratings and syndicate institutional debt in the coming weeks.
- Completion of the Acquisition is expected to occur in June 2022.

Shareholder support and Board's recommendation

- 888 has received unconditional support for the Acquisition from its largest shareholder, the Dalia Shaked Trust ("the Trust"), which holds approximately 23% of the issued share capital of 888 as at the date of this announcement. The trustee of the Trust has entered into an irrevocable undertaking with 888 and the Seller, under which it has agreed to vote all of the 888 shares held by it in favour of the resolution to approve the Acquisition (the "Resolution") at the General Meeting. Further details regarding the irrevocable undertaking are set out in the Appendix to this announcement.
- The Board has approved the Acquisition under its revised terms and intends to unanimously recommend that 888 shareholders vote in favour of the Resolution at the General Meeting. The directors of 888 who own shares have confirmed their intention to vote in favour of the Resolution in respect of their own beneficial holdings, which amount to approximately 0.35% of 888's total issued ordinary share capital as at the date of this announcement.

A copy of this announcement will shortly be available at https://corporate.888.com and https://wh-acquisition.888.com

The content of the websites referred to in this announcement are not incorporated into and do not form part of this announcement.

Save where expressly provided, the defined terms used in this announcement have the same meaning as set out in the Company's announcement on the Acquisition dated 9 September 2021.

Notes

[1] Normalised EBITDA for WHI on a post IFRS16 basis and including an adjustment to include a full year of retail contribution based on last 6 months of 2021. 5.7x multiple includes £85m non-capex cost synergies

[2] Based on unaudited management accounts of WHI and remains subject to change. The final version of the WHI historical financial information will be included in the prospectus to be published in due course. Adjusted EBITDA figure includes £54mm of non capex cost synergies expected in YE 2023, net of £3.5m related to FX differences, and both Revenue and Adjusted EBITDA figures include the retail adjustment which includes a full year of retail contribution based on the performance of the last 6 months of 2021, actual figures for retail in 2021 were Revenue £336.8m and EBITDA £0.6m

[3] Synergies have been calculated in $ and translated back to £ for the purposes of this announcement at an exchange rate of £1:$1.3757

[4] The ordinary shares of GBP 0.005 each in the capital of the Company

[5] Adjustment to include a full year of retail contribution based on the performance during weeks 27-40 of 2020 during which retail was open and sport was taking place, actual figures were Revenue £354.2m and EBITDA £14.6m

[6] Adjustment to include a full year of retail contribution based on the performance of the last 6 months of 2021, actual figures were Revenue £336.8m and EBITDA £0.6m.

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About 888 Holdings Plc:

888 Holdings plc (and together with its subsidiaries, "**888**" or the "**Group**") is one of the world's leading online betting and gaming companies. 888's mission is to lead the gambling world in creating the best betting and gaming experiences, bringing unrivalled moments of excitement to people's day-to-day lives by developing state-of-the-art technology and products that provide fun, fair and safe online betting and gaming entertainment to customers around the world.

888 has been at the forefront of the online gaming industry since its foundation in 1997, leveraging its proprietary technology to create an innovative and world-class online betting and gaming experience. The Group is structured into two lines of business: B2C, under the 888 brands, and B2B, conducted through Dragonfish,

which provides partners a leading platform through which to establish an online gaming presence and monetise their own brands in a safe and responsible manner.

In recent years, 888's continued focus on innovation has been recognised through industry awards. In 2021, the Group was named Casino Operator of the Year and its in-house sportsbook was recognised as the In-House Product of the Year at eGaming Review's (EGR) prestigious Operator of the Year Awards. In the same year, the Group also won the Poker Marketing Campaign at EGR's Marketing & Innovation Awards for its Made to Play campaign.

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

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

Important Notices

This announcement is an announcement and not a circular or prospectus or equivalent document and prospective investors should not make any investment decision on the basis of its contents. The Combined Circular and Prospectus in relation to the transaction will be published in due course. Nothing in this announcement constitutes an offer of securities for sale in any jurisdiction.

This announcement is for informational purposes only and is not an offer of securities for sale in any jurisdiction where to do so would be unlawful. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended (the "US Securities Act"), or an exemption therefrom. The securities referred to herein have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, taken up, resold, transferred or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), and which is authorised in the United Kingdom by the Prudential Regulation Authority (the "PRA") and regulated by the PRA and the Financial Conduct Authority, is acting as financial adviser for the Company in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to the Acquisition or any other matter or arrangement referred to herein.

Stifel, Nicolaus & Company, Incorporated ("Stifel") is acting as financial adviser for the Company in connection with the acquisition. Stifel is acting exclusively for the Company and no one else in connection with the contents of this announcement, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stifel nor for providing advice in relation to or in connection with the matters referred to in this announcement.

No person has been authorised to give any information or to make any representations other than those contained in this announcement and, when published, the Combined Circular and Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company. Subject to the Listing Rules, the Prospectus Regulation Rules and the Disclosure Guidance and Transparency Rules of the FCA, the issue of this announcement shall not, in any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this announcement or that the information in it is correct as at any subsequent date.

This announcement may contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of the Company, the Enlarged Group following the Acquisition and the Acquired Businesses. These statements, which contain the words "anticipate", "believe", "intend", "estimate", "expect", "may", "will", "seek", "continue", "aim", "target", "projected", "plan", "goal", "achieve" and words of similar meaning, reflect the Company's beliefs and expectations and are based on numerous assumptions regarding the Company's present and future business strategies and the environment

the Company and the Enlarged Group will operate in and are subject to risks and uncertainties that may cause actual results to differ materially. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of the Company or the enlarged Group to be materially different from those expressed or implied by such forward looking statements. Many of these risks and uncertainties relate to factors that are beyond the Company's or the Enlarged Group's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as the Company's or the Enlarged Group's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company or WHI operate or in economic or technological trends or conditions. Past performance of the Company or WH cannot be relied on as a guide to future performance. As a result, you are cautioned not to place undue reliance on such forward-looking statements. The list above is not exhaustive and there are other factors that may cause the Company's or the Enlarged Group's actual results to differ materially from the forward-looking statements contained in this announcement Forward-looking statements speak only as of their date and the Company, its respective parent and subsidiary undertakings, the subsidiary undertakings of such parent undertakings, and any of such person's respective directors, officers, employees, agents, affiliates or advisers expressly disclaim any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where it would be required to do so under applicable law. You are advised to read this announcement and, once published, the Combined Circular and Prospectus in their entirety for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur. No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that the financial performance of the Company for the current or future financial years would necessarily match or exceed the historical published for the Company.

Appendix 1

<u>**Regulatory and compliance developments in relation to WH**</u>

WH ongoing licence review by the UKGC

Following a compliance assessment conducted in July and August 2021, the William Hill Group is subject to an ongoing licence review and is addressing certain action points raised by the UKGC in relation to WH's social responsibility and anti-money laundering obligations. It has provided the UKGC with an action plan to address the action points raised by them and is in the process of implementing that action plan. WH intends to provide in its financial statements for WH FY 2021 to cover expected potential cash outflows resulting from any regulatory sanctions and associated costs resulting from this compliance assessment and licence review, noting that the UKGC has a wide range of enforcement powers at its disposal, including the power to request remedial actions, impose fines and suspend licences. Certain licenced entities within the WH Group also have the benefit of an indemnity provided by Caesars as described further below to apply to certain losses and costs that may arise in the event any of the relevant operating licences are suspended or are subject to conditions imposed by the UKGC in connection with the licence review.

Indemnity agreement with Caesars

On 8 March 2022, Mr Green Limited, WHG (International) Limited and William Hill Organization Limited (together, the "Licensed Entities") and Caesars entered into a deed of indemnity (the "Indemnity Deed"). Pursuant to the Indemnity Deed, with effect from Completion, Caesars shall indemnify each of the Licensed Entities from and against certain liabilities arising from any licence suspension or specific licence conditions imposed by the UKGC during the course of the licence review currently being carried out by the UKGC.

The total aggregate liability of Caesars in respect of all claims under the Indemnity Deed:

1. Any licence suspension imposed by the UKGC in respect of the Licensed Entities shall not exceed £152 million in aggregate.
2. Any licence conditions imposed by the UKGC in respect of the Licensed Entities shall not exceed £78 million in aggregate.
3. Following the lifting of any licence suspension, Caesars shall make an additional one-time reactivation payment not exceeding £150 million in aggregate to the Licensed Entities.

The Licensed Entity must notify Caesars as soon as practicable after they become aware of liability under the Indemnity Deed and in any event no later than three months after the date on which the UKGC issues its final decision notice in relation to the current licence. Caesars also has certain information, consultation and conduct rights as indemnifying party, including the right to appoint an independent expert.

Deferred consideration

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

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

If the Seller and 888 Bidco cannot agree upon the 2023 EBITDA figure, the matter shall be referred to an independent expert for determination in accordance with the terms of the Sale and Purchase Agreement.
If payable, 888 may elect to satisfy all or any proportion of the Deferred Consideration either in cash or by the issuance by 888 of new Ordinary Shares to Caesars. The number of new Ordinary Shares to be issued for the purposes of settling any amount of Deferred Consideration shall be calculated by dividing the relevant amount of Deferred Consideration by the average volume weighted price of an Ordinary Share on each of the trading days over the three-month period ending on and including the fifth trading day prior to the date on which such Deferred Consideration is to be paid.

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

Irrevocable Undertaking

The trustee of the Dalia Shaked Trust, the Company and the Seller entered into an English law governed irrevocable undertaking dated 1 April 2022, affirming support of the revised transaction terms, pursuant to which the trustee of the Trust has irrevocably agreed: (i) to vote (or procure a vote of) the shares in the capital of the Company ("888 Shares") that it holds (representing approximately 23 per cent. of the issued ordinary share capital of the Company), and any subsequent 888 Shares acquired by it, in favour of the Resolution at the General Meeting; and (ii) not to sell, transfer, charge, encumber, grant any option over or otherwise dispose of any 888 Shares prior to Completion. The irrevocable undertaking lapses on the earlier of the termination of the Sale and Purchase Agreement and the date on which Completion occurs.

APPENDIX 2

KEY INFORMATION

Capitalised terms used in this Appendix have the meaning given in the "Definitions" and "Glossary" sections set out at the end of the Appendix, unless the context requires otherwise. The information has not been subject to any independent review or audit, and no representation or warranty, express or implied, is made or given by the Company. Such information presented in this Appendix is subject to verification, correction, completion and change without notice. Past performance of the Company or the Target Business, such as the information presented in this Appendix, is not indicative of future performance. The future performance of the Company, its subsidiaries and the Target Business will depend on numerous factors which are subject to uncertainty. The Company, its shareholders, advisors and employees and those of their affiliates are not liable for the accuracy and completeness of the information provided in this Appendix. The final version of this information will be included in the Combined Prospectus and Circular that is expected to be published in the coming weeks.

RISK FACTORS

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

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

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

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

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

The regulatory licensing regimes for betting and gaming can be simplistically divided into two categories: (i) "point of consumption" or ".country" licences; and (ii) "point of supply" or ".com" licences. The former, ".country" licences, are betting and gaming licences issued by a specific jurisdiction that allow the licencee to provide its services into that same jurisdiction. The latter, ".com" licences, are not territory specific, but rather enable the supply of online betting and gaming services to end users in jurisdictions other than the jurisdiction that issued the relevant licence. Such services are to be carried out in accordance with online betting and gaming regulations in the jurisdiction that issued

the relevant ".com" licence and under the governance of the relevant regulator and regulatory regime thereof. This is based on the principle of internet legislation that deems the provision of an online product as being provided where the operator is established and located. Both the 888 Group and the Target Business provide services to certain jurisdictions, including in the Middle East, Africa and South America, based on .com licences.

Newly enacted or modified licensing regimes in jurisdictions where there is existing regulation may impose operational conditions on the 888 Group, the Target Business and, following Completion, the Enlarged Group that are onerous or commercially unviable, and changes to either the regulatory framework or enforcement policy relating to gaming in certain markets may effectively force the 888 Group, the Target Business and, following Completion, the Enlarged Group to withdraw or suspend the provision of services in certain markets where they currently operate or compel them to change their business practices or technology in a way that would materially impact results. Furthermore, legal and other action may be taken by incumbent gaming providers in jurisdictions, which are seeking to regulate online gaming, in an attempt to frustrate the grant of online gaming licences to the 888 Group, the Target Business and, following Completion, the Enlarged Group.

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

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

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

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

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

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

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

- the effectiveness of the existing online protections in preventing gambling harm and an evidence-based consideration of, by way of example, imposing greater control on online product design such as stake, speed and prize limits and the introduction of deposit, loss and spend limits;

- the benefits or harms caused by allowing licensed gambling operators to advertise and make promotional offers and the positive or negative impact of gambling sponsorship arrangements across sports, esports and other areas;

- the effectiveness of the regulatory system currently in place, including consideration of whether the UKGC has sufficient investigative, enforcement and sanctioning powers both to regulate the licensed market and address the unlicensed market;

- the availability and suitability of redress arrangements in place for an individual consumer who considers it may have been treated unfairly by a gambling operator, including consideration of the introduction of other routes for consumer redress, such as a gambling ombudsman; and

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

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

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

In October 2021, the UK Department of Health issued a report dealing with the costs of gambling related harm, in response to which Public Health England has urged the UK government to treat gambling harm

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

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

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

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

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

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

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

888 or Caesars, or that they may only be obtained subject to certain conditions or undertakings which may not be acceptable to 888 or Caesars. If the necessary regulatory approvals are not obtained in a certain jurisdiction, the Enlarged Group will not be able to continue to legally operate in that jurisdiction.

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

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

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

Germany

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

The Netherlands

Regulatory developments have also occurred in the Netherlands where, on 1 April 2021, the new Online Gambling Act entered into force, launching an online gambling licensing regime on 1 October 2021. Operators who wish to apply for an online licence in the Netherlands must ensure they are in compliance with the "prioritisation criteria", which is a list of conditions that, if adhered to by an operator, effectively mean that such operator will not be the subject to enforcement action by the regulator prior to the entry into force of the new regulatory regime. Operators are also subject to a "cooling off" period of 33 months prior to their eligibility to submit a licence application, during which time they must not have breached the prioritisation criteria. During September 2021, the Dutch Gambling Authority published new enforcement rules in relation to the prioritisation criteria, that entered into force

commencing 1 November 2021. Any operator not adhering to the requirements may be subjected to monetary fines. Compliance with the conditions of the "prioritisation criteria" and required various modifications and alignments of the 888 Group's and the Target Business' offering, has impacted the profitability of the 888 Group's operations and, following Completion, may continue to impact the profitability of the operations of the Enlarged Group, in the Netherlands.

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

Canada

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

Brazil

Brazil adopted a federal framework legislation late in 2018, which would bring commercial online gambling to this significant jurisdiction. However, it has not yet adopted the necessary regulatory instruments to implement the regime. The authorities conducted a consultation process with industry stakeholders in 2021, and are in the process of drafting legal instruments for implementing the new regime. Once enacted, the new regime will allow for the licensing of commercial sports betting operators. There are, however, still many open questions as to how the regime will operate in practice. In late 2021, Brazilian government officials expressed that the new sports betting market in Brazil will be launched before the 2022 FIFA World Cup. Regulatory reform is also taking place on the state level in Brazil (which may potentially lead to parallel licensing requirements for operators). While federal regulations are expected to be finalised in the first half of 2022, regulatory reforms on the state level are continuing to quickly evolve. This is due to a decision rendered by the Brazilian Federal Supreme Court in December 2020, which set out that states may regulate lottery activities and decide whether these will be run by the state, via a concession or via local licenses awarded to private operators. Lotteries at the federal level encompass sports betting, and it is widely thought that this will also be the case on the state level. It is currently uncertain if and how such regulatory reform will affect the offering of online betting and gaming services in Brazil, which may, in turn, significantly impact the profitability of the 888 Group's operations and, following Completion, may continue to impact the profitability of the operations of the Enlarged Group, in Brazil.

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

The ability of the 888 Group, and following Completion, the Enlarged Group, to expand its online betting and gaming business into new jurisdictions is dependent on a number of factors beyond the 888 Group's and, following Completion, the Enlarged Group's control, such as the adoption of regulation permitting online betting and gaming activities and obtaining required licences. There are jurisdictions where the 888 Group and the Target Business are not currently present and incumbent providers established in those jurisdictions, which are opening their markets may seek to take legal action to delay or prevent the liberalisation of the market, making it more difficult for foreign online providers like the Enlarged Group to enter these new markets. While such changes may present new entrants and incumbent providers with access to new customers and opportunities for expansion, the increased product complexity coupled with the increased costs of complying with heightened regulation as well

as the imposition of gaming taxes on operators can also make it more difficult for new entrants, strengthening the position of existing betting and gaming operators who have the resources to comply with heightened regulation. A significant increase in competition from both new entrants and existing operators may have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

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

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

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

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

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

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

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

During the COVID-19 pandemic, the UKGC published aggregated data from operators in the market to add an additional layer of insight on its monitoring and understanding of the risks and impact of the pandemic on gambling behaviour. However, on 23 December 2021, the UKGC advised caution when analysing this data after it emerged it had been supplied incorrect data points by the William Hill Group

between March 2020 and September 2021. As a result, the UKGC has confirmed that it is reviewing the regulatory consequences, if any, of the William Hill Group's failure to submit accurate data.

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

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

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

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

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

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

The Enlarged Group will depend on banking and payment processing for the success of its business. The introduction of legislation or regulations restricting financial transactions with online betting and gaming operators, other prohibitions or restrictions on the use of credit cards and other banking

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

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

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

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

If the jurisprudence of the CJEU continues to increasingly recognise that EU Member States may, subject to certain conditions, restrict the provision of online gaming products by operators licensed in other EU Member States, and if EU Member States take corresponding action to implement such restrictions within their own territory, this may adversely affect the ability of the Enlarged Group to permit customers in a given EU Member State to access one or more of the products of the Enlarged Group and to engage in certain types of marketing activity and customer contact. If national courts of the EU Member States apply this more restrictive interpretation of EU law, the Enlarged Group may

have to submit to local licensing, regulation and/or taxation in more EU Member States than is currently the case and/or desist from accepting bets or carrying out marketing activities in certain EU Member States. Any such consequences could potentially have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

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

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

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

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

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

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

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

Failure to comply with relevant laws, regulations and licensing requirements may lead to formal warnings, penalties, sanctions, the imposition of licence conditions or ultimately the suspension or revocation of relevant operating licences. The compliance costs associated with these laws, regulations and licensing requirements are significant. For example, the 888 Group has previously exited or

partially exited certain markets which were considered immaterial in the context of its wider business due to adverse regulatory changes.

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

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

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

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

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

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

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

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

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

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

The customers of the 888 Group, the Target Business and, following Completion, the Enlarged Group, are, and will be, located across the world. Revenues earned from customers located in a particular jurisdiction may give rise to direct or indirect taxes in that jurisdiction. If jurisdictions where betting and gaming winnings are currently not subject to income tax or are taxed at low rates were to begin to levy taxes or increase the existing tax rates on winnings or impose a tax withholding or reporting obligation on operators in such respect, online betting and gaming might become less attractive for customers in those jurisdictions. The levying of additional taxes, either on the basis of existing law or the current practice of any tax authority or by reason of a change in law or practice, may have a material adverse effect on the amount of tax payable by the Enlarged Group.

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

The UK implemented the offshore receipts in respect of intangible property rules imposing UK tax on the receipt of royalties by offshore companies deriving from business activity in the UK. Gibraltar and Malta transposed the EU Anti-Tax Avoidance Directive into domestic law, including changes with respect to exit tax, General Anti-Abuse Rules and Controlled Foreign Corporation rules. Due to pressure from the European Union, many offshore jurisdictions have introduced "substance" requirements including with regard to intangible property companies. The likelihood of scrutiny of tax practices by tax authorities in relevant jurisdictions and the aggressiveness of tax authorities remains high.

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

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

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

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

The 888 Group and the Target Business use multiple technological methods to block customers from certain jurisdictions. These systems and controls are intended to ensure that no bets are accepted from customers located in those jurisdictions, such as the US (except in states where licences are held), Turkey and Israel where the 888 Group and/or the Target Business have made a decision not to offer all or certain of their products and services. These systems and controls could fail, be subject to manipulation, or otherwise be found to be inadequate, either currently or as a result of future technological developments. This may result in violations of applicable laws or regulations. Any claims in respect of any such violations could have cost, resource, and, in particular if successful, reputational implications, as well as implications on the ability of the Enlarged Group to retain, renew or expand its portfolio of licences in other jurisdictions, and so have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

Online betting and gaming contracts may be unenforceable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

had a material impact on the operation and profitability of the LBO portfolio during 2020 and into 2021, and resulted in the decision to permanently close a further 119 LBOs during Target FY 2020.

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

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

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

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

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

A substantial part of the 888 Group's and the Target Business' deposits and revenues are generated in and, following Completion, the Enlarged Group's deposits and revenue will be generated in, GBP, EUR and other currencies, and the 888 Group's and the Target Business' operating expenses are and, following Completion, the Enlarged Group's operating expenses will be, largely incurred in local currencies, primarily GBP, EUR, NIS and Romanian leu with incremental exposure to operating expenses in Swedish krona and Polish zloty. The 888 Group and the Target Business have and, following Completion, the Enlarged Group will also have, debt servicing costs, which are denominated in GBP, USD and EUR. As a result of this, the 888 Group and the Target Business are exposed to and, following Completion, the Enlarged Group will be more exposed to, the impact of foreign currency fluctuations. The 888 Group and the Target Business mitigate and, following Completion, the Enlarged Group will mitigate, its exposure to the impact of foreign exchange fluctuations on its cost base by adopting policies to hedge certain costs and will also have additional costs denominated in GBP and EUR which will provide an additional natural hedge. In addition, in connection with the Proposed Acquisition, the 888 Group intends to enter into deal contingent FX forwards pursuant to which it will convert the EUR or USD amounts drawn under the Senior Facilities Agreement for the purpose of funding the Proposed Acquisition into GBP for delivery to the Seller on Completion. In addition, the 888 Group may choose to enter into additional FX or cross currency swaps in order to hedge its ongoing EUR and/or USD exposure under the Senior Facilities Agreement following Completion. However, there can be no assurance that such hedging will eliminate the potentially material adverse effect of such fluctuations.

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

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

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

In light of the revised consideration amount for the Proposed Acquisition pursuant to the Amendment Deed, the Company's overall financing requirements were correspondingly reduced. Further, and in lieu of drawing a proportion of the committed debt financing described above, the 888 Group raised net proceeds of GBP [●] million by way of the Placing on [7] April 2022, to enable the Company to target pro forma net leverage of under 4x.

The Board has set a goal of achieving a pro forma net leverage ratio of at or below 3x in the medium term. Along with the strong free cash flow expected to arise from the Proposed Acquisition, the Board intends to accelerate de-leveraging by suspending dividend payments until such time as the net leverage ratio is at or below 3x (or such earlier time as the Board considers appropriate).

It is also expected that the Company will part finance the Proposed Acquisition by entering into the Senior Facilities Agreement with each of the relevant Lenders prior to Completion with respect to borrowings in the amount of up to GBP 1.64 billion (equivalent) under Facility B. The aggregate amount of up to GBP 1.64 billion (equivalent) of Facility B includes a delayed draw facility in the amount of GBP 350 million that is only available to the Company for 120 days following Completion to finance any put option or early optional redemption exercised by the holders of the Existing 2026 Notes following Completion.

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

In addition, and in lieu of a portion of Facility B and/or the bridge loan described above, the Company is expected to part finance the Proposed Acquisition by entering into a Second Lien Facility Agreement with each of the relevant Lenders prior to Completion with respect to borrowings in the amount of up to GBP 200 million (equivalent).

As a result of the arrangements described above the Enlarged Group will be subject to restrictive covenants (normal for debt facilities of this nature), limiting its ability and the ability of certain restricted subsidiaries to, among other things, incur additional debt, create liens, pay dividends, redeem capital stock or make certain other restricted payments or investments, enter into agreements that restrict dividends from restricted subsidiaries, sell assets, including capital stock of restricted subsidiaries, engage in transactions with affiliates and effect a consolidation or merger. Where the Enlarged Group wishes to enter into a transaction or undertake corporate action which is not permitted under such covenants it will need to obtain the prior consent of the lenders and/or noteholders and there can be no guarantee that such consent would be obtained. This may impact on certain operational and financial

flexibility that the Enlarged Group would otherwise have with respect to (among other things) making minority or joint venture investments, granting security, making acquisitions, entering into mergers, making disposals or incurring financial indebtedness, in each case unless such matter is expressly carved-out from the relevant restrictive covenant or can be accommodated within the customary general baskets, materiality thresholds and, where applicable, debt incurrence ratios provided for in the finance documents.

The Enlarged Group will be subject to interest rate risk.

The borrowings of the Enlarged Group under Senior Facilities Agreement will be subject to a variable interest rate and therefore the Enlarged Group will be exposed to fluctuations in market interest rates. While the Enlarged Group may be able to enter into hedging arrangements, including swap contracts that would result in the Enlarged Group being exposed to a fixed interest rate rather than a variable interest rate, there can be no assurance that this is possible at a reasonable price or at all and significant increases in the interest rate payable in respect of amounts outstanding under such facilities could have a material adverse effect on the business, results of operations, financial condition and prospects of the Enlarged Group.

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

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

Various regulators, most notably the UKGC and the Swedish Gambling Authority (*Swedish. Spelinspektionen*), have adopted stricter compliance and enforcement policies, conducting more in-depth reviews of operational practices and sanctioning operators found to be non-compliant. For example, in FY 2021, the Target Group was fined EUR 3 million (GBP 2.6 million) by the Swedish Gaming Inspectorate for failing to take sufficient measures with respect to anti-money laundering and problem gambling in customers. There is growing sentiment in various jurisdictions that existing regulations do not sufficiently protect minors and vulnerable customers or do enough to prevent the use of illicitly obtained funds for gambling purposes. More specifically – due to the COVID-19 pandemic, which resulted in a growth in gambling spending and a potential increase in problem gambling prevalence – the industry as a whole has been the subject of increased criticism and the calls for stricter regulation, specifically around responsible gambling and advertising, have intensified. This could result in reputational damage to the 888 Group, the Target Business and, following Completion, the Enlarged Group, as well as in the adoption of stricter regulations and enhanced enforcement measures.

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

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

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

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

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

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

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

The 888 Group and the Target Business are actively monitoring the situation in Ukraine and assessing its impact on their businesses. Neither the 888 Group nor the Target Business have any material operations in Russia or Ukraine and, to date, neither have experienced any material interruptions in their business, financial condition, infrastructure, supplies, technology systems or networks needed to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

in a way that is of commercial use to the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. Notwithstanding the technical and organisational measures which the 888 Group and the Target Business have, and, following Completion, the Enlarged Group will have, in place, the 888 Group and the Target Business are, and, following Completion, the Enlarged Group will be, exposed to the risk that personal data could in the future be wrongfully accessed and/or used, whether by employees, customers or other third parties, or otherwise lost or disclosed or processed in breach of data protection and privacy laws.

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

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

It is likely that the data protection regulatory standards in the EU will continue to increase following Completion. Regulatory guidance, case law and enforcement activity are increasing and significant further changes are likely to occur that will further enhance the data protection rights of individuals and have commensurate impact upon the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to process personal data in a manner that maximises its commercial value. For example, the EU has proposed a new regulation on ePrivacy that could further impact the use of cookies and similar technologies. Many jurisdictions outside of the EU have also introduced, or

are in the course of introducing, more robust data protection laws, in many cases following the principles set out in GDPR. Such laws may impact the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to effectively expand into these jurisdictions by limiting processing activities, reducing the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group to market to new customers and/or increasing operational and compliance costs, each of which are central to the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively to expand into such jurisdictions effectively.

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

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

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

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

The success of the 888 Group, the Target Business and, following Completion, the Enlarged Group will also depend on the maintenance, development and enhancement of its brand. If the 888 Group, the Target Business and, following Completion, the Enlarged Group is unable to maintain, develop and

enhance its brands, its ability to implement its strategic goals may be adversely affected. Each of the 888 Group and the Target Business use, and, following Completion, the Enlarged Group will use, affiliate marketing that is expected to generate a significant portion of their revenues. If the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's affiliates suffer damage to their reputation, or become subject to onerous regulatory or legislative requirements, this could adversely affect the brands of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively. In addition, some of the participants in the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's affiliate marketing network may choose to compete with the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively by also marketing their own brands or brands of competitors. These participants may decide in the future to shift their activities towards competitors of the 888 Group, the Target Business and, following Completion, the Enlarged Group or terminate their agreements. If such affiliate marketers decide to market their own or a competitor's services, revenues of the 888 Group, the Target Business and, following Completion, the Enlarged Group may decline. Increased competition may require more management time and resources and greater levels of expenditure on marketing activities and to maintain, develop and enhance the brands of the 888 Group, the Target Business and, following Completion, the Enlarged Group. In the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's B2B division, the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively may also be dependent on the success of its B2B partners' marketing activities, brand development and enhancement efforts.

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

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

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

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

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

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

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

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

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

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

countries could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively.

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

A significant proportion of the 888 Group's and the Target Business' revenue are derived from and, following Completion, the Enlarged Group's revenue will be derived from fixed-odds betting which means winnings are paid on the basis of the stake placed and the odds quoted before the conclusion of the event (rather than, for example, being determined after the event from a pool of stake money from which the operator's revenue is deducted). While the odds offered to customers are intended to provide a target average return (or gross win percentage) to the bookmaker over a large number of events, this outcome is not guaranteed, particularly over a smaller number of events. From time to time, the 888 Group, the Target Business and, following Completion, the Enlarged Group could experience significant losses caused by unfavourable outcomes in individual events.

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

- a series of outcomes skewed towards its customers betting selections in those events, particularly over shorter time periods (such as when a disproportionate number of "favourites" win or a "national" team or sports person from a major market wins); or

- failures of the people, processes and/or systems which the 888 Group and the Target Business have in place and, following Completion, the Enlarged Group will have in place to manage its bookmaking risk, for example, by inadvertently inverting lines between teams such that the odds are significantly different from the true odds intended to be offered to customers, failing to apply appropriate limits or adjust odds.

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

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

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

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

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

The 888 Group has made a number of acquisitions in recent years, including the acquisition of a portfolio of bingo brands, including Costa Bingo, in February 2019 and the acquisition of the BetBright Sport business in March 2019 and also agreed the terms of the Proposed Acquisition in September 2021. In March 2022, the 888 Group also announced a strategic investment to launch the 888 brand across selected regulated markets in Africa. The 888 Group, the Target Business and, following Completion, the Enlarged Group may be unable to manage recent or future acquisitions profitably or to integrate such acquisitions successfully without incurring substantial costs, delays or other problems. For example, the 888 Group and, following Completion, the Enlarged Group may encounter such issues as a consequence of the Proposed Acquisition, including arising from the separation of William Hill US from the Target Group prior to Completion. For further details, see the risk factors in this section titled "*The Enlarged Group could suffer unforeseen liabilities, disputes and operational difficulties arising from the separation of William Hill US from the Target Group prior to Completion and the transitional arrangements to be put in place with effect from Completion, which may adversely affect the Enlarged Group's business, financial condition, results of operations and prospects*" and "*The Enlarged Group's success will be dependent upon its ability to integrate the business of the 888 Group and the Target Business and it may not realise the anticipated benefits of the Proposed Acquisition*".

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

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

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

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

The business activities, products and systems of the 888 Group, the Target Business and, following Completion, the Enlarged Group may infringe the proprietary rights of others, and other parties may assert infringement claims against any of them. Parties making claims against the 888 Group, the Target

Business and, following Completion, the Enlarged Group may be able to obtain injunctive or other equitable relief which could effectively block the ability of the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively to utilise those rights. Any such claim and any resulting litigation, should it occur and succeed, could subject the 888 Group, the Target Business and, following Completion, the Enlarged Group to significant liability for damages (or an account of profits) and legal costs (which would be incurred regardless of whether the claim is successful or not) and could result in invalidation of their proprietary rights, loss of rights to use software or other intellectual property or technology that are material to its business and/or require it to enter into costly and onerous royalty and licensing agreements. Such royalty and licensing agreements, if required, may not be available on terms acceptable to the 888 Group, the Target Business and, following Completion, the Enlarged Group, or may not be available at all. In addition, the 888 Group, the Target Business and, following Completion, the Enlarged Group may also need to file legal proceedings to defend its trade secrets and the validity of its intellectual property rights, or to determine the validity and scope of the proprietary rights of others. Such litigation, whether successful or unsuccessful, could result in substantial costs and diversion of resources, including management time and resources, as well as potential negative publicity. The occurrence of any of these events could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group, the Target Business and, following Completion, the Enlarged Group.

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

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

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

The 888 Group and the Target Business is required and, following Completion, the Enlarged Group will be required, to comply with all applicable international trade, export and import laws and regulations and will be subject to export controls and economic sanctions laws and embargoes imposed by the governments of the jurisdictions in which it operates and which may otherwise apply to its activities. Changes in economic sanctions laws may restrict the 888 Group's, the Target Business' and, following Completion, the Enlarged Group's business practices, including potentially requiring the cessation of business activities in sanctioned countries or with sanctioned entities or persons, and may result in the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively modifying its compliance programmes. The 888 Group and the Target Business is and, following Completion, the Enlarged Group will also be subject to, the UK Bribery Act, the FCPA and other anti-bribery laws that generally prohibit the offering, promising, giving, agreeing to give, or authorising other to give anything of value, either directly or indirectly, to a government official in order to influence official action, or otherwise obtain or retain a business advantage. The business of the 888 Group and the Target Business is heavily regulated and therefore involves and, following Completion, the Enlarged Group's business will be heavily regulated and will therefore involve, significant direct and indirect interaction with public officials of various governments worldwide. The 888 Group and the Target Business have implemented, and the Enlarged Group will maintain, safeguards and policies to deter practices by its directors, officers, employees, agents, collaborators and contractors that would violate applicable laws or regulations and to reduce risks that its activities could breach applicable laws, including economic sanctions laws. However, the 888 Group, the Target Business and, following Completion, the Enlarged Group cannot ensure that its compliance controls, policies and procedures will in every instance protect it from acts committed by such persons that would violate the laws or regulations of the jurisdictions in which it will operate or which might otherwise apply to its activities. If the 888 Group, the Target Business and, following Completion, the Enlarged Group is unsuccessful in detecting such acts it could suffer loss directly, be subject to civil or criminal sanctions and/or lose the confidence of its customers. Furthermore, the 888 Group, the Target Business and, following Completion, the Enlarged Group could also be subject to regulatory enforcement leading to fines or other sanctions, such as disgorgement of profits, cessation of business activities, implementation of new or enhances compliance programmes, requirements to obtain additional licences and permits, prohibitions on the conduct of its business and/or restrictions on its ability to market and sell products or provide services in one or more jurisdiction, all of which could have a material adverse effect on the 888 Group, the Target Business and, following Completion, the Enlarged Group respectively.

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

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

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

The 888 Group and the Target Business are large organisations, each with its own unique organisational culture and approach to its business, staff, customers and other stakeholders, which have developed organically over many years. Successful integration of the Target Business with the 888 Group will depend on the ability of the 888 Group's management to bring together the cultures and capabilities of

both organisations in an effective manner, which will require the cooperation of the Target Business' existing workforce. A failure to successfully integrate the organisational cultures of the 888 Group and the Target Business within the Enlarged Group could materially adversely affect the prospects of the Enlarged Group.

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

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

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

The 888 Group has recorded a significant amount of goodwill and other intangible assets relating to its acquisitions, the development of gaming platforms and software, and the internal costs incurred in respect of the new data centre project in Dublin. This amount of goodwill will carry over to the balance sheet of the Enlarged Group and will increase in connection with acquisitions it completes in the future, including in connection with the Proposed Acquisition. The 888 Group tests, and following Completion, the Enlarged Group will test, its goodwill and other intangible assets in accordance with authoritative accounting guidance on an annual basis and/or upon the occurrence of a triggering event. In FY 2021, the 888 Group had goodwill relating to AAPN of USD 30.9 million (2020: USD 30.9 million) and intangible assets of USD 5.6 million (2020: USD 7.0 million) arising from the acquisition in December 2018. In FY 2021, the 888 Group also had goodwill relating to Bingo B2C of USD 50.0 million (2020: USD 50.0 million; 2019: USD 104.4 million) and Bingo B2B of USD 0.0 million (2020: USD 0.0 million; 2019: USD 24.9 million). During 2020, an impairment charge of USD 54.4 million was recorded in respect of Bingo B2C and USD 24.9 million in respect of Bingo B2B. The Bingo cash-generating unit's goodwill primarily arose from the acquisitions Globalcom in 2007, Wink in 2009 and Jet in 2019. In FY 2021, the carrying value of the Bingo cash-generating units also included intangible assets of USD 10.9 million (2020: USD 15.3 million; 2019: USD 19.5 million), the majority of which related to the value associated with the Jet customer list. In Target FY 2021, the Target Group had goodwill of GBP 1,320.5 million (Target FY 2020: GBP 353.6 million; Target FY 2019: GBP 344.2 million), which related to the Target Business' William Hill Online and corporate segments. There is a risk that these assets are not supported by either the future cash flows they are expected to generate or their fair value, resulting in an impairment charge that has not been recognised by management.

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

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

The 888 Group has and, following Completion, the Enlarged Group will have in place insurance policies that the Company believes are customary in their breadth and scope and offer sufficient protection to the 888 Group and will, following Completion, offer sufficient protection to the Enlarged Group. Notwithstanding the insurance policies that the 888 Group maintains and, following Completion, the

Enlarged Group will maintain, the insurance coverage may not be sufficient to completely mitigate losses that it may suffer, including losses relating to the Enlarged Group's retail estate.

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

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

The 888 Group's employees in Israel benefit from statutory and industry-wide collective bargaining arrangements. While no other employees within the 888 Group are members of a labour or trade union or benefit from collective bargaining arrangements, from time to time, the 888 Group has experienced and may in the future experience and, following Completion, the Enlarged Group may in the future experience, attempts by labour organisations to organise certain of its employees. There can be no assurance that the 888 Group and, following Completion, the Enlarged Group will not experience additional and successful union or collective bargaining activity in the future. The impact of any such activity is undetermined and could have a material adverse effect on the business, results of operations, financial condition and prospects of the 888 Group and, following Completion, the Enlarged Group.

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

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

RISKS RELATING TO THE PROPOSED ACQUISITION

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

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

- the approval of the Acquisition Resolution by 888 Shareholders at the General Meeting ("**Shareholder Approval**");
- the approval by the FCA of Readmission and the publication of a duly approved prospectus in connection therewith (the "**Readmission Condition**"); and

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

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

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

In the event that the conditions to Completion of the Proposed Acquisition are not satisfied or waived on or before the Long Stop Date, being 5.00 p.m. on 30 June 2022 or such other date agreed between the 888 Bidco and the Seller, the Proposed Acquisition will not proceed, the debt facilities under the Senior Facilities Agreement that will be entered into to finance the Proposed Acquisition and pay related costs will cease to be available to the 888 Group.

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

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

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

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

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

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

It is expected that a proportion of the Target Group employees will transfer to Caesars prior to Completion, including certain skilled employees with who are currently within the technology and trading function of the William Hill Group. It is intended that the Target Group will recruit skilled employees to compensate for this and a retention incentive plan will be put in place to encourage other Target Group employees who carry out key functions to remain with the Target Group and, following Completion, the Enlarged Group. However, further Target Group employees who carry out key functions may voluntarily transfer to Caesars or William Hill US or otherwise resign and it may take longer than expected to recruit new employees to replace those departing. Any such difficulties employing or retaining key employees of the Target Group could result in significant operational difficulties for the Target Business and, following Completion, the Enlarged Group.

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

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

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

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

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

The Proposed Acquisition involves certain specific integration risks, including:

- the unexpected loss of key personnel and customers (noting that the success and anticipated future growth of the Enlarged Group will depend in part on its ability to continue to attract, retain and motivate highly skilled employees in particular in key jurisdictions such as Gibraltar where the Enlarged Group's infrastructure to run its betting and gaming operation is based and where there may only be a limited number of persons with the requisite skills);

- difficulties in integrating the LBO portfolio of William Hill Retail (noting that the 888 Group does not currently have an LBO portfolio and the success and anticipated future growth of William Hill Retail within the Enlarged Group will depend in part on its ability to attract, retain and motivate personnel critical to the operation of William Hill Retail);
- difficulties in integrating the financial, technological and management standards, processes, procedures and controls of the Target Business into the Enlarged Group;
- challenges in managing the increased scope, geographic diversity and complexity of the Enlarged Group's operations;
- attempts by third parties to terminate or alter their existing contracts with the 888 Group or the Target Business;
- conflicts between the interests of the 888 Group and the Target Business; and
- failure to mitigate contingent and/or assumed liabilities.

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

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

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

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

RISKS RELATING TO THE 888 SHARES

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

The licensing or regulatory authorities in the principal jurisdictions in which the 888 Group and the Target Business have, and following Completion, the Enlarged Group will have, a betting and/or gaming licence or in which the 888 Group, and following Completion, the Enlarged Group may seek a licence in the future, have broad powers to request or require reporting of various detailed information from and/or approve the qualification or suitability for licensing of, betting and gaming operators, including their directors, management and the holders (legal and beneficial) of interests in shares. In some jurisdictions, such authorities may impose such information sharing and filing requirements on a continuous and ongoing basis, including in relation to the Company, its Directors, management and the holders (legal and beneficial) of interests in the 888 Shares. These powers may be exercised by regulators as against the legal or beneficial holders of interests in 888 Shares or other securities in betting and gaming companies, as well as against the companies themselves, their directors and management. In some circumstances, the purpose of the exercise of powers by licensing or regulatory authorities may be to identify shareholders, directors and managers whose involvement with the licensed entity is considered to be unacceptable by that licensing or regulatory authority and such persons should therefore not have a direct or indirect financial interest in, or influence over, a betting and gaming operator in the jurisdiction.

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

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

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

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

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

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

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

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

The value of the 888 Shares could also be affected by developments unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Company, speculation about the Company in the press or the investment community, strategic actions by competitors, including acquisitions and/or restructurings, changes in market conditions and regulatory changes in any number of countries, whether or not the Company derives significant revenue therefrom, and shifts in macro-economic or geopolitical conditions generally. The occurrence of any of these events could adversely affect the market price of the 888 Shares and Shareholders may find it more difficult to sell their 888 Shares at a time and price which they deem appropriate, or at all.

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

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

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

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

A trading market for the 888 Shares may not develop.

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

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

Shareholders may be subject to exchange rate risk.

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

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

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

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

The City Code will not apply to the Company.

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

INDUSTRY AND REGULATORY OVERVIEW

Section A: Industry Overview

Unless otherwise indicated, the information set out in this section constitutes the Company's views of the markets in which each of the 888 Group, the Target Business operates and the Enlarged Group will operate. Unless otherwise indicated, all market, industry, market share and competitive position data set out in this section and elsewhere in this Appendix that relate to the markets in which each of the 888 Group, the Target Business operates and the Enlarged Group will operate are estimates and should be treated with caution. The information has been extracted from third-party sources that the Company reasonably believes to be reliable, including the Regulus Report, but it has not independently verified such information.

All statistical and market information provided by Regulus Partners presented in this section and elsewhere in this Appendix has been reproduced from the Regulus Report. Additional factors which should be considered in assessing the usefulness of the market and competitive data are described elsewhere in this Appendix, including those set out in the section of this Appendix titled "Risk Factors". Accordingly, undue reliance should not be placed on any of the market, industry, market share and competitive position data contained in this Appendix.

Introduction

The 888 Group and William Hill are two leading European online betting and gaming business, with some of most renowned European brands.

The 888 Group has been active in the online betting and gaming industry for more than 24 years, with a strong long-term growth profile supported by its brands, proprietary online gaming technology platforms, CRM and analytical expertise. The 888 Group's core offerings are 888casino, 888sport, 888poker, and 888bingo, supported by a range of other brands.

William Hill is the most recognised name in sports betting in the UK, and enjoys strong market positions and brand awareness in the UK and many of the markets in which it operates based on revenue generated

in retail and online betting and gaming. In other markets, the business operates two core brands, William Hill and Mr Green.

On Completion, the Company anticipates that the Enlarged Group will be the world's third largest listed online betting and gaming company by revenue (based on 2020 online revenue from online peers), with market leading positions in its casino, and betting product verticals, based on brand awareness. The Enlarged Group's products will be supported by proprietary online gaming and betting technology platforms, CRM and analytical expertise with significant revenue and cost synergy opportunities as the businesses are integrated.

The online betting and gaming industry

The online gaming industry emerged in the mid-1990s and has since gained momentum. Market growth has been due to a number of key growth drivers:

- *Internet and technological development* – The roll-out and increased penetration of high-speed internet and network infrastructures sophistication has been a key driver for growth in the sector. This, together with the proliferation of smart phones and mobile gambling and the increasing popularity of e-commerce, has allowed online operators to deliver more sophisticated and appealing games to a greater number of customers, with shorter download times and fewer connectivity disruptions. Smartphones offer the opportunity for operators to not only engage with existing customers but also more easily reach new customers.

- *Growth in mobile* – The strong growth in penetration of increasingly sophisticated mobile devices with increased capacity to process data and ever-improving screen quality has had a significant impact on the volume of mobile commerce generally. Mobile connectivity has also continued to improve with the evolution of ever faster networks that has further stimulated growth in mobile commerce. Many online gaming operators have sought to leverage these developments through the delivery of tailored product offerings through multiple mobile platforms and have enjoyed significant revenue growth through these channels as a result.

- *Increased product development* – As a consequence of technological development and the popularity of smartphones and tablets, operators have invested in product development in order to offer consumers a more varied and superior betting and gaming experience. Improved product offerings, specifically through smartphones and tablets, has been a key growth driver in the market. This has been key for the companies' customer retention, new customer acquisition and customer reactivation in a cost-effective manner.

- *Social trends* – Gaming and betting have become culturally more acceptable leisure activities as a result of the expansion into mobile betting and gaming. Customers who traditionally might not have gone into a bingo hall or a betting shop can now play and bet in a way that fits their lifestyle and preferences. There is also a broader acceptance of digital channels as a safe and secure means to consume gaming services.

- *Increased marketing* – Advertising of products by gaming operators has increased in recent years which has contributed to the growing popularity of online gaming and betting. The popularity of social media has also allowed operators to perform more targeted marketing, which has helped to drive growth in the market.

- *Government adoption of heightened regulation* – In response to the growth in the global online gaming market, several governments have over recent years adopted online gaming regulatory frameworks with the aim of protecting customers, promoting choice and raising taxes. Such changes provide incumbent operators with access to customers and opportunities for expansion. While such changes may increase competition in those jurisdictions, the increased product complexity combined with the increased costs of complying with heightened regulation and the imposition of gaming taxes on operators can make it more difficult for new entrants, strengthening the position of existing gaming and betting operators who have the resources to comply with heightened regulation.

The EMEA online gambling market

The EMEA online gambling market is highly dynamic. Regulus Partners estimates the total revenue in the region during 2020 was EUR 31 billion, which represents a relatively consistent compound annual growth rate of 19 per cent. since 2014. However, this broad consistency can hide material volatility and speaks to the value of an operator portfolio of licensees.

EMEA Online Gambling Market Net Revenue 2014-2026E (EUR million)

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**
Betting	4,920	5,740	7,080	9,050	11,090	12,900	15,000	17,500	18,300	20,400	22,900	25,500	28,500
Casino & bingo	5,300	6,250	7,220	8,300	9,500	10,800	14,700	17,850	20,000	22,800	25,900	29,500	32,900
Poker	940	910	940	1,045	1,080	1,075	1,405	1,160	1,185	1,210	1,235	1,260	1,290
% UK	30%	31%	32%	31%	27%	25%	23%	20%	20%	18%	17%	15%	14%
% MEA	11%	12%	13%	13%	13%	13%	15%	18%	16%	16%	16%	16%	15%

Note: The above data represents total addressable revenue market; revenue is defined as stakes less prizes and customer incentives and so is directly comparable to IFRS revenue (adding back consumer taxes such as VAT); domestically regulated and 'grey' Point of Supply markets are included, 'black markets', where online gambling is unequivocally illegal are excluded.

The key drivers of market size and growth can be identified as:

- the availability, cost, and adoption rates of enabling technology and services (broadband, smartphones, mobile data, digital payments solutions);
- the regulatory framework that applies; and
- the level of localisation required for the market to appeal to consumers and the extent to which this has been delivered.

Four broad market archetypes can be identified, although there are considerable variations within and between markets.

- Markets with high rates of enabling technology and services adoption, limited effective regulatory barriers or distortions and high levels of content homogeneity:
  - for example, the UK, Sweden, Denmark, Finland, Netherlands (albeit only just regulated); and
  - these markets are characterised by high levels of online gambling revenue per capita and attract a number of multi-national as well as more localised operators.
- Markets which have lower rates of enabling technology and services adoption, *limited effective regulatory barriers* and tend to *require greater levels of product localisation*:
  - for example, Spain, Romania, Italy (albeit a complete advertising ban provides a level of distortion); and
  - these markets are characterised by evolving channel shift from land-based gambling, which allows both local and international businesses to thrive.
- Markets with higher rates of enabling technology and services adoption, but which are *constrained by specific regulatory barriers*. This group is by its nature less homogeneous, for example:
  - *France* – taxes are very high (approximately 40 per cent. revenue) and online casino is banned;

- *Belgium* – only land-based licensees and their single operating partners are allowed to be licensed for online gambling;
- *Germany* – turnover taxes on both betting (5 per cent.) and gaming (5.3 per cent.) significantly distort customer value by forcing a reduced payout vs. revenue based tax systems and the black market;
- *Switzerland* – only land-based casinos and their single operating partners are allowed to offer online casino (only adopted in 2019 so excluded from data below);
- *Portugal* – betting is taxed on turnover (8 per cent.), which significantly distorts customer value;
- *Norway* – the regulator actively and effectively blocks domestic advertising and payments; and
- *Czech Republic* – customers must prove their ID in person, significantly benefiting online licensees with a retail presence.

- Markets with *low rates of enabling technology are no longer common in Europe* but form a significant proportion of Middle East and Africa revenue.

Net Revenue by Country in 2019 (EUR million)

	Romania	Spain	Portugal	France	Germany	Italy	Czechia
Revenue per capita	15.1	16.2	17.5	18.5	22.2	23.7	28.5
Ecommerce (%)	23%	58%	39%	70%	79%	38%	64%

	Belgium	Denmark	Sweden	UK	Norway	Finland
Revenue per capita	36.8	66.6	81.4	93.4	94.4	153.8
Ecommerce (%)	66%	84%	82%	87%	82%	73%

Market growth drivers

Increasing adoption of enabling technology and services can provide significant structural growth opportunities assuming limited regulatory barriers and appropriate levels of localisation. The potential for further structural growth in Europe can be illustrated by the difference in ecommerce adoption in the UK and Nordic Countries and other territories when compared to online gambling revenue per capita. The correlation within this sample of countries mentioned above is 0.58, with a clear logic for underlying causation or gambling-specific reasons for a lack of correlation (regulation, levels of localisation).

These drivers shape a clear phases of growth:

- early adopter markets tend to be gaming-led, customers are higher spending and use several accounts; substantially all European markets are in this category (as can be seen by relative revenue per capita); and
- broad engagement markets tend to be more betting-led due to the adoption of occasional sports fans, customers are more recreational and loyal to high quality service and visible brands; only the UK and Sweden are clearly currently in this category.

The level of ecommerce adoption and non-restrictive regulatory frameworks also enable channel shift. This can most clearly be seen in the economically and regulatory similar markets of UK and Denmark. The levelling off of retail betting at approximately 40 per cent. of total betting and retail gaming at approximately 55 per cent. suggests a land-based 'floor' when the drivers are passive to gambling (consumer technology) rather than active (product innovation, regulation). Since both UK and Denmark had over 80 per cent. ecommerce adoption prior to the COVID-19 pandemic they can both be considered 'digitally mature'. This is also reflected in relatively low (single digit) rates of online gambling growth compared with double digit adoption-led growth.

UK & Denmark Retail & online markets in 2019 (%)

	Retail		**Online**		**Online (%)**	
	Betting	Gaming	Betting	Gaming	Betting	Gaming
UK (ex. NI)	13%	37%	21%	29%	61%	43%
Denmark	15%	32%	24%	29%	61%	47%

Betting vs. Gaming in 2019 (%)

	Betting	**Gaming**
UK (ex. NI)	51%	49%
Denmark	47%	53%

A major driver of enabling technology and services adoption has been government policy responses to the COVID-19 pandemic, in particular lockdowns. Lockdowns drove online gambling engagement globally in three inter-related ways:

- giving people the need to transact digitally for the first time, for example to order groceries or speak to loved ones over video conference;
- giving existing digital adopters more time to try new things such as online gambling, potentially also with more disposable income where government support was provided; and
- giving existing gamblers more time to spend online, particularly when land based gambling was closed or heavily restricted.

Each of these adoption and increased expenditure cohorts varied by market and each is likely to have different levels of sustainability. For example, in markets where ecommerce adoption was already very high, the boost provided by lockdowns is both relatively small and relatively transient as customers revert to previous behavioural patterns. In the UK, for example, official statistics show that:

- poker revenue doubled in Q2 2020 but then normalised to its previous rate;
- sports betting fell by approximately 40 per cent. in Q2 2020 due to cancellations mitigated by product substitution, but has now normalised to underlying rates of growth after a boost caused by a conflated sports calendar and higher than average margins; and
- slots and casino gaming added approximately 25 per cent. to underlying growth in Q2 2020 due but has also now normalised.

Similarly, official Danish and Swedish data shows little impact caused by COVID-19 policy disruptions, despite the fact that Denmark entered a full lockdown. Conversely, markets with low digital adoption have seen very considerable spikes in customer engagement caused by lockdowns, most notably official market statistics demonstrate that Portugal has grown by approximately 65 per cent. since 2019, with a 39 per cent. ecommerce adoption rate in 2019 and Italy has grown by approximately 80 per cent. since 2019, with a 38 per cent. ecommerce adoption rate in 2019.

Both of these markets have strong local offers, which might explain high rates of rapid channel shift. Conversely, the level of localisation in Spain is far less pronounced (see below) while the ecommerce adoption rate was materially higher at 58 per cent. Consequently, growth between 2019 – 2021E was only 20 per cent. in Spain. Going forward, we would expect that markets which have grown 20 per cent. or less to continue a normalised pattern, while markets which have grown 50 per cent. or more to see small levels of contraction as consumer habits adjust. However, the vast majority of revenue is likely to be maintained given that COVID-19 policy responses have simply accelerated underlying digital adoption in lagging countries and there is limited logic for customers to significantly reverse this process.

From a retail perspective, COVID-19 policy responses fall into three categories of impact:

- no revenue due to closure;
- revenue limited due to consumer restrictions caused by government policy; or
- revenue reduced by a changed consumer habits.

While the first two can have a severe short-term impact for the time that the policies are in place, only the third driver is relevant from a long-term demand perspective. Anecdotal and trading evidence so far points to a robust return of consumer expenditure outside older age cohorts who still feel at risk. This has reduced retail gambling expenditure by approximately 5-10 per cent. from pre-pandemic levels, especially for products more associated with older customers such as betting on horseracing and bingo in the UK. The extent to which this reduced engagement is structural or can be mitigated depends on large part upon corporate action to ensure that retail venues remain high quality entertainment venues.

While the rate of enabling technology and services adoption is usually visible and measured by positive sequential progress, albeit in some instances significantly accelerated by pandemic responses, the impact of gambling regulation can be more abrupt and is often dislocating, at least in the short term.

The UK gambling market

The UK had relatively stable regulatory conditions between the implementation of Gambling Act in 2007 and the removal of high staking content from gaming machines in betting shops in 2019. However, it should be noted that the FOBT debate lasted from approximately 2012 before a final decision and implementation of a GBP 2 staking limit rather than the previous GBP 100. While this limit directly impacted approximately 70 per cent. of machine revenue (55 per cent. of shop revenue), approximately 30 per cent. of this was directly substituted into gaming machines meaning that the net impact per machine was an approximately 40 per cent. revenue reduction. Nevertheless, a combination of this revenue impact and responses to pandemic policy has meant that overall betting shop numbers have fallen from a peak of over 9,000 in 2014 to approximately 6,500 currently. While it is very early to say with certainty, both the economic and regulatory environment for UK retail betting market now seems to have stabilised.

In late 2014 the UK adopted Point of Consumption legislation for online gambling, meaning that all online operators needed a UKGC licence to service UK customers. The immediate impact of this change was to introduce a 15 per cent. tax, which was absorbed by the vast majority of operators (now 21 per cent. on gaming revenue including bonuses to mitigate the tax losses caused by FOBT stake reduction). However, the change also gave domestic jurisdiction to the UKGC and significantly increased scrutiny on operators. This has led to a number of high-profile enforcement actions on weak anti-money laundering and safer gambling procedures, many of which have had a material revenue impact. Notwithstanding the significant increase in enforcement activity and corresponding improvements in licensee systems and controls, political pressure mounted to the extent that the UK government has now begun a review of the Gambling Act, especially focussed on online elements of the legislation. While

it is too early to provide any clarity on changes that are likely to occur, the following areas have gained significant stakeholder attention:

- restrictions on marketing;
- restrictions on the amount of money customers can spend without checks on whether their expenditure is sustainable;
- restrictions to game mechanics such as slots stakes; and
- increasing the powers of the UKGC and strengthening consumer redress.

Separately, and as with all jurisdictions, the UK gambling sector may face taxation pressure as governments look to fund the cost of pandemic policies and other programmes.

From an economic perspective, the UK is highly mature in terms of digital adoption and has seen a relatively sustained limited impact from pandemic policy responses. This is reflected in a more muted actual growth profile from 2017, which is also reflected in an expected 2019 – 2026E compound annual growth rate of 4.9 per cent. It should be noted that these revenue projections do not factor in material changes caused by the review of the Gambling Act since the measures and timings are uncertain, but do factor in a continued high tempo of regulatory enforcement and improvements to operator sustainability.

UK Online Market Net Revenue 2014-2026 (EUR million)

	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**
Betting	1,331	1,596	1,986	2,502	2,388	2,598	2,936	3,161	3,401	3,481	3,612	3,668	3,778
Casino & bingo	1,858	2,252	2,749	3,104	3,382	3,551	4,163	4,376	4,447	4,636	4,787	4,905	5,052
Poker	154	136	128	128	129	126	155	133	134	136	137	139	140
Total	3,342	3,984	4,864	5,734	5,899	6,275	7,253	7,670	7,983	8,253	8,536	8,711	8,970

The Italian gambling market

The domestically licensed Italian online sector has been opened up by a number of government decrees over time, starting with sports betting (2006) and then adding poker and casino subsequently. Licences are available periodically through a tender process, with the next set of licences likely to be issued next year. While the absolute number of licences available is likely to halve, sector consolidation means that the actual business impact of this theoretical reduction in competition is likely to be limited, especially since Italy implemented a complete advertising ban in 2019.

As well as banning advertising and plans to restrict licences, Italy also increased online gambling taxes in 2019 (betting was increased 2 per cent. to 24 per cent. of gross gaming revenue and gaming was increased 5 per cent. to 25 per cent. of gross gaming revenue). In 2020, Italy introduced a 0.25 per cent. temporary tax on sports betting stakes to fund the cost of COVID-19 policy responses in relation to sport, though this is capped at EUR 40 million for 2020 and EUR 50 million for 2021 and due to lapse at the end of 2021. Despite recent volatility in Italy, a new regulator and increased political stability suggests a more benign regulatory outlook in the medium term, including potentially lifting advertising restrictions, in part to support sports stakeholders, which have been the biggest economic losers of the ban.

It should be noted that the 2019 advertising ban has had no discernible impact on the domestically licensed sector's growth profile, with Italy being one of the strongest growth markets through pandemic disruption, though it is likely that black-market activity has also grown given that Italian operators are now relatively less visible. Given the significant uptake in revenue during the pandemic period, Italy's

growth curve is expected to be compressed. The majority of the 12 per cent. compound annual growth rate between 2019 and 2026 has therefore already been seen.

Italy Online Market Net Revenue 2014-2026E (EUR million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Betting	349	355	448	548	591	655	865	1,102	1,047	1,131	1,216	1,302	1,370
Casino & bingo	241	304	388	433	535	650	880	1,262	1,060	1,211	1,338	1,443	1,515
Poker	128	113	107	107	108	105	129	111	112	113	114	115	116
Total	718	772	943	1,089	1,234	1,410	1,874	2,475	2,219	2,455	2,669	2,860	3,001

.The Spanish gambling market

Spain domestically regulated online gambling in 2012, with all products available by 2015 (slots, in-play betting) in a relatively open licensing system. Spain initially adopted a 25 per cent. gross gaming revenue tax (revenue and bonuses) across all products, but this was cut to 20 per cent. in 2018. Spain also had a liberal marketing regime, but political pressure has meant that from 2021 marketing and bonuses are now heavily restricted. A combination of limited pandemic uplift and increasing regulatory pressures leads us to be cautious on growth notwithstanding the potential for increased digital adoption, forecasting 2019 – 2026 revenue compound annual growth rate of 6.7 per cent.

Spain Online Market Net Revenue 2014-2026E (EUR million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
Betting	145	190	250	333	385	399	371	466	509	547	585	624	650
Casino & bingo	45	76	126	183	251	286	382	364	382	398	411	422	455
Poker	67	60	58	60	82	81	110	90	92	94	96	98	100
Total	257	326	434	576	718	766	863	920	983	1,038	1,091	1,143	1,205

Fiscal-regulatory trends

As can be seen from the UK, Italy and Spain, each gambling regime in Europe is unique and responds to its own specific domestic needs (political, fiscal-regulatory, commercial, cultural). However, a number of fiscal-regulatory trends can nevertheless be identified across Europe:

- domestic or "point of consumption" licensing is now normal across Europe, only Norway, Finland and Hungary preserve significant monopolies of betting and gaming products;
- the level of advertising and marketing that online gambling creates (approximately 30 per cent. revenue vs. less than 5 per cent. for land-based) creates the political conditions for restrictions;
- a tax range of 20-25 per cent. is now more typical than 15-20 per cent.; and
- increasing focus on individual customer expenditure has increased during the pandemic (for example, Sweden and Belgium introduced pandemic-specific deposit limits).

These drivers are likely to shape continued fiscal-regulatory change. However, the sector has historically demonstrated resilience to these changes and a greater focus on safer gambling measures, if proportionate and evidence-based, can improve sector sustainability.

From a competitive standpoint, all European markets are highly local, with a different mix of domestic, regional, and international operators taking market share in each. As jurisdictions licence and conditions become more localised through regulatory conditions and consumer behaviour, aggregated market share increasingly becomes more of an outcome. Even in the UK, which is sometimes seen as an international homogenised market, a failure to gain a presence in domestic horseracing is the biggest single driver of international penetration failure (for example, Bwin), whereas all strong betting brands in the UK have a strong horseracing presence. In Italy, this applies to the domestic football multiple offer (i.e., the ability of customers to place a small stake bet for a big potential prize across several match outcomes). We therefore consider the competitive landscape for UK retail, UK online, Italy and Spain from a product positioning and regulatory standpoint.

European markets consolidation

The UK retail betting market has undergone significant consolidation over the last six years, driven by:

- M&A, most notably the Ladbrokes Coral merger and the divestment of shops to Betfred;
- the closure of independents, increasing the share of major operators; and
- the post-FOBT closure programme of William Hill, increasing the share of all others.

The chart below illustrates this in revenue terms, with the impact of the loss of GBP 100 stake machine content from Q2 2019 and then the impact of the pandemic clearly visible on overall revenue.

Due to the restriction of four machines per shop, the legacy nature of most estates and the rollout of broadly comparable SSBTs, the economics of individual shops are much more driven by location than differences between operators. With these dynamics stable, 2022 system-wide revenue should recover to approximately GBP 1.9 billion or 60 per cent. of pre-pandemic and GBP 100 stake loss levels.

UK Retail gambling revenue 2014-2025E (GBP million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Betting	1,445	1,419	1,411	1,399	1,336	1,369	780	1,000	1,010	999	978	950
Gaming in LBOs	1,650	1,710	1,792	1,806	1,825	1,259	730	864	885	905	926	948
Other gaming (Casinos, bingo halls and AGCs)	2,993	2,878	2,944	2,953	2,979	2,673	980	2,100	2,400	2,400	2,400	2,400
Total	6,088	6,007	6,147	6,158	6,140	5,302	2,490	3,964	4,295	4,305	4,304	4,298

UK LBO total revenue 2014-2025E (GBP million)

	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Over the Counter	1,405	1,340	1,278	1,215	1,100	1,057	560	683	647	612	580	549
Self-service Betting Terminal	40	79	133	184	236	313	220	317	363	387	398	401
Gaming Machines	1,650	1,710	1,792	1,806	1,825	1,259	730	864	885	905	926	948
Total	3,095	3,129	3,203	3,205	3,161	2,644	1,510	1,864	1,895	1,905	1,904	1,898

UK LBO operators total revenue (GBP million) and average weekly revenue per shop (GBP thousands) by Operator 2020

	Total Revenue	% Market share by revenue	Average weekly revenue per shop
Entain	669	44%	4.3
William Hill	349	23%	4.5
Betfred	320	21%	3.9
Flutter	122	8%	6.7
Other	50	3%	-
Total	1,510		

The UK online gambling market is consolidated around leading betting-led brands and two very strong gaming operators. These six groups captured 78 per cent. of the total UK online market in 2020. This has been driven by a combination of M&A (Flutter, Entain) and operational outperformance of market leaders (SkyBet – now part of Flutter, bet365, Gamesys, 888). It should be noted that 888 is the only major operator in the top six portfolio which was not originally a domestic UK-centric brand (excluding Paddy Power as Irish, which immediately targeted the UK as its main market due to cultural similarities and the relative size of the Irish vs. UK markets).

The Company believes the UK retail presence of William Hill creates an opportunity for the 888 Group to build an omni-channel strategy, to promote the 888 Group's brands and create cross-selling prospects, as well to improve customer retention, and reactivation of pre-COVID-19 customers.

Italy is similarly consolidated to the UK, with the top eight group operators controlling 73 per cent. of the domestically licensed market. The patterns are similar to the UK, with the top five all having a strong local retail presence (Entain acquired a number of domestic operators). Of the remaining three all can be explained by product specialisms: bet365 is the market leader in in-play betting; Flutter is the market leader in poker; 888 is the market leader in casino excluding domestic competition.

Spain is a different market to the UK and Italy because its local operators were weaker digitally when the market legislated in 2012. Consequently, while the market is similarly consolidated, with the top eight operators controlling 79 per cent. of the market, these operators are overwhelmingly international in focus. Within the top eight only Sportium (Cirsa) and Codere can be considered domestic, although Gamesys and William Hill have semi-localised offers. It is possible that this lack of localisation is one of the factors which is holding back growth.

UK Remote NGR by Operator in 2020 (GBP million)

	Flutter	Entain	bet365	William Hill	Gamesys	888 Holdings	Others
2020	1,813.1	1,040.9	738.0	503.2	423.2	222.3	1,303.6
(%) Share	30%	17%	12%	8%	7%	4%	22%

Spain Remote NGR by Operator in 2020 (EUR million)

	bet365	Flutter	Entain	Sportium	888 Holdings	William Hill	Codere	Gamesys	Others
2020	218.0	142.0	72.0	66.6	59.0	47.1	48.3	31.0	179.2
(%) Share	25%	16%	8%	8%	7%	5%	6%	4%	21%

Italy Remote NGR by Operator in 2020 (EUR million)

	Lottomatica	Entain	Snai (Playtech)	Sisal	SKS365	bet365	Flutter	888 Holdings	Others
2020	240.5	203.0	190.0	189.0	154.0	136.8	133.7	67.5	490.5
(%) Share	13%	11%	11%	10%	9%	8%	7%	4%	27%

Section B: Regulatory Overview

INTRODUCTION

The betting and gaming industry is highly regulated and the regulation of, and approach to, online gaming varies from jurisdiction to jurisdiction. To the extent that it is regulated, governments tend to either prohibit gaming or authorise it under licence whilst generating revenue from licence fees and taxation.

In many jurisdictions, existing laws were enacted prior to the development of the internet and were designed to address and regulate offline gaming operations. The application of these laws to online gaming is still to be clarified in many jurisdictions and regulatory regimes specifically for online gaming are still being developed. This gives rise to uncertainty as to the legal status of online gaming in some jurisdictions.

The 888 Group's headquarters is located in Gibraltar, its licensed entities are located in Gibraltar, Malta, Spain (Ceuta) and the US state of New Jersey, and the IT functionality to run its betting and gaming operations is located in Gibraltar and Ireland. Additional service functions are located in Israel, Romania, Ireland, Spain (Ceuta), the US (New Jersey) and the UK. The 888 Group is also licensed in Denmark, Italy, Portugal, Sweden, the German State of Hesse and the US states of Nevada, Delaware, New Jersey, Michigan, Pennsylvania, Colorado, Virginia and the Canadian province of Ontario. The 888 Group has applied or is in the process of applying for licences in the Netherlands and the German State of Saxony-Anhalt.

The Target Business operates from a number of key sites across the UK, Gibraltar, Malta, Bulgaria, Poland, Italy, Spain and the Philippines, as well as operating LBOs in the UK. The Target Business is licensed to operate betting and gaming services in Gibraltar, Malta, Denmark, the UK, Italy, Ireland, Spain, Sweden, Argentina, Colombia, Jersey and Latvia.

The nature of the 888 Group's and the Target Business' business is, and, following Completion, the Enlarged Group's business will be, such that it is accessible by customers in many jurisdictions including those in which operators and/or their customers may, by local law, be prohibited from engaging in online gaming. Breach of any applicable local laws could give rise to criminal prosecutions, administrative action or civil claims in the relevant jurisdictions. Further, in certain jurisdictions the advertising of online gaming services and the processing of payments may also be prohibited and subject to enforcement actions. The application and enforcement of any local laws to an online operator located and regulated offshore, and which does not have a physical presence in the relevant jurisdiction, may in some cases be uncertain.

A summary of the regulatory regimes in those markets in which the Company expects the Enlarged Group to generate more than 5 per cent. of its revenue after Completion, and the additional jurisdictions in which the Enlarged Group will have a physical presence is set out below.

The Proposed Acquisition and the resulting change of control of the Target Business will require notifications to, or regulatory approvals from, the relevant authorities either prior to or following Completion. These requirements result from the regulations or licensing conditions applicable to the licences held by the 888 Group or the Target Business. 888 and the Target Business are working with local counsel in each of the relevant jurisdictions to ensure that all necessary approvals and/or notifications are obtained or submitted, as appropriate, in a timely manner. The Company believes that all necessary approvals should be forthcoming; however there can be no assurance that the 888 Group or the Target Business will be able to obtain certain necessary approvals within a timescale acceptable to 888 or Caesars, or that they may only be obtained subject to certain conditions or undertakings which may not be acceptable to 888 or Caesars, or at all.

GENERAL REGULATORY FRAMEWORK

888 and William Hill Limited are, and following Completion, 888 as the holding company of the Enlarged Group, will be Gibraltar-registered public limited companies. The 888 Group and the Target Business are each licensed by the Gibraltar Licensing Authority pursuant to the Gibraltar Gambling Act to undertake remote betting and gaming activities in Gibraltar and are regulated by the Gibraltar

Gambling Commissioner. The provision of online betting and gaming services by companies based in Gibraltar is regulated and licensed under the provisions of the Gibraltar Gambling Act.

The local laws relevant to the betting and gaming industry in many jurisdictions were enacted prior to the development of the internet and were designed to address and regulate terrestrial gaming activities, primarily those conducted within the territory of that jurisdiction. The scope of the application of these laws to online gaming activity, specifically when provided by foreign operators, therefore remains unclear.

Under international conflict-of-law principles which are applicable to the operational entities within 888 and the Target Business as Gibraltar-registered companies and which, following Completion, will be applicable to a number of the operational entities within the Enlarged Group, the validity of a wagering contract is to be determined in accordance with the law applicable to the contract. Normally, this would be the law of the location where the bet or wager was accepted, not where it was placed. The European Community's 1980 Rome Convention on the Law Applicable to Contractual Obligations (the "**Convention**") follows the same logic. Article 3 of the Convention states that absent a positive determination by the parties of the applicable law, a contract shall be governed by the law of the country with which it is most closely connected. In the case of wagering contracts, this would generally be the territorial law applicable to the party who offers the facility for placing the wager (i.e. the "casino" or book maker). Within the EU, Regulation (EC) No. 593/2008 of the European Parliament and the Council of 17 June 2008 on the law applicable to contractual obligations (the "**Regulation**") applies. Pursuant to Article 3 of the Contractual Obligations Regulation, a contract shall be governed by the law expressly chosen by the parties or clearly demonstrated by the terms of the contract. Article 6 paragraph 2 of the Contractual Obligations Regulation allows contracts with consumers to provide for an applicable law different from that of the consumer's habitual residence.

The 888 Group and the Target Business, with the help of their legal advisers worldwide, continually review and assess the impact of local regulatory regimes applicable to online gaming. The 888 Group and the Target Business regularly receive and, following Completion, the Enlarged Group will regularly receive, updates on regulatory developments in target markets, and instruct its respective group companies on how to bring operations in line with applicable legal requirements. This includes blocking or restricting the offering of online gaming or betting in jurisdictions where this is required under applicable law or where other considerations (such as commercial viability) dictate a withdrawal from the market. This can be achieved through various methods, including IP-based blocking, filtering based on customers' addresses, blocking of payment methods issued in certain jurisdictions, and other methods commensurate with industry best practices. Similarly, the 888 Group and the Target Business tailor, and following Completion, the Enlarged Group will tailor, marketing activities to meet applicable restrictions.

JURISDICTIONS FROM WHICH THE DIRECTORS EXPECT THE ENLARGED GROUP TO GENERATE MORE THAN 5 PER CENT. OF ITS REVENUE AFTER COMPLETION

The 888 Group and the Target Business generate, and following Completion, the Enlarged Group will generate, the majority of revenues over 5 per cent. in the UK and in Italy. Other individual markets can be divided into the following main groups: European Union, Middle East, Africa and the Americas.

United Kingdom

Online betting and gaming in Great Britain is regulated by the Gambling Act and the regulations and licensing conditions and codes of practice enacted by the regulator, the UKGC. According to the Gambling Act, a remote operating licence is required for the provision of online gaming if at least one piece of remote gaming equipment used in the provision of gaming facilities is placed within the UK; or if no such equipment is placed in the UK, but the gaming facilities provided are used or capable of being used there. In addition, the UK regulatory regime requires remote gaming operators to source their software from suppliers licensed by the UKGC.

Both the 888 Group and the Target Business hold gaming operating licences, online and retail, issued by the UKGC, and the Enlarged Group will do so after Completion. The services offered to UK

customers by the 888 Group, the Target Business and which, following Completion, will be offered by the Enlarged Group, are on the basis of these licences.

As described in the risk factor titled "*The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world*" in the section of this Appendix titled "*Risk Factors*", the UKGC imposed a financial penalty of GBP 9.4 million on the 888 Group in respect of social responsibility and anti-money laundering failings following a compliance assessment which concluded in October 2020. Similarly, following a compliance assessment conducted in July and August 2021, the William Hill Group is subject to an ongoing licence review and is addressing certain action points raised by the UKGC in relation to William Hill's social responsibility and anti-money laundering obligations. The Target Business has recorded a provision of GBP 15.0 million in its financial statements for Target FY 2021 to cover potential cash outflows resulting from any regulatory sanctions and associated costs resulting from this compliance assessment and licence review. Certain licenced entities within the Target Business also have the benefit of an indemnity provided by Caesars under an agreement dated 8 March 2022 to apply to certain losses and costs that may arise in the event any of the relevant operating licences are suspended or are subject to conditions imposed by the UKGC in connection with the licence review.

Both the 888 Group and the Target Business hold, and following Completion, the Enlarged Group will hold, gaming software licences issued by the UKGC, which allow them to provide gaming related software to the UK market.

European Union

EU law plays an important role in assessing the legality of the offering of betting and gaming services by operators licensed in one or more EU Member States to customers in other EU Member States. In many EU Member States, there have been attempts by regulatory and prosecutorial authorities, and monopoly operators, seeking to impose domestic administrative prohibition orders, to initiate criminal and administrative sanctions, to initiate civil proceedings or to impose other restrictive measures against online operators licensed in other EU Member States, with a view to preventing such operators from offering their services to domestic customers. Such measures have often been inconsistent with the principles of EU law, in particular those enshrined under Articles 49 and 56 of the Treaty on the Functioning of the European Union ("**TFEU**") which guarantee the freedom of establishment and the freedom to provide services. Such inconsistency resulted from domestic legal regimes which restrict either the freedom of establishment or the freedom to provide services and which could, as a result, be unenforceable or void.

The efforts by certain state authorities and licensees to restrict the cross-border supply of online gaming have given rise to litigation in the national courts of a number of Member States, which have resulted in multiple references of questions of EU law to the CJEU under Article 267 TFEU and so leave the position of the 888 Group, the Target Business, and, following Completion, the Enlarged Group unclear with regard to a number of points, as described in the risk factor titled "*There have been and continue to be attempts by various persons in EU Member States to apply domestic criminal and administrative laws to prevent online gaming operators licensed in other EU Member States from operating in or providing services to customers within their territory; the case law of the CJEU on this issue continues to evolve creating uncertainty for online gaming operators*" in the section of this Appendix titled "*Risk Factors*".

In *Gambelli and others* (Case C-243/01), decided in November 2003, the CJEU held that national law restrictions on the cross-border supply of online gaming services could give rise to restrictions on the freedom to provide services and the freedom of establishment under Articles 49 and 56 TFEU, and that restrictions of that kind were capable of being justified on public interest grounds (such as consumer protection, the prevention of fraud or, as the Italian government argued in the *Gambelli* case itself, the reduction of opportunities for the public to participate in gaming). However, such restrictions could only be justified if they were applied in a non-discriminatory manner and in a manner which was "consistent and systematic". Those requirements are not satisfied, and EU Member States cannot invoke public order concerns, where the authorities of that EU Member State incite and encourage consumers to participate in gaming to the financial benefit of the public purse.

In *Placanica and others* (Case C-338/04), in 2007, the CJEU held that a blanket exclusion of companies quoted on regulated markets from tendering procedures for the award of gaming licences went beyond what was necessary in order to achieve the objective of preventing gaming operators from being involved in criminal or fraudulent activities. The CJEU also held that Articles 49 and 56 TFEU must be interpreted as precluding national legislation which imposes a criminal penalty on persons for pursuing the organised activity of collecting bets without a licence or a police authorisation (as required under the national legislation), where those persons were unable to obtain licences or authorisations because that EU Member State, in breach of EU law, refused to grant licences or authorisations to such persons.

In September 2009, the CJEU handed down its ruling in a referral from the Portuguese courts in *Liga Portuguesa de Futebol Profissional and bwin International Ltd v Departamento de Jogos da Santa Casa da Misericordia de Lisboa* (Case C-42/07). The CJEU recalled that national legislation can only be appropriate for ensuring the attainment of the objective it purports to pursue if it genuinely reflects a concern to attain that objective in a consistent and systematic manner. It held that the grant of exclusive rights to operate games of chance via the internet to a single operator, such as the then-Portuguese monopoly operator Santa Casa, which was subject to strict control by the public authorities, may, in circumstances such as those in the main proceedings, be regarded as appropriate for the purpose of protecting consumers against fraud on the part of operators. In the absence of EU harmonisation, the CJEU rejected the existence of an obligation on EU Member States to recognise gaming licences issued by other EU Member States, and held that an EU Member State is entitled to take the view that the mere fact that a gaming operator which lawfully offers online gaming services in another EU Member State is subject to regulation in that EU Member State, cannot be regarded as amounting to a sufficient assurance that national consumers will be protected against the risks of fraud and crime.

On 8 September 2010, the CJEU handed down rulings in a number of cases referred by the German courts, namely *Markus Stofi et al* (Joined Cases C-316/07, C-358/07 to 360/07, C-409/07 and C-410/07), *Winner Wetten* (Case C-409/06) and *Carmen Media* (Case C-46/08). In those cases, the CJEU held that, while an EU Member State was permitted under EU law to establish a public monopoly on gaming activities (so long as the requirements in *Gambelli* were met), the monopoly established by the German State Treaty on Gambling failed to pursue its stated objectives of preventing incitement to squander money on gaming, combating gaming addiction, and protecting young people in a consistent and systematic manner. Elaborating on the latter requirement, the CJEU noted that a monopoly may not advertise to encourage consumers to participate in gaming, and that any advertising issued by the holder of a public monopoly must remain measured and strictly limited to what is necessary in order thus to channel consumers towards authorised gaming networks. Second, a monopoly can no longer be justified if in relation to more addictive games of chance which are not covered by the public monopoly (such as casino games and slot machines) the competent authorities conduct or tolerate policies aimed at encouraging participation in those other games rather than reducing opportunities for gambling and limiting activities in that area in a consistent and systematic manner. The CJEU concluded that the monopoly established by the German State Treaty did not pursue its objectives in a consistent and systematic manner. It also held that an EU Member State may not apply a criminal penalty for failure to complete an administrative formality where such completion has been refused or rendered impossible by the EU Member State concerned, in infringement of EU law.

With regards to the ban on online gaming in the German State Treaty on Gambling, the CJEU acknowledged that a prohibition of any offer of games of chance via the internet may, in principle, be regarded as suitable for pursuing the legitimate objectives of preventing incitement to squander money on gambling, combating gaming addiction and protecting young persons, even though the offer of such games remains authorised through more traditional channels. In this context, the CJEU noted that the referring court had not been specific about its concerns in that regard. Therefore, the CJEU's examination was limited to the question of whether a complete ban on internet gaming may, in principle, be regarded as suitable for achieving the objectives of preventing incitement to squander money on gaming, combating gaming addiction, and protecting young people.

On 15 September 2011, the CJEU ruled on the matter of *Dickinger and Omer* (C-347/09). The Court noted that a monopoly on games of chance constitutes a restriction of the freedom to provide services but that such a restriction may nevertheless be justified by overriding reasons in the public interest, such as the objective of ensuring a particularly high level of consumer protection. To be consistent with the

objective of fighting crime and reducing opportunities for gambling, national legislation establishing a monopoly which allows the holder of the monopoly to follow an expansionist policy must genuinely be based on a finding that the crime and fraud linked to gaming are a problem in the EU Member State concerned, which could be remedied by expanding authorised regulated activities. The CJEU emphasised that the objective of maximising public revenue alone cannot permit such a restriction of the freedom to provide services. The CJEU also stated that only advertising which is moderate and strictly limited to what is necessary to channel consumers towards controlled gaming networks is permissible. An expansionist commercial policy whose aim is to expand the overall market for gaming activities is not consistent with the objective of fighting crime and fraud. However, the CJEU also ruled that, given the absence of harmonisation at EU level regarding online gaming, no duty of mutual recognition of authorisations issued by other EU Member States can exist in the current state of EU law. A similar ruling was handed down on 13 September 2013 in the matter of *Biasci et al* (C-660/11).

On 30 April 2014, the CJEU ruled on another Austrian case, *Pfleger and others* (C-390/12). The CJEU confirmed its case law on national gaming legislation being compliant with EU law only if the declared public interest objectives are not only theoretically, but also actually pursued in a consistent and systematic manner. The CJEU further ruled that the burden of proof regarding the proportionality and consistency of a measure rests with the EU Member States and reiterated that, where a restrictive system has been established and that system is incompatible with the freedom to provide services, an infringement of that system by an economic operator cannot give rise to penalties.

On 28 February 2018, the CJEU ruled on a Hungarian case, *Sporting Odds Ltd* (C-3/17). The CJEU rules that the Hungarian legislation relating, inter alia, to the organisation of online casino games was not compatible with the EU law principle of freedom to provide services, due to the legislation including discriminatory restrictions which the CJEU ruled could not be justified by the objectives of public order and public health, because those objectives may have been attained by less restrictive measures.

There has been an uptick in EU Member States introducing gaming legislation and regulation conforming with EU law in recent years. For example, during 2020-2021 the regulatory landscape in Germany underwent drastic changes, with the introduction of federal sports betting licences, the adoption of a temporary toleration regime for online casino products and the introduction of an online slots and poker licensing regime in the state of Saxony-Anhalt. In the Netherlands, a new Online Gambling Act entered into force in 2021, launching an online betting and gaming licensing regime.

In past years, the European Commission initiated infringement proceedings, including before the CJEU, against EU Member States whose laws regulating online betting and gaming infringe EU law and the market freedoms guaranteed by the TFEU. Examples include Greece, Belgium, Cyprus, the Czech Republic, Lithuania and Poland. The Company believes that domestic legislation in EU Member States that is inconsistent with the principles of EU law, as interpreted in the jurisprudence of the CJEU, is unenforceable and may be void, and therefore cannot impede the offering of online betting and gaming services to customers in those jurisdictions.

Italy

Online betting and gaming in Italy is regulated by the *Agenzia delle Dogane e dei Monopoli* (ADM). In accordance with the relevant Decrees regulating online betting and gaming, licences from ADM are necessary for the provision of online gaming services in Italy. Licences are only awarded through a tender process which opens from time to time and which is specially announced in advance.

Both the 888 Group and the Target Business hold gaming operating licences, issued by ADM, and the Enlarged Group will do so after Completion. The services offered to Italian customers by the 888 Group, the Target Business and which, following Completion, will be offered by the Enlarged Group, are on the basis of these licences.

Middle East, Africa and South America

Both the 888 Group and the Target Business provide services to certain jurisdictions in the Middle East, Africa and South America, based on online betting and gaming licences which are widely referred to as "dot.com" or "point of supply" licences. For completion, these "dot.com" licences differ in nature to "dot.country" or "point of consumption" licences, which are territory specific. "dot.com" licences enable the supply of online betting and gaming to other jurisdictions, in accordance with those licences' regulations and under the governance of the relevant regulator and regulatory regime, based on the principle of Internet legislation that deems the provision of an online product as provided where the operator is established and located. The 888 Group and the Target Business hold such licences in Malta, Gibraltar and Jersey.

The determination by the 888 Group, the Target Business and, following Completion, the Enlarged Group as to whether or not to permit customers in a given jurisdiction to access any one or more of their products under a "dot.com" licence, is and will be made on the basis of a measured and prudent approach to legislation, regulatory compliance and in accordance with the policy adopted by the respective board. Such decisions are based on a number of factors, which include:

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

Where any jurisdiction has in place a clear national prohibition of offshore online services, and such prohibition is set out in legislation that has a clear extra-territorial application, all measures will be implemented to prevent access to the services from that jurisdiction.

Set forth below is an overview of the 888 Group and the Target Business' dot.com licences:

Gibraltar

Online betting and gaming in Gibraltar is regulated under the provisions of the Gibraltar Gambling Act. Part VI of the Gibraltar Gambling Act, "Remote Gambling", is the basis for nearly all aspects of Gibraltar's online betting and gaming regulatory regime. In addition to the Gibraltar Gambling Act, the Gibraltar Gambling Commissioner issued "Codes of Practice", which, by virtue of section 6(6)(f) and 6(7) of the Act, are authoritative in nature.

Both the 888 Group and the Target Business are, and following completion, the Enlarged Group will be, licensed to undertake remote betting and gaming activities in Gibraltar. The 888 Group is headquartered in Gibraltar. Some of the servers which support the gaming activities of the 888 Group are also located in Gibraltar.

The licences held by each of the 888 Group and the Target Business in respect of their online activities in Gibraltar as valid of a period of five years, and are automatically renewed each year during the five-year period, unless there has been a breach of any term or condition of the licence agreement which has not been rectified within 90 days of notification of the breach to the licensee.

Malta

Online betting and gaming is regulated in Malta under the Maltese Gaming Act 2018. No person shall provide or carry out a gaming service or provide a critical gaming supply from Malta or to any person in Malta, or through a Maltese legal entity, except when in possession of a valid licence by the Maltese Gambling Authority (MGA), the primary regulatory body responsible for the governance of all betting and gaming activities in Malta. For the avoidance of any doubt, a gaming service is defined as the act of making a game available for participation by players, whether directly or indirectly, and whether alone or with others, as an economic activity whilst a critical gaming supply is defined as a material supply which is (a) indispensable in determining the outcome of a game or games forming part of the gaming service; and, or (b) an indispensable component in the processing and, or management of essential regulatory data. The Maltese regulatory framework therefore provides for two types of licensure, a B2B licence and a B2C licence. MGA approval is required for each game type to be offered under the licence. The term of the licences is ten years.

As Malta is part of European Union it is subject to EU law, including the EU principle on the free movement of services. In accordance with the aforementioned, Maltese gaming licences entitle licensees to provide online gaming services from Malta or to any person in Malta, or through a Maltese legal entity in compliance with Member States' local regulatory regime.

Both the 888 Group and the Target Business are, and following completion, the Enlarged Group will be, licensed to undertake remote betting and gaming activities in Malta.

Jersey

Online betting and gaming in Jersey is regulated by the Jersey Gambling Commission. The Target Business is, and following completion, the Enlarged Group will be, licensed to provide betting facilities from a dedicated premises in Jersey.

North America

USA

Provision of remote betting and gaming services to US customers is subject to legislation at both a federal and state level in the United States. The Unlawful Internet Gambling Enforcement Act 2006 ("**UIGEA**") is the principal federal statute relating to online gaming, and contains prohibitions on, *inter alia*, the processing by financial institutions of payments to and from unlawful internet betting and gaming operators.

On 23 December 2011, the US Department of Justice ("**DOJ**") released a memorandum ("**2011 DOJ Memorandum**") which addressed in detail, for the first time, a long-disputed legal question, namely, whether the Wire Act (18 U.S.C 1084) applies to all forms of gambling or whether its scope is more limited and covers only sports betting and no other forms of gambling. The DOJ's longstanding position has been that the Wire Act prohibits "*the transmission in interstate or foreign commerce of bets or wagers*" with respect to all forms of gambling, while many legal scholars (and foreign gaming operators which relied on their opinions) contended that the Wire Act only prohibits the transmission of bets or wagers "*on any sporting event or contest*" but does not apply to other forms of gaming (such as online poker and casino games). The 2011 DOJ Memorandum reversed the DOJ's position and concluded that the Wire Act applies only to sports betting and hence does not apply to internet gaming or online lotteries.

In January 2019, the DOJ published an updated memorandum, reversing the position and concluding that the Wire Act applies to sports betting as well as to other forms of gambling. This memorandum was successfully challenged by New Hampshire's lottery and its providers, with the court ruling that the Wire Act applies solely to interstate sports betting. In January 2021, the federal Court of Appeals for the First Circuit denied an appeal by the US Department of Justice seeking to uphold a 2019 memo on the scope of the federal Wire Act. By denying the appeal, the Court confirmed the previous opinion from 2011, which concluded that the Act applies only to sports betting. The case may eventually reach the U.S. Supreme Court.

In parallel to the Wire Act interpretation developments, on 14 May 2018, the U.S. Supreme Court struck down the Professional and Amateur Sports Protection Act of 1992 ("**PASPA**") as unconstitutional. This decision had the effect of lifting federal restrictions on sports betting and thus allows states to autonomously determine the legality of sports betting in their state. Since the repeal of PASPA, several US states have legalised and regulated online sports betting, with more states joining the ranks of regulation by the month.

The 888 Group is, and following completion, the Enlarged Group will be, licensed in various US states. The 888 Group is currently licensed in New Jersey, Nevada, Delaware, Pennsylvania, Colorado, Michigan and Virginia.

Canada

The online provision of gambling services to Canadian customers is primarily regulated by the Canadian federal Criminal Code. The Criminal Code places a prohibition on provision of gambling services unless these are operated by a provincial government (meaning through a provincial lottery corporation).

On a provincial level, Ontario enacted legislation in December 2020 which provided for regulation and licensing of private companies, which would allow private operators to provide gambling services through the provincial government. This legislation established a new subsidiary of the Alcohol and Gaming Commission of Ontario ("**AGCO**"), named iGaming Ontario ("**iGO**"), to conduct and manage the online gaming offerings in Ontario in partnership with private companies. AGCO remains the regulator of all services in order to meet the requirements of the Criminal Code. Based on this new provincial regulatory framework, online gambling in the Canadian province of Ontario have gone live on 4 April 2022, with private operators being awarded licenses from AGCO.

ADDITIONAL JURISDICTIONS IN WHICH THE ENLARGED GROUP WILL HAVE A PHYSICAL PRESENCE AFTER COMPLETION

Israel

The 888 Group holds, and following Completion, the Enlarged Group will hold, subsidiaries which are incorporated in Israel. In each case, the subsidiaries operate research and development facilities in Israel and maintain servers for various ancillary and support functions, such as data-mining. The 888 Group and the Target Business do not, and following Completion, the Enlarged Group will not, allow Israeli residents to participate in online gaming on its websites by blocking registrations by customers stating Israel as their country of residence, blocking access from internet servers with internet protocol addresses from Israel and refusing to accept payments from credit cards issued by banks in Israel.

Subject to certain exceptions, the Israeli Penal Law 1977 (the "**Penal Law**") prohibits the organisation or conduct of, and participation in, gaming in Israel. There is no legislation which specifically regulates online gaming in Israel although some courts have stated that the provisions of the Penal Law may be construed to apply to online gaming. However, the Company believes that the 888 Group and the Target Business do not, and following Completion, the Enlarged Group will not, facilitate, offer or provide gaming activities prohibited under the Penal Law to Israeli residents, and therefore, no offence is committed wholly or in part within Israel.

Romania

The 888 Group holds, and following Completion, the Enlarged Group will hold, a subsidiary which is incorporated in Romania, that operates a research and development facility within Romania.

The current regulatory regime in Romania is governed by Emergency Ordinance 77/2009 as amended. According to the applicable regulatory regime, the organisation and operation of online gambling in Romania requires a licence from the local gambling office. The 888 Group and Target Business hold, and following Completion, the Enlarged Group will hold, through their subsidiaries, licences issued by the Romanian gaming regulator, the National Office for Gambling ("**NOG**").

Spain (Ceuta)

The 888 Group holds, and following Completion, the Enlarged Group will hold, a subsidiary incorporated in Spain (Ceuta). Service functions for the 888 Group are located in Ceuta.

Spanish Law 13/2011 of 27 May 2011 (Ley 13/2011, de 27 de mayo, de regulacion del Juego) ("**Spanish Law**") sets out the general legal framework for the offering of online gaming in Spain. According to Spanish Law, operators who wish to offer online gaming services in Spain are required to obtain general gambling and betting licences which cover the activities they wish to offer, and then apply for a specific licence for each individual game variant.

The 888 Group and Target Business hold, and following Completion, the Enlarged Group will hold, through their subsidiaries, online betting and gaming licences issued by the Spanish gaming regulator, Directorate General for the Regulation of Gambling ("**DGOJ**").

Ireland

The 888 Group holds, and following Completion, the Enlarged Group will hold, a subsidiary incorporated in Ireland, in addition to data centres located in Ireland.

The Irish general regulatory framework is, at present, partially regulated by way of the 1931 Betting Act. The Act was amended in 2015 to include regulation for online bookmaking, regulated by the Irish Revenue Commissioners Office, and licences for online bookmakers are required for operators servicing the Irish market by providing sports betting services. The nominated officers of licence applicants must undergo personal licensure and hold a Tax Clearance certificate in addition to a Certificate of Personal Fitness (COPF). With respect to online casino games, these are provided based on a "dot.com" licence, as explained in depth above.

In January 2021, the Irish Department of Justice has published plans to carry out a reform of the Irish gambling regulatory regime within the course of 2021. This reform has been expected since as early as 2013, with a draft Gambling Control Bill being drafted. According to the publication, the reform would entail a major update to the said draft Bill. This latest publication contradicts earlier media statements by government officials in October 2020, stating that the reform would not be concluded prior to 2023.

Bulgaria

The Target Business holds, and following Completion, the Enlarged Group will hold, a subsidiary which is incorporated in Bulgaria. The subsidiary provides business process services, such as fraud prevention checks, safer gambling support, KYC checking and customer services desks. Neither the Target Business nor the 888 Group offer and, following Completion, the Enlarged Group will not offer remote gambling services directly from this Bulgarian entity. The activities of the Target Group's Bulgarian subsidiary and, following Completion, the Enlarged Group's Bulgarian subsidiary does not currently require a licence.

The current regulatory regime in Bulgaria is governed by the 2012 Gambling Act. According to the applicable regulatory regime, the organisation and operation of online gambling in Bulgaria requires a licence.

Poland

The Target Business holds, and following Completion, the Enlarged Group will hold, a subsidiary which is incorporated in Poland. The subsidiary provides information technology services, such as technical development and system and help desk support functions. Neither the Target Business nor the 888 Group offer and, following Completion, the Enlarged Group will not offer remote gambling services directly from this Polish entity. The activities of the Target Group's Polish subsidiary and, following Completion, the Enlarged Group's Polish subsidiary does not currently require a licence.

The regulatory regime in Poland is governed by the Gambling Act and its Amendments. According to the applicable regulatory regime, the organisation and operation of online gambling in Poland requires a licence for betting, and there is a state monopoly in place for online casino games.

Philippines

The Target Business holds, and following Completion, the Enlarged Group will hold, a subsidiary which is incorporated in the Philippines. The subsidiary provides business process services, such as fraud prevention checks, safer gambling support, KYC checking, customer services desks and accounting support. Neither the Target Business nor the 888 Group offer and, following Completion, the Enlarged Group will not offer remote gambling services directly from this Philippine entity. The activities of the Target Group's Filipino subsidiary and, following Completion, the Enlarged Group's Filipino subsidiary does not currently require a licence.

The main laws setting out the general legal framework for the offering of online betting and gaming in the Philippines are the Revised Penal Code and Executive Order no. 13 of 2017. According to the applicable regulatory regime, the organisation and operation of online gambling in the Philippines requires a licence for offshore facing online betting and gaming.

OPERATING AND FINANCIAL REVIEW RELATING TO THE TARGET BUSINESS

The information in this section is based on unaudited management accounts of the Target Business and remains subject to change. The final version will be included in the Combined Prospectus and Circular that is expected to be published in the coming weeks.

The following discussion and analysis is intended to assist in providing an understanding of the Target Business' financial condition and results of operations for Target FY 2021, Target FY 2020 and Target FY 2019 and as at the end of each such period.

Some of the information contained in this section contains certain forward-looking statements that reflect plans, estimates and belief and that may involve risks and uncertainties. The Target Business' actual results may also differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such risks, uncertainties and/or differences include, but are not limited to, those discussed below and elsewhere in this Appendix, including under the section of this Appendix titled "Risk Factors".

OVERVIEW

On 22 April 2021, Caesars Entertainment, Inc., a US-based gaming-entertainment company, completed its acquisition of the entire issued share capital of William Hill Limited. Prior to the Caesar Acquisition, William Hill Limited operated three distinct segments: William Hill Online, William Hill Retail and William Hill US. For financial reporting purposes, certain centralized corporate functions were reported under a further corporate segment ("**Corporate**"). William Hill US was created in 2012 by merging three small sports book operators under the William Hill brand, initially providing the group with access to Nevada, and eventually providing access to 26 states in the US in 2021 following the US Supreme Court's 2018 decision in respect of PASPA. Following the acquisition, Caesars is seeking to consolidate its core business by retaining the William Hill US business, and has proposed to sell the Target Business to 888, comprised of William Hill Online and William Hill Retail, pursuant to the Sale and Purchase Agreement. In anticipation of the Proposed Acquisition, the Target further segmented operations by splitting William Hill Online into UK Online and International Online. Corporate operations will also be transferred pursuant to the Sale and Purchase Agreement. The Target Group includes the Target Business and its subsidiary undertakings and, where the context requires, its associated undertakings, in each case, following the implementation of the Reorganisation.

The Target Business is comprised of William Hill Online, a leading online betting and gaming provider to customers primarily in the UK (under its UK Online segment) and Southern Europe, Central Europe and the Nordics (under its International Online segment), and William Hill Retail, which operates 1,407 LBOs throughout the UK as at 31 December 2021. The overall revenue of the Target Business for Target FY 2019, Target FY 2020 and FY 2021 was GBP 1,455.3 million, GBP 1,157.0 million and GBP 1,241.4 million, respectively.

KEY PERFORMANCE INDICATORS

The Target Business uses certain IFRS financial metrics, such as revenue, gross profit and operating profit to assess its financial performance, as well as certain key performance indicators, such as the number of retail shops, Target Adjusted EBITDA and Target Adjusted Operating Profit/(loss) which in its view provide alternative measures with which to monitor its economic, financial and operating performance. These measures have been provided for informational purposes only and are not indicative of historical operating results, nor are they meant to be predictive of future results. These measures are used to monitor its underlying performance and operations. However, certain of these measures are non-IFRS measures and should not be considered as an alternative to similar measures calculated and presented in accordance with IFRS.

Number of Retail Shops

The number of retail shops represents the total number of LBOs operated by William Hill Retail in a given period. The following table shows the total number of retail shops operated by the Target Business for the periods indicated:

	As at								
	28 December 2021	28 September 2021	29 June 2021	30 March 2021	29 December 2020	29 September 2020	30 June 2020	31 March 2020	31 December 2019
Number of Retail Shops...	1,407	1,408	1,409	1,414	1,414	1,414	1,533	1,535	1,568

Target Adjusted EBITDA

The Target Business uses Target Adjusted EBITDA, Retail Adjusted EBITDA, UK Online Adjusted EBITDA, International Online Adjusted EBITDA and Corporate Adjusted EBITDA as a means to measure the profitability of the Target Business, the William Hill Retail business, the UK Online business, the International Online business and its corporate costs, as applicable. Target Adjusted EBITDA is calculated as net (loss)/profit for the period , deducting tax, finance expenses and finance income, operating exceptional items and adjustments, depreciation, and amortisation for the Target Group. Target Adjusted EBITDA for each segment is calculated as adjusted operating profit adjusted for depreciation and amortisation for the William Hill Retail business, the UK Online business, the International Online business and the Target Business' corporate costs, as applicable. The following table shows Target Adjusted EBITDA for the Target Group and by segment for the periods indicated.

	Target FY		
	2021	2020	2019
		(GBP in millions)	
	(unaudited)	(unaudited)	(unaudited)
Retail Adjusted EBITDA	0.6	14.6	141.0
UK Online Adjusted EBITDA	154.1	130.4	128.3
International Online Adjusted EBITDA	35.8	44.4	36.2
Corporate Adjusted EBITDA......	(26.1)	(40.5)	(47.5)
Target Adjusted EBITDA	164.4	**148.9**	**258.0**

Target Adjusted EBITDA and the related measures by segment are non-IFRS measures and should not be considered in isolation or as a substitute for analysis of the Target Business' operating results as reported under IFRS. Not all companies calculate EBITDA-based measures in an identical manner and therefore it may not be comparable to other similarly titled measures used by other companies and may have limitations as an analytical tool.

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

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

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

	Target FY		
	2021	**2020**	**2019**
		(GBP million)	
	(unaudited)	**(unaudited)**	**(unaudited)**
(Loss)/profit for the period	(161.0)	88.2	(23.3)
Tax	(15.2)	13.6	(8.7)
Finance expenses	70.4	50.5	52.7
Finance income	(1.7)	(22.5)	(3.0)
Operating exceptional items and adjustments	165.5	(91.1)	126.9
Adjusted Operating Profit/(loss)	58.0	38.7	144.6
Depreciation	50.9	55.1	60.7
Amortisation	55.5	55.1	52.7
Target Adjusted EBITDA	164.4	**148.9**	**258.0**

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

	Target FY			Six months ended
	2021	**2020**	**2019**	**28 Dec 2021**
		(GBP million)		
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Retail Adjusted Operating Profit/(loss)	(42.1)	(29.5)	83.2	27.9
Retail Depreciation	31.1	36.1	48.4	13.4
Retail Amortisation	11.6	8.0	9.4	6.9
Retail Adjusted EBITDA	**0.6**	**14.6**	**141.0**	**48.1**

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

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

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

	Target FY		
	2021	**2020**	**2019**
		(GBP million)	
	(unaudited)	**(unaudited)**	**(unaudited)**
International Online Adjusted Operating Profit	14.7	25.9	20.8
International Online Depreciation	2.9	2.8	2.6
International Online Amortisation	18.2	15.7	12.8

International Online Adjusted EBITDA.................................	**35.8**	**44.4**	**36.2**

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

	Target FY		
	2021	**2020**	**2019**
		(GBP million)	
	(unaudited)	**(unaudited)**	**(unaudited)**
Corporate Adjusted Operating Profit/(loss).............................	(41.1)	(54.5)	(57.5)
Corporate Depreciation............	14.4	14.0	8.5
Corporate Amortisation	0.6	-	1.5
Corporate Adjusted EBITDA	**(26.1)**	**(40.5)**	**(47.5)**

Revenue

The following table shows revenue by segment for the periods indicated.

	Target FY		
	2021	**2020**	**2019**
		(GBP in millions)	
	(unaudited)	**(unaudited)**	**(unaudited)**
Retail revenue	336.8	354.2	717.0
UK Online revenue	628.6	503.2	480.9
International Online revenue......................	276.0	299.6	257.4
Total revenue	**1,241.4**	**1,157.0**	**1,455.3**

The following table shows revenue by segment for the six month periods ended 31 December 2019, 30 June 2020, 29 December 2020, 29 June 2021 and 28 December 2021.

	Six months ended				
	28 December 2021	**29 June 2021**	**29 December 2020**	**30 June 2020**	**31 December 2019**
			(GBP in millions)		
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Retail revenue	249.5	87.3	207.3	146.9	325.3
UK Online revenue	275.6	353.0	277.5	225.7	235.8
International Online revenue....	119.3	156.7	155.8	143.8	135.3
Total revenue	**644.4**	**597.0**	**640.6**	**516.4**	**696.4**

Online revenue split

The following table shows revenue by product type for the periods indicated for William Hill Online.

	Target FY		
	2021	**2020**	**2019**
		(GBP in millions)	
	(unaudited)	**(unaudited)**	**(unaudited)**
UK Online sportsbook revenue	302.4	245.3	232.3
UK Online gaming revenue........................	326.2	257.9	248.6
International Online sportsbook revenue	83.0	75.4	75.3

International Online gaming revenue	193.0	224.2	182.1
Total Online revenue...............................	**904.6**	**802.8**	**738.4**

Retail revenue split

The following table shows revenue by product type for the period indicated for William Hill Retail.

	Target FY		
	2021	**2020**	**2019**
		(GBP in millions)	
	(unaudited)	**(unaudited)**	**(unaudited)**
William Hill Retail sportsbook revenue.....	190.3	212.7	400.0
William Hill Retail gaming revenue	146.5	141.5	317.0
Total William Hill Retail revenue...........	**336.8**	**354.2**	**717.0**

Locally regulated and/or taxed vs. non-locally regulated revenue split

Locally regulated and/or taxed vs. non-locally regulated revenue split refers to the amount of revenue the Target Group derives from its locally regulated and/or taxed and non-locally regulated markets, respectively. In locally regulated and/or taxed jurisdictions, gaming duties are imposed on licensed operators. The following table shows the Target Group's locally regulated and/or taxed vs. non-locally regulated revenue split for the periods indicated.

	Target FY		
	2021	**2020**	**2019**
		(GBP in millions)	
	(unaudited)	**(unaudited)**	**(unaudited)**
Revenue from locally regulated and/or taxed markets..	1,127.0	993.7	1,316.5
Revenue from non-locally regulated markets	114.4	163.3	138.7
Total revenue..	**1,241.4**	**1,157.0**	**1,455.2**

The following table shows the Target Group's locally regulated and/or taxed vs. non-locally regulated revenue split for the six month periods ended 31 December 2019, 30 June 2020, 29 December 2020, 29 June 2021 and 28 December 2021.

	Six months ended				
	28 December 2021	**29 June 2021**	**29 December 2020**	**30 June 2020**	**31 December 2019**
			(GBP in millions)		
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Revenue from locally regulated and/or taxed markets...	596.2	530.8	559.6	434.2	620.8
Revenue from non-locally regulated markets..	48.2	66.2	81.0	82.2	75.6
Total revenue...	**644.4**	**597.0**	**640.6**	**516.2**	**696.4**

Gross Profit

The following table shows gross profit by segment for the periods indicated.

	Target FY			**Six months ended**				
	2021	**2020**	**2019**	**28 December 2021**	**29 June 2021**	**29 December 2020**	**30 June 2020**	**31 December 2019**
				(GBP in millions)				
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Retail Gross Profit..........	263.9	516.5	554.8	195.2	68.7	170.4	346.1	255.7
UK Online Gross Profit..	426.8	354.7	348.1	187.1	239.7	195.2	159.6	170.3
International Gross Profit	187.3	217.7	187.9	78.8	108.5	113	104.6	97.8

Total Gross Profit.........	878.0	1088.9	1090.8	461.1	416.9	478.6	610.3	523.8

Operating Profit/(loss)

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

	Target FY			Six months ended				
	2021	2020	2019	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
				(GBP in millions)				
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail Operating Profit/(loss).................	(45.4)	83.5	(11.8)	27.9	(73.3)	(52.0)	135.5	39.4
UK Online Operating Profit/(loss).................	111.3	96.8	98.1	24.3	87.0	52.8	44.0	54.0
International Operating Profit/(loss).................	10.7	13.0	1.8	3.7	7.0	7.1	5.9	4.8
Corporate Operating Profit/(Loss)………… …	(184.1)	(63.5)	(70.4)	(68.6)	(115.5)	(41.5)	(22.0)	(41.4)
Total Operating Profit/(loss)................	**(107.5)**	**129.8**	**17.7**	**(12.7)**	**(94.8)**	**(33.6)**	**163.4**	**56.8**

Adjusted Operating Profit/(loss)

The Target Business uses Adjusted Operating Profit/ (loss) for the Target Business and each segment as a means to measure the profitability of the Target Business and each of its segments.

The following table shows adjusted operating profit/(loss) for the Target Group and by segment for the periods indicated.

	Target FY			Six months ended				
	2021	2020	2019	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
				(GBP in millions)				
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Retail Adjusted Operating Profit/(loss)................	(42.1)	(29.5)	83.2	27.9	(70.0)	(15.5)	(14.0)	41.0
UK Online Adjusted Operating Profit/(loss)................	126.5	96.8	98.1	39.5	87.0	52.8	44.0	54.0
International Online Adjusted Operating Profit/(loss)................	14.7	25.9	20.8	3.7	11.0	13.9	12.0	10.0
Corporate Adjusted Operating Profit/(loss)................	(41.1)	(54.5)	(57.5)	(9.1)	(32.5)	(32.5)	(22.0)	(33.0)
Adjusted Operating Profit/(loss)..............	**58.0**	**38.7**	**144.6**	**62.0**	**4.0**	**18.7**	**20.0**	**72.0**

Adjusted Operating Profit/ (loss) is calculated as net (loss)/profit for the period before finance income and expenses, excluding exceptional items and other defined adjustments (as described below) for the Target Group and each segment, respectively.

Exceptional items are those items management consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Target Business's financial performance.

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the Target Business to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions. This item is defined as an adjustment as the Target Business believes it would impair the visibility of the underlying activities across each segment as it is not closely related to the Target Business' or any associated operational cash flows. The amortisation of specific intangible assets recognised in acquisitions is recurring and recognised over their useful life.

Certain key exceptional items and adjustments are listed below:

	Target FY			Six months ended				
	2021	2020	2019	28 December 2021	29 June 2021	29 December 2020	30 June 2020	31 December 2019
				(GBP in millions)				
				(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating								
Cost of Sales								
VAT Income[(1)]...............	-	238.3	-	-	-	8.0	230.3	-
Other operating expenses								
On-sale related costs[(2)]....	(24.5)	-	-	(23.9)	(0.6)	-	-	-
Impairment of Retail Segment[(3)].................	-	(125.7)	-	-	-	(43.8)	(81.9)	-
Caesars transaction related costs[(4)]	(70.5)	(9.0)	-	(0.9)	(69.6)	(9.0)	-	-
Portfolio shop closures[(5)]	-	-	(93.9)	-	-	-	1.1	1.2
Regulatory provision and related fees[(6)].............	(15.2)	-	-	(15.2)	-	-	-	-
Other[(8)]...........................	-	-	(21.6)	-	-	-	-	(11.2)
Adjustments								
Amortisation of acquired intangibles	(55.3)	(12.5)	(11.4)	(34.8)	(20.5)	(6.4)	(6.1)	(5.2)
Non-operating								
Finance Income								
Finance Income in respect of VAT reclaim......................	-	18.9	-	-	-	0.6	18.3	-
Costs in respect of refinancing[(7)].............	(2.0)	-	-	-	(2.0)	-	-	-
Total exceptional items and adjustments before tax.................	**(167.5)**	**110.0**	**(126.9)**	**(74.8)**	**(92.7)**	**(50.6)**	**161.7**	**(15.2)**

Notes:

(1) *VAT Income:* In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Target Business submitted claims which were substantially similar, and these claims were agreed and settled. The Target Business continues to engage with HMRC on a number of smaller related claims of an amount of GBP 1.2 million, which have not been recognised in this financial information as they are not virtually certain to be receivable. The refund, net of associated costs, was classified as an exceptional item as it is both material and one-off in nature. The net of the gross refund of VAT from HMRC and the associated third-party costs were recognised in cost of sales to match where the original charges were recognised. The interest income was recognised within finance income. After corporation tax, the net profit recognised in respect of the VAT reclaim in the period was GBP 208.3 million. This relates to the Retail segment.

(2) *On-sale related costs:* Following the acquisition of Target Group by the Seller on 22 April 2021, the Target Business has incurred costs associated with the on-sale to 888 Group and separation of the William Hill US segment from the Target Business. These costs are recognised as an exceptional item given their material size and one-off nature. Costs include GBP 3.4 million of technology spend to separate the platform and product so that US sports book can stand alone from the rest of the Target Business, GBP 3.0 million of redundancy costs following the separation, GBP 6.7 million of legal and consultancy costs, as well as GBP 11.4 million of employee incentive costs as part of the on-sale to 888 Group. The costs are recognised within the Corporate segment.

(3) *Impairment of the Retail segment:* As a result of the conclusion of the Triennial Review in 2018 and the announcement of the maximum stakes on B2 gaming products reducing to GBP 2, management recognised an impairment of the assets of the Retail segment in the year ended December 2018. This was presented as an exceptional item due to its material and one-off nature.

Subsequently in 2020, following the impact of the COVID-19 pandemic, management recognised an impairment of intangible assets of the Retail segment in December 2020.

These were presented as exceptional items due to their material nature and relate to the Retail segment.

(4) *Caesars transaction related costs:* The Target Business has incurred costs associated with the transaction with the Seller, which it has aggregated and presented as an exceptional item given their material size and one-off nature. Of these costs, GBP 35.9 million inclusive of VAT where applicable (GBP 9.0 million for Target FY 2020) relates to amounts paid to financial, corporate broking and legal advice. In addition, the Target Business has incurred GBP 8.6 million (net of tax) of retention payments to key employees following the completion of the transaction to the Seller, GBP 14.3 million stamp duty charge, GBP 6.0 million of share-based payment charges and GBP 5.7 million of employee sharesave scheme costs as the Target Business delisted from the London Stock Exchange on 21 April 2021.

[5] *Portfolio shop closures:* During 2019 and 2020 there were two separate shop closure programmes. In 2019, 713 shops were closed as a part of the Triennial Review mitigation restructuring costs programme and in 2020 a further 119 shops were not re-opened post the first COVID-19 lockdown. As a result, during 2020 GBP 6.6 million of credit relating to the Triennial mitigation shop closures was recognised principally in relation to the negotiated early exit of certain property leases, sale of freehold properties and disposal of operations in Northern Ireland and Isle of Man. In the same period, a charge of GBP 6.2 million relating to the 2020 shop closures, being a combination of specific asset write offs (GBP 3.3 million) and provision creation (GBP 3.2 million), with a GBP 0.3 million provision release recognised.

In the Target FY 2019, GBP 47.3 million related to an impairment charge against the relevant right-of-use assets and GBP 46.6 million related to other costs of closure, onerous costs, redundancy costs and other related costs.

All portfolio shop closure costs are not presented as an exceptional item from 1 January 2020 as management do not deem these costs to be material.

[6] *Regulatory provision and related fees:* The industry in which the Target Business operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. As discussed above in the Risk Factor paragraph entitled *"The business of the Enlarged Group may be exposed to litigation proceedings and regulatory and compliance risks in various jurisdictions across the world"* in the section of this Appendix titled "*Risk Factors*", following a periodic compliance assessment undertaken by the UKGC in July and August 2021 the Target Business is currently addressing action points raised by the UKGC. In that context it has made a provision of GBP 15.0 million to cover the potential for any regulatory fine, penalty or settlement and associated costs resulting from that compliance assessment as well as a further GBP 0.2 million legal fees charged in the period. This provision is the Business's best estimate based on the action points raised to date by the UKGC, management's current knowledge and third party regulatory and legal advice reflecting outcomes of previous compliance assessments and regulatory action across the industry.

[7] *Costs in respect of refinancing:* On 22 April 2021, the Target Business' committed revolving credit facilities of GBP 425 million provided by a syndicate of banks, expiring in November 2022 (GBP 35 million) and October 2023 (GBP 390 million) were cancelled as part of the acquisition of William Hill Limited (formerly William Hill plc) by the Seller. As a result, GBP 2.0 million was charged as an exceptional finance cost to profit and loss, being accelerated amortisation of finance fees associated with the facilities which were being amortised over the lives of each facility.

[8] *Other:* The Other category combines several items that were previously disclosed separately and all relating to items that were presented as exceptional items in previous financial reporting periods. From 1 January 2020, these items have not been included as exceptional items as management no longer deem these costs to be individually material.

In FY 2019, the other category includes GBP 3.5 million related to a transformation programme restructuring costs, GBP 8.2 million mainly related to corporate transaction and integration costs associated with the acquisition of Mr Green, GBP 6.0 million represented other business-wide costs relating to the Triennial Review mitigation programme aside from shop closure related costs and GBP 5.2 million of this relates to dual running costs from moving the Target Business' land-based data centres into the cloud. This is offset by GBP 1.2 million credits relating to historical shop closure exits before the Triennial Review.

Adjusted Operating Profit/(loss) and the related measures by segment are non-IFRS measures and should not be considered in isolation or as a substitute for analysis of the Target Business' operating results as reported under IFRS. Not all companies calculate Adjusted Operating Profit/(loss) measures in an identical manner and therefore it may not be comparable to other similarly titled measures used by other companies and may have limitations as an analytical tool.

EBITDA of the Enlarged Group and Adjusted EBITDA of the Enlarged Group

The 888 Group uses EBITDA and Adjusted EBITDA as a means to measure the profitability of its business. It calculates EBITDA as net profit/(loss) for the period adjusted for interest, taxes, depreciation and amortisation and Adjusted EBITDA as EBITDA adjusted for certain exceptional items, share based payments, foreign exchange differences and share of post-tax loss of equity accounted associate. It calculates EBITDA of the Enlarged Group and Adjusted EBITDA of the Enlarged Group on the same basis.

The adjustments from net profit/(loss) for the year to the EBITDA of the Enlarged Group and Adjusted EBITDA of the Enlarged Group are consistent with the Unaudited Pro Forma Financial Information of the Enlarged Group, which illustrates the effect of the (i) Placing, (ii) the proposed financing arrangements under the Senior Facilities Agreement to part-fund the Proposed Acquisition and (iii) Proposed Acquisition on the FY 2021 consolidated income statement of the 888 Group as if these transactions had taken place on 1 January 2021. The following table shows a reconciliation of net profit/(loss) for the year of the Enlarged Group to EBITDA of the Enlarged Group and Adjusted EBITDA of the Enlarged Group for FY 2021:

	FY 2021
	(USD million)
***Enlarged Group* Net profit/(loss) for the year**...............	(263.8)
Enlarged Group interest expense, net..............................	149.9
Enlarged Group taxation..	(28.5)
Enlarged Group depreciation and amortisation...............	258.7
EBITDA of the Enlarged Group..	**116.3**
Enlarged Group exceptional items..................................	257.1
Enlarged Group share based payments.............................	18.0
Enlarged Group exchange differences..............................	4.8
Enlarged Group share of post-tax loss of equity accounted associate...	-
Adjusted EBITDA of the Enlarged Group..................... .	**396.2**

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

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

KEY FACTORS AFFECTING THE TARGET BUSINESS' RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Macroeconomic environment and impact of COVID-19

Similar to the 888 Group, the Target Group has experienced an impact to its business, financial condition and results of operations as a consequence of COVID-19 and the macroeconomic environment. However, certain of these macroeconomic and COVID-19 impacts had a more pronounced and different impact on the Target Group's business as a result of its retail operations. Given the LBO portfolio of William Hill Retail, the operations and profitability of the land-based betting and gaming segments of the Target Business have been, and may continue to be, impacted by the long-term structural shift away from retail to online gambling. For Target FY 2020 and Target FY 2021, the shift to online gambling was accelerated as a result of the COVID-19 pandemic due to social distancing restrictions, public gathering restrictions and lockdown restrictions that were introduced in the UK and elsewhere in response to the COVID-19 pandemic. In addition to accelerating the shift toward online gambling, government mandated closures of non-essential stores in response to the COVID-19 pandemic impacted the Target Group's results of operations as the William Hill Retail business was unable to produce revenue for significant periods of Target FY 2020 and for the first half of Target FY 2021, while the fixed cost base, including leases and employee salaries, remained. The impact of store closures was partially offset by increased revenues from the Online business, as customers transitioned to online betting due to the temporary closure of retail shops. During FY 2020, the substitution effect in favour of the Online business was less pronounced—as many sporting events were cancelled during this period due to COVID-19 related restrictions; however, the substitution effect from retail to online gambling was more pronounced during Target FY 2021, as many sporting events were not cancelled during this period despite certain restrictions on non-essential businesses remaining in place in many jurisdictions during portions of the year. The impacts of COVID-19 to William Hill Retail were minimal in the second half of Target FY 2021, albeit with some disruption as a result of new masking requirements and reduced foot traffic following the outbreak of the Omicron variant.

Despite the macroeconomic impact of COVID-19 and related restrictions, the Target Business results were resilient. See the paragraphs above titled "*Target Adjusted EBITDA*", "*Revenue*", "*Gross Profit*" and "*Adjusted Operating Profit*" above for the Target Adjusted EBITDA, revenue, gross profit and operating profit by segment for the Target Business for the six and twelve month periods, as applicable, indicated and beginning with December 31, 2019, which was the last semi-annual period not impacted

by COVID-19. In addition, Target Retail Adjusted EBITDA and revenue for William Hill Retail for the six months ended 28 December 2021 were GBP 48.1 million and GBP 249.5 million, respectively. Although there were minimal impacts following the outbreak of the Omicron variant in the fall of 2021, the Company believes trading in this second half of 2021 is largely representative of the underlying trading performance of retail shops across a period when LBOs were open with no lockdown restrictions from COVID-19 and sporting events were being played on a regular basis.

Betting and gaming industry trends and new product offerings

Similar to the 888 Group, the Target Group has experienced an impact to its business, financial condition and results of operations as a result of betting and gaming industry trends. Since emerging in the mid-1990s, the online gaming industry has continued to grow, bolstered by technological developments, expansion of mobile access and increased penetration of high-speed internet. Regulus Partners estimates that the total revenue in the EMEA online gambling market during 2020 was EUR 31.0 billion, which represents a relatively consistent compound annual growth rate of 19 per cent. since 2014. For a further discussion of the online gambling market, see paragraph 2 of the section of this Appendix titled "*Industry and Regulatory Overview*".

As with the shift from in-person retail gambling to online gambling in the EMEA, the UK has also seen a gradual shift toward online gambling. In particular, following the Triennial Review, and in light of policies adopted in response to the COVID-19 pandemic, the number of overall betting shops have fallen from a peak of over 9,000 in 2014 to approximately 6,500 as of September 2020. 888 management believe that the shift toward online betting was more pronounced during 2020 and parts of 2021 due to the closure of non-essential shops in response to COVID-19, however, the UK is highly mature in terms of digital adoption and the sustained impact from these pandemic-response policies is anticipated to be limited. According to Regulus Partners, the UK online gambling market is expected to have a compound annual growth rate of 4.9 per cent. between 2019-2026 (estimated) demonstrating that the medium term trend will be more limited than during the pandemic impacted years 2020 and 2021.

Changes in gaming and betting regulation, gaming taxes and duties

Similar to the 888 Group, the Target Group operates in a complex regulatory environment, in particular with respect to its betting and gaming operations, which is subject to continuous evolution.

Regulation

The Target Group is regulated by certain authorities and has licensed entities in the UK, Gibraltar and Malta. Additional service functions of the Target Business are located in Bulgaria, Poland, Italy, Spain and the Philippines. As a result of the retail and LBO portfolio of William Hill Retail, the Target Business is also subject to additional regulations that are not applicable to, or less impactful on, the 888 Group. Changes to such gaming and betting laws and regulations or licensing regimes could require the Target Business to make changes in its operations, suspend or limit services in certain jurisdictions and have a material adverse effect on its business, financial condition and results of operations. For example, with effect from April 2019, new regulations were introduced in the UK under the Triennial Review reducing the staking limits on B2 gaming products from GBP 100 to GBP 2. This reduced the revenues within the William Hill Retail portfolio and resulted in the Target Group permanently closing 713 LBOs during Target FY 2019. Coupled with the additional 119 LBOs the Target Business chose to permanently close during FY 2020 as a result of the impact of COVID-19, it is estimated that the closure of these LBOs resulted in an approximate GBP 83.0 million impact on the Target Adjusted EBITDA of William Hill Retail. See also the risk titled "*The LBOs operated by William Hill Retail will subject the Enlarged Group to additional regulation that does not apply to the current operations of the 888 Group*" in the section of this Appendix titled "*Risk Factors*".

In addition, the International Online business has been impacted by regulatory changes in particular in Germany and to a lesser extent in the Netherlands. During 2021, the International Online business experienced significant negative impact from the regularisation of the German and Dutch markets. The German market was regularised late in 2020 and the Target Business applied for three new licences that are still pending to date. Until the licences are granted, the Target Business is unable to launch

campaigns, pay bonuses or engage in marketing in the German market which restricts its ability to acquire and retain customers.

The Dutch market became a regulated market on 1 October 2021. The Target Business pulled out of the Dutch market until a new licence is obtained.

See the section of this Appendix titled "*Industry and Regulatory Overview*" for additional detail on the regulations to which the Target Business is subject.

Taxes

The Target Group is subject to various taxes and levies in various jurisdictions, and changes in tax legislation or the application or interpretation of tax legislation may affect its results of operations. In particular, VAT and betting taxes affected its results of operations during the period under review.

In particular, the Target Group is subject to significant taxation and levies in the UK, including the following:

- a general betting duty of 15 per cent. on gross betting profits (stakes received less winnings paid out) earned in its LBOs in the UK;
- Remote Gaming Duty of 21 per cent. (increased from 15 per cent. for accounting periods that begin on or after 1 April 2019) on its remote gaming (online and telephone) revenues derived from UK customers;
- Machine Games Duty payable at 20 per cent. of the revenue from gaming machines in its LBOs;
- the Horserace Betting Levy, a statutory levy on bets struck in the UK on horse races held in the UK; and
- significant irrevocable VAT, leading to increases in the Target Group's cost base.

EXPLANATION OF KEY LINE ITEMS

Revenue

Revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Target Business is in business to provide, net of discounts, marketing inducements and VAT. It is comprised of revenue, other operating income and finance income.

From FY 2019 and subsequent periods, after implementation of IFRS 15 'Revenue from contracts with customers; and IFRS 9 'Financial Instruments', revenue has been treated as a derivative under IFRS 9 'Financial Instruments' and is not treated as revenue under IFRS 15 'Revenue from Contracts with Customers'.

In the case of LBOs (including gaming machines), William Hill Online's sportsbook and telebetting and William Hill Online's casino (including games on William Hill Online's arcade and other numbers bets) revenue represents gains and losses from gambling activity in the period. Open positions are carried at fair value, and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Revenue from William Hill Online's poker business is within the scope of IFRS 15 'Revenue from Contracts with Customers' and reflects the net income (rake) earned when a poker game is completed, which is when the performance obligation is deemed to be satisfied.

Gaming duties

Gaming duties include the duties and taxes imposed by regulators on licensed operators in jurisdictions in which betting and gaming is regulated.

Other cost of sales

Cost of sales primarily include profit sharing with third-party providers of sports and gaming content. In addition, in connection with the VAT Reclaim (as defined below), the net of the gross refund of VAT from HMRC and the associated third-party costs have been recognised in cost of sales to match where the original charges were recognised.

In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the third-party cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Target submitted a number of claims which were substantially similar, some of which have been settled and resulted in VAT refunds. The Target continues to engage with HMRC on a number of smaller related claims, which have not been recognised in the Target Business Historical Financial Information as they are not virtually certain to be receivable (collectively, the "**VAT Reclaim**"). The refund, net of associated costs, has been classified as an exceptional item as it is both material and one-off in nature. The net of the gross refund of VAT from HMRC and the associated third-party costs have been recognised in cost of sales to match where the original charges were recognised.

Marketing expenses

Marketing expenses primarily include advertising and promotional expenses. The Target Group undertakes both "online" and "offline" marketing to promote its brand and products to customers. Offline marketing typically involves television based advertising and online marketing involves a number of internet based marketing methods.

Operating expenses

Operating expenses primarily relate to the costs of operating the business, including staff costs, depreciation, amortisation and property related costs, as well as certain exceptional operating expenses. Exceptional operating expenses include the impairment of the retail segment, transaction related costs, portfolio shop closures, amortisation of acquired intangibles and other, which includes costs such as dual running costs from moving the Target's land-based data centres into the cloud, costs related to corporate transaction and integration costs associated with the acquisition of Mr Green in 2019 and transformation restructuring costs.

Other operating income

Other operating income mostly represents rents receivable on properties let by the Target Business, bookmaking software licensing income and brand licensing income.

Finance income

Finance income is comprised of interest on cash and cash equivalents, interest on net pension scheme assets or liabilities and finance income in respect of the VAT Reclaim. Interest income is included within finance income and is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Finance expenses

Finance expenses include interest payable and similar charges on bank loans, bonds and overdrafts, the amortisation of capitalised borrowing, interest on lease liabilities and exceptional finance expenses related to costs in respect of a refinancing in Target FY 2021. Finance expenses include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Share of post-tax profit /(loss) of equity accounted associate

Share of results of post-tax profit /(loss) of equity accounted associates represents the Target Business' share of the results of Sports Information Services (Holdings) Limited, Lucky Choice Limited and 49s Limited (which was disposed in Target FY 2020).

At 28 December 2021, William Hill Organization Limited, a principal subsidiary of the Target Group, held an investment of 19.5 per cent. (31 December: 2019 19.5 per cent.; 29 December 2020: 19.5 per cent.) of the ordinary share capital of Sports Information Services (Holdings) Limited, a company incorporated in Great Britain. The Target Group uses the equity method of accounting for Sports Information Services (Holdings) Limited.

At 28 December 2021, William Hill Organization Limited held, directly or indirectly, an investment of 33 per cent. (31 December 2019: 33 per cent.; 29 December 2020: 33 per cent.) of the entire share capital of Lucky Choice Limited. The results of this company are not material to the results of the business and the investment in Lucky Choice Limited has been stated at cost and has not been accounted for under the equity method.

As at 31 December 2019, William Hill Organization Limited held 33 per cent. Of 49s Limited but during the period ending 29 December 2020, the Target Business sold its entire shareholding in 49s Limited for proceeds of GBP 2.0 million.

Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. It is comprised of the UK corporation tax, the overseas tax and adjustments in respect of prior periods. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Net (loss)/profit for the period attributable to net parent investment

As the Target Group is not a separate legal group and has not previously prepared standalone financial statements, it does not believe it is meaningful to disclose share capital or an analysis of reserves. The net assets of the Target Group are represented by the cumulative investment of the Seller in the Target Business and disclosed as net parent investment.

Net (loss)/profit for the period attributable to non-controlling interests

Represents share of results attributable to non-controlling interests primarily relating to operations in Latvia and Columbia.

Exceptional items and adjustments

Exceptional items are those items management consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Target Business's financial performance. The classification of exceptional and adjusting items requires significant management judgement after considering the nature and materiality of a transaction. The Target Business's definitions of exceptional and adjusting items are outlined within the Target Business's accounting policies. Note 3 to the Target Business Historical Financial Information further details the exceptional and adjusting items and their adherence to the Target Business's policies.

RESULTS OF OPERATIONS

Comparison of results of operations for Target FY 2021 and Target FY 2020

The following table sets forth certain income statement data for Target FY 2020 and Target FY 2021.

	Target FY 2021 (unaudited)	Target FY 2020 (unaudited)
	(GBP million)	
Revenue	**1,241.4**	**1,157.0**
Gaming duties	(237.1)	(190.9)
Other cost of sales	(126.3)	122.8
Total cost of sales	**(363.4)**	**(68.1)**
Which includes exceptional cost of sales of	-	*238.3*
Gross Profit	**878.0**	**1,088.9**
Marketing expenses	(217.4)	(196.3)
Operating expenses	(772.4)	(765.8)
Other operating income	4.3	3.8
Total operating expenses	**(985.5)**	**(958.3)**
Which includes exceptional and adjusting items within operating expenses	*(165.5)*	*(147.2)*
Operating (loss)/profit	**(107.5)**	**130.6**
Finance income	1.7	22.5
Finance expense	(70.4)	(50.5)
Which includes exceptional finance (expense)/income of	*(2.0)*	*18.9*
Share of post-tax profit/(loss) of equity accounted associate	-	(0.8)
(Loss)/profit before tax	**(176.2)**	**101.8**
Taxation	15.2	(13.6)
Which includes tax on exceptional and adjusting items of	(8.0)	*(24.6)*
Net (loss)/profit for the period	**(161.0)**	**88.2**
Net (loss)/profit for the period attributable to net parent investment	**(161.7)**	**88.0**
Net profit for the period attributable to non-controlling interests	**0.7**	**0.2**

Revenue

During Target FY 2021, the Target Business' revenue increased by GBP 84.4 million, or 7.3 per cent., to GBP 1,241.4 million from GBP 1,157.0 million for Target FY 2020. This increase was primarily due to growth in the UK Online business and more sporting events caused by the COVID-19 pandemic cancellations in Target FY 2020 which in turn drove bigger Online staking numbers in Target FY 2021 than in the corresponding period in Target FY 2020.

Gaming duties

During Target FY 2021, the Target's gaming duties increased by GBP 46.2 million, or 24.2 per cent., to GBP 237.1 million from GBP 190.9 million for Target FY 2020. This increase was primarily due to increased cost of sales as a result of increased revenue, specifically impacted by the mix of revenue by division with more weighted toward UK Online, which pays higher rates of gaming duties, due to COVID-19.

Other cost of sales

During Target FY 2021, the Target's other cost of sales increased by GBP 249.1 million to a cost of GBP 126.3 million from positive GBP 122.8 million for Target FY 2020. This increase was primarily due to exceptional costs of sales of positive GBP 238.3 million related to the VAT Reclaim in Target FY 2020. The net gross refund of VAT from HMRC and the associated third-party costs were recognised as cost of sales to match where the original charge was located.

Marketing expenses

During Target FY 2021, the Target's marketing expenses increased by GBP 21.1 million, or 10.7 per cent, to GBP 217.4 million from GBP 196.3 million for Target FY 2020. This increase was primarily due to increased revenues coupled with major sporting events which took place in Target FY 2021 such as Euro 2020 that did not take place in Target FY 2020.

Operating expenses

During Target FY 2021, the Target's operating expenses increased by GBP 6.6 million, or 0.9 per cent., to GBP 772.4 million from GBP 765.8 million for Target FY 2020, showing a broadly consistent cost base year-on-year. Exceptional operating expenses for the Target FY 2021 and Target FY 2020 were GBP 165.5 million and GBP 147.2 million, respectively. In Target FY 2021, these exceptional operating expenses were primarily related to GBP 70.5 million of costs related the acquisition of William Hill Limited by the Seller and GBP 24.5 million of costs associated with the on-sale and separation of the William Hill US segment from the Target Business to prepare the Target Business for sale. In Target FY 2020, these exceptional operating expenses were primarily related to an impairment of GBP 125.7 million that was recognised in the William Hill Retail segment following the impact of the COVID-19 pandemic, as well as a change in the useful economic life of the Retail licences intangible asset.

Other operating income

During Target FY 2021, the Target's other operating income increased by GBP 0.5 million, or 13.2 per cent., to GBP 4.3 million from GBP 3.8 million for Target FY 2020.

Finance income

During Target FY 2021, the Target's finance income decreased by GBP 20.8 million, or 92.4 per cent., to GBP 1.7 million from GBP 22.5 million for Target FY 2020. This decrease was primarily due to finance income in respect of the VAT Reclaim of GBP 18.9 million in Target FY 2020, which was classified as an exceptional item.

Finance expenses

During Target FY 2021, the Target's finance expenses increased by GBP 19.9 million, or 39.4 per cent., to GBP 70.4 million from GBP 50.5 million for Target FY 2020. This increase was primarily due to higher finance expenses on bank loans, bonds and overdrafts in Target FY 2021 as compared to Target FY 2020. In addition, on 22 April 2021, the Target Business cancelled certain of its former committed revolving credit facilities as part of the acquisition of William Hill PLC by Caesars Entertainment Inc. As a result, GBP 2.0 million was charged as an exceptional finance expense, related to accelerated amortisation of finance fees associated with the facilities which were being amortised over the lives of each facility.

Share of post-tax profit / (loss) of equity accounted associates

During Target FY 2021, the Target's share of post-tax loss of equity accounted associates increased by GBP 0.8 million to nil from a loss of GBP 0.8 million for Target FY 2020. This increase was primarily due to no profit or loss by Sports Information Services (Holdings) Limited in Target FY 2021 as compared to losses in Target FY 2020.

Taxation

During Target FY 2021, the Target's taxes decreased by GBP 28.8 million to a credit of GBP 15.2 million from a charge of GBP 13.6 million for Target FY 2020. This decrease was primarily due to a decrease in the tax on the exceptional items described above, with taxes on exceptional items and adjustments decreasing from GBP 24.6 million in FY 2020 to GBP 8.0 million in FY 2021.

(Loss)/profit for the period attributable to non-controlling interests

During Target FY 2021, profit for the period attributable to non-controlling interests increased GBP 0.5 million to GBP 0.7 million from GBP 0.2 million for Target FY 2020 as a result of improved financial performance in Latvia.

Comparison of results of operations for Target FY 2020 and Target FY 2019

The following table sets forth certain income statement data for Target FY 2020 and Target FY 2019.

	Target FY 2020	**Target FY 2019**
	(GBP million)	
Revenue	**1,157.0**	**1,455.3**

Gaming duties	(190.9)	(214.8)
Other cost of sales	122.8	(149.7)
Total cost of sales	**(68.1)**	**(364.5)**
Which includes exceptional cost of sales of	*238.3*	-
Gross Profit	**1,088.9**	**1,090.8**
Marketing expenses	(196.3)	(187.2)
Operating expenses	(765.8)	(892.9)
Other operating income	3.8	5.5
Total operating expenses	**(958.3)**	**(1,074.6)**
Which includes exceptional and adjusting items within operating expenses	*(147.2)*	*(126.9)*
Operating profit	**130.6**	**16.2**
Finance income	22.5	3.0
Finance expense	(50.5)	(52.7)
Which includes exceptional finance income/(expense) of	*18.9*	-
Share of post-tax (loss)/profit of equity accounted associates	(0.8)	1.5
Profit/(Loss) before tax	**101.8**	**(32.0)**
Taxation	(13.6)	8.7
Which includes tax on exceptional and adjusting items	*(24.6)*	*11.5*
Net profit/(loss) for the period	**88.2**	**(23.3)**
Net profit/(loss) for the period attributable to net parent investment	**88.0**	**(23.3)**
Net profit for the period attributable to non-controlling interests	**0.2**	**-**

Revenue

During Target FY 2020, the Target Group's revenue decreased by GBP 298.3 million, or 20.5 per cent., to GBP 1,157.0 million from GBP 1,455.3 million for Target FY 2019. This decrease was primarily due to a decrease of GBP 362.8 million in William Hill Retail revenue to GBP 354.2 million in Target FY 2020 from GBP 717.0 million in Target FY 2019 driven by the reduction in retail activities as a result of the COVID-19 pandemic. The Target Group experienced an increase in UK Online revenue of GBP 22.3 million from GBP 480.9 million in Target FY 2019 to GBP 503.2 million in Target FY 2020 and an increase in International Online revenue of GBP 42.2 million from GBP 257.4 million in Target FY 2019 to GBP 299.6 million in Target FY 2020.

Gaming duties

During Target FY 2020, the Target Group's gaming duties decreased by GBP 23.9 million, or 11.1 per cent., to GBP 190.9 million from GBP 214.8 million for Target FY 2019. This decrease was primarily due to decreased revenues partially offset by increases in the UK Remote Gaming Duty to 21 per cent. from 1 April 2019.

Other cost of sales

During Target FY 2020, the Target Group's other cost of sales decreased by GBP 272.5 million to positive GBP 122.8 million from a cost of GBP 149.7 million for Target FY 2019. This decrease was primarily due to exceptional costs of sales of positive GBP 238.3 million related to the VAT Reclaim. The net gross refund of VAT from HMRC and the associated third-party costs were recognised as cost of sales to match where the original charge was located

Marketing expenses

During Target FY 2020, the Target Group's other marketing expenses increased by GBP 9.1 million, or 4.9 per cent., to GBP 196.3 million from GBP 187.2 million for Target FY 2019. This increase was primarily due to increased marketing to drive growth in the International Online business.

Operating expenses

During Target FY 2020, the Target Group's operating expenses decreased by GBP 127.1 million, or 14.2 per cent., to GBP 765.8 million from GBP 892.9 million for Target FY 2019. This decrease was primarily due to shop closures and resizing of the retail estate in Target FY 2019 and Target FY 2020,

including the related reduction of staff and associated costs. Exceptional operating expenses for the Target FY 2020 and Target FY 2019 were GBP (147.2) million and GBP (126.9) million, respectively, and were primarily related to an impairment of the William Hill Retail segment following the impact of the COVID-19 pandemic in Target FY 2020 and costs related to the closure of 713 shops in Target FY Target 2019.

Other operating income

During Target FY 2020, the Target Group's other operating income decreased by GBP 1.7 million, or 30.9 per cent., to GBP 3.8 million from GBP 5.5 million for Target FY 2019.

Finance income

During Target FY 2020, the Target Group's finance income increased by GBP 19.5 million to GBP 22.5 million from GBP 3.0 million for Target FY 2019. This increase was primarily due to finance income in respect of the VAT reclaim of GBP 18.9 million recognised in the Target FY 2020, which was considered exceptional finance income.

Finance expenses

During Target FY 2020, the Target Group's finance expenses decreased by GBP 2.2 million, or 4.2 per cent., to GBP 50.5 million from GBP 52.7 million for Target FY 2019. This decrease was primarily due to slight decreases in finance expenses on bank loans, bonds and overdrafts in Target FY 2020.

Share of post-tax (loss)/profit of equity accounted associates

During Target FY 2020, the Target Group's share of post-tax (loss)/profit of equity accounted associates decreased by GBP 2.3 million to a loss of GBP 0.8 million from a profit of GBP 1.5 million for Target FY 2019. This decrease was primarily due to decreased profit due to the impact of the COVID-19 pandemic by Sports Information Services (Holdings) Limited in the Target FY 2020 as compared to Target FY 2019.

Taxation

During Target FY 2020, the Target's taxes increased by GBP 22.3 million to a charge of GBP 13.6 million from a credit of GBP 8.7 million for Target FY 2019. This increase was primarily due to an increase in the UK corporation tax from GBP 3.1 million in Target FY 2019 to GBP 25.8 million in Target FY 2020, which includes a tax charge on exceptional items of GBP 24.6 million in Target FY 2020 compared to a tax credit on exceptional items of GBP 11.5 million in Target FY 2019, and an increase in the deferred tax credit from GBP 15.1 million in Target FY 2019 to a deferred tax credit of GBP 25.7 million in Target FY 2020.

LIQUIDITY, CAPITAL RESOURCES AND FUNDING STRUCTURE

The Target Business, and in particular William Hill Retail when it is open and trading without restrictions, is highly cash generative, typically converting a high proportion of profits into net cash from operating activities. The Target Business' principal sources of funds have been cash generated from its operating activities and borrowings under the Existing 2023 Notes and the Existing 2026 Notes. The Target Group's principal uses of cash were to fund capital expenditures, working capital and debt service obligations. As of 28 December 2021, the Target had cash and cash equivalents of GBP 203.7 million. Following the Proposed Acquisition, the Target Group's financing requirements will be part of the financing requirements for the Enlarged Group, however, actual financing requirements will depend on a number of factors, some of which may be beyond their control. For further details, see the section of this Appendix titled "*Risk Factors*".

The table below sets forth a summary of the Target Group's consolidated statements of cash flows for the periods indicated:

	Target FY		
	2021	2020	2019
	(unaudited)	(GBP in millions) (unaudited)	(unaudited)
Net cash from operating activities	27.8	311.6	105.6
Net cash (used in) investing activities	(2,921.0)	(42.3)	(218.6)
Net cash (used in)/from financing activities	2,515.3	(53.9)	34.0
Net increase/(decrease) in cash and cash equivalents in the period	(377.9)	215.4	(79.0)
Cash and cash equivalents at start of period	588.4	367.7	447.1
Changes in foreign exchange rates	(6.8)	5.3	-
Cash and cash equivalents at end of period	**203.7**	**588.4**	**367.7**

Cash flows from operating activities

Net cash flows from operating activities decreased by GBP 283.8 million, or 91.1 per cent., from GBP 311.6 million for Target FY 2020 to GBP 27.8 million for Target FY 2021. This decrease was primarily attributable to the VAT refund from HMRC received in Target FY 2020.

Net cash flows from operating activities increased by GBP 206.0 million from GBP 105.6 million for Target FY 2019 to GBP 311.6 million for Target FY 2020. This increase was primarily attributable to the VAT refund from HMRC received in Target FY 2020.

Cash flows used in investing activities

Net cash flows used in investing activities increased by GBP 2,878.7 million from GBP 42.3 million for Target FY 2020 to GBP 2,921.0 million for Target FY 2021. This increase was primarily attributable to the acquisition of William Hill Limited (formerly William Hill plc) in connection with the Caesars Acquisition.

Net cash flows used in investing activities decreased by GBP 176.3 million, or 80.6 per cent., from GBP 218.6 million for Target FY 2019 to GBP 42.3 million for Target FY 2020. This decrease was primarily attributable to the acquisition of Mr Green in Target FY 2019.

Cash flows (used in)/from financing activities

Net cash flows from/used in financing activities increased by GBP 2,569.2 million from GBP 53.9 million used for Target FY 2020 to GBP 2,515.3 million from financing activities for Target FY 2021. This increase was primarily attributable to the financing used to fund the acquisition of William Hill Limited (formerly William Hill plc) by the Seller as part of the Caesars Acquisition.

Net cash flows from/used in financing activities decreased by GBP 87.9 million from GBP 34.0 million from financing activities for Target FY 2019 to GBP 53.9 million used in financing activities for Target FY 2020. This decrease was primarily attributable to the repayment of unsecured notes in Target FY 2020, partially offset by an equity placement.

CAPITAL EXPENDITURE

The following table shows the Target's capital expenditures for the periods indicated and divided between William Hill Online (which is comprised of the UK Online and International Online segments), William Hill Retail and Corporate capital expenditures:

	Target FY		
	2021	**2020**	**2019**
	(GBP in millions)		
William Hill Online	52.2	50.0	54.8
UK Online	*[●]*	*[●]*	*[●]*
International Online	*[●]*	*[●]*	*[●]*
William Hill Retail	22.5	4.5	6.0
Corporate[(1)]	2.5	1.3	5.6
Net capital expenditures	**77.3**	**55.8**	**66.4**

Notes:

(1) Corporate capital expenditures consist of capital expenditures related to head office systems.

Net capital expenditures for Target FY 2021 were GBP 77.3 million. The capital expenditures in Target FY 2021 were primarily related to investments in the proprietary 'Unity' platform. The Unity platform and 'MTT' user interface are ongoing developments at the Target Group that use modular technology to unify customer data, empower markets to personalize customer experiences and leverage standardized operating procedures for scaling new markets. Unity is a wholly-owned and operated William Hill backend that includes account management, betting engine, and existing trading technology. The MTT user interface further allows the Target Group to drive product improvements in days, experiment with new features, access to real-time streams for usage, customer transactions and compliance, and grants back-office for front-end to control CMS integration, bonusing and layout for streamlined operations.

Net capital expenditures for Target FY 2020 were GBP 55.8 million. The capital expenditures in Target FY 2020 were primarily related to the continued investment in product and technology during the year despite the impact of COVID-19 on the business leading to a reduction in spend in the William Hill Retail business.

Net capital expenditures for Target FY 2019 were GBP 66.4 million. The significant capital expenditures in Target FY 2019 included investments in new sportsbook front-end and single wallet in Spain.

OFF BALANCE SHEET ARRANGEMENTS AND CONTINGENT LIABILITIES

As of 28 December 2021, the Target Group did not have any off balance sheet arrangements.

The Target Group has disclosed a contingent liability surrounding legal claims from consumers relating to the provision of gambling services in a number of (principally continental European) jurisdictions. The claims allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question (in which consumers contractually agree to the terms and conditions of play, which are subject to the laws of Gibraltar or Malta) are null and void given local

licensing regimes. The Target Group also noted a key source of estimation uncertainty in providing an estimate of the financial effect of these claims being a potential outflow of economic benefits of up to GBP 45.0 million, which is an increase to the estimation as at 29 December 2020 recognising the increase in claims trends during Target FY 2021.

Separately a provision of GBP 1.2 million is held at 28 December 2021 for claims in separate jurisdictions, where the likelihood of an outcome in favour of the consumers in question is considered probable.

The Target Group has a contingent liability reflecting certain payments, including employee retention scheme payments, which will be payable upon Completion of the Proposed Acquisition.

CONTRACTUAL OBLIGATIONS

The following table sets forth the Target Group's contractual obligations as of 28 December 2021:

	Within 1 year	In the second year	In the third to fifth years inclusive	More than 5 years	Total
			(GBP in millions)		
Existing 2023 Notes including interest	17.1	361.9	—	—	379.0
Existing 2026 Notes including interest	16.6	16.6	388.0	—	421.2
GBP 1,044 million Asset bridge loan	356.2	—	—	—	356.2
Bank facilities	120.1	—	—	—	120.1
Other financial liabilities	267.1	—	—	—	267.1
Total	**777.1**	**378.5**	**388.0**	**—**	**1,543.6**

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Liquidity risk

Liquidity risk is the risk that the Target Group has insufficient funds available to settle its liabilities as they fall due. The Target Business generates strong operating cash flows and the Target aims to maintain sufficient cash balances to meet its anticipated working capital requirements based on regularly updated cash flow forecasts. Liquidity requirements that cannot be met from operational cash flow or existing cash resources would previously have been satisfied by its overdraft facilities and facilities provided by the Seller.

Capital management and financing risk

The Target Group seeks to maintain an appropriate capital structure which enables it to continue as a going concern, supports its business strategy and takes into account the wider economic environment. The Target Group's capital comprises net parent investment and debt finance, and these elements are managed to balance the requirements of the business and the interests of debt providers. The Target Group manages its capital structure through cash flows from operations and the raising or repayment of debt and the receipt of contributions through net parent investment.

Financing risk is the risk that the Target Group is unable to access sufficient finance to refinance its debt obligations as they fall due. The Target manages this risk by maintaining a balance between different funding sources including net parent investment and debt. It seeks to mitigate its debt financing risk by diversifying its sources of debt capital. The bank loan and sterling corporate bond markets are currently used for this purpose. The Target Group also seeks to mitigate its refinancing risk by having an appropriately balanced debt maturity profile.

Credit risk

The Target Group is exposed to credit risk from counterparties defaulting on their obligations, resulting in financial loss to the Target Group. It arises in relation to transactions with commercial counterparties and financial institutions. It also arises from customers who have been granted access to credit facilities.

The Target Group manages its counterparty risk by closely monitoring and, where appropriate, limiting the amount that can be deposited or accumulated with any one counterparty. The Target Group will only deposit funds with pre-approved financial institutions with specified minimum credit ratings or strong balance sheet. The Target Group's policy is to mitigate its credit risk with respect to derivative transactions by using a number of different counterparties for material transactions.

Interest rate risk

Interest rate risk arises from the Target Group's borrowings. Protecting earnings from rising interest rates is predominantly achieved by fixing the interest costs on a significant proportion of the Target Group's debt.

Current treasury policy stipulates that at least 70 per cent. of the Target Group's debt should be at fixed rates. At 28 December 2021, all of the Target Group's borrowings were at fixed rates.

The Target Group also earns finance income from deposits placed with certain approved financial institutions. Based on the level of variable interest-bearing deposits and borrowing facilities as at Target FY 2021, a 100 basis points change in interest rates would have the following impact on the Target financial statements:

	Increase of 100 basis points	**Decrease of 100 basis Points**
	(GBP million)	
Increase/(decrease) in profit	2.1	(1.7)
Increase/(decrease) in equity reserves	2.1	(1.7)

Currency risk

The Target Group earns revenues in foreign currencies other than pound sterling, primarily euros, which exposes it to foreign exchange risk. The Target Group mitigates this risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. Material individual foreign currency transaction exposures are considered for hedging on an ad hoc basis. The Target Business does not use derivative financial instruments for speculative purposes.

As at 28 December 2021, the Target Group had no derivative contracts for currency hedging purposes (29 December 2020: nil; 31 December 2019: nil). The Target is also exposed to foreign currency accounting translation risk on the earnings and net assets of its overseas operations which are denominated in foreign currencies. The Target does not hedge such translation risk.

In Target FY 2021, a 5 per cent. weakening in the euro would have reduced profit before interest and tax by GBP 0.2 million and net assets by GBP 14.0 million.

Pensions risk

The Target Group operates defined benefit and defined contribution pension schemes for its employees. Pensions risk arises in respect of the defined benefit scheme where the cost of funding retirement benefits ultimately falls upon the Target Group. The last triennial actuarial valuation as at 30 September 2019 showed a funding surplus on the defined benefit scheme of GBP 23.6 million. The Target Group agreed to pay GBP 1.9 million per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

During the period ended 28 December 2021, the Target Group agreed a buy-in of the scheme's liabilities. On 28 June 2021, a transaction was completed which insured the liabilities of the scheme

with Rothesay Life. As a result of the transaction, the scheme holds annuities with Rothesay Life which are qualifying insurance policies as defined in IAS 19.8 'Employee benefits'. The income from these policies exactly matches the amount and timing of all benefits to those members covered under the policies.

Through the scheme, following the buy-in, the only risk that the Target Group has is counterparty risk with the Insurance company backing the policies.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, the Target Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Deal perimeter

The legal entities that comprise the Target Group are set out in note 35 to the Target Business Historical Financial Information set out in Appendix 3 to this announcement. Certain investments in associates, NeoGames S.a.r.l and Green Jade Games Limited, were transferred (or are in the process of being transferred) from the deal perimeter to Caesars during the period to 28 December 2021. As these do not represent activities of the Target Group, the results for these investments in associates have been excluded from the Target Business Historical Financial Information for all reporting periods presented.

Exceptional items and adjustments

The Target Group separately reports exceptional items and adjustments in order to calculate adjusted results, as it believes these measures provide additional useful information on underlying performance and trends to management, together with an understanding of the effect of non-recurring or large individual items upon the overall profitability of the Target Group.

The classification of exceptional and adjusting items requires significant management judgement after considering the nature and materiality of a transaction. The Target Group's definitions of exceptional and adjusting items are outlined within the Target Group accounting policies.

Where there are individually material items that have not been presented as exceptional items, the nature and amount of these items have been separately disclosed within the Target Business Historical Financial Information where relevant.

IFRS 16 'Leases'

IFRS 16 'Leases' replaced IAS 17 'Leases' in its entirety in the period ended 31 December 2019. Management of the Target Group addressed the key judgements, including the assessment of the lease term at the point where the lessee can be reasonably certain of its right to use the underlying asset.

Across the William Hill Retail estate, the Target Group has recognised a lease liability of GBP 121.3 million at 31 December 2019, GBP 93.9 million at 29 December 2020, and GBP 95.1 million at 28 December 2021. The William Hill Retail estate has experienced regulatory change with the implementation of the GBP 2 stake limit on B2 gaming products on 1 April 2019 leading to the Target Group deciding to close 713 shops in the third quarter of 2019, followed by the COVID-19 pandemic, which led to the Target Group deciding to close a further 119 shops in 2020. Given these closure

programmes, and the continued uncertainty surrounding the William Hill Retail estate from both these external shocks to the Target Group, management determined the lease term under IFRS 16 across the William Hill Retail estate as the next available break date as this means the Target Group is not 'reasonably certain' that any lease break will not be exercised.

Contingent liabilities

The Target Group has disclosed a contingent liability surrounding legal claims from consumers relating to the provision of gambling services in a number of European jurisdictions as described in "*Off balance sheet arrangements and contingent liabilities*." The claims allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question (in which consumers contractually agree to the terms and conditions of play, which are subject to the laws of Gibraltar or Malta) are null and void given local licencing regimes.

The Target Group assesses and defends individual claims as they are received both on the individual underlying factual basis and also with regard to legal advice received as to whether such jurisdictions and their local licencing regimes are incompatible with European Union law on the free movement of services. Since the last quarter of 2020, the Target Group has been subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 at a broadly consistent rate with a slight increase in claims early in 2021 but a small decrease across second half of 2021.

The Target Group has made a critical judgement that these claims, and future claims for services already rendered, are a contingent liability as they are only considered a possible, but not probable, legal obligation based on external legal advice received from the Target Group's lawyers (in relation to the compatibility or otherwise of the Austrian licencing regime with EU law, and in relation to other arguments about applicable law).

The Target Group also noted a key source of estimation uncertainty in providing an estimate of the financial effect of these claims being a potential outflow of economic benefits of up to the value of GBP 45.0 million as at 28 December 2021, which is an increase to the estimation as at 29 December 2020 recognising the increase in claims trends during 2021. This range was assessed based on (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage, (ii) the steps that the Target Group intends to take to defend those claims and (iii) the fact that the Target Group has been advised that any outflow would be expected to be on a net of tax basis.

Separately a provision of GBP 1.2 million is held at 28 December 2021 for claims in separate jurisdictions where an outcome in favour of the consumers in question is probable.

Mr Green valuation of intangibles

The Target Group acquired Mr Green on 28 January 2019 for GBP 244.8 million. As part of the purchase price allocation the Target Group recognised separately identifiable acquired intangibles comprising brands (GBP 83.9 million); customer relationships (GBP 12.8 million) and platform software (GBP 16.3 million). Goodwill of GBP 153.0 million was recognised on acquisition.

The Target Group exercised judgement in determining the intangible assets acquired and their fair value on the Mr Green business combination, with the support of external experts to support the valuation process, where appropriate. The judgements made were based on recognised valuation techniques such as the "relief from royalty" method for brands, recognised industry comparative data and the Target Group's industry experience and specialist knowledge.

Valuation of William Hill intangibles

On 22 April 2021, the Seller (specifically Caesars UK Holdings Limited, which is included within the deal perimeter) acquired William Hill Limited (formerly William Hill PLC) for GBP 2.9 billion. Of this GBP 2.9 billion, a critical accounting judgement has been applied to split the consideration between the Target Business proposed to be acquired by the 888 Group and included within this perimeter and the William Hill US business which will continue to be owned by Caesars Entertainment Inc. The

consideration has been split based on the proposed acquisition price by the 888 Group of GBP 1.95 billion up to GBP 2.05 billion as the appropriate valuation of the Target Business as at 22 April 2021.

The consideration of GBP 1.95 billion up to GBP 2.05 billion for the Target Business has led to the recognition of separately identifiable acquired intangibles as part of the purchase price allocation of brands and an uplift in the value of computer software assets.

The Target Business exercised judgement in determining the intangible assets acquired and their fair value on the Target Business combination, with the support of external experts to support the valuation process where appropriate. The judgements made were based on recognised valuation techniques such as the "relief from royalty" method for brands and developed computer software and the Target Business's industry experience and specialist knowledge.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of intangible assets with indefinite lives

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

In 2018, the Target Group recognised an impairment of GBP 882.8 million in the William Hill Retail segment due to the reduced expected future cash flows as a result of the announcement of the GBP 2 stake limit on B2 gaming products in the William Hill Retail business. The GBP 2 stake limit was then implemented from 1 April 2019, which led to the Target Group taking the decision to close 713 shops in the third quarter of 2019.

The COVID-19 pandemic has had a further sizeable impact on the William Hill Retail business, with shops shut or under restrictions across much of 2020. As such, the Target Group recognised impairments totalling GBP 125.7 million in Target FY 2020.

As such, the William Hill Retail estate had been re-sized twice in recent years, and the industry is naturally moving away from retail space in the UK towards an online/digital presence. These factors led the Target Group to the conclusion that the value of a licence to operate a LBO / group of LBOs is depreciating over time and is not expected to hold its value indefinitely. Therefore, the Target Group decided as at 30 December 2020 to amortise the assets over a 20-year useful economic life ("**UEL**"). This change in UEL is an estimate that management made based on the available information. This change was made prospectively from the 52-week financial period starting 30 December 2020 and is a change in accounting estimate. The impact on the Target Business Historical Financial Information is an increased amortisation charge of GBP 3.3 million until the acquisition by the Seller on 22 April 2021, at which point this balance was subsumed into goodwill.

Retirement benefit costs

The determination of the pension cost and defined benefit obligation of the Target Business' defined benefit pension scheme depends on the selection of certain assumptions which include discount rate, inflation rate and mortality assumptions. Differences arising from actual experience or future changes in assumptions are reflected in subsequent periods. During Target FY 2021, the Target Business performed a pension buy-in, as such, although the gross obligation may fluctuate, this does not change the net position for the Target Business. This is therefore not deemed as a key source of estimation uncertainty for Target FY 2021.

Dilapidations provisions

As a result of the implementation of the GBP 2 stake limit on B2 gaming products in the William Hill Retail business on 1 April 2019, the Target Group took the decision to close 713 shops in the third quarter of 2019. The Target Group provided for costs of closure with a remaining provision held at 31 December 2019 of GBP 17.4

million. Within this provision, GBP 12.1 million related to dilapidations and shop strip out cost provisions which were estimated using a best estimate cost per square foot and exit date on each lease. The actual results were expected to differ as lease exits were negotiated with any changes to the amount provided recognised in the Target Business Historical Financial Information as part of the portfolio shop closure cost classified as an exceptional item in 2019. Based on management's knowledge and experience and third-party advice at the time, the directors believed the range of reasonably possible values for the dilapidations provisions as at 31 December 2019 to be GBP 7.7 million to GBP 18.6 million. Since 2019 and as dilapidations costs are being settled over time, the provision has reduced to a level management consider not material to be a key source of estimation uncertainty

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

For description of new and revised accounting standards and interpretations the Target Business adopted in preparing the combined financial information included in the Target Business Historical Financial Information, see "Adoption of new and revised standards" of the Target Business Historical Financial Information set out in Appendix 3 to this announcement.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The information in this section is based on unaudited management accounts of the Company and the Target Business and remains subject to change. The information has not been subject to any independent review or audit, and no representation or warranty, express or implied, is made or given by the Company. Such information presented in this section is subject to verification, correction, completion and change without notice. Past performance of the Company or the Target Business, such as the information presented in this section, is not indicative of future performance. The future performance of the Company, its subsidiaries and the Target Business will depend on numerous factors which are subject to uncertainty. The Company, its shareholders, advisors and employees and those of their affiliates are not liable for the accuracy and completeness of the information provided in this section. The final version of this section, including a report from the reporting accountant's thereon, will be included in the Combined Prospectus and Circular that is expected to be published in the coming weeks.

Basis of preparation

The unaudited pro forma financial information of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**") has been prepared to illustrate the effect of the (i) the Placing; (ii) the proposed financing arrangements to part-fund the Proposed Acquisition; and (iii) the Proposed Acquisition on:

- the consolidated net assets of the 888 Group as at 31 December 2021, as if these transactions had taken place on that date; and

- the consolidated income statement of the 888 Group for the twelve months ended 31 December 2021, as if these transactions had taken place on 1 January 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only. The hypothetical financial position or results included in the Unaudited Pro Forma Financial Information may differ from the Enlarged Group's actual financial position or results. The Unaudited Pro Forma Financial Information has been prepared on the basis set out in the notes below and has been prepared in a manner consistent with the accounting policies that will be applied by the Enlarged Group for the year ending 31 December 2021 and in accordance with the requirements of sections 1 and 2 of Annex

20 of the UK Prospectus Delegated Regulation. The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

Unaudited pro forma statement of net assets of the Enlarged Group as at 31 December 2021

		Adjustments					
	888 Group net assets as at 31 December 2021	**Target Business net assets as at the 52 weeks ended 28 December 2021**	**Debt financing adjustment***	**Proposed Acquisition adjustments**	**Net proceeds from the Placing**	**Presentation adjustments**	**Unaudited pro forma Enlarged Group**
USD millions	**Note 1**	**Note 2**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7**
Assets							
Non-current assets							
Goodwill and other intangible assets	167.2	2,848.5		(22.3)			2,993.4
Right-of-use assets	25.3	-				121.4	146.7
Property, plant, and equipment	12.6	258.3				(121.4)	149.5
Interests in associates	-	15.0					15.0
Investments	-	1.4					1.4
Non-current receivables	7.8	-					7.8
Deferred tax assets	3.0	10.3					13.3
	215.9	**3,133.5**		**(22.3)**		**-**	**3,327.1**
Current assets							
Cash and cash equivalents	255.6	275.6	734.6	(884.6)	198.7		579.9
Trade and other receivables	68.5	74.5	3.6				146.6
Income tax receivable	-	41.7					41.7
Freehold property held for sale		0.3					0.3
	324.1	**392.1**	**738.2**	**(884.6)**	**198.7**	**-**	**768.5**
Total assets	**540.0**	**3,525.6**	**738.2**	**(906.9)**	**198.7**	**-**	**4,095.6**
Liabilities							
Non-current liabilities							
Severance pay liability	5.0	-					5.0
Deferred tax liability	2.6	121.6					124.2
Lease liabilities	24.4	92.8					117.2
Interest bearing loans more than one year	-	1,033.2	1,333.9				2,367.1
Provisions	-	3.1					3.1
Liability for contingent consideration	-	-		102.4			102.4
	32.0	**1,250.7**	**1,333.9**	**102.4**			**2,719.0**
Current liabilities							
Trade and other payables	196.1	544.0				(127.4)	612.7
Provisions	25.7	95.4					121.1
Income tax payable	30.7	45.6					76.3
Lease liabilities	6.5	35.9					42.4
Interest bearing loans less than one year	-	616.5	(616.5)				-
Customer deposits	81.1	-				127.4	208.5
Derivative financial instruments	-	11.9					11.9
	340.1	**1,349.3**	**(616.5)**			**-**	**1,072.9**
Total liabilities	**372.1**	**2,600.0**	**717.4**	**102.4**		**-**	**3,791.9**
Net assets/(liabilities)	**167.9**	**925.6**	**20.8**	**(1,009.3)**	**198.7**	**-**	**303.7**

[*] The debt financing structure has not been finalised, thus will be subject to further change.

Notes:

1) The 888 Group's net assets information as at 31 December 2021 has been extracted, without material adjustment, from the 2021 888 Financial Statements.

   Cash and cash equivalents includes restricted cash of USD 81.1 million relating to customer deposits and progressive prize pools.

2) The Target Business' net assets information as at 28 December 2021 has been extracted, without material adjustment, from the Target Business Historical Financial Information as at and for the 52 weeks ended 28 December 2021 set out in Appendix 3 of this announcement, which is based on unaudited management accounts of the Target Business and remains subject to change. Such information has not been subject to any independent review or audit, and no representation or warranty, express or implied, is made or given by Target Business. Such information is subject to verification, correction, completion and change without notice. The final version will be included in the Combined Prospectus and Circular that is expected to be published in the coming weeks.

   These financial statements have been converted to USD at the period end rate of 1.35 USD/GBP.

   Cash and cash equivalents includes restricted cash of USD 133.4 million relating to customer deposits (USD 127.3 million) and restricted deposits in respect of Spanish and Italian regulatory requirements (USD 6.1 million).

3) The debt financing adjustment relates to the term loan facilities with a principal amount of USD 1,832.7 million net of estimated expenses. In addition, the debt financing adjustment reflects the settlement of the existing debts of USD 1,115.3 million net of unamortised debt transaction costs.

	Debt financing adjustment
	(USD million)
New debt financing	1,832.7
Settlement of existing debt	(1,115.3)
	717.4

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

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

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

		(USD million)
Cash consideration paid	791.3	
Estimated fair value of contingent consideration	102.4	
Total consideration paid		893.7
Less carrying value of net liabilities assumed as at 31 December 2021		
Target Business net assets acquired	925.5	
Target Business goodwill and acquisition-related intangibles derecognised	(2,605.3)	
Less: estimated transaction costs incurred by Target Business	(9.5)	
Pro forma net liabilities assumed		1,689.3
Intangibles on acquisition		2,583.0
Adjustment to goodwill and other intangible assets		(22.3)

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

	(USD million)
Consideration paid	791.3
Transaction costs paid	93.3
	884.6

The adjustment to liability for contingent consideration comprises of contingent consideration which forms part of the purchase consideration. Management have made a best estimate of the fair value of the contingent consideration of USD 102.4 million as at 31 December 2021 by present valuing the estimated contingent consideration of USD 115.6 million due by April 2024 discounted at a weighted average discount rate of 5.5 per cent. The estimation of the fair value of the contingent consideration is aligned to how it will be treated in the future financial statements of the Enlarged Group, however it is noted that the fair value estimated may be different to what is actually recorded in the future financial statements of the Enlarged Group.

5) Under the terms of the Placing, the Company issued [●] 888 Shares on a non-pre-emptive basis was issued to raise aggregate gross proceeds of USD [150] million. The estimated expenses (excluding VAT) in connection with this Placing is USD [4.2] million. The net proceeds of the Placing will be used to part-fund the Proposed Acquisition.

6) The following reclassifications were made to reflect the difference in accounting presentation under the Target Business' presentation as opposed to that of 888:
   i. Right of use assets have been reclassified from property, plant and equipment and have been presented as a separate line item within the statement of net assets.
   ii. Customer deposits have been reclassified from trade and other payables and have been presented as a separate line item within the statement of net assets.

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

Unaudited pro forma statement of profit or loss of the Enlarged Group for the year ended 31 December 2021

			Adjustments				
	888 Group profit or loss statement for the year ended 31 December 2021	**Target Business profit or loss statement for the 52 weeks ended 28 December 2021**	**Debt Financing adjustment***	**Transaction costs**	**Proposed Acquisition adjustment**	**Presentation adjustment**	**Unaudited pro forma Enlarged Group**
USD millions	**Note 1**	**Note 2**	**Note 3**	**Note 4**	**Note 5**	**Note 6**	**Note 7/8**
Revenue	980.1	1,707.8					2,687.9
Gaming duties	(184.0)	(326.2)					(510.2)
Other cost of sales	(158.4)	(173.7)					(332.1)
Cost of sales	(342.4)	(499.9)					(842.3)
Gross profit	637.7	1,207.9					1,845.6
Marketing expenses	(306.5)	(299.1)					(605.6)
Operating expenses	(220.2)	(1,062.6)				151.6	(1,131.2)
Other operating income	-	5.9					5.9
Exceptional items	(24.0)	-		(76.1)	(5.4)	(151.6)	(257.1)
Operating profit	87.0	(147.9)		(76.1)	(5.4)	-	(142.4)
Finance income	0.1	2.3					2.4
Finance expenses	(5.8)	(96.8)	(32.5)	(17.2)			(152.3)
Share of post-tax loss of equity accounted associate	-	-					-
Profit before tax	81.3	(242.4)	(32.5)	(93.3)	(5.4)	-	(292.3)
Taxation	(12.4)	20.9	5.0	14.2	0.8		28.5
Net profit for the year	68.9	(221.5)	(27.5)	(78.9)	(4.6)	-	(263.8)
Attributable to:							
Equity holders of the Parent	68.9	(222.5)	(27.5)	(78.9)	(4.6)	-	(264.8)
Non-controlling interest	-	1.0					1.0

* The debt financing structure has not been finalised, thus will be subject to further change.

Notes:

1) The income statement of the 888 Group for the year ended 31 December 2021 has been extracted, without material adjustment, from the 2021 888 Financial Statements.

2) The income statement of the Target Business for the 52 weeks ended 28 December 2021 have been extracted, without material adjustment, from the Target Business Historical Financial Information as at and for the 52 weeks ended 31 December 2021 set out in Appendix 3 of this announcement, which is based on unaudited management accounts of the Target Business and remains subject to change. Such information has not been subject to any independent review or audit, and no representation or warranty, express or implied, is made or given by Target Business. Such information is subject to verification, correction, completion and change without notice. The final version will be included in the Combined Prospectus and Circular that is expected to be published in the coming weeks.

These financial statements have been converted to USD at an average rate of 1.38 USD/GBP for transactions during the period.

Target Business and 888 disclose equivalent income statement line items using different terms. The narrative used is summarised below:

Narrative used by the Target Business	*Narrative used by 888*
(Loss)/profit for the period	Net profit for the year attributable to equity holders of the parent

3) The adjustment to finance expenses reflects:

	(USD million)
Target Business finance expense removed*	78.6
Finance cost associated with new term loans	(109.0)
Annual revolving credit facility fees	(1.7)
Amortisation of capitalised Revolving credit facility fees	(0.4)
	(32.5)

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

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

The adjustment to taxation reflects the tax charge for the changes in the interest costs shown above, calculated as USD 5.0 million at 888's effective tax rate of 15.25 per cent. for the period. For the purpose of the pro forma it was assumed that all transactions are deductible for tax purposes. The effective tax rate is the current rate of corporation tax for Gibraltar, where 888 is incorporated.

These adjustments are expected to have a continuing impact.

4) Transaction costs of USD 76.1 million incurred in connection with the Proposed Acquisition are reflected as an exceptional item. The adjustment relates to estimated transaction costs of USD 74.7 million incurred by 888 and transaction costs of USD 1.4 million incurred by the Target Business.

All costs that relate solely to the Proposed Acquisition have been expensed in accordance with IFRS 3 *Business Combinations*.

The transaction costs exclude the following:

	(USD million)
Estimated cost of Placing (netted off with equity)	4.2
Estimated cost of debt (netted off with liabilities)	47.8
Breakage costs (included as a finance expense)	17.2
Costs already recognised in 888	15.1
Costs already recognised in the Target Business	8.1

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

5) The adjustment related to the Proposed Acquisition of USD 5.4 million to exceptional items relates to the fair value movement of the contingent consideration for the period ending 31 December 2021.

The adjustment to tax on profit / (loss) on ordinary activities reflects the tax adjustment in relation to the fair value movement on the contingent consideration, calculated as USD 0.8 million at 888's effective tax rate of 15.25 per cent. for the period. For the purpose of the pro forma it

was assumed that all transactions are deductible for tax purposes. The effective tax rate is the current rate of corporation tax for Gibraltar, where 888 is incorporated.

6) The following reclassifications were made to reflect the difference in accounting presentation under 888's presentation as opposed to that of the Target Business:

   i. The Target Business included exceptional items in operating expenses while 888 disclosed these under 'Exceptional items'. Amortisation of acquired intangibles (USD 76.1 million) is disclosed as an exceptional item in the Target Business' exceptional operating expenses, which is correctly classified in operating expenses as per 888's accounting policies and will therefore not be reclassified to 'Exceptional items'. The remaining exceptional items (USD 151.6 million) included in operating expenses includes costs relating to the Caesar acquisition and US separation, will be reclassified to 'Exceptional items'.

7) A reconciliation of pro forma earnings before interest, taxes, depreciation, and amortisation (EBITDA) and exceptional items, share based payments, foreign exchange differences and share of equity accounted profits/losses from associate (Adjusted EBITDA) to pro forma net profit/(loss) for the year determined in accordance with GAAP is provided below:

	(USD million)	
Net profit/(loss) for the year	(263.8)	
Interest expense, net	149.9	
Taxation	(28.5)	
Depreciation and amortisation	258.7	***a***
EBITDA	**116.3**	
Exceptional items	257.1	
Share Based Payments	18.0	***a***
Foreign exchange differences	4.8	***a***
Share of post-tax loss of equity accounted associate	-	
Adjusted EBITDA	**396.2**	

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

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

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

DEFINITIONS

The following definitions apply throughout this Appendix 2 unless the context requires otherwise:

888 or **Company**	888 Holdings plc, a public limited company registered under the laws of Gibraltar with registered number 90099, whose registered office is Suite 601/701 Europort, Europort Road, Gibraltar
888 Bidco	888 Acquisitions Limited, an indirect, wholly owned subsidiary of the Company
888 Deferred Share Bonus Plan	the 888 Holdings plc Deferred Share Bonus Plan
888 Group	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings
888 Shareholders or **Shareholders**	holders of the 888 Shares, including holders of dematerialised depositary interests in respect of 888 Shares issued or to be issued by the Depositary, as the context permits
888 Shares or **Ordinary Shares**	the ordinary shares of GBP 0.005 each in the capital of the Company
2011 DOJ Memorandum	has the meaning given in the section of this Appendix titled "*Industry and Regulatory Overview*"
2019 888 Financial Statements	audited consolidated financial statements of the Company included in the 2019 Company Annual Report and Accounts
2020 888 Financial Statements	audited consolidated financial statements of the Company included in the 2020 Company Annual Report and Accounts
2021 888 Annual Report and Accounts	the annual report and accounts prepared by the Company for FY 2021
2021 888 Financial Statements	audited consolidated financial statements of the Company included in the 2021 888 Annual Report and Accounts
Acquisition Resolution	the ordinary resolution of the Company seeking approval at the General Meeting for the Proposed Acquisition
AGCO	Alcohol and Gaming Commission of Ontario
Amended Relationship Agreement	the relationship agreement between, among others, the Company and Sinitus Nominees Limited as trustee for Dalia Shaked dated 14 September 2005, as amended on 16 July 2015

Amendment Deed	the deed of amendment in relation to the Sale and Purchase Agreement entered into between 888 Bidco, 888 and Caesars on 7 April 2022
Articles or **Articles of Association**	the memorandum and articles of association of the Company
BEPS	the G20 / OECD Base Erosion and Profit Shifting project
Betting	the betting reporting segment of the 888 Group, which is comprised of the Sport product vertical
certificated or in certificated form	a share or other security which is not in uncertificated form (that is, not in CREST)
City Code	the UK City Code on Takeovers and Mergers
CJEU	the Court of Justice of the European Union
Combined Prospectus and Circular	the combined prospectus and circular to be published by the Company in connection with the Proposed Acquisition
Commitment Letter	the commitment letter between the Company and JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc. and Mediobanca – Banca di Credito Finanziario S.p.A., dated 9 September 2021
Completion	the completion of the Proposed Acquisition pursuant to the Sale and Purchase Agreement
Conditions	means the conditions to Completion under the Sale and Purchase Agreement
Contractual Obligations Regulation	Regulation (EC) No. 593/2008 of the European Parliament and the Council of 17 June 2008 on the law applicable to contractual obligations
Convention	the European Community's 1980 Rome Convention on the Law Applicable to Contractual Obligations
COVID-19	the novel coronavirus (SARS-CoV-2) and related respiratory disease (coronavirus disease (COVID-19)
CREST	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the United Kingdom, of which Euroclear is the operator (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
Depositary	Link Market Services Trustees Limited
Directors or **Board**	the Executive Directors and Non-Executive Directors as at the date of this announcement
DoJ	the US Department of Justice
DS Trust	Sinitus Nominees Limited as trustee for Dalia Shaked

Enlarged Group	the 888 Group following Completion, including the Target Business
EU	European Union
EU Member State	a member state of the EU
Euroclear	Euroclear UK & International Limited
Executive Directors	the executive directors of the Company as at the date of this announcement
Existing 2023 Notes	the 4.875 per cent. guaranteed notes due 7 September 2023 (ISIN XS1412547660 and SEDOL BYT2PK9) issued by William Hill Limited (formerly William Hill plc) on 27 May 2016
Existing 2026 Notes	the 4.750 per cent. guaranteed notes due 1 May 2026 (ISIN XS1989833816 and SEDOL BJRFDB2) issued by William Hill Limited (formerly William Hill plc) on 1 May 2019
Facility B	term loan facilities in an aggregate principal amount of GBP 1.64 billion (equivalent), which shall be available to be drawn in a Euro-equivalent amount of GBP 1.39 billion ("**Facility B (EUR)**") and GBP 250 million available to be drawn in sterling ("**Facility B (GBP)**")
FATCA	sections 1471 through 1474 of the Code, otherwise known as the Foreign Account Tax Compliance Act
FCA	the UK Financial Conduct Authority
FY 2019	the 888 Group financial year ended 31 December 2019
FY 2020	the 888 Group financial year ended 31 December 2020
FY 2021	the 888 Group financial year ended 31 December 2021
G20	the international forum comprised of the governments and central bank governors from 19 of the world's largest economies and the European Union
Gambling Act	the UK Gambling Act 2005
Gaming	the gaming reporting segment of the 888 Group, which is comprised of the Casino, Poker and Bingo product verticals
GBP or pounds sterling or £	the lawful currency of the United Kingdom of Great Britain and Northern Ireland
General Meeting	the general meeting of the Company to be convened in connect with the approval of the Proposed Acquisition
Gibraltar Gambling Act	Gibraltar Gambling Act 2005
HMRC	Her Majesty's Revenue and Customs

IFRS	collectively, (i) UK adopted international accounting standards, in accordance with which 888 prepared the 2021 888 Financial Statements, (ii) International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002, as it applies in the European Union, in accordance with which 888 prepared the 2020 888 Financial Statements, and (iii) the International Financial Reporting Standards as adopted by the European Union, in accordance with which 888 prepared its 2019 888 Financial Statements
IGA	Any intergovernmental agreement between the US and another jurisdiction to facilitate the implementation of FATCA
iGO	iGaming Ontario, a subsidiary of the AGCO
Lenders	JPMorgan Chase Bank, N.A., London Branch, Morgan Stanley Senior Funding, Inc., Mediobanca – Banca di Credito Finanziario S.p.A. and Barclays Bank PLC
Listing Rules	the Listing Rules of the FCA
London Stock Exchange	London Stock Exchange plc
Long Stop Date	being 5.00 p.m. on 30 June 2022 or such other date agreed between the 888 Bidco and the Seller
Non-Executive Directors	the non-executive directors of the Company as at the date of this announcement
OECD	the Organisation for Economic Co-operation and Development
Official List	the Official List of the FCA
Ordinance	the Israeli Income Tax Ordinance (New Version), 1961
Original Senior Facilities	Facility B and the Revolving Credit Facility
PASPA	the Professional and Amateur Sports Protection Act of 1992
Penal Law	the Israeli Penal Law 1977
Placing	the proposed placing of new 888 Shares announced by 888 on the date of this announcement
Proposed Acquisition	the proposed acquisition of the Target Business by 888 Bidco from Caesars pursuant to the Sale and Purchase Agreement
Readmission	the re-admission of the 888 Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities immediately prior to Completion
Readmission Condition	the approval by the FCA of Readmission

Recommendation	the Board's recommendation of the Proposed Acquisition to 888 Shareholders
Regulus Partners	Regulus Partners Limited
Regulus Report	the industry report prepared by Regulus Partners and dated 27 October 2021
Reorganisation	the intra-group reorganisation in order to separate William Hill US from the Target Group, which is to be implemented by Caesars prior to Completion in accordance with a reorganisation steps plan agreed between 888 and Caesars
Revolving Credit Facility	a multi-currency revolving credit facility in an aggregate principal amount of GBP 150 million
Second Lien Facility Agreement	the second lien facility agreement that may be entered into by 888 Bidco in connection with the Acquisition
Sale and Purchase Agreement	the sale and purchase agreement, as amended by the Amendment Deed, between 888 Bidco, 888 and Caesars, dated 9 September 2021
SEDOL	Stock Exchange Daily Official List
Seller or **Caesars**	Caesars Entertainment, Inc.
Senior Facilities	the Original Senior Facilities and the Incremental Senior Facilities
Senior Facilities Agreement	the senior facilities agreement that may be entered into by 888 Bidco in connection with the Proposed Acquisition, as contemplated by the Commitment Letter
Shareholder Approval	the approval of the Acquisition Resolution by 888 Shareholders at the General Meeting
Shareholder Circular	the shareholder circular to be published by 888 in connection with the Acquisition Resolution, which is expected to be contained in the Combined Prospectus and Circular
Spanish Law	Spanish Law 13/2011 of 27 May 2011 (Ley 13/2011, de 27 de mayo, de regulacion del Juego)
Sponsor	J.P. Morgan Securities plc, acting in its capacity as sponsor to the Company
Target	William Hill Cayman Holdings Limited
Target Business or William Hill International	together, the international non-US business operated by the Target Group, comprised of the William Hill Online and William Hill Retail businesses
Target FY 2019	the Target Business 52-week period ended 31 December 2019

Target FY 2020	the Target Business 52-week period ended 29 December 2020
Target FY 2021	the Target Business 52-week period ended 28 December 2021
Target Group	Target and its subsidiary undertakings and, where the context requires, its associated undertakings, in each case following the implementation of the Reorganisation
Target Business Historical Financial Information	the historic financial information of the Target Business for Target FY 2021, Target FY 2020 and Target FY 2019
Tax Deed	the tax deed to be entered into by 888, 888 Bidco and the Seller in connection with the Proposed Acquisition
TFEU	the Treaty on the Functioning of the European Union
Transitional Services Agreement	the transitional services agreement to be entered into by WHOL and the Seller, or a subsidiary of the Seller in connection with the Proposed Acquisition
UIGEA	Unlawful Internet Gambling Enforcement Act 2006
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UKGC	Gambling Commission of Great Britain
UK Prospectus Delegated Regulation	the UK version of the Commission Delegated Regulation (EU) 2019/980 supplementing the UK Prospectus Regulation as regards format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
UK Prospectus Regulation	the UK version of Regulation (EU) No 2017/1129, as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018
Unaudited Pro Forma Financial Information	the unaudited pro forma statement of net assets and pro forma income statements of the Enlarged Group, set out in the section of this Appendix titled "*Unaudited Pro Forma Financial Information of the Enlarged Group*"
uncertificated or in uncertificated form	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
US, **USA** or **United States**	the United States of America
USD or $	the lawful currency of the United States of America
Warranty Deed	the warranty deed between 888 Bidco, the Seller and certain members of the senior management team of the Target Group, dated 9 September 2021

William Hill	William Hill Limited (formerly William Hill PLC)
William Hill Group	William Hill and its subsidiary undertakings and, where the context requires, its associated undertakings, in each case prior to the implementation of the Reorganisation
William Hill Online	the online business operated by the Target Group excluding, for the avoidance of doubt, William Hill US
William Hill Retail	the retail business operated by the Target Group excluding, for the avoidance of doubt, William Hill US
William Hill US	the online business operated by the William Hill Group in the US

GLOSSARY

AAPN	All American Poker Network
B2	B2 gaming products are those games that are played on FOBTs
B2B	business-to-business
B2C	business-to-customer
Bingo	the bingo product vertical within the 888 Group's reporting segments
Casino	the casino product vertical within the 888 Group's reporting segments
CRM	client relationship management
EBITDA	earnings before interest, tax, depreciation and amortisation
EMEA	Europe, the Middle East and Africa
EPS	earnings per share
ESG	environment, social and governance
FOBT	fixed odds betting terminal
FTD	first-time depositor
International Online	the reporting segment of the Target Business that comprises all online activity of William Hill Online (including sports betting, casino, poker and other gaming products along with telephone betting services) that are incurred within all territories excluding the United Kingdom
LBO	licensed betting offices

Poker	the poker product vertical within the 888 Group's reporting segments
PSP	payment service provider
Sports	the sport product vertical within the 888 Group's reporting segments
SSBTs	self-service betting terminal
UK Online	the reporting segment of the Target Business that comprises all online activity of William Hill Online (including sports betting, casino, poker and other gaming products along with telephone betting services) that are incurred within the United Kingdom

APPENDIX 3

HISTORICAL FINANCIAL INFORMATION ON THE TARGET BUSINESS

The information in this Appendix is based on unaudited management accounts of the Target Business and remains subject to change. The information has not been subject to any independent review or audit, and no representation or warranty, express or implied, is made or given by the Target. Such information presented in this Appendix is subject to verification, correction, completion and change without notice. Past performance of Target Business, such as the information presented in this Appendix, is not indicative of future performance. The future performance of Target Business and its subsidiaries will depend on numerous factors which are subject to uncertainty. The Target, its shareholders, advisors and employees and those of their affiliates are not liable for the accuracy and completeness of the information provided in this Appendix. The final version, including an accountant's report with respect to the historical financial information, will be included in the Combined Prospectus and Circular that is expected to be published in the coming weeks.

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COMBINED CARVE-OUT FINANCIAL INFORMATION OF WILLIAM HILL INTERNATIONAL BUSINESS (THE “BUSINESS”)

FOR THE PERIODS ENDED 28 DECEMBER 2021, 29 DECEMBER 2020 AND 31 DECEMBER 2019

COMBINED CARVE-OUT INCOME STATEMENT

for the 52 weeks ended 28 December 2021

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	Notes	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Continuing operations				
Revenue	1,2	**1,455.3**	**1,157.0**	**1,241.4**
Gaming duties		(214.8)	(190.9)	(237.1)
Other cost of sales		(149.7)	122.8	(126.3)
Cost of sales	2,3	**(364.5)**	**(68.1)**	**(363.4)**
Which includes exceptional cost of sales of:	3	-	*238.3*	-
Gross profit	2	**1,090.8**	**1,088.9**	**878.0**
Marketing expenses		(187.2)	(196.3)	(217.4)
Operating expenses		(892.9)	(765.8)	(772.4)
Other operating income		5.5	3.8	4.3
Total operating expenses		**(1,074.6)**	**(958.3)**	**(985.5)**
Which includes exceptional and adjusting items within operating expenses of:	3	*(126.9)*	*(147.2)*	*(165.5)*
Operating profit/(loss)		**16.2**	**130.6**	**(107.5)**
Finance income	2,7	3.0	22.5	1.7
Finance expenses	2,8	(52.7)	(50.5)	(70.4)
Which includes exceptional finance income/(expense) of:	3	-	*18.9*	*(2.0)*
Share of post-tax profit/(loss) of equity accounted associate	2,4	1.5	(0.8)	-
(Loss)/profit before tax	2	**(32.0)**	**101.8**	**(176.2)**
Tax	3,9	8.7	(13.6)	15.2
Which includes tax on exceptional and adjusting items of:	3	*11.5*	*(24.6)*	(8.0)
(Loss)/profit for the period		**(23.3)**	**88.2**	**(161.0)**
Attributable to:				
Net parent investment		(23.3)	88.0	(161.7)
Non-controlling interests		-	0.2	0.7

COMBINED CARVE-OUT STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 28 December 2021

	Notes	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
(Loss)/profit for the period		(23.3)	88.2	(161.0)
Items that may be reclassified subsequently to profit or loss:				
Translation of foreign operations		(3.4)	14.7	(15.7)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial remeasurements in defined benefit pension scheme	32	(2.0)	(1.2)	1.9
Defined benefit pension buy-in	32	-	-	(59.5)
Tax on remeasurements in defined benefit pension scheme	28	0.3	0.2	10.9
Fair value movements on fair value through OCI financial assets		-	-	(0.3)
Other comprehensive (loss)/income for the period		**(5.1)**	**13.7**	**(62.7)**
Total comprehensive (loss)/income for the period		**(28.4)**	**101.9**	**(223.7)**
Attributable to:				
Net parent investment		(28.4)	101.7	(224.4)
Non-controlling interests		-	0.2	0.7

COMBINED CARVE-OUT STATEMENT OF FINANCIAL POSITION

as at 28 December 2021

	Notes	As at 31 December 2019 £ m	As at 29 December 2020 £ m	As at 28 December 2021 £ m
Assets				
Non-current assets				
Goodwill and other intangible assets	12	885.2	758.1	2,105.5
Property, plant and equipment	13	238.6	180.7	190.9
Interests in associates	14	11.7	11.1	11.1
Investments	15	0.4	1.5	1.0
Deferred tax assets	28	8.0	11.4	7.6
Retirement benefit asset	32	48.4	49.2	-
		1,192.3	**1,012.0**	**2,316.1**
Current assets				
Trade and other receivables	19	57.8	85.4	55.1
Cash and cash equivalents	20	367.7	588.4	203.7
Income tax receivable		0.3	-	30.8
Investment property held for sale	21	1.7	1.7	-
Freehold property held for sale	16	0.7	1.1	0.2
Disposal group asset held for sale	16	10.1	-	-
		438.3	**676.6**	**289.8**
Total assets		**1,630.6**	**1,688.6**	**2,605.9**
Liabilities				
Non-current liabilities				
Interest-bearing loans more than one year	24	(693.5)	(694.6)	(763.7)
Lease liabilities	17	(116.8)	(70.8)	(68.6)
Provisions	23	(1.6)	(4.0)	(2.3)
Deferred tax liabilities	28	(48.5)	(28.9)	(89.9)
		(860.4)	**(798.3)**	**(924.5)**
Current liabilities				
Trade and other payables	22	(354.9)	(377.0)	(402.1)
Provisions	23	(76.9)	(84.4)	(70.5)
Income tax payable		(22.0)	(32.4)	(33.7)
Lease liabilities	17	(37.5)	(36.5)	(26.5)
Derivative financial liabilities	27	(9.7)	(8.8)	(8.8)
Interest-bearing loans less than one year	24	(203.2)	-	(455.7)
Disposal group liabilities held for sale	16	(3.5)	-	-
		(707.7)	**(539.1)**	**(997.3)**
Total liabilities		**(1,568.1)**	**(1,337.4)**	**(1,921.8)**
Total net assets		**62.5**	**351.2**	**684.1**
Net parent investment	29	61.0	349.5	682.4
Non-controlling interests		1.5	1.7	1.7
Total net investment		**62.5**	**351.2**	**684.1**

COMBINED CARVE-OUT STATEMENT OF CHANGES IN NET PARENT INVESTMENT

for the 52 weeks ended 28 December 2021

	Net parent investment £ m	Non-controlling interests £ m	Total net investment £ m
At 1 January 2019	**212.8**	**-**	**212.8**
Loss for the financial period	(23.3)	-	(23.3)
Actuarial remeasurements in defined benefit pension scheme (note 32)	(2.0)	-	(2.0)
Tax on remeasurements in defined benefit pension scheme	0.3	-	0.3
Exchange differences on translation of foreign operations	(3.4)	-	(3.4)
Total comprehensive loss for the period	**(28.4)**	**-**	**(28.4)**
Purchase and issue of own shares	(0.5)	-	(0.5)
Credit recognised in respect of share remuneration (note 31)	4.5	-	4.5
Tax credit in respect of share remuneration	1.4	-	1.4
Acquisition of Mr Green (note 18)	-	1.5	1.5
Other net movement in parent investment	(37.9)	-	(37.9)
Distribution to parent	(90.9)	-	(90.9)
At 31 December 2019	**61.0**	**1.5**	**62.5**

	Net parent investment £ m	Non-controlling interests £ m	Total net investment £ m
At 31 December 2019	**61.0**	**1.5**	**62.5**
Profit for the financial period	88.0	0.2	88.2
Actuarial remeasurements in defined benefit pension scheme (note 32)	(1.2)	-	(1.2)
Tax on remeasurements in defined benefit pension scheme	0.2	-	0.2
Exchange differences on translation of foreign operations	14.7	-	14.7
Total comprehensive income for the period	**101.7**	**0.2**	**101.9**
Transfer of own shares to recipients	1.5	-	1.5
Purchase and issue of own shares	(1.6)	-	(1.6)
Credit recognised in respect of share remuneration (note 31)	3.1	-	3.1
Net parent investment contributions (note 29)	218.6	-	218.6
Tax charge in respect of share remuneration	(2.2)	-	(2.2)
Other tax taken directly to net parent investment	(0.3)	-	(0.3)
Other net movement in parent investment	(32.3)	-	(32.3)
At 29 December 2020	**349.5**	**1.7**	**351.2**

COMBINED CARVE-OUT STATEMENT OF CHANGES IN NET PARENT INVESTMENT

for the 52 weeks ended 28 December 2021

	Net parent investment £ m	Non-controlling interests £ m	Total net investment £ m
At 29 December 2020	**349.5**	**1.7**	**351.2**
(Loss)/profit for the financial period	(161.7)	0.7	(161.0)
Actuarial remeasurements in defined benefit pension scheme (note 32)	1.9	-	1.9
Defined benefit pension buy-in (note 32)	(59.5)	-	(59.5)
Tax on remeasurements in defined benefit pension scheme and buy-in	10.9	-	10.9
Fair value movements on fair value through OCI financial assets	(0.3)	-	(0.3)
Exchange differences on translation of foreign operations	(15.7)	-	(15.7)
Total comprehensive (loss)/income for the period	**(224.4)**	**0.7**	**(223.7)**
Transfer of own shares to recipients	5.3	-	5.3
Credit recognised in respect of share remuneration	6.5	-	6.5
Tax credit in respect of share remuneration	1.3	-	1.3
Net parent investment contributions (note 29)	315.7	-	315.7
Conversion of loan into net parent investment	310.8	-	310.8
Increased investment in ViensViens.lv	(4.9)	(0.7)	(5.6)
Tax on items taken directly to reserves	(1.6)	-	(1.6)
Other net movement in parent investment	(75.8)	-	(75.8)
At 28 December 2021	**682.4**	**1.7**	**684.1**

In the 52-week period ending 28 December 2021, the other net movement in parent investment largely reflects the cash payments made by the Business in respect of the US element of the Caesars acquisition.

COMBINED CARVE-OUT CASH FLOW STATEMENT

for the 52 weeks ended 28 December 2021

	Notes	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Net cash from operating activities	30	**105.6**	**311.6**	**27.8**
Investing activities				
Interest received on cash and cash equivalents		1.5	3.2	1.2
Dividends from associates	14	1.4	-	-
Proceeds on disposal of property, plant and equipment		6.1	0.2	0.9
Proceeds on disposal of investment properties	21	-	-	1.8
Amounts (drawn down)/repaid on loan facility with related undertakings		(5.0)	-	1.5
Acquisition of William Hill plc	11	-	-	(2,848.3)
Increase of investment in ViensViens.lv		-	-	(5.3)
Acquisition of Alfabet – net of cash acquired	12	-	(0.4)	-
Acquisition of Mr Green – net of cash acquired	18	(173.7)	-	-
Cash paid on disposal of investments		-	-	(0.2)
Net proceeds on disposals of NI/IOM businesses	16	-	7.4	-
Proceeds on disposal of investments in associates		2.1	2.0	-
Purchases of property, plant and equipment		(10.7)	(2.0)	(7.4)
Expenditure on intangible assets		(40.3)	(52.7)	(65.2)
Net cash used in investing activities		**(218.6)**	**(42.3)**	**(2,921.0)**
Financing activities				
Purchase of own shares	29	(0.5)	(1.6)	-
Transfer of own shares to recipients		-	-	5.3
Net proceeds on net parent investment contributions	29	-	218.6	315.7
Intercompany loans with related parties		-	(27.7)	1,796.0
Proceeds on issue of external financing		-	-	1,522.5
Repayment of external financing		-	-	(1,202.6)
Amounts drawn down on Revolving Credit Facilities	24	-	425.0	114.3
Amounts repaid on Revolving Credit Facilities		-	(425.0)	-
Amounts paid on redemption of senior unsecured loan notes	24	(171.6)	(203.4)	(0.9)
Lease liabilities – principal payments		(43.4)	(39.8)	(35.0)
Existing senior unsecured notes redemption costs		(8.1)	-	-
Proceeds on issue of 4.75% senior unsecured notes - May 2026	24	350.0	-	-
Debt facility issue costs		(1.5)	-	-
Distributions to parent	10	(90.9)	-	-
Net cash from/(used in) financing activities		**34.0**	**(53.9)**	**2,515.3**
Net (decrease)/increase in cash and cash equivalents in the period		**(79.0)**	**215.4**	**(377.9)**
Changes in foreign exchange rates		-	5.3	(6.8)
Cash and cash equivalents at start of period		447.1	367.7	588.4
Cash transferred to held for sale		(0.4)	-	-
Cash and cash equivalents at end of period	20	367.7	588.4	203.7

Background to the transaction

On 30 September 2020, the Boards of William Hill Limited (formerly William Hill PLC) ("William Hill"), Caesars UK Holdings Limited ("Caesars UK Bidco") and Caesars Entertainment, Inc.("Caesars") announced that they had reached agreement on the terms of a recommended cash acquisition pursuant to which Caesars UK Bidco was to acquire the entire issued and to be issued share capital of William Hill not already owned by or on behalf of the Caesars Group. The legal completion of the acquisition occurred on 22 April 2021 ("Completion").

Subsequent to this, on 8 September 2021, 888 Holdings PLC ("888") announced that it had entered into an agreement with Caesars to acquire the international (non-US) business of William Hill ("WHI" or "The William Hill International Business" or the "Business") at an enterprise value of £2.2 billion (the "Acquisition"). The US business of William Hill ("William Hill US") will remain part of the Caesars Group. The Business has prepared this financial information of the combined carve-out Business to support the Acquisition process.

Nature of the business

The Business is engaged in the business of online sportsbook operations and the operation of Licenced Betting Offices ('LBOs'). In addition to its sportsbook operations, the Business offers online casino games, 'skill games', online bingo and online poker. The Business operates on a global basis from within separate legal entities.

This financial information has therefore been prepared on a combined and carve-out basis from the consolidated financial information of William Hill for the purpose of presenting the financial position, results of operations and cash flows of the Business as set out within the Basis of Preparation section below. This combined carve-out financial information includes every non-US territory in which the Business operates and certain holding companies to facilitate the Acquisition. The entities acquired form the perimeter of the combined carve-out financial information and are included in note 35.

Pounds sterling is the Group's presentational currency. The functional currency is the currency of the primary economic environment in which each entity operates. The functional currencies of Group companies are primarily pound sterling and euro. The combined carve-out financial information is prepared using uniform accounting policies for all companies in the Business.

Basis of preparation

The Business has not comprised a separate group of entities for the periods ended 28 December 2021, 29 December 2020, and 31 December 2019. This combined carve-out financial information has been prepared on a basis that combines the results, assets and liabilities for the Business by applying the principles of IFRS 10 'Consolidated Financial Statements' for each of the periods ended 28 December 2021, 29 December 2020, and 31 December 2019 and as at these dates, which includes uniform accounting policies, intragroup eliminations that occurred within the combined carved-out reporting entity and the accounting for non-controlling interests. On such basis, this financial information sets out the combined balance sheet as at 28 December 2021, 29 December 2020, and 31 December 2019, and the results of operations and cash flows for the periods then ended.

This combined carve-out financial information has been prepared in accordance with this basis of preparation. This basis of preparation describes how this financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the UK Endorsement Board and the IFRS Interpretation Committee interpretations (together "IFRS") as modified by the Annexure to SIR 2000 "Standards for Investment Reporting applicable to public reporting engagements on historical financial information'' issued by the U.K. Auditing Practices Board and in accordance with the Listing Rules and Prospectus Directive Regulation. The principal accounting policies that have been applied to this financial information are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

This combined carve-out financial information is presented in millions of pounds ('£m') and is prepared on a going concern basis and a historical cost basis, except where certain assets or liabilities are held at amortised cost or at fair value as described in the accounting policies.

The following summarises the accounting and other principles applied in preparing this financial information:

- This combined financial information was prepared at the William Hill Limited level for the periods ended 29 December 2020 and 31 December 2019, and as at these dates. Following the Casesars acquisition, from 22 April 2021 this financial information is prepared at the Caesars UK Bidco level. Purchase price accounting arising on the Caesars acquisition is included in this carve-out financial information, please see note 11. Further, it is noted that there is a departure from "IFRS 3 - Business Combinations" as disclosures have only been included in this financial information to the extent that it is deemed relevant to the users.
- This combined carve-out financial information was prepared using the Business's historical records of its assets and liabilities, and includes all sales, costs, assets and liabilities directly attributable to the Business. Costs directly associated with the Business are separately identifiable. These amounts have been derived from the underlying financial records of the Business, which also includes recharges by William Hill of indirect central costs and general corporate expenses.
- The Business has not in the past constituted a separate legal group and therefore it is not meaningful to show share capital or an analysis of reserves for the Business. The net assets of the Business (shown as "Net parent investment") are represented by the cumulative investment of William Hill Limited in the Business until 22 April 2021 and represented by the cumulative investment of Caesars UK Bidco from 22 April 2021.
- This combined carve-out financial information of the Business excludes amounts due from other related undertakings within the Caesars Group including William Hill US as these are intended to be distributed to the parent prior to the Acquisition.

Notes to The WILLIAM HILL INTERNATIONAL BUSINESS financial informations *continueD*

Basis of preparation (continued)

- The results of subsidiaries acquired or disposed of during the period are included in the Combined Carve-Out Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial information of subsidiaries within the Business to bring the accounting policies used into line with those used by the Business. Within the Business, all intra-group transactions, balances, income and expenses are eliminated on consolidation.
- Certain investments in associates, NeoGames S.a.r.l and Green Jade Games Limited, were excluded from the deal perimeter. As these do not represent activities of the Business, the results for these investments in associates, as well as any loan balances held with these associates, have been excluded from this financial information for all reporting periods presented.
- William Hill Limited uses a centralised approach to cash management and financing its operations. Certain transactions between William Hill US and the Business are accounted through net parent investment. For the purpose of the transaction, debt or related interest expense at the corporate level has been assigned to the Business in this financial information, along with cash that is being held by the legal entities being divested by Caesars as part of the transaction.
- Management applies judgement in allocating centrally incurred costs to each reportable segment. These expenses are allocated to the William Hill International Business segments on the basis of direct usage when identifiable. Tax charges/credits in this financial information have been determined based on the tax charges/credits recorded in the legal entities comprising the Business, together with an allocation of the tax charges recorded in William Hill Group associated with the Business transferred. The tax charges recorded in the Combined Carve-Out Income Statement may not necessarily be representative of the charges that may arise in the future.
- As the combined carve-out financial information has been prepared on a combined basis, and there is no legal share capital of the Business, the requirement of IAS 33 'Earnings per Share' to disclose earnings per share is not relevant for this financial information.
- The assets, liabilities, income and expenses that management have determined relate to the Business includes all those that are directly attributable and/ or separately identifiable to the Business, together with an allocation of the items that are not.

This combined carve-out financial information has been prepared on a carve-out basis and the results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Business been a separate entity or the future results of the Business as it will exist upon completion of the Acquisition. The combined carve-out financial information is herein referred to as the "financial information".

The accounting policies as applied by the Business in this financial information of the carve-out business adhere to IFRS and are set out below.

Revenue recognition

Revenue

Revenue is measured at the fair value of the consideration received or receivable from customers and represents amounts receivable for goods and services that the Business is in business to provide, net of discounts, marketing inducements and VAT, as set out below.

From 2019 onwards, after implementation of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments', revenue is treated as a derivative under IFRS 9 and is not treated as revenue under IFRS 15.

In the case of LBO (including gaming machines), Online sportsbook and telebetting and Online casino (including games on the Online arcade and other numbers bets) revenue represents gains and losses from gambling activity in the period. Open positions are carried at fair value, and gains and losses arising on this valuation are recognised in revenue, as well as gains and losses realised on positions that have closed.

Revenue from the Online poker business is within the scope of IFRS 15 'Revenue from Contracts with Customers' and reflects the net income (rake) earned when a poker game is completed, which is when the performance obligation is deemed to be satisfied.

Other operating income

Other operating income mostly represents rents receivable on properties let by the Business, bookmaking software licensing income, and brand licensing income.

Exceptional items and adjustments

The Business separately identifies exceptional items and adjustments, as described in note 3.

Exceptional items are those items management consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Business's financial performance.

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by management to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Business's accounting policies, which are described within this Statement of Business's Accounting Policies , management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period, where it affects only that period, or in the period and future periods if it affects both current and future periods.

Critical accounting judgements

The following are the critical accounting judgements that management have made in the process of applying the Business's accounting policies and that have the most significant effect on the amounts recognised in the financial information.

Deal perimeter

The legal entities that comprise the Business are set out in note 35. Certain investments in associates, NeoGames S.a.r.l and Green Jade Games Limited, were transferred (or are in the process of being transferred) from the deal perimeter to Caesars during the period to 28 December 2021. As these do not represent activities of the Business, the results for these investments in associates have been excluded from this financial information for all reporting periods presented.

Exceptional items and adjustments

The Business separately reports exceptional items and adjustments in order to calculate adjusted results, as it believes these measures provide additional useful information on underlying performance and trends to management, together with an understanding of the effect of non-recurring or large individual items upon the overall profitability of the Business.

The classification of exceptional and adjusting items requires significant management judgement after considering the nature and materiality of a transaction. The Business's definitions of exceptional and adjusting items are outlined within the Business's accounting policies. Note 3 provides further details on current year exceptional and adjusting items and their adherence to the Business's policies.

Where there are individually material items that have not been presented as exceptional items, the nature and amount of these items have been separately disclosed within this financial information where relevant.

IFRS 16 'Leases'

IFRS 16 'Leases' replaced IAS 17 'Leases' in its entirety in the period ended 31 December 2019. Management addressed the key judgements, including the assessment of the lease term at the point where the lessee can be reasonably certain of its right to use the underlying asset.

Across the Retail estate, the Business has recognised a lease liability of £121.3m at 31 December 2019, £93.9m at 29 December 2020, and £95.1m at 28 December 2021. The Retail estate has experienced unprecedented regulatory change with the implementation of the £2 stake limit on B2 gaming products on 1 April 2019, leading to the Business deciding to close 713 shops in the third quarter of 2019, followed by the Covid-19 pandemic, which led to the Business deciding to close a further 119 shops in 2020. Given these closure programmes, and the continued uncertainty surrounding the Retail estate from both these external shocks to the Business, management determined the lease term under IFRS 16 across the Retail estate as the next available break date, as this means the Business is not 'reasonably certain' that any lease break will not be exercised.

Contingent liabilities

The Business has disclosed a contingent liability surrounding legal claims from consumers relating to the provision of gambling services in a number of European jurisdictions. The claims allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question (in which consumers contractually agree to the terms and conditions of play, which are subject to the laws of Gibraltar or Malta) are null and void given local licencing regimes (note 34).

The Business assesses and defends individual claims as they are received both on the individual underlying factual basis and also with regard to legal advice received as to whether such jurisdictions and their local licencing regimes are incompatible with European Union law on the free movement of services. Since the last quarter of 2020, the Business has been subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 at a broadly consistent rate with a slight increase in claims early in 2021 but a small decrease across the second half of 2021.

The Directors have made a critical judgement that these claims, and future claims for services already rendered, are a contingent liability as they are only considered a possible, but not probable, legal obligation based on external legal advice received from the Business' lawyers (in relation to the compatibility or otherwise of the Austrian licencing regime with EU law, and in relation to other arguments about applicable law), see note 34 for further detail.

Management also noted a key source of estimation uncertainty in providing an estimate of the financial effect of these claims being a potential outflow of economic benefits of up to the value of £45.0m (note 34), which is an increase to the estimation as at 29 December 2020, which was a range of between £nil to £25.0m, recognising the increase in claims trends during 2021. This range was assessed based on (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage, (ii) the steps that the Business intends to take to defend those claims and (iii) the fact that the Business has been advised that any outflow would be expected to be on a net of tax basis.

Separately a provision of £1.2m (note 23) is held at 28 December 2021 for claims in separate jurisdictions where an outcome in favour of the consumers in question is probable.

Critical accounting judgements and key sources of estimation uncertainty (continued)

Valuation of Mr Green intangibles

The Business acquired Mr Green & Co AB (Mr Green) on 28 January 2019 for £244.8m. As part of the purchase price allocation the Business recognised separately identifiable acquired intangibles comprising brands (£83.9m); customer relationships (£12.8m) and platform software (£16.3m). Goodwill of £153.0m was recognised on acquisition. See note 18 for additional information.

The Business exercised judgement in determining the intangible assets acquired and their fair value on the Mr Green business combination, with the support of external experts to support the valuation process where appropriate. The judgements made were based on recognised valuation

techniques such as the "relief from royalty" method for brands, recognised industry comparative data and the Business's industry experience and specialist knowledge.

Valuation of William Hill intangibles

On 22 April 2021, Caesars (specifically Caesars UK Holdings Limited, which is included within the deal perimeter) acquired William Hill Limited (formerly William Hill PLC) for £2.9bn. Of this £2.9bn, a critical accounting judgement has been applied to split the consideration between the William Hill Business proposed to be acquired by 888 and included within this perimeter and the William Hill US business which will continue to be owned by Caesars Entertainment Inc. The consideration has been split based on the proposed acquisition price by 888 of £2.2bn (and specifically the £0.8 billion cash consideration expected to be received, after repayment of the outstanding debt and other working capital adjustments) as the appropriate valuation of the Business as at 22 April 2021 .

The consideration of £2.2bn for the Business has led to the recognition of separately identifiable acquired intangibles as part of the purchase price allocation of brands of £505.7m; customer relationships of £135.7m and an uplift in the value of computer software assets of £62.2m. Goodwill of £1,324.0m was recognised on acquisition. See note 11 for additional information.

The Business exercised judgement in determining the intangible assets acquired and their fair value on the William Hill business combination, with the support of external experts to support the valuation process where appropriate. The judgements made were based on recognised valuation techniques such as the "relief from royalty" method for brands and developed computer software and the Business's industry experience and specialist knowledge.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of intangible assets with indefinite lives

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Note 12 provides information on the assumptions used in this financial information, as well as the degree of sensitivity to changes in assumptions.

In 2018, the Business recognised an impairment of £882.8m in the Retail segment due to the reduced expected future cash flows as a result of the announcement of the £2 stake limit on B2 gaming products in the Retail business. The £2 stake limit was then implemented from 1 April 2019, which led to the Business taking the decision to close 713 shops in the third quarter of 2019.

The Covid-19 pandemic has had a further sizeable impact on the Retail business, with shops shut or under restrictions across much of 2020. As such, the Business recognised impairments totalling £125.7m in 2020.

As such, the Retail estate had been re-sized twice in recent years, and the industry is naturally moving away from retail space in the UK towards an online/digital presence. These factors led the Business to the conclusion that the value of a licence to operate an LBO / group of LBOs is depreciating over time and is not expected to hold its value indefinitely. Therefore, management decided as at 30 December 2020 to amortise the assets over a 20-year useful economic life (UEL). This change in UEL is an estimate that management made based on the available information. This change was made prospectively from the 52-week financial period starting 30 December 2020 and is a change in accounting estimate. The impact on this financial information is an increased amortisation charge of £3.3m until the acquisition by Caesars on 22 April 2021, at which point this balance was subsumed into goodwill.

Retirement benefit costs

The determination of the pension cost and defined benefit obligation of the Business's defined benefit pension scheme depends on the selection of certain assumptions which include discount rate, inflation rate and mortality assumptions. Differences arising from actual experience or future changes in assumptions are reflected in subsequent periods. Note 32 provides information on the assumptions used in this financial information, including a sensitivity analysis of the principal assumptions used to measure scheme liabilities. During 2021, the Business performed a pension buy-in, as such, although the gross obligation may fluctuate, this does not change the net position for the Business. This is, therefore, not deemed as a key source of estimation uncertainty for the 52-week period ended 28 December 2021.

Dilapidations provisions

As a result of the implementation of the £2 stake limit on B2 gaming products in the Retail business on 1 April 2019, the Business took the decision to close 713 shops in the third quarter of 2019. The Business provided for costs of closure with a remaining provision held at 31 December 2019 of £17.4m. Within this provision, £12.1m related to dilapidations and shop strip out cost provisions which were estimated using a best estimate cost per square foot and exit date on each lease. The actual results were expected to differ as lease exits were negotiated with any changes to the amount provided recognised in the Combined Carve-Out Income Statement as part of the portfolio shop

Critical accounting judgements and key sources of estimation uncertainty (continued)

Dilapidations provisions (continued)

closure cost classified as an exceptional item in 2019. Based on management's knowledge and experience and third-party advice at the time, the directors believed the range of reasonably possible values for the dilapidations provisions as at 31 December 2019 to be £7.7m – £18.6m. Since

2019, and as dilapidations costs are being settled over time, the provision has reduced to a level management consider not material to be a key source of estimation uncertainty.

Adoption of new and revised standards

In preparing this combined financial information, the Business has adopted the following new IFRSs, amendments to IFRSs and IFRS Interpretations Committee (IFRIC) interpretations for each of the financial reporting periods presented. All standards do not have a significant impact on the results or net assets of the Business. Key changes are detailed below.

The following standards and amendments were applied in the financial period ended 28 December 2021:

IFRS 16 (amended)	Covid-19 Related Rent Concessions beyond 30 June 2021

Amendments to IFRS 16 – Covid-19 Related Rent Concessions

This amendment provides relief for lessees from assessing whether a Covid-19 related rent concession is a lease modification.

The following standards and amendments were applied in the financial period ended 29 December 2020:

IAS 1 (amended)	Definition of Material
IAS 8 (amended)	Definition of Material
IAS 39 (amended)	Interest Rate Benchmark Reform – Phase 1
IFRS 3 (amended)	Definition of a Business
IFRS 7 (amended)	Interest Rate Benchmark Reform – Phase 1
IFRS 9 (amended)	Interest Rate Benchmark Reform – Phase 1
IFRS 16 (amended)	Covid-19 Related Rent Concessions

Amendments to IAS 1 and IAS 8: Definition of Material

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRSs and the Conceptual Framework. Adoption of this standard has not had a material impact on the Business's financial information.

Amendments to IFRS 3: Definition of a Business

This amendment provides clarification in assessing whether a transaction results in a business or an asset acquisition. There was an acquisition of a business in the period by the Business. Given the transaction involves purchase of the whole business, this amendment has not had a material impact on the Business's financial information.

Amendments to IFRS 9, IAS 39, IFRS 16 and IFRS 7: Interest Rate Benchmark Reform – Phase 1

The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform. The changes relating to hedge accounting have not impacted the Business's financial information.

The following standards and amendments were applied in the financial period ended 31 December 2019:

IAS 12 (amended)	Amendments to References to the Conceptual Framework Annual Improvements to IFRS Standards 2015-2017
IAS 19 (amended)	Plan Amendments, Curtailment or Settlement Amendments to References to the Conceptual Framework
IAS 23 (amended)	Annual Improvements to IFRS Standards 2015-2017
IAS 28 (amended)	Amendments to References to the Conceptual Framework
IAS 40 (amended)	Amendments to References to the Conceptual Framework
IFRIC 22	Amendments to References to the Conceptual Framework
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 1 (amended)	Uncertainty over Income Tax Treatments Amendments to References to the Conceptual Framework
IFRS 2 (amended)	Amendments to References to the Conceptual Framework
IFRS 3 (amended)	Amendments to References to the Conceptual Framework Annual Improvements to IFRS Standards 2015-2017
IFRS 9	Financial Instruments
IFRS 11 (amended)	Annual Improvements to IFRS Standards 2015-2017
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Lease

Adoption of new and revised standards (continued)

IFRS 16 'Leases'

IFRS 16 'Leases' replaced IAS 17 'Leases' in its entirety. The distinction between operating leases and finance leases for lessees was removed and it resulted in most leases being recognised on the Combined Carve-Out Statement of Financial Position as a right-of-use asset and a lease liability. For leases previously classified as operating leases, the lease cost changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability. The Business's previously classified operating leases included rentals payable by the Business for certain of its LBOs and office properties and amounts payable for the use of certain office and computer equipment and vehicles.

The Business applied IFRS 16 using the modified retrospective approach. A lease liability was recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate. A right-of-use asset was recognised equal to the lease liability adjusted for prepaid and accrued lease payments. The Business applied the below practical expedients permitted under the modified retrospective approach:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics
- the weighted average of the discount rates used on transition was 2.76%;
- adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' sets out the requirements for recognising, classifying and measuring financial assets and financial liabilities in respect of general hedge accounting. This standard replaced IAS 39 'Financial Instruments Recognition and Measurement.' During the financial period ended 31 December 2019, the Business had elected not to restate prior period comparatives on adoption of IFRS 9.

Classification and measurement

The classification and measurement criteria of IFRS 9 require financial assets to be classified into one of the three categories being amortised cost, fair value through other comprehensive income or fair value through profit or loss. The vast majority of the Business's financial assets were previously recorded at amortised cost and this continues to be the case. During 2019, the Business held an investment that it elected to classify as fair value through the profit and loss under IFRS 9. The Business disposed of this investment in the period and the gain from this disposal was recognised in the Combined Carve-Out Income Statement (note 16). The Business held a number of small investments that it has elected to classify as fair value through the Combined Carve-Out Statement of Other Comprehensive Income.

There are no significant classification differences between IFRS 9 and IAS 39 for financial liabilities, and as such, our classification of financial liabilities remains unchanged.

Impairment

IFRS 9 requires the Business to use an expected credit loss model for its financial assets measured at amortised cost, on either a 12-month or a lifetime basis. The Business's financial assets at amortised cost currently consist of cash and cash equivalents, trade receivables and loans receivable. None of these financial assets have a significant financing component, and the Business applies the simplified approach and records lifetime expected losses on all trade receivables and loans receivable measured at amortised cost.

Hedge accounting

The general hedge accounting mechanism of IAS 39 has been retained, however greater flexibility has been introduced over the instruments eligible for hedge accounting and effectiveness testing. The changes relating to hedge accounting have not impacted the Business's financial information.

IFRS 15 'Revenue from contracts with customers'

IFRS 15 'Revenue from contracts with customers' establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Business's core revenues of sports betting and gaming are not within the scope of IFRS 15. This is due to these revenues being treated as derivatives under IFRS 9 'Financial Instruments' and thus falling out the scope of IFRS 15. The Business's other income streams mostly represents rents receivable on properties let by the Business and bookmaking software licensing income. These other income streams are also not within the scope of IFRS 15.

Revenue from the Online poker business is within the scope of IFRS 15 'Revenue from Contracts with Customers' and reflects the net income (rake) earned when a poker game is completed, which is when the performance obligation is deemed to be satisfied.

The Business elected to apply the Cumulative Effect Method of transition and therefore prior period comparatives are not restated retrospectively in line with IFRS 15.

Adoption of this standard has not had a material impact on this financial information or its revenue recognition accounting policy.

Standards in issue but not effective

At the date of authorisation of the Business's financial information, the following standards, amendments and interpretations, which have not been applied in the Business's financial information, were in issue but not yet effective:

Amendments and interpretations	
IAS 1 (amended)	Classification of Liabilities as Current or Non-Current (effective 1 January 2023)
IAS 8 (amended)	Definition of Accounting Estimates (effective 1 January 2023)
IAS 12 (amended)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective 1 January 2023)
IAS 16 (amended)	Property. Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)
IAS 37 (amended)	Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)
IAS 39 (amended)	Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2022)
IFRS 1 (amended)	Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022), Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective 1 January 2023)
IFRS 3 (amended)	Referencing to the Conceptual Framework (effective 1 January 2022)
IFRS 7 (amended)	Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2022)
IFRS 9 (amended)	Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022)
IFRS 16 (amended)	Annual Improvements to IFRS Standards 2018-2020 (effective 1 January 2022), Interest Rate Benchmark Reform – Phase 2 (effective 1 January 2022)

The Business does not currently believe that the adoption of these amendments would have a material effect on the results or financial position of the Business.

Business combinations

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired, including separately identifiable intangible assets, is recognised as goodwill. Any discount on acquisition, i.e., where the cost of acquisition is below the fair values of the identifiable net assets acquired, is credited to the Combined Carve-Out Income Statement in the period of acquisition.

Acquisition-related costs are recognised in profit or loss as incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

When the consideration transferred in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as net parent investment is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within net parent investment. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Interests in associates

An associate is an entity over which the Business is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in the Business's financial information using the equity method of accounting. Interests in associates are carried in the Combined Carve-Out Statement of Financial Position at cost as adjusted by post-acquisition changes in the Business's share of the net assets of the entity, less any impairment in the value of individual investments. Losses of the associates in excess of the Business's interest in those entities are not recognised.

Any excess of the cost of acquisition over the Business's share of the fair values of the identifiable net assets of the entity at the date of acquisition is recognised as goodwill within the interests in associates line. Any deficiency of the cost of acquisition below the Business's share of the fair values of the identifiable net assets of the entity at the date of acquisition (i.e., discount on acquisition) is credited to the Combined Carve-Out Income Statement in the period of acquisition.

Where a Company within the Deal perimeter (see note 35) transacts with an associate of the Business, profits and losses are eliminated to the extent of the Business's interest in the relevant entity. Losses may provide evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Business's interest in the fair value of the identifiable assets and liabilities, including separately identifiable intangible assets, of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Finance income

Interest income is included within finance income and is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

From the IFRS 16 transition date of 2 January 2019 onwards, leases are accounted for using the below policy.

At inception of a contract, the Business considers whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Business recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Business uses an incremental borrowing rate for its leases, which is determined based on the margin requirements of our revolving credit facilities as well as country specific adjustments. A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the lease term. From the date of initial application, the Business has assessed the lease term of properties within its Retail estate to be up to the first available contractual break within the lease. The Business has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Business's Retail operations.

The Business has also applied the below practical expedients:

exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;

exclude low value leases for lease values less than £5,000;

apply a single discount rate to a portfolio of leases with similar characteristics;

use hindsight to determine the lease term if the contract contains options to extend or terminate; and

exclude initial direct lease costs in the measurement of the right-of-use asset.

The Business has a very small number of sublet properties. In these instances, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Business is an intermediate lessor, the sublease classification is assessed with reference to the head lease right of use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Business's net investment in the lease. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Business's net investment in the lease. Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Foreign currencies

Transactions in currencies other than pound sterling are recorded at the rates of exchange prevailing on the dates of the transactions.
At each period end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities, where the changes in fair value are recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Business makes efforts to match its foreign currency assets and liabilities and, where necessary, the Business takes out foreign currency hedges.

On consolidation, the assets and liabilities of the Business's overseas operations are translated at exchange rates prevailing at the period end date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly, in which case the spot rate for significant items is used. Exchange differences arising, if any, are classified as net parent investment and transferred to the Business's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Finance expenses

Finance expenses and income arising on interest-bearing financial instruments carried at amortised cost are recognised in the Combined Carve-Out Income Statement using the effective interest rate method. Finance expenses include the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price.

Profit before interest and tax

Profit before interest and tax is stated after the share of post-tax profit of equity accounted associates but before finance income and finance expenses.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each period end date. Actuarial remeasurements are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the Combined Carve-Out Statement of Other Comprehensive Income.

The net retirement benefit asset or obligation recognised in the Combined Carve-Out Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service costs plus the present value of available refunds and reductions in future contributions to the plan.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Combined Carve-Out Income Statement because it excludes items of income or expense that are taxable or deductible in other periods, and it further excludes items that are never taxable or deductible. The Business's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Business is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is charged or credited in the Combined Carve-Out Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Internally generated intangible assets – computer software and systems

Expenditure on initial investigation and research of computer software and systems is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Business's development of computer systems is recognised only if all of the following conditions are met:

an asset is created that can be identified (such as software and new processes);

it is probable that the asset created will generate future economic benefits; and

the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives, generally between three and ten years. Amortisation of internally generated intangible assets are presented in operating expenses on the Combined Carve-Out Income Statement. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets – licences

Prior to 2020, betting licences recognised in acquisitions were recorded at fair value. They were judged to have an indefinite life and were accordingly not amortised but were subject to annual impairment reviews. Management considered that the Business's licences had an indefinite life owing to: the fact that the Business was a significant operator in a well-established market; the proven and sustained demand for bookmaking services; and the Business's track record of successfully renewing its betting permits and licences.

The Retail estate has been re-sized twice in recent years, and the industry is naturally moving away from retail space in the UK towards an online/digital presence. These factors led the Business to the conclusion that the value of a licence to operate an LBO / group of LBOs is depreciating over time and is not expected to hold its value indefinitely. Therefore, management decided as at 30 December 2020 to amortise the assets over a 20-year useful economic life (UEL). This change in UEL is an estimate that management made based on the available information. This change was made prospectively from the 52-week financial period starting 30 December 2020 and is a change in accounting estimate.

Intangible assets arising on acquisitions

Intangible assets arising on acquisitions are recorded at their fair value.

Amortisation is provided at rates calculated to write off the valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Acquired brands	assessed separately for each asset, with lives ranging up to 20 years
Customer relationships	between 18 months and ten years
Bookmaking and mobile technology	between three and five years
Wagering/lottery contracts	ten to 12 years

Amortisation of assets arising on acquisition is recognised as an adjusting item, please see note 3 for further information.

Property, plant and equipment

All property, plant and equipment are stated in the Combined Carve-Out Statement of Financial Position at their cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is provided on all property plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years
Long leasehold properties	50 years
Short leasehold properties	over the unexpired period of the lease
Short leasehold improvements	the shorter of ten years or the unexpired period of the lease
Fixtures, fittings and equipment and motor vehicles	at variable rates between three and ten years
Right-of-use asset	reasonably certain lease term

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of property plant and equipment and intangible assets

At each period end date, the Business reviews the carrying amounts of its goodwill, property plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Business estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. This process is described in more detail in note 12.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Other than for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the point that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised as income immediately.

Share-based payments

Prior to completion of the Caesars deal, the Business issued equity settled share-based payments to certain employees and operated an HMRC approved Save As You Earn share option scheme open to all eligible employees, allowing the purchase of shares at a discount. The cost to the Business of share-based payment plans was measured at fair value at the date of grant. Fair value was expensed on a straight-line basis over the vesting period, adjusted for the Business's estimate of shares that would eventually vest.

Fair value was measured by use of the Black-Scholes-Merton pricing formula. The expected life used in the model was adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations. Where relevant, the value of the option was also adjusted to take into account any market conditions applicable to the option.

At each period end date, the Business revised its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, was recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment in reserves.

SAYE share options granted to employees were treated as cancelled when employees ceased to contribute to the scheme or resigned from the Business, as a result of the acquisition by Caesars. This resulted in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Provisions

Provisions are recognised when the Business has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is recognised in the Combined Carve-Out Income Statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Business's Combined Carve-Out Statement of Financial Position when the Business becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits held by the Business with an original maturity of three months or less, including amounts retained by payment service providers specifically held in e-wallets.

Receivables

Trade and other receivables are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance. This generally results in their recognition at nominal value less an allowance for any estimated irrecoverable amounts. Allowance for irrecoverable amounts is recognised based on management's expectation of losses occurring, rather than when the loss has actually been incurred (the 'expected credit loss' model). Trade and other receivables include any amounts retained by payment service providers in transit that are not held in e-wallets, which is classed as cash and cash equivalents.

Loans receivable

Loans receivable comprise loans granted to other parties which have fixed or determinable payments and are not quoted in an active market. These are measured at amortised cost, less any impairment, with interest income recognised using the effective interest method. Impairments are recognised using the same expected credit loss model as described above.

Investments

Investments comprise shareholdings in entities where the Business is not in a position to have control, joint control or significant influence over the financial and operating policy decisions of the entity. The Business elects to classify investments as either fair value through other comprehensive income or fair value through profit or loss on a case-by-case basis. Investments are revalued to fair value at each period end date with any fair value movements recognised in the Combined Carve-Out Statement of Comprehensive Income or the Combined Carve-Out Income Statement respectively. The fair value is measured based on the share price of the entity.

Financial liabilities

Financial liabilities instruments are classified according to the substance of the contractual arrangements entered into. The Business derecognises financial liabilities when and only when the Business's obligations are discharged, cancelled or otherwise expire.

Interest-bearing loans

Interest-bearing loans are recorded at the fair value of the proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts, premia payable on settlement or redemption and direct issue costs, are charged on an accrual basis to the Combined Carve-Out Income Statement using the effective interest method. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost. Any accrued Finance expenses are included in payables.

Payables

Trade and other payables are not interest-bearing and are initially measured at fair value, and subsequently at their amortised cost.

Derivative financial instruments and hedge accounting

The Business's activities expose it to the risks of changes in interest rates and foreign currency exchange rates. The Business may use fixed rate borrowings to hedge some of its interest rate exposure. The Business may make use of foreign currency forwards to hedge a proportion of its largest net foreign currency transactional exposures. Where possible and practicable, the Business retains foreign currency cash balances equivalent to its foreign currency liabilities to hedge its exposure to foreign currency exchange rates. The Business does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Business's policies approved by Management, which provide written principles on the use of financial derivatives.

All derivative financial instruments are initially measured at fair value at the contract date and are remeasured to their fair value at subsequent reporting dates. Changes in fair value of any derivative instrument that is not part of a hedging relationship are recognised immediately in the Combined Carve-Out Income Statement.

For any derivative instrument that is part of a cash flow hedging relationship which is designated as effective, changes in the fair value of the derivative financial instruments are recognised directly in equity. Changes in the fair value of ineffective hedges, including the ineffective portion of effective hedges, are recognised immediately in the Combined Carve-Out Income Statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the line of the Combined Carve-Out Income Statement relating to the hedged item, in the same period in which the hedged item affects net profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in net parent investment is transferred to net profit or loss for the period. Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts, and the host contracts are not carried at fair value with unrealised gains or losses reported in the Combined Carve-Out Income Statement under other operating expenses.

Ante post bets are carried at fair market value as they meet the definition of a derivative. The resulting gains and losses from bets are included in revenue. The net liability resulting from open positions is reported on the Combined Carve-Out Statement of Financial Position under the term Derivative financial instruments.

1. Revenue

An analysis of the Business's revenue and other income is as follows:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Revenue	1,455.3	1,157.0	1,241.4
Other operating income	5.5	3.8	4.3
Finance income	3.0	22.5	1.7
	1,463.8	**1,183.3**	**1,247.4**

At the period ended 28 December 2021, the Business held no material contract assets or liabilities as defined by IFRS 15 'Revenue from Contracts with Customers', and there were no material unsatisfied performance obligations.

Within other operating income is income relating to rents receivable on properties let by the Business, bookmaking software licensing income, and brand licensing income.

Finance income is further explained in note 7.

2. Segment information

The segments disclosed below are aligned with the reports that the William Hill Limited Chief Operating Decision Makers (CODM) review to make strategic decisions.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The UK Online segment comprises all online activity, including sports betting, casino, poker and other gaming products along with telephone betting services that are incurred within the UK. The International Online segment comprises all online activity, including sports betting, casino, poker and other gaming products along with telephone betting services that are incurred within all territories excluding the UK. Both UK Online and International Online segments include the results of Mr Green since the Business's acquisition in January 2019. There are no inter-segmental sales within the Business.

Assets and liabilities have been allocated by segment based on the information reviewed by the Business's CODM. Corporate assets and liabilities include net borrowings and the net defined benefit pension asset, as well as any assets and liabilities that cannot be allocated to a particular segment other than on an arbitrary basis. The below analysis of total segment assets excludes corporation tax and deferred tax-related balances.

Management applies judgement in allocating centrally incurred costs to each reportable segment. These expenses are allocated to the William Hill International Business segments on the basis of direct usage when identifiable.

Capital additions in each table below are stated on an accruals basis.

There are no customers that individually represent more than 10% of the Business's revenue.

Segment performance is shown on an adjusted operating profit basis, with a reconciliation from adjusted operating profit/(loss) before tax to statutory results for clarity.

Information for the 52 weeks ended 31 December 2019 is as follows:

	Retail £ m	UK Online £ m	International Online £ m	Corporate £ m	Total £ m
Revenue	**717.0**	**480.9**	**257.4**	-	**1,455.3**
GPT, duty, levies and other costs of sales	(162.2)	(132.8)	(69.5)	-	(364.5)
Gross profit	**554.8**	**348.1**	**187.9**	**-**	**1,090.8**
Depreciation	(48.4)	(1.2)	(2.6)	(8.5)	(60.7)
Amortisation	(9.4)	(29.0)	(12.8)	(1.5)	(52.7)
Other administrative expenses[1]	(413.8)	(219.8)	(151.7)	(49.0)	(834.3)
Share of results of associates	-	-	-	1.5	1.5
Adjusted operating profit/(loss)[2]	**83.2**	**98.1**	**20.8**	**(57.5)**	**144.6**
Operating exceptional items and adjustments					(126.9)
(Loss)/profit before interest and tax					**17.7**
Investment income					3.0
Finance costs					(52.7)
(Loss)/profit before tax					**(32.0)**

1. Other administrative expenses are a net figure including marketing expenses, operating expenses, and other operating income.

2. Adjusted operating profit is defined as profit/(loss) before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

2. Segment information (continued)

Statement of financial position information	Retail £ m	UK Online £ m	International Online £ m	Corporate £ m	Total £ m
At 31 December 2019					
Total segment assets	593.2	341.8	397.5	289.8	**1,622.3**
Total segment liabilities	245.1	153.4	150.9	948.2	**1,497.6**
Included within segment assets:					
Goodwill	–	193.2	151.0	–	**344.2**
Other intangibles with indefinite lives	326.6	–	–	–	**326.6**
Interests in associates	–	–	–	11.7	**11.7**
Capital additions	6.0	41.6	13.2	5.6	**66.4**

Information for the 52 weeks ended 29 December 2020 is as follows:

	Retail £ m	UK Online £ m	International Online £ m	Corporate £ m	Total £ m
Revenue	**354.2**	**503.2**	**299.6**	**–**	**1,157.0**
GPT, duty, levies and other costs of sales	(76.0)	(148.5)	(81.9)	–	(306.4)
Gross profit	**278.2**	**354.7**	**217.7**	**–**	**850.6**
Depreciation	(36.1)	(2.2)	(2.8)	(14.0)	(55.1)
Amortisation	(8.0)	(31.4)	(15.7)	–	(55.1)
Other administrative expenses[1]	(263.6)	(224.3)	(173.3)	(39.7)	(700.9)
Share of results of associates	-	-	-	(0.8)	(0.8)
Adjusted operating (loss)/profit[2]	**(29.5)**	**96.8**	**25.9**	**(54.5)**	**38.7**
Operating exceptional items and adjustments					91.1
Profit/(loss) before interest and tax					**129.8**
Investment income					22.5
Finance costs					(50.5)
Profit/(loss) before tax					**101.8**

1. Other administrative expenses are a net figure including marketing expenses, operating expenses, and other operating income.

2. Adjusted operating profit is defined as profit/(loss) before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

Statement of financial position information	Retail £ m	UK Online £ m	International Online £ m	Corporate £ m	Total £ m
At 29 December 2020					
Total segment assets	376.1	351.9	464.3	484.9	**1,677.2**
Total segment liabilities	144.0	161.6	198.3	772.2	**1,276.1**
Included within segment assets:					
Goodwill	–	183.9	169.7	–	**353.6**
Other intangibles with indefinite lives	200.9	–	–	–	**200.9**
Interests in associates	–	–	–	11.1	**11.1**
Capital additions	4.5	33.1	16.9	1.3	**55.8**

Information for the 52 weeks ended 28 December 2021 is as follows:

	Retail £ m	UK Online £ m	International Online £ m	Corporate £ m	Total £ m
Revenue	**336.8**	**628.6**	**276.0**	**–**	**1,241.4**
GPT, duty, levies and other costs of sales	(72.9)	(201.8)	(88.7)	–	(363.4)
Gross profit	**263.9**	**426.8**	**187.3**	**–**	**878.0**
Depreciation	(31.1)	(2.5)	(2.9)	(14.4)	(50.9)
Amortisation	(11.6)	(25.1)	(18.2)	(0.6)	(55.5)
Other administrative expenses[1]	(263.3)	(272.7)	(151.5)	(26.1)	(713.6)
Share of results of associates	–	–	–	–	–
Adjusted operating (loss)/profit[2]	**(42.1)**	**126.5**	**14.7**	**(41.1)**	**58.0**
Operating exceptional items and adjustments					(165.5)
(Loss)/profit before interest and tax					**(107.5)**
Investment income					1.7
Finance costs					(70.4)
(Loss)/profit before tax					**(176.2)**

3. Other administrative expenses are a net figure including marketing expenses, operating expenses, and other operating income.

4. Adjusted operating profit is defined as profit/(loss) before interest and tax, excluding exceptional items and other defined adjustments. Further detail on adjusted measures is provided in note 3.

2. Segment information (continued)

Statement of financial position information	Retail £ m	UK Online £ m	International Online £ m	Corporate £ m	Total £ m
At 28 December 2021					
Total segment assets	511.8	374.7	348.0	1,333.0	**2,567.5**
Total segment liabilities	148.2	181.6	162.7	1,305.7	**1,798.2**
Included within segment assets:					
Goodwill	397.4	568.0	355.1	–	**1,320.5**
Other intangibles with indefinite lives	–	–	–	–	**–**
Interests in associates	–	–	–	11.1	**11.1**
Capital additions	22.6	41.8	10.4	2.5	**77.3**

Revenues and non-current assets by geographical area are as follows:

	Revenues			Non-current assets		
	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
United Kingdom	1,197.9	857.4	965.4	643.7	466.2	2,056.3
Rest of the World	257.4	299.6	276.0	540.6	534.4	252.2

Revenue information is based on the location of the customer. Non-current asset information is based on physical location (for property, plant and equipment) or primary operating location of the company using the asset (for all other assets).

3. Exceptional items and adjustments

Exceptional items

Exceptional items are those items management consider to be one-off or material in nature that should be brought to the reader's attention in understanding the Business's financial performance.

1. Adjustments

Adjustments are recurring items that are excluded from internal measures of underlying performance and which are not considered by the Directors to be exceptional. This relates to the amortisation of specific intangible assets recognised in acquisitions. This item is defined as an adjustment as the Directors believe it would impair the visibility of the underlying activities across each segment as it is not closely related to the Business's or any associated operational cash flows. The amortisation of specific intangible assets recognised in acquisitions is recurring and recognised over their useful life.

Exceptional items and adjustments are as follows:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Operating			
Cost of sales			
VAT Income	-	238.3	-
Other operating expenses			
On-sale related costs	-	-	(24.5)
Impairment of Retail segment	-	(125.7)	-
Caesars transaction related costs	-	(9.0)	(70.5)
Portfolio shop closures	(93.9)	-	-
Regulatory provision and related fees	-	-	(15.2)
Other	(21.6)	-	-
Adjustments			
Amortisation of acquired intangibles	(11.4)	(12.5)	(55.3)
Non-operating			
Finance income			
Finance income in respect of VAT reclaim	-	18.9	-
Costs in respect of refinancing	-	-	(2.0)
Total exceptional items and adjustments before tax	**(126.9)**	**110.0**	**(167.5)**
Tax on exceptional items and adjustments	11.5	(24.6)	(8.0)
Total exceptional items and adjustments	**(115.4)**	**85.4**	**(175.5)**

3. Exceptional items and adjustments (continued)

VAT Income

In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Business submitted claims which were substantially similar, and these claims were agreed and settled. The Business continues to engage with HMRC on a number of smaller related claims of an amount of £1.2m, which have not been recognised in this financial information as they are not virtually certain to be receivable. The refund, net of associated costs, was classified as an exceptional item as it is both material and one-off in nature. The net of the gross refund of VAT from HMRC and the associated third-party costs were recognised in cost of sales to match where the original charges were recognised. The interest income was recognised within finance income. After corporation tax, the net profit recognised in respect of the VAT reclaim in the period was £208.3m. This relates to the Retail segment.

On-sale related costs

Following the acquisition of William Hill by Caesars on 22 April 2021, the Business has incurred costs associated with the on-sale to 888 and separation of the US segment from the Business. These costs are recognised as an exceptional item given their material size and one-off nature. Costs include £3.4m of technology spend to separate the platform and product so that US sports book can stand alone from the rest of the Business, £3.0m of redundancy costs following the separation, £6.7m of legal and consultancy costs, as well as £11.4m of employee incentive costs as part of the on-sale to 888. The costs are recognised within the Corporate segment.

Impairment of the Retail segment

As a result of the conclusion of the Triennial Review in 2018 and the announcement of the maximum stakes on B2 gaming products reducing to £2, management recognised an impairment of the assets of the Retail segment in the year ended December 2018. This was presented as an exceptional item due to its material and one-off nature.

Subsequently in 2020, following the impact of the Covid-19 pandemic, management recognised an impairment of intangible assets of the Retail segment in December 2020.

Details of these impairments are provided in note 12. These were presented as exceptional items due to their material nature and relate to the Retail segment.

Caesars transaction related costs

The Business has incurred costs associated with the transaction with Caesars, which it has aggregated and presented as an exceptional item given their material size and one-off nature. Of these costs, £35.9m inclusive of VAT where applicable (£9.0m for the 52 weeks ended 29 December 2020) relates to amounts paid to financial, corporate broking and legal advice. In addition, the Business has incurred £8.6m (net of tax) of retention payments to key employees following the completion of the transaction to Caesars, £14.3m stamp duty charge, £6.0m of share-based payment charges and £5.7m of employee sharesave scheme costs as the Business delisted from the London Stock Exchange on 21 April 2021.

Portfolio shop closures

During 2019 and 2020 there were two separate shop closure programmes. In 2019, 713 shops were closed as a part of the Triennial Review mitigation restructuring costs programme and in 2020 a further 119 shops were not re-opened post the first Covid-19 lockdown. As a result, during 2020 £6.6m of credit relating to the Triennial mitigation shop closures was recognised principally in relation to the negotiated early exit of certain property leases, sale of freehold properties and disposal of operations in Northern Ireland and Isle of Man. In the same period, a charge of £6.2m relating to the 2020 shop closures, being a combination of specific asset write offs (£3.3m) and provision creation (£3.2m), with a £0.3m provision release recognised.

In the 52 weeks ended 31 December 2019, £47.3m related to an impairment charge against the relevant right-of-use assets and £46.6m related to other costs of closure, onerous costs, redundancy costs and other related costs.

All portfolio shop closure costs are not presented as an exceptional item from 1 January 2020 as management do not deem these costs to be material.

Regulatory provision and related fees

The industry in which the Business operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. Following a periodic compliance assessment undertaken by the UK Gambling Commission ("UKGC") in July and August 2021 the Business is currently addressing action points raised by the UKGC. In that context it has made a provision of £15.0m to cover the potential for any regulatory fine, penalty or settlement and associated costs resulting from that compliance assessment as well as a further £0.2m legal fees charged in the period. This provision is the Business's best estimate based on the action points raised to date by the UKGC, management's current knowledge and third party regulatory and legal advice reflecting outcomes of previous compliance assessments and regulatory action across the industry.

Costs in respect of refinancing

On 22 April 2021, the Business's committed Revolving Credit Facilities of £425m provided by a syndicate of banks, expiring in November 2022 (£35m) and October 2023 (£390m) were cancelled as part of the acquisition of William Hill PLC by Caesars Entertainment Inc. As a result, £2.0m was charged as an exceptional finance cost to profit and loss, being accelerated amortisation of finance fees associated with the facilities which were being amortised over the lives of each facility.

3. Exceptional items and adjustments (continued)

Other

The Other category combines several items that were previously disclosed separately and all relating to items that were presented as exceptional items in previous financial reporting periods. From 1 January 2020, these items have not been included as exceptional items as management no longer deem these costs to be individually material.

In the 52-week period ended 31 December 2019, the other category includes £3.5m related to a transformation programme restructuring costs, £8.2m mainly related to corporate transaction and integration costs associated with the acquisition of Mr Green, £6.0m represented other Business-wide costs relating to the Triennial review mitigation programme aside from shop closure related costs and £5.2m of this relates to dual running costs from moving the Business's land-based data centres into the cloud. This is offset by £1.2m credits relating to historical shop closure exits before the triennial review.

4. Share of post-tax profits/(losses) of equity accounted associates

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Share of post-tax profits/(losses) of equity accounted associates	1.5	(0.8)	-

The above represents the Business's share of the results of Sports Information Services (Holdings) Limited, Lucky Choice Limited, 49's Limited and Featurespace Limited, further details of which are given in note 14.

5. Operating (loss)/profit

Operating (loss)/profit before interest and tax has been arrived at after charging/(crediting):

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December2021 £ m
Net foreign exchange losses/(gains)	2.6	4.5	(3.3)
(Gain)/loss on disposal of property, plant and equipment and investment properties	(3.2)	0.3	(0.1)
Impairment of Retail segment (note 12)	-	125.7	-
Staff costs (note 6)	346.1	254.8	291.3
Depreciation of property, plant and equipment (note 13)	60.7	55.1	50.9
Amortisation of intangible assets (note 12)	64.1	67.6	110.8

6. Staff costs

Staff costs comprised of the following:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Wages and salaries	304.8	218.6	252.8
Social security costs (including social security costs on share-based remuneration)	25.6	21.8	20.4
Share-based remuneration	4.5	3.1	7.0
Other pension net costs (note 32)	11.2	11.3	11.1
	346.1	**254.8**	**291.3**
Remeasurement loss/(gain) in defined benefit scheme (note 32)[1]	2.0	1.2	54.9
Total staff costs from continuing activities	**348.1**	**256.0**	**346.2**

1 The remeasurement loss has been recognised in other comprehensive income. The remainder of staff costs above were charged to the Combined Carve-Out Income Statement, with certain staff costs classified as exceptional items.

7. Finance income

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Interest on cash and cash equivalents	1.7	2.6	1.1
Interest on net pension scheme assets or liabilities (note 32)	1.3	1.0	0.6
Finance income in respect of VAT reclaim (note 3)	-	18.9	-

	3.0	**22.5**	**1.7**

8. Finance expenses

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Interest payable and similar charges:			
Bank loans, bonds and overdrafts	46.6	45.4	51.3
Amortisation of capitalised borrowing costs	1.8	1.7	13.9
Exceptional finance expense (note 3)	-	-	2.0
Interest on lease liabilities	4.3	3.4	3.2
	52.7	**50.5**	**70.4**

9. Tax on (loss)/profit on ordinary activities

The tax charge/(credit) comprises:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Current tax:			
UK corporation tax	3.1	25.8	(22.0)
Overseas tax	10.8	16.6	16.9
Adjustment in respect of prior periods	(7.5)	(3.1)	(5.9)
Total current tax charge/(credit)	**6.4**	**39.3**	**(11.0)**
Deferred tax:			
Origination and reversal of temporary differences	(15.1)	(26.1)	(8.5)
Adjustment in respect of prior periods	-	0.4	4.3
Total deferred tax (credit)/charge	**(15.1)**	**(25.7)**	**(4.2)**
Total tax on (loss)/profit on ordinary activities	**(8.7)**	**13.6**	**(15.2)**

The effective tax rate in respect of statutory results was 27.2% for the period ended 31 December 2019, 29 December 2020: 13.4%, and 28 December 2021: 0.2%. The Business's effective tax rate for 2022 is expected to be 12.3%. The Business monitors developments in respect of the global design, consultation and implementation of Pillar Two, which is the OECD term for a global minimum tax rate. Pillar Two may lead to further corporation tax being payable by the Business in the future given its online operating model.

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
(Loss)/profit before tax	**(32.0)**	**101.8**	**(176.2)**
Tax on Business (loss)/profit at standard UK corporation tax rate of 19% (2020, 2019: 19%)	(6.1)	19.3	(33.5)
Different tax rates in overseas territories	(10.6)	(9.0)	(11.9)
Losses not recognised for deferred tax	1.5	-	3.8
Change in deferred tax rate	-	5.9	12.1
Accrual of liabilities for uncertain tax positions	3.1	2.3	(5.6)
Impact of future changes in tax rate	0.1	-	-
Tax on share of results of associates	(0.7)	0.1	0.2
Adjustment in respect of prior periods	(7.5)	(2.7)	(1.6)
Non-deductible expenditure	11.5	1.4	18.5
Tax on share-based payments	-	(3.7)	2.5
Chargeable gains	-	-	0.3
Other	-	-	-
Total tax (credit)/charge	**(8.7)**	**13.6**	**(15.2)**

The different tax rates in overseas territories reflects the lower effective tax rates in Gibraltar and Malta. The charge in respect of the change in deferred tax rates in the period to 29 December 2020 arises on the restatement of UK net opening deferred tax liabilities from 17% to 19%, following the UK Government's decision to reverse of the previously enacted reduction in the UK corporation tax rate to 17%. The charge in respect of the change in deferred tax rates in the period to 28 December 2021 includes the impact of the restatement of UK net opening

deferred tax liabilities to reflect the UK Government's decision to increase the UK corporation tax rate to 25% effective 1 April 2023 which was substantively enacted in May 2021.

10. Distributions to net parent investment

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Current period interim distribution paid	23.2	-	-
Prior period final distribution paid	67.7	-	-
	90.9	**-**	**-**

1 The historic information on distributions in respect of William Hill Limited (formerly William Hill PLC) is shown in this note to provide the reader with a view of the impact of that company's distributions on the Business in the previous reporting periods.

11. Acquisition by Caesars

On 22 April 2021, Caesars UK Holdings Limited, which is an entity with the perimeter of this combined carved-out financial information, acquired all of the equity interests in William Hill PLC in exchange for consideration of approximately £2.9 billion.

The total consideration for the acquisition was paid in cash by Caesars UK Holdings Limited and as such is shown in the Combined Carve-out Cash Flow Statement of this financial information for the period ended 28 December 2021.

Of the total consideration, £1.6 billion has been allocated to the Business. It is substantiated by the £0.8 billion cash consideration expected to be received, after repayment of the outstanding debt and other working capital adjustments adjusted for the £0.5 billion of debt held by Caesars Cayman Finance Limited and a £0.3 billion dividend paid by William Hill Limited in June 2021. The purchase price attributable to William Hill US was £1.3 billion and is reflected in net parent investment as an investment on behalf of the William Hill US Business.

The Business exercised judgement in determining the intangible assets acquired and their fair value, with the support of external experts to support the valuation process where appropriate.

As a result of the Casesars acquisition, goodwill has been recognised of:

	£ m
Total consideration	1,557.4
Less net assets acquired (excluding goodwill)	(233.4)
At 28 December 2021	**1,324.0**

The amount of goodwill that is expected to be deductible for tax purposes is £nil.

As a result of Casesars acquisition, the following fair valuation uplifts were recognised in the combined carve-out financial information:

	Net book value at acquisition date £m	Fair value movement recognised in SOCIE £m	**Fair value £m**
Goodwill	347.7	976.3	**1,324.0**
Property, plant and equipment	168.7	29.7	**198.4**
Intangible assets	412.0	423.9	**835.9**
Deferred tax asset	14.0	(9.8)	**4.2**
Deferred tax liability	(33.3)	(65.9)	**(99.2)**
Long term debt	(697.1)	(81.8)	**(778.9)**

The net book value of all other assets and liabilities acquired are considered to be equal to their fair value as at the date of the Casesars acquisition. Contingent liabilities of the Business are not recognised at fair value as they are not deemed to be a present obligation, only a possible one.

Total acquisition costs of £35.9m in relation to this transaction have been recognised in the income statement in this financial information. For further detail refer to note 3.

12. Intangible assets

	Goodwill £ m	Licences £ m	Brands, trade names and customer relationships £ m	Acquired technology platforms £ m	Computer software £ m	Total £ m

Cost:						
At 1 January 2019	**234.8**	**332.8**	**140.0**	**11.0**	**385.2**	**1,103.8**
Additions	-	-	-	-	50.7	50.7
Additions via acquisition	153.0	-	96.7	16.3	1.5	267.5
Disposals	-	-	-	-	(22.0)	(22.0)
Transfer to disposal group held for sale	-	(6.2)	-	-	-	(6.2)
Effect of foreign exchange rates	(2.0)	-	(3.7)	(0.2)	(2.0)	(7.9)
At 31 December 2019	**385.8**	**326.6**	**233.0**	**27.1**	**413.4**	**1,385.9**
Additions	-	-	-	-	48.7	48.7
Additions via acquisition	0.4	-	-	-	-	0.4
Disposals	-	-	-	-	(3.6)	(3.6)
Impairment losses	-	(125.7)	-	-	-	(125.7)
Effect of foreign exchange rates	9.0	-	5.7	1.0	5.9	21.6
At 29 December 2020	**395.2**	**200.9**	**238.7**	**28.1**	**464.4**	**1,327.3**
Fair value movements on acquisition by Caesars	775.4	-	562.6	-	62.2	1,400.2
Transfers on acquisition by Caesars	200.9	(200.9)	-	(27.1)	27.1	-
Additions	-	-	-	-	70.6	70.6
Effect of foreign exchange rates	(6.1)	-	(3.5)	(1.0)	(0.9)	(11.5)
At 28 December 2021	**1,365.4**	**-**	**797.8**	**-**	**623.4**	**2,786.6**
Accumulated amortisation:						
At 1 January 2019	**41.6**	**-**	**140.0**	**11.0**	**265.7**	**458.3**
Charge for the period	-	-	6.3	5.1	52.7	64.1
Disposals	-	-	-	-	(22.0)	(22.0)
Effect of foreign exchange rates	-	-	(0.1)	(0.1)	0.5	0.3
At 31 December 2019	**41.6**	**-**	**146.2**	**16.0**	**296.9**	**500.7**
Charge for the period	-	-	7.0	5.6	55.0	67.6
Disposals	-	-	-	-	-	-
Effect of foreign exchange rates	-	-	0.5	(0.4)	0.8	0.9
At 29 December 2020	**41.6**	**-**	**153.7**	**21.2**	**352.7**	**569.2**
Charge for the period	-	3.3	2.2	1.8	55.5	62.8
Amortisation on fair value movements on acquisition by Caesars	-	-	35.8	-	12.2	48.0
Transfers on acquisition by Caesars	3.3	(3.3)	-	(23.0)	23.0	-
Effect of foreign exchange rates	-	-	0.9	-	0.2	1.1
At 28 December 2021	**44.9**	**-**	**192.6**	-	**443.6**	**681.1**
Net book value:						
At 31 December 2019	**344.2**	**326.6**	**86.8**	**11.1**	**116.5**	**885.2**
At 29 December 2020	**353.6**	**200.9**	**85.0**	**6.9**	**111.7**	**758.1**
At 28 December 2021	**1,320.5**	**-**	**605.2**	**-**	**179.8**	**2,105.5**

12. Intangible assets (continued)

Retail Licences

Prior to 30 December 2020, the licence portfolio had always been judged to have an indefinite life and accordingly had not been amortised and was subject to annual impairment reviews as management always considered that the Business's licence portfolio had an indefinite life owing to the fact that the Business is a significant operator of scale in a well-established market; the competitive advantage provided by an existing licensed portfolio; the proven and sustained demand for bookmaking services; and the Business's track record of successfully renewing its betting permits and licences.

From 30 December 2020, management made the decision to amortise the asset over a 20-year useful economic life (UEL). This change in UEL is an estimate that management made based on the available information (see further detail on this in the 'Retail impairment review' section of this note below). This change was made prospectively from the 52-week financial period starting 30 December 2020 and is a change in accounting estimate. For the 52-week period ended 28 December 2021, the Retail licences asset is now not considered an intangible asset with an indefinite life, but one with a finite life. As part of the accounting for the Caesars acquisition as described in note 11, the retail licenses asset was determined to have no value; the value of this asset was therefore transferred into goodwill as part of the acquisition accounting.

Brands, trade names and customer relationships

This category of assets includes brands, trade names and customer relationships recognised in business combinations.

In 2019, the Business acquired Mr Green & Co AB. As part of the acquisition, the Business acquired brands of €97.6m (£83.9m), customer relationships of €14.8m (£12.8m) and a software platform of €18.8m (£16.3m). These assets were being amortised over 20, five and three years respectively.

In April 2021, Caesars Entertainment Inc. completed the purchase of William Hill Limited (formerly William Hill plc) (note 11). As part of the Casesars acquisition, the Business acquired brands of £505.7m, customer relationships of £135.7m and an uplift in computer software assets of £62.2m. These assets are being amortised over 20, five and a blended rate between three and five years respectively. These assets, and the goodwill associated with the Caesars transaction have been allocated to the Corporate segment (please see note 2) due to the impending transaction where segments are expected to be re-defined.

Impairment review methodology

The Business performs an annual impairment review for goodwill and other intangible assets with indefinite lives, by comparing the carrying amount of these assets with their recoverable amount. This is an area where Management exercise judgement and estimation.

Each CGU or group of CGUs is defined as its segment, which is described in note 2. During the 52-week financial period ended 28 December 2021, the Business has changed its segments and as such this changes the Business's CGUs to algin to those segments. Note that for the purpose of presenting historical financial information below, CGUs are presented below as they existed at each period end.

2019 & 2020

During 2019 and 2020, testing was carried out by allocating the carrying value of these assets to CGUs or group of CGUs and determining the recoverable amounts of those CGUs through value in use calculations. Where the recoverable amount exceeds the carrying value of the assets, the assets are considered as not impaired.

In 2019 and 2020, for each CGU, value in use calculations were based upon estimates of future cash flows derived from the Business's adjusted operating profit forecasts by segment. Adjusted operating profit forecasts are derived from the Business's annual strategic planning or similarly scoped exercise.

For 2019, Management of William Hill Limited (formerly William Hill PLC) approved two-year forecasts for each segment in December 2019. These formed the basis of our value in use calculation, with separate extrapolation of net revenue and expenses by segment based on a combination of recently observable trends, management expectations and known future events. For the purposes of the value in use calculation, the two-year forecasts were extended to cover a five-year period. Cash flows beyond that five-year period were extrapolated using long-term growth rates as estimated for each CGU separately.

For 2020, Management of William Hill Limited (formerly William Hill PLC) approved the 2021 Budget for each segment in December 2020 and a further two-year strategic forecast covering years 2022 and 2023. Management prepared a further two-year strategic forecast covering years 2024 and 2025, using the same basis of preparation as the strategic forecast for years 2022 and 2023, and these five years form the basis of our value in use calculation. Cash flows beyond that five-year period were extrapolated using long-term growth rates as estimated for each CGU separately.

Discount rates were applied to each CGU or group of CGU's cash flows that reflect both the time value of money and the risks that apply to the cash flows of that CGU or group of CGUs. Discount rates were calculated using the weighted average cost of capital formula based on the CGU's or group of CGU's leveraged beta. The leveraged beta was determined by management as the mean unleveraged beta of listed gaming and betting companies, with samples chosen where applicable from comparable markets or territories as the CGU or group of CGUs, leveraged to the Business's capital structure. Further risk premia and discounts were applied, if appropriate, to this rate to reflect the risk profile of the specific CGU or group of CGUs relative to the market in which it operates. Discount rates were calculated on a post-tax basis and converted to a pre-tax basis using the iterative method. Discount rates disclosed below are pre-tax discount rates.

12. Intangible assets (continued)

The principal assumptions underlying our cash flow forecasts were as follows:

- we assumed that the underlying business model will continue to operate on a comparable basis, as adjusted for known regulatory or tax changes and planned business initiatives;
- our forecasts anticipated the continuation of recent growth or decline trends at the time in staking, gaming net revenues and expenses, as adjusted for changes in our business model or expected changes in the wider industry or economy;
- we assumed that we will achieve our target sports betting gross win margins as set for each territory, which we based upon our experience of the outturn of sports results over the long term, given the tendency for sports results to vary in the short term but revert to a norm over a longer term; and
- in our annual forecasting process, expenses incorporated a bottom-up estimation of our cost base. For employee remuneration, this takes into account staffing numbers and models by segment, while other costs are assessed separately by category, with principal assumptions including an extrapolation of recent cost inflation trends and the expectation that we will incur costs in line with agreed contractual rates.

2021

The most recent test was conducted at 28 December 2021.

IAS 36 defines the recoverable amount as the higher of its fair value less costs of disposal and its value in use. In previous years, the Business has performed detailed value in use calculations to support the carrying value as there was no observable fair value to attribute to the CGUs. Because of the transaction with 888, the Business now has an observable market price to attribute to the fair value, and as such we have determined the recoverable amount of the CGUs with reference to the fair value less cost of disposal method in 2021.

We have taken the £2.2bn price agreed by 888, as this best represents the fair value of the Business at the time of performing the impairment test. The costs of disposal to the Business are negligible, as they are in the most part borne by the buying party, and therefore they have not influenced our fair value calculation.

As we are using an agreed purchase price for a currently active deal, there are no key assumptions to disclose within these accounts, as we have previously, when performing a value in use calculation. Further, we note that whilst the headroom between recoverable amount and carrying value is nil, we do not deem there to be any relevant sensitivities to disclose, as any reduction in the purchase price that is being used for fair value would also reduce the carrying value though a reduction in goodwill.

CGUs

The other significant assumptions incorporated into our impairment reviews for value in use calculation performed in 2019 and 2020 are those relating to discount rates and long-term growth assumptions, as noted below separately for each CGU or group of CGUs:

	As at 31 December 2019		As at 29 December 2020	
Cash-generating unit	Discount rate %	Long-term growth rate %	Discount rate %	Long-term growth rate %
Retail	8.6	(2.0)	10.7	(2.0)
Online	8.2	1.8	9.3	1.5

The long-term growth rates included in the impairment review do not exceed the observed long-term growth rate for each respective CGU or group of CGUs.

Results of impairment reviews

In 2019, the recoverable amount was above the carrying amount, with headroom of £16.6m, as such no impairment was recorded.

In 2020, the Covid-19 pandemic had a further sizeable impact on the Retail segment with the shops shut or under restrictions across much of the year. As such, the Business recognised impairments totalling £125.7m in 2020. This charge was taken solely against licenses, within intangible assets. No impairment charge was taken pro-rata against other assets within the Retail group of CGUs as it was assessed that for each of these assets the recoverable amount was greater than the asset carrying value. The result of the impairment was to recognise an impairment charge of £125.7m in other operating expenses recognised as an exceptional item (note 3). The Online CGU includes the goodwill recognised on acquisition of Alfabet of £0.4m in 2020.

In 2021, no impairment has been recognised as the recoverable amount equals the carrying value of the assets. The recoverable amount and headroom above carrying amount or impairment, based on the impairment review performed at each period end date for the Retail group of CGUs are as follows:

	31 December 2019		29 December 2020	
Cash-generating unit	Recoverable amount £ m	Headroom above carrying amount £ m	Recoverable amount £ m	Impairment £ m
Retail	604.3	16.6	364.3	125.7

The headroom for the Online CGU exceeded 100% over the carrying amount of the assets for all periods.

12. Intangible assets (continued)

Sensitivity of impairment reviews

For the Retail group of CGUs, the following reasonably possible changes in assumptions upon which the recoverable amount was estimated, would lead to the following changes in the recoverable amount of the Retail group of CGUs:

	Increase/(decrease) in the impairment	
Change in assumption	**52 weeks ended 31 December 2019 £ m**	**52 weeks ended 29 December 2020 £ m**
Average one-month full lockdown impact	-	24.2
Decrease in forecast medium-term operating cash flows by 20%	120.9	86.3
Increase in post-tax discount rate by 1ppt	43.5	24.3
Decrease in long term growth rate by 1ppt	25.7	12.8
Increase in forecast medium-term operating cash flows by 20%	(120.9)	(86.3)
Decrease in post-tax discount rate by 1ppt	(52.2)	(27.0)
Increase in long term growth rate by 1ppt	(31.1)	(13.4)

For the Online CGU reviewed each period, no impairment would occur under any reasonable possible changes in assumptions upon which the recoverable amount was estimated.

13. Property, plant and equipment

	Land and buildings £ m	Fixtures, fittings and equipment £ m	Right-of-use asset[1] £ m	Total £ m
Cost:				
At 1 January 2019	**346.8**	**140.1**	**-**	**486.9**
Additions	14.0	-	210.3	224.3
Additions via acquisition	-	1.9	3.6	5.5
Impairment losses	-	-	(47.3)	(47.3)
Disposals	(97.8)	(7.1)	-	(104.9)
Transfers to disposal group held for sale	(1.0)	(0.3)	(1.8)	(3.1)
Transfers to freehold property held for sale	(0.7)	-	-	(0.7)
Effect of foreign exchange rates	(2.4)	-	-	(2.4)
At 31 December 2019	**258.9**	**134.6**	**164.8**	**558.3**
Additions	2.7	4.5	2.7	9.9
Additions via acquisition	-	0.6	1.5	2.1
Impairment losses	-	-	(2.9)	(2.9)
Disposals	(22.4)	(13.5)	-	(35.9)
Transfers to freehold property held for sale	(0.4)	-	-	(0.4)
Effect of foreign exchange rates	(7.7)	(3.1)	(1.3)	(12.1)
At 29 December 2020	**231.1**	**123.1**	**164.8**	**519.0**
Additions	0.5	6.7	26.4	33.6
Fair value movements on acquisition by Caesars	-	29.7	-	29.7
Disposals	(4.6)	(0.2)	-	(4.8)
Effect of foreign exchange rates	-	0.4	-	0.4
At 28 December 2021	**227.0**	**159.7**	**191.2**	**577.9**
Accumulated depreciation and impairment:				
At 1 January 2019	**246.7**	**114.3**	**-**	**361.0**
Charge for the period	15.7	5.1	39.9	60.7
Disposals	(94.8)	(7.1)	-	(101.9)
Effect of foreign exchange rates	(0.4)	0.3	-	(0.1)
At 31 December 2019	**167.2**	**112.6**	**39.9**	**319.7**
Charge for the period	15.9	6.9	32.3	55.1
Impairment losses	-	-	(1.6)	(1.6)
Disposals	(19.8)	(13.5)	-	(33.3)
Effect of foreign exchange rates	(1.8)	-	0.2	(1.6)
At 29 December 2020	**161.5**	**106.0**	**70.8**	**338.3**
Charge for the period	16.1	4.1	30.7	50.9
Disposals	(1.8)	-	-	(1.8)
Effect of foreign exchange rates	-	(0.4)	-	(0.4)
At 28 December 2021	**175.8**	**109.7**	**101.5**	**387.0**
Net book value:				
At 31 December 2019	**91.7**	**22.0**	**124.9**	**238.6**
At 29 December 2020	**69.6**	**17.1**	**94.0**	**180.7**
At 28 December 2021	**51.2**	**50.0**	**89.7**	**190.9**

[1]The right-of-use asset is presented as a single asset because the majority relates to one class of asset, being Land and Buildings. There is £4.2m (31 December 2019: £4.4m; 29 December 2020: £3.1m) of right-of-use assets that would be classified as different classes such as equipment and motor vehicles.

The net book value of land and buildings comprises:

	31 December 2019 £ m	29 December 2020 £ m	28 December 2021 £ m
Freehold	17.5	13.9	4.6
Long leasehold improvements	2.7	1.8	3.5
Short leasehold improvements	71.5	53.9	43.1
	91.7	**69.6**	**51.2**

13. Property, plant and equipment (continued)

Of the total net book value of land and buildings, £1.7m (31 December 2019: £2.0m, 29 December 2020: £1.8m) relates to administrative buildings and the remainder represents LBOs in the UK. The cost of assets on which depreciation is not provided amounts to £4.5m, representing freehold land (31 December 2019: £4.5m, 29 December 2020: £4.5m). At 28 December 2021, the Business had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £nil (31 December 2019: £0.8m, 29 December 2020: £0.2m).

14. Interests in associates

The Business holds interests in associated undertakings at an aggregate value of £11.1m (31 December 2019: £11.7m, 29 December 2020 £11.1m).

The Business uses the equity method of accounting for associates. The following table shows the aggregate movement in the Business's interests in associates:

	£ m
At 1 January 2019	**11.7**
Share of results before interest and taxation	2.1
Share of interest	(0.6)
Share of taxation	(0.4)
Dividend received	(1.1)
At 31 December 2019	**11.7**
Share of results before interest and taxation	0.9
Share of interest	(1.1)
Share of taxation	(0.4)
Dividend received	-
At 29 December 2020	**11.1**
Share of results before interest and taxation	1.3
Share of interest	-
Share of taxation	-
Movement in associate's other comprehensive income	(1.3)
At 28 December 2021	**11.1**

SIS

At 28 December 2021, William Hill Organization Limited, a principal subsidiary of the Business, held an investment of 19.5% (31 December: 2019 19.5%, 29 December 2020: 19.5%) of the ordinary share capital of Sports Information Services (Holdings) Limited (SIS), a company incorporated in Great Britain. The Business is able to exert significant influence over SIS by way of its 19.5% holding and its seat on the Board of Directors.

The SIS group of companies provides real time, pre-event information and results, as well as live coverage of horseracing, greyhound racing and other sporting activities and events via satellite. The statutory financial statements of SIS are prepared to the year ending 31 March. The results recognised are based on statutory accounts to March 2021 and management accounts thereafter.

The following financial information relates to SIS:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Total assets	102.8	108.1	111.2
Total liabilities	(42.0)	(50.9)	(54.0)
Total revenue	217.4	150.3	193.0
Total profit/(loss) after tax	1.3	(4.9)	1.3

Lucky Choice Limited

At 28 December 2021, William Hill Organization Limited holds directly or indirectly 33% (31 December 2019: 33%, 29 December 2020: 33%) of the entire share capital of Lucky Choice Limited. In the opinion of the management, the results of this company are not material to the results of the Business. Consequently, the investment in Lucky Choice Limited has been stated at cost and has not been accounted for under the equity method, which would normally be appropriate for an associated undertaking.

15. Investments

Good Luck Have Fun Group AB ('GLHF Group') shares

During the period ended 29 December 2020, Mr Green and Co AB ('Mr Green') converted a shareholder loan that had been previously extended to GLHF Group into additional issued share capital to increase its shareholding in GLHF Group to 10.47%. The value of the converted shareholder loan was Kr15.0m plus interest (£1.3m).

The value of this investment as at 28 December 2021 is £1.0m (29 December 2020: £1.3m).

At the period end date, the Business held no other investments in unquoted shares (31 December 2019: £0.4m, 29 December 2020: £0.2m).

16. Disposals

49s Limited

As at the end of the period ended 31 December 2019, William Hill Organization Limited held directly or indirectly 33% of the entire share capital of 49s Limited. This company was formed for the purpose of promoting and publicising certain numbers betting formats. During the period ended 29 December 2020, the Business sold its entire shareholding for proceeds of £2.0m.

Northern Ireland and Isle of Man operations

On 12 January 2020, the Business agreed to sell its Northern Ireland and Isle of Man operations to BoyleSports Limited. For the period ended 31 December 2019, these operations were presented separately as a disposal group held for sale in the Combined Carve-Out Statement of Financial Position.

The major classes of assets and liabilities comprising operations which were classified as a disposal group held for sale in 2019 and subsequently disposed of in 2020 were as follows:

	£m
Cash and cash equivalents	0.4
Intangible assets - licences	6.2
Property, plant and equipment	1.3
Lease assets	1.8
Trade and other receivables	0.4
Disposal group assets held for sale	**10.1**
Lease liabilities	(2.1)
Trade and other payables	(0.4)
Deferred tax liabilities	(1.0)
Disposal group liabilities held for sale	**(3.5)**
Net assets of disposal group held for sale	**6.6**

The Northern Ireland operations were disposed of on 7 February 2020 and the Isle of Man operations were disposed of on 29 May 2020.

As at the dates of sale, the Business sold net assets totalling £7.7m for proceeds of £7.4m, thus leading to a loss on disposal of £0.3m.

Freehold property assets held for sale

In 2019, 48 freehold properties, which were closed as part of the 713 shops shut in the third quarter, were transferred to assets held for sale in the period and held in current assets. These assets were held at the combined net book value of £0.7m as the fair value less costs to sell was greater than the carrying amount on a shop-by-shop basis.

In 2020, 40 of the 48 freehold properties held for sale were sold for proceeds of £4.7m leading to a profit on disposal of £4.0m.

In 2020, a further 17 freehold properties were closed as a part of the 119 shops shut in that period. During the period ended 29 December 2020, three of these freehold properties were sold for proceeds of £0.2m which led to a profit on disposal of £0.1m.

In the 52-week period ending 28 December 2021, 17 freehold properties held for sale were sold for proceeds of £2.2m, leading to a profit on disposal of £1.3m.

The freehold property assets remaining are held at the combined net book value of £0.2m as assets held for sale as the fair value less costs to sell is greater than the carrying amount on a shop-by-shop basis.

Disposal of investment in Featurespace

On 1 February 2019, the Business sold its shares in Featurespace for a total of £2.1m.

17. Leases

From the IFRS 16 transition date of 2 January 2019 onwards leases were accounted for under IFRS 16. The Business recognises a right-of-use asset and a lease liability at the lease commencement date.

IFRS 16 'Leases' replaced IAS 17 'Leases' in its entirety during the period ended 31 December 2019. The distinction between operating leases and finance leases for lessees was removed and it resulted in most leases being recognised on the Combined Carve-Out Statement of Financial Position as a right-of-use asset and a lease liability. For leases that had been previously classified as operating leases, the lease cost has changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability. The

Business's previously classified operating leases include rentals payable by the Business for certain of its LBOs and office properties and amounts payable for the use of certain office and computer equipment and vehicles.

During the period ended 31 December 2019, the Business applied IFRS 16 using the modified retrospective approach. A lease liability was recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate. A right-of-use asset was recognised equal to the lease liability adjusted for prepaid and accrued lease payments. The Business applied the below practical expedients permitted under the modified retrospective approach:

- exclude leases from measurement and recognition where the lease term ends within 12 months from the date of initial application and account for these leases as short-term leases;
- apply a single discount rate to a portfolio of leases with similar characteristics – the weighted average of the discount rates used on transition was 2.76%;
- adjust the right-of-use asset on transition by any previously recognised onerous lease provisions;
- use hindsight to determine the lease term if the contract contains options to extend or terminate; and
- exclude initial direct lease costs in the measurement of the right-of-use asset.

The following reconciliation to the opening balance for the lease liabilities as at 2 January 2019 is based upon the operating lease obligations as at 1 January 2019:

	£ m
Minimum lease payments under operating leases at 1 January 2019	**219.6**
Short-term and low-value leases not recognised as liabilities	(21.8)
Gross lease liabilities as at 2 January 2019	**197.8**
Effect of discounting using the incremental borrowing rate at 2 January 2019	(15.9)
Present value of lease liabilities at 2 January 2019	**181.9**
Present value of finance lease liabilities under IAS 17 as 1 January 2019	–
Lease liabilities recognised as at 2 January 2019	**181.9**

The cumulative impact of the changes made to the combined Statement of Financial Position as at 2 January 2019 for the adoption of IFRS 16 is summarised as follows:

	1 January 2019 (as previously reported) £ m	IFRS 16 adoption effect £ m	2 January 2019 £ m
Non-current assets			
Property, plant and equipment	125.9	187.8	313.7
Current assets			
Trade and other receivables	69.4	(5.9)	63.5
Total assets	**1,372.2**	**181.9**	**1,554.1**
Current liabilities			
Lease liabilities	-	(42.1)	(42.1)
Non-current liabilities			
Lease liabilities	-	(139.8)	(139.8)
Total liabilities	**(1,159.4)**	**(181.9)**	**(1,341.3)**
Net assets	**212.8**	**-**	**212.8**

17. Leases (continued)

The impact of the adjustments made to adjusted results in the Combined Carve-Out Income Statement for the 52 weeks ended 31 December 2019 due to the adoption of IFRS 16 is summarised as follows:

	£ m
Decrease in Other operating expenses	41.6
Increase in Depreciation	(40.0)
Profit before interest and tax	**1.6**
Finance expenses	(4.3)
Loss before tax	**(2.7)**

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using an appropriate discount rate. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Business uses an incremental borrowing rate for its leases, which is determined based on a series of inputs including a risk-free rate based on our debt portfolio as well as country-specific adjustments.

A right-of-use asset is also recognised equal to the lease liability and depreciated over the period from the commencement date to the earlier of, the end of the useful life of the right-of-use asset or the lease term.

Since the date of initial application, the Business has assessed the lease term of properties within its retail estate to be up to the first available contractual break within the lease. The Business has deemed that it cannot be reasonably certain that it will continue beyond this time given the continued uncertainty surrounding the Retail Business. The Business has also applied a number of practical expedients that are detailed in the Statement of the Business's Accounting Policies.

The Business notes that leases not included due to either being low value or having a term of less than 12 months are deemed immaterial.

The Business has a small number of sublet properties which have been assessed in accordance with IFRS 16 and have also been deemed immaterial. The accounting policy applied to these small number of sublet properties can be seen in the Business' accounting policies.

The Business will continue to monitor both the above scenarios and disclose these if they are deemed material to users of this document.

Amounts recognised in the Combined Carve-Out Income Statement:

	31 December 2019 £ m	29 December 2020 £ m	28 December 2021 £ m
Right-of-use asset depreciation	39.9	32.3	30.7
Finance expenses	4.3	3.4	3.2

A maturity analysis of the contractual undiscounted cash flows is as follows:

	31 December 2019 £ m	29 December 2020 £ m	28 December 2021 £ m
Due within one year	48.6	33.7	31.7
Due between one and two years	37.4	25.2	23.8
Due between two and three years	28.3	18.6	17.2
Due between three and four years	21.0	13.2	12.5
Due between four and five years	15.5	9.7	9.0
Due beyond five years	50.4	18.2	12.1

18. Acquisition of Mr Green & Co AB

On 28 January 2019, the Business completed the acquisition of Mr Green & Co AB (Mr Green), acquiring 98.5% of the issued share capital. Mr Green is an innovative iGaming group with operations in 13 markets. Mr Green holds remote gambling licences in Denmark, Italy, Latvia, Malta, United Kingdom, Ireland and Sweden. Mr Green has leading gaming and casino products supported by a sportsbook. The Mr Green acquisition helps the Business diversify its risk and drive online penetration.

During the period post-acquisition, the Business acquired the further 1.5% of the issued share capital of Mr Green & Co AB for £3.7m.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£ m
Net assets acquired:	
Cash and cash equivalents	51.9
Intangible assets	114.5
Property, plant and equipment	5.5
Deferred tax assets	0.3
Trade and other receivables	5.4
Trade and other payables	(32.4)
Provisions	(43.9)
Income tax payable	(0.1)
Lease liabilities	(2.8)
Deferred tax liabilities	(5.1)
Net identifiable assets acquired	**93.3**
Less: Non-controlling interest	(1.5)
Add: Goodwill	153.0
Total consideration	**244.8**

	£ m
Purchase consideration:	
Cash paid	244.8
Less: cash and cash equivalents acquired	(51.9)
Net consideration	**192.9**

The goodwill is attributable to Mr Green's assembled workforce, its strong position and profitability from trading in iGaming and synergies arisen in UK Online and International Online after the Business's acquisition. The goodwill has been allocated to the UK Online and International Online CGU. The amount of goodwill that is expected to be deductible for tax purposes is £nil.

In 2019, acquisition-related costs and integration costs of £7.2m have been recognised as an exceptional item.

Intangible assets comprised of separately identifiable acquired intangibles that comprised brands, customer relationships and platform software.

The fair value of acquired trade receivables is £5.4m. The gross contractual amount for trade receivables due is £5.4m.

The provision acquired of £43.9m relates to a gaming tax liability in Austria.

The Business chose to recognise the non-controlling interests at its fair value.

The acquired business contributed revenue of £136.9m, adjusted profit of £13.1m and statutory profit before tax of £1.7m to the Business from 29 January 2019 to 31 December 2019. If the Mr Green acquisition had occurred on 2 January 2019, the contributed consolidated revenue, adjusted profit and statutory loss after tax for the period ended 31 December 2019 would have been £148.6m, £11.5m and £0.3m respectively.

19. Trade and other receivables

Trade and other receivables comprise:

	As at 31 December 2019 £ m	As at 29 December 2020 £ m	As at 28 December 2021 £ m
Trade receivables	33.1	40.3	29.1
Other receivables	8.7	28.2	9.4
Prepayments	16.0	16.9	16.6
	57.8	**85.4**	**55.1**

Trade and other receivables are stated at their gross receivable value less impairment for expected credit loss. Trade and other receivables are impaired when there is no reasonable expectation of recovery and an impairment analysis is performed at each reporting date to measure expected credit loss. The Business has elected to use the simplified method to measure expected credit loss and the provision the Business holds for expected credit losses is £0.1m as at 31 December 2019, £0.1m as at 29 December 2020 and £0.2m as at 28 December 2021.

Other receivables include the finance income receivable in respect of the VAT reclaim (note 3).

Management considers the carrying amount of trade and other receivables approximates their fair value.

20. Cash and cash equivalents

Cash and cash equivalents are comprised of cash and short-term bank deposits held by the Business with an original maturity of three months or less. In total, the Business has cash and cash equivalents of £203.7m (31 December 2019: £367.7m, 29 December 2020: £588.4m). The carrying amount of these assets approximates their fair value.

Cash and cash equivalents include:

	As at 31 December 2019 £ m	As at 29 December 2020 £ m	As at 28 December 2021 £ m
Cash and cash equivalents	367.7	588.4	203.7
Less:			
Client funds held[1]	(50.3)	(73.9)	(94.1)
Restricted deposits in respect of Spanish and Italian regulatory requirements	(4.5)	(4.8)	(4.5)
Cash (excluding customer balances and restricted cash)	**312.9**	**509.7**	**105.1**

1. Client funds held are matched by liabilities. This includes UK Online and International Online businesses.

21. Investment property

During the period to 28 December 2021, the Business disposed of its remaining two residential investment properties for combined proceeds of £1.8m. At 28 December 2021, the fair value of investment property held on the Business's balance sheet was £nil (31 December 2019: £1.7m, 29 December 2020: £1.7m). Following advice from the Business's external property valuation experts, the fair value was increased to £1.8m during the period to 28 December 2021. As a result, a £nil gain was recorded on disposal.

22. Trade and other payables

Trade and other payables comprise:

	As at 31 December 2019 £ m	As at 29 December 2020 £ m	As at 28 December 2021 £ m
Trade payables	105.0	136.8	137.2
Other payables	8.0	4.7	5.7
Taxation and social security	79.4	80.5	115.4
Accruals	162.5	155.0	143.8
	354.9	**377.0**	**402.1**

Management considers that the carrying amount of trade payables approximates their fair value.

At the period end date, included in trade payables is an amount of £94.2m (31 December 2019 £69.6m, 29 December 2020 £73.7m) in respect of amounts due to clients, representing deposits received and customer winnings.

The Business has not used any supplier financing arrangements in the period.

23. Provisions

Provisions comprise:

	Shop closure provisions £ m	Other restructuring costs £ m	Indirect tax provision £ m	Legal provisions £ m	Regulatory provision £ m	Total £ m
As at 1 January 2019	**7.4**	**0.9**	**-**	**-**	**-**	**8.3**
Provision assumed on acquisition	-	-	43.9	3.0	-	46.9
Charged/(credited) to profit or loss						
Additional provisions recognised	43.9	-	9.8	-	-	53.7
Unused amounts reversed	(1.4)	-	-	-	-	(1.4)
Total charged to profit or loss	**42.5**	**-**	**9.8**	**-**	**-**	**52.3**
Provisions utilised	(28.1)	(0.9)	-	-	-	(29.0)
As at 31 December 2019	**21.8**	**-**	**53.7**	**3.0**	**-**	**78.5**
Charged/(credited) to profit or loss						
Additional provisions recognised	9.2	3.3	21.3	1.2	-	35.0
Unused amounts reversed	(3.4)	-	-	-	-	(3.4)
Total charged to profit or loss	**5.8**	**3.3**	**21.3**	**1.2**	**-**	**31.6**
Provisions utilised	(16.1)	(2.6)	-	(3.0)	-	(21.7)
As at 29 December 2020	**11.5**	**0.7**	**75.0**	**1.2**	**-**	**88.4**
Amounts transferred to other payables	-	-	(40.6)	**-**	**-**	(40.6)
Charged to profit or loss						
Additional provisions recognised	0.4	-	17.5	2.6	15.0	35.5
Total charged to profit or loss	**0.4**	**-**	**17.5**	**2.6**	**15.0**	**35.5**
Provisions utilised	(4.8)	(0.7)	-	-	-	(5.5)
Effect of movement in foreign exchange	-	-	(5.0)	-	-	(5.0)
As at 28 December 2021	**7.1**	**-**	**46.9**	**3.8**	**15.0**	**72.8**

Shop closure provisions

The Business holds provisions relating to the associated costs of closure of 713 shops in 2019, 119 shops in 2020, and certain shops that ceased to trade as part of normal trading activities. At 28 December 2021, £4.8m of this provision is held within current liabilities and £2.3m within non-current liabilities.

Other restructuring costs

As a result of the announced restructuring in 2019 to bring our UK Online and Retail operations together under one leadership team, in addition to other restructurings announced across the Business, predominantly in the technology team, the Business has recognised certain provisions for staff severance.

Indirect tax provision

As part of the acquisition of Mr Green & Co AB, the Business acquired a provision relating to a gaming tax liability in Austria, where the Austrian tax authority believes that foreign gaming companies should be liable to pay gaming taxes in Austria. Post-acquisition, the Business has continued to provide for the gaming taxes, including interest, assessed by the Austrian tax authority until this matter is resolved. An amount of £40.6m has been transferred to payables as a payment plan has been agreed with the local Austrian tax authority.

Legal provisions

In common with other businesses in the gambling sector the Business receives claims from consumers relating to the provision of gambling services. Claims have been received from consumers in a number of (principally European) jurisdictions and allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question are null and void given local licencing regimes. The Business expenses consumer claims as they are resolved or finally determined in consumers' favour and provides for such claims where an outcome in favour of the consumers in question is probable. During the 52 weeks ended 28 December 2021, the Group was fined €3m (£2.6m) by the Swedish Gaming Inspectorate in relation to alleged insufficient gambling measures in Mr Green.

Regulatory provision

The industry in which the Business operates is subject to continuing scrutiny by regulators and other governmental authorities, which may, in certain circumstances, lead to enforcement actions, sanctions, fines and penalties or the assertion of private litigations, claims and damages. Following a periodic compliance assessment undertaken by the UK Gambling Commission ("UKGC") in July and August 2021 the Business is currently addressing action points raised by the UKGC. In that context it has made a provision of £15.0m to cover the potential for any regulatory fine, penalty or settlement and associated costs resulting from that compliance assessment. This provision is the Business's best estimate based on the action points raised to date by the UKGC, management's current knowledge and third party regulatory and legal advice reflecting outcomes of previous compliance assessments and regulatory action across the industry.

24. Interest-bearing loans

	As at 31 December 2019 £ m	As at 29 December 2020 £ m	As at 28 December 2021 £ m
Interest-bearing loans at amortised cost			
Bank facilities	-	-	116.0
Less: expenses relating to bank facilities	(2.6)	(2.2)	(1.0)
£375m 4.25% Senior Unsecured Notes due 2020	203.4	-	-
Less: expenses relating to £375m 4.25% Senior Unsecured Notes due 2020	(0.2)	-	-
£350m 4.875% Senior Unsecured Notes due 2023	350.0	350.0	349.1
Less: expenses relating to £350m 4.875% Senior Unsecured Notes due 2023	(1.2)	(0.9)	(0.6)
Add: Fair value uplift on acquisition by Caesars (note 11)	-	-	28.0
Less: Amortisation of fair value uplift	-	-	(7.8)
£350m 4.75% Senior Unsecured Notes due 2026	350.0	350.0	350.0
Less: expenses relating to £350m 4.75% Senior Unsecured Notes due 2026	(2.7)	(2.3)	(1.8)
Add: Fair value uplift on acquisition by Caesars (note 11)	-	-	54.0
Less: Amortisation of fair value uplift	-	-	(7.1)
£1,044m Asset Bridge Loan due 2022	-	-	343.9
Less: expenses relating to £1,044m Asset Bridge Loan due 2022	-	-	(3.3)
Total Interest-bearing loans	**896.7**	**694.6**	**1,219.4**
Less: Interest-bearing loans as due for settlement in 12 months	(203.2)	-	(455.7)
Total Interest-bearing loans as due for settlement after 12 months	**693.5**	**694.6**	**763.7**

The gross interest-bearing loans are repayable as follows:			
Amounts due for settlement within one year	203.4	-	459.9
Amounts due for settlement within the second year	-	-	349.1
Amounts due for settlement within the third to fifth years inclusive	350.0	350.0	350.0
Amounts due for settlement after more than five years	350.0	350.0	-
	903.4	**700.0**	**1,159.0**

Bank facilities

At 28 December 2021, the Business had the following bank facilities:

An overdraft facility of £5m, of which £nil was drawn down at the period end (29 December 2020: £nil; 31 December 2019: £nil).

On 22 April 2021, the committed revolving credit facilities (RCF) of £425m (29 December 2020: £425m; 31 December 2019: £425m) provided by a syndicate of banks, expiring in November 2022 (£35m) and October 2023 (£390m) was cancelled as part of the acquisition of William Hill PLC by Caesars Entertainment Inc.

A new RCF for £116m was entered into by the Business by Caesars Cayman Finance Limited on 22 April 2021 as part of the acquisition of William Hill PLC by Caesars Entertainment Inc. The RCF expires in October 2022.

£425m Revolving Credit Facilities

Up until 22 April 2021, borrowings under the RCF were unsecured but guaranteed by William Hill Limited (formerly William Hill PLC) and certain of its operating subsidiaries.

Borrowings under the facilities incurred interest at LIBOR plus a margin of between 1.1% and 2.5%, were determined quarterly by the Business's consolidated net debt to EBITDA ratio as defined in the facility agreements. A utilisation fee was payable if more than a certain percentage of the facility is drawn. A commitment fee, equivalent to 40% of the margin, was also payable in respect of available but undrawn borrowings.

Prior to the RCF being cancelled on 22 April 2021, the up-front participation and arrangement fees plus associated costs incurred in arranging the RCF were capitalised in the Statement of Financial Position and amortised on a straight-line basis over the life of the facilities.

£116m Revolving Credit Facilities

Borrowings under the facilities incurred interest at SONIA with a 1.0% floor plus a margin of 3.5%.

The up-front participation and arrangement fees plus associated costs incurred in arranging the RCF were capitalised in the Combined Carve-Out Statement of Financial Position and are being amortised on a straight-line basis over the life of the facilities.

Overdraft facility

At 28 December 2021, the Business had an overdraft facility with National Westminster Bank plc of £5.0m (29 December 2020: £5.0m; 31 December 2019: £5.0m). The balance on this facility at 28 December 2021 was £nil (29 December 2020: £nil; 31 December 2019: £nil).

£1,044m Asset Bridge Loan

On 22 April 2021, the Business obtained a £1,044m Asset Bridge Loan alongside a £503m cash confirmation bridge loan to fund Caesars Entertainment Inc's acquisition of William Hill PLC.

Both loans incurred interest at SONIA with a 1% floor plus a margin of 3.5%.

24. Interest-bearing loans (continued)

On 12 May 2021, the cash confirmation bridge loan was repaid in full.

On 14 June 2021, £700m of the Asset Bridge Loan was repaid, such that £344m remained outstanding. The loan expires in October 2022.

Finance fees and associated costs incurred on the issue of the loans were capitalised in the Statement of Financial Position. For the Asset Bridge Loan, these fees and are being amortised over the life of the respective notes using the effective interest rate method. For the cash confirmation bridge loan, these fees were written off in full on repayment of the loan balance.

Senior Unsecured Notes

(i) £375m 4.25% Senior Unsecured Notes due 2020

In June 2013, the Business issued £375m of senior unsecured notes and used the net proceeds to repay £275m borrowed under a Term Loan Facility used to part fund the acquisition of Sportingbet plc's Australian business and Playtech's stake in Online, with the remainder of the funds raised used to reduce outstanding amounts under the Business's RCF. The senior unsecured notes, which were guaranteed by the Business and certain of its operating subsidiaries, bore a coupon rate of 4.25% and were due for redemption in June 2020.

In April 2019, the Business launched a tender offer on the £375m June 2020 senior unsecured notes alongside the launch of a new £350m May 2026 senior unsecured notes (iii). As a result, the Business repurchased £171.6m of the £375m June 2020 senior unsecured notes in April 2019 and repaid the outstanding £203.4m at maturity.

(ii) £350m 4.875% Senior Unsecured Notes due 2023

On 27 May 2016, the Business issued £350m of senior unsecured notes and used the net proceeds to refinance the Business's existing debt and for general corporate purposes. The notes, which are guaranteed by the Business and certain of its operating subsidiaries, were issued with a coupon of 4.875% and mature in September 2023.

The acquisition of William Hill PLC by Caesars Entertainment Inc. triggered a change in control and the exercise of a put option by a number of Noteholders (refer below). On 2 August 2021, Noteholders of £900k out of £350m 4.875% Senior Unsecured Notes due 2023 were exercised. The cash purchase price was equal to 101 per cent of the principal amount together with the interest accrued. As a result, this reduced the £350m 4.875% Senior Unsecured Notes due 2023 to £349.1m at 28 December 2021.

(iii) £350m Senior Unsecured Notes due 2026

On 1 May 2019, the Business issued £350m of senior unsecured notes and used the net proceeds to refinance the Business's existing debt and for general corporate purposes. The bonds, which are guaranteed by the Business and certain of its operating subsidiaries, were issued with a coupon of 4.75% and mature in May 2026.

Finance fees and associated costs incurred on the issue of notes have been capitalised in the Statement of Financial Position and are being amortised over the life of the respective notes using the effective interest rate method.

Weighted average interest rates

The weighted average interest rates paid, including commitment fees, were as follows:

	52 weeks ended 31 December 2019 %	52 weeks ended 29 December 2020 %	52 weeks ended 28 December 2021 %
2026 notes	4.8	4.8	4.8
2023 notes	4.9	4.9	4.9
2020 notes	4.3	-	-
£1,044m 4.5% Asset Bridge Loan due 2022	-	-	4.5
Bank facilities		-	4.5
Bank loans	n/a	n/a	n/a

Change of control

The Business had committed bank facilities dated October 2018 and November 2019, consisting of a five-year multi-currency syndicated revolving credit facility of £390m and a three-year bilateral multi-currency revolving credit facility of £35m respectively. Under the terms of these facilities, the lenders could give notice to the Business to repay outstanding amounts plus accrued and unpaid interest and were able to cancel the commitments where there was a change of control of the Parent Company.

In addition, under the indentures for our 4.875% senior unsecured notes due 2023 and our 4.75% senior unsecured notes due 2026, each Noteholder is entitled to require the Business (as issuer) to redeem or purchase any outstanding Senior Unsecured Notes in the event of a change of control at a cash purchase price equal to 101 per cent of the principal amount together with interest accrued.

Fair value of loans and facilities

The Business's £349.1m 4.875% Senior Unsecured Notes due 2023 are listed on the London Stock Exchange and at the period end date their fair value was £360.6m (31 December 2019: £375.3m, 29 December 2020: £373.1m).

The Business's £350m 4.75% Senior Unsecured Notes due 2026 are listed on the London Stock Exchange and at the period end date their fair value was £366.8m (31 December 2019: £363.9m, 29 December 2020: £389.4m).

25. Financial risk management

The Business's activities expose it to a variety of financial risks. Financial risk management is primarily carried out by the Business's Treasurer with reference to risk management policies approved by the Board and supervised by the Chief Financial Officer. The Board approves written principles for risk management. The principal financial risks faced by the Business comprise liquidity risk, financing risk, credit risk, interest rate risk, currency risk and pensions risk. These risks are managed as described below.

Liquidity risk

Liquidity risk is the risk that the Business has insufficient funds available to settle its liabilities as they fall due. The Business generates strong operating cash flows and the Business aims to maintain sufficient cash balances to meet its anticipated working capital requirements based on regularly updated cash flow forecasts. Liquidity requirements that cannot be met from operational cash flow or existing cash resources would be satisfied by drawings under the Business's overdraft facility and facilities provided by Caesars Entertainment Inc. Details of the Business's borrowing arrangements are provided in note 24.

The table below details the Business's expected maturity for its financial liabilities, excluding lease liabilities which are shown in note 17. The table has been drawn up on the undiscounted contractual maturities of the financial instruments, including interest that will be receivable or payable on them. Where applicable, interest payments in respect of the floating rate liabilities are estimated based on the one-month sterling LIBOR rate at the period end date.

	Less than 1 year £ m	Between 1 and 2 years £ m	Between 2 and 5 years £ m	More than 5 years £ m	Total £ m
31 December 2019					
2020 notes including interest	207.1	-	-	-	207.1
2023 notes including interest	17.1	17.1	378.8	-	413.0
2026 notes including interest	16.6	16.6	49.9	372.1	455.2
Bank loans including interest[1]	1.9	1.9	3.3	-	7.1
Other financial liabilities	222.3	-	-	-	222.3
Total	**465.0**	**35.6**	**432.0**	**372.1**	**1,304.7**
29 December 2020					
2023 notes including interest	17.1	17.1	361.8	-	396.0
2026 notes including interest	16.6	16.6	49.9	355.6	438.7
Bank loans including interest[1]	1.9	1.9	1.4	-	5.2
Other financial liabilities	214.8	-	-	-	214.8
Total	**250.4**	**35.6**	**413.1**	**355.6**	**1,054.7**
28 December 2021					
2023 notes including interest	17.1	361.9	-	-	**379.0**
2026 notes including interest	16.6	16.6	388.0	-	**421.2**
£1,044m 4.5% Asset Bridge Loan due 2022	356.2	-	-	-	**356.2**
Bank facilities	120.1	-	-	-	**120.1**
Other financial liabilities	267.1	-	-	-	**267.1**
Total	**777.1**	**378.5**	**388.0**	-	**1,543.6**

1. Bank loan interest includes commitment fees payable on the undrawn portion of the RCF.

Capital management and financing risk

The Business seeks to maintain an appropriate capital structure which enables it to continue as a going concern, supports its business strategy and takes into account the wider economic environment. The Business's capital comprises net parent investment and debt finance, and these elements are managed to balance the requirements of the business and the interests of debt providers. The Business manages its capital structure through cash flows from operations, the raising or repayment of debt and the receipt of contributions through net parent investment.

Financing risk is the risk that the Business is unable to access sufficient finance to refinance its debt obligations as they fall due. The Business manages this risk by maintaining a balance between different funding sources including net parent investment and debt. It seeks to mitigate its debt financing risk by diversifying its sources of debt capital. The bank loan and sterling corporate bond markets are currently used for this purpose. The Board also seeks to mitigate the Business's refinancing risk by having an appropriately balanced debt maturity profile.

Credit risk

The Business is exposed to credit risk from counterparties defaulting on their obligations, resulting in financial loss to the Business. It arises in relation to transactions with commercial counterparties and financial institutions. It also arises from customers who have been granted access to credit facilities.

The Business manages its counterparty risk by closely monitoring and, where appropriate, limiting the amount that can be deposited or accumulated with any one counterparty. The Business will only deposit funds with pre-approved financial institutions with specified minimum credit ratings or strong balance sheet. The Business's policy is to mitigate its credit risk with respect to derivative transactions by using a number of different counterparties for material transactions.

25. Financial risk management (continued)

Interest rate risk

Interest rate risk arises from the Business's borrowings. Protecting earnings from rising interest rates is predominantly achieved by fixing the interest costs on a significant proportion of the Business's debt.

Current treasury policy stipulates that at least 70% of the Business's debt should be at fixed rates. At 28 December 2021, all of the Business's borrowings were at fixed rates.

The Business also earns finance income from deposits placed with certain approved financial institutions. Based on the current level of variable interest-bearing deposits and borrowing facilities, a 100 basis points change in interest rates would have the following impact on the Business's financial information:

	Increase of 100 basis points £ m	Decrease of 100 basis points £ m
52 weeks ended 31 December 2019		
Increase/(decrease) in profit	3.9	(1.7)
Increase/(decrease) in equity reserves	3.9	(1.7)
52 weeks ended 29 December 2020		
Increase/(decrease) in profit	6.0	(2.2)
Increase/(decrease) in equity reserves	6.0	(2.2)
52 weeks ended 28 December 2021		
Increase/(decrease) in profit	2.1	(1.7)
Increase/(decrease) in equity reserves	2.1	(1.7)

Management have used a 100 basis points change in interest rates as they assess that this best illustrates the impact of plausible changes in interest rates on the Business's performance and financial position, capped at an interest rate of zero percent.

Currency risk

The Business earns revenues in foreign currencies, primarily euros, which exposes it to foreign exchange risk. The Business mitigates this risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. Material individual foreign currency transaction exposures are considered for hedging on an ad hoc basis. As at 28 December 2021, the Business had no derivative contracts for currency hedging purposes (29 December 2020: £nil; 31 December 2019: £nil).

The Business is also exposed to foreign currency accounting translation risk on the earnings and net assets of its overseas operations which are denominated in foreign currencies. The Business does not hedge such translation risk.

A 5% weakening in the Euro would have reduced profit before interest and tax by £0.2m and net assets by £14.0m.

Revenue by currency

Revenue by currency for continuing operations is analysed below:

	52 weeks ended 31 December 2019 %	52 weeks ended 29 December 2020 %	52 weeks ended 28 December 2021 %
Sterling	82.7	78.9	82.5
Euro	16.1	19.1	15.9
US dollar	0.7	0.7	0.4
Swedish krona	-	-	0.2
Other currencies	0.5	1.3	1.0
Total	**100.0**	**100.0**	**100.0**

Pensions risk

The Business operates defined benefit and defined contribution pension schemes for its employees. Pensions risk arises in respect of the defined benefit scheme where the cost of funding retirement benefits ultimately falls upon the Business. The last triennial actuarial valuation as at 30 September 2019 showed a funding surplus on the defined benefit scheme of £23.6m. The Business agreed to pay £1.9m per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

During the period ended 28 December 2021, the Business agreed a buy-in of the scheme's liabilities. On 28 June 2021, a transaction was completed which insured the liabilities of the scheme with Rothesay Life. As a result of the transaction, the scheme holds annuities with Rothesay Life which are qualifying insurance policies as defined in IAS 19.8 'Employee benefits'. The income from these policies exactly matches the amount and timing of all benefits to those members covered under the policies.

Through the scheme, following the buy-in, the only risk that the Business has is counterparty risk with the Insurance company backing the policies.

26. Financial instruments

The carrying value of the Business's financial instruments by category, as defined by IFRS 9 'Financial Instruments', (together with non-financial instruments for reconciling purposes) is analysed as follows:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Fair value through the Income Statement			
Investments (note 15)	0.1	-	-
Fair value through Other Comprehensive Income			
Investments (note 15)	0.3	1.5	1.0
Amortised cost			
Cash and cash equivalents (note 20)	367.7	588.4	203.7
Trade and other receivables (note 19)	41.8	68.5	38.5
Total financial assets	**409.9**	**658.4**	**243.2**
Non-financial assets	1,220.7	1,030.2	2,362.7
Total assets	**1,630.6**	**1,688.6**	**2,605.9**
Fair value through the Income Statement			
Derivative financial liability (note 27)	(9.7)	(8.8)	(8.8)
Liabilities at amortised cost			
Interest-bearing loans (note 24)	(896.7)	(694.6)	(1,219.4)
Trade and other payables (note 22)	(192.4)	(222.0)	(258.3)
Lease liabilities	(154.3)	(107.3)	(95.1)
Total financial liabilities	**(1,253.1)**	**(1,032.7)**	**(1,581.6)**
Non-financial liabilities	(315.0)	(304.7)	(340.2)
Total liabilities	**(1,568.1)**	**(1,337.4)**	**(1,921.8)**
Net assets	**62.5**	**351.2**	**684.1**

Management believe that, owing to the nature of the Business's non-derivative financial instruments, the carrying value equates to the fair value, apart from interest-bearing loans where the fair value is disclosed in note 24.

Fair value hierarchy

The hierarchy (as defined in IFRS 13 'Fair Value Measurement') of the Business's financial instruments carried at fair value was as follows:

	31 December 2019				29 December 2020				28 December 2021			
	Level 1 £ m	Level 2 £ m	Level 3 £ m	Total £ m	Level 1 £ m	Level 2 £ m	Level 3 £ m	Total £ m	Level 1 £ m	Level 2 £ m	Level 3 £ mi	Total £ m
Assets/(liabilities) held at fair value												
Ante post bet liabilities (note 27)	**-**	**-**	(9.7)	**(9.7)**	-	-	(8.8)	**(8.8)**	-	-	(8.8)	**(8.8)**
GLHF Group AB shares (note 15)	-	-	-	**-**	1.3	-	-	**1.3**	-	-	-	-
Total	**-**	**-**	**(9.7)**	**(9.7)**	**1.3**	**-**	**(8.8)**	**(7.5)**	**-**	**-**	**(8.8)**	**(8.8)**

The Business held no other investments in unquoted shares (31 December 2019 £0.4m, 29 December 2020 £0.2m).

A reconciliation of movements on level 3 instruments is provided in the table below.

	Ante post bet liabilities £ m
At 1 January 2019	**(8.6)**
Total profits/(losses):	
To profit or loss	(1.1)
Net settlements	-
At 31 December 2019	**(9.7)**
Total profits/(losses):	
To profit or loss	1.0
Net settlements	(0.1)
At 29 December 2020	**(8.8)**
Total profits/(losses):	

To profit or loss	0.1
Net settlements	(0.1)
At 28 December 2021	**(8.8)**

27. Derivative financial instruments

Ante post bets

Ante post bets are a liability arising from an open position at the period end date in accordance with the Business's accounting policy for derivative financial instruments. Ante post bets at the period end totalled £8.8m (31 December 2019: £9.7m, 29 December 2020: £8.8m) and are classified as current liabilities.

Ante post bet liabilities are valued using methods and inputs that are not based upon observable market data and all fair value movements are recognised in revenue in the Combined Carve-Out Income Statement. Although the final value will be determined by future betting outcomes, there are no reasonably possible changes to assumptions or inputs that would lead to material changes in the fair value determined. The principal assumptions relate to the Business's historic gross win margins by betting markets and segments. Although these margins vary across markets and segments, they are expected to stay broadly consistent over time, only varying in the short term. The gross win margins are reviewed annually at period end. As at 28 December 2021, the gross win margins ranged from 2%-25%.

1. 28. Deferred tax

The following are the deferred tax assets/(liabilities) recognised by the Business and movements thereon during the current period:

	Fixed asset timing differences £m	Retirement benefit obligations £m	Licences and other intangibles £m	Other timing differences £m	Share remuneration £m	Tax losses £m	**Total £m**
1 January 2019	**8.7**	**(7.0)**	**(55.7)**	**-**	**0.3**	**-**	**(53.7)**
Additions	0.2	-	(3.8)	-	-	-	(3.6)
Amount credited to reserves	-	-	-	-	1.4	-	1.4
Amount credited/(charged) to income	1.1	(1.6)	0.6	10.0	0.4	4.6	15.1
Amount credited to Other Comprehensive Income	-	0.3	-	-	-	-	0.3
31 December 2019	**10.0**	**(8.3)**	**(58.9)**	**10.0**	**2.1**	**4.6**	**(40.5)**
Disposal	0.1	-	-	-	-	-	0.1
Amount (charged) to reserves	-	-	(0.3)	-	(2.7)	-	(3.0)
Amount credited/(charged) to income	4.4	(1.3)	17.1	6.1	4.0	(4.6)	25.7
Amount credited to Other Comprehensive Income	-	0.2	-	-	-	-	0.2
29 December 2020	**14.5**	**(9.4)**	**(42.1)**	**16.1**	**3.4**	**-**	**(17.5)**
Amount (charged)/credited to reserves	-	(1.6)	0.3	(0.7)	(2.2)	-	(4.2)
Amount (charged)/credited to income	(1.0)	0.1	(16.9)	23.2	(1.2)	-	4.2
Additions arising from acquisition by Caesars	(5.5)	-	(88.8)	18.6	-	-	(75.7)
Amount credited to Other Comprehensive Income	-	10.9	-	-	-	-	10.9
28 December 2021	**8.0**	**-**	**(147.5)**	**57.2**	**-**	**-**	**(82.3)**

The enacted future rate of UK corporation tax of (31 December 2019: 17%, 29 December 2020: 19% 28 December 2021: 25%), the Gibraltar statutory income tax rate of (31 December 2019: 10%, 29 December 2020: 10%, 28 December 2021: 12.5%), and the Maltese effective tax rate of (31 December 2019: 5%, 29 December 2020: 5%, 28 December 2021: 5%) have been used to calculate the amount of deferred tax.

The Business has recognised 31 December 2019: £8.0m, 29 December 2020: £9.2m, 28 December 2021: £nil of deferred tax assets after jurisdictional netting. The Business has unutilised tax losses of 1 January 2019: £9.0m 31 December 2019: £49.5m, 29 December 2020: £35.1m, 28 December 2021: £50.8m) in entities which are not anticipated to make profits in the foreseeable future and for which no deferred tax has been recognised. No deferred tax liability is recognised on temporary differences of £2.2 million (2020: £0.7 million; 2019: £0.2 million) related to the unremitted earnings of overseas subsidiaries as the Business is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. The amount of tax that would be payable on the unremitted earnings is £0.6 million (2020: £0.2 million; 2019: £0.05m).

Other temporary differences include a deferred tax asset of £42.6m (29 December 2020: £9.1m, 31 December 2019: £8.3m) in relation to interest restrictions for which an asset has been recognised to the extent that sufficient taxable temporary differences exist at the period end date.

The following is the analysis of the deferred tax balances as reported on the face of the balance sheet after jurisdictional netting:

	52 weeks ended 31 December 2019 £ m	**52 weeks ended 29 December 2020 £ m**	**52 weeks ended 28 December 2021 £ m**
Deferred tax liabilities	(48.5)	(28.9)	(89.9)

Deferred tax assets	8.0	11.4	7.6
	(40.5)	**(17.5)**	**(82.3)**

29. Net parent investment

As the Business is not a separate legal group and has not previously prepared stand-alone financial statements, it is not meaningful to disclose share capital or an analysis of reserves. The net assets of the Business are represented by the cumulative investment by Caesars in the Business and disclosed as net parent investment.

On 17 June 2020, and previous to the Caesars Acquisition, one of the main subsidiaries of the Business, William Hill Limited (formerly 'William Hill PLC'), conducted a successful equity placing raising gross proceeds of £223.8m (£218.6m net of fees). These proceeds have been presented as net parent investment contributions in the Combined Carve-out Statement of changes in net parent investment.

During 2021, as a part of the acquisition by Caesars, the Business received proceeds of £315.7m. These proceeds have been presented as net parent investment contributions in the Combined Carve-out Statement of changes in net parent investment.

30. Notes to the cash flow statement

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £ m
Operating profit/(loss)	16.2	130.6	(107.5)
Adjustments for:			
Depreciation of property, plant, and equipment	60.7	55.1	50.9
Amortisation of intangibles	64.1	67.6	110.8
Impairment of Retail segment and right-of-use lease assets	47.3	126.6	(1.0)
Provision for LBO closures	43.9	(2.8)	(1.4)
Loss on sale of investment in Eeya	-	-	0.3
(Gain)/loss on disposal of property, plant and equipment	(3.2)	0.3	(0.1)
Cost charged in respect of equity settled share remuneration	4.5	3.1	6.5
Defined benefit pension cost less cash contributions	(8.6)	(0.9)	(8.0)
Fair value movements on derivative financial instruments and ante post	1.0	(0.9)	-
Profit on sale of interests in associates	-	(2.0)	-
Operating cash flows before movements in working capital:	**225.9**	**376.7**	**50.5**
Decrease in receivables	3.9	3.6	25.4
(Decrease)/increase in payables	(49.9)	10.7	26.3
Decrease in receivable from related undertakings	(27.0)	(1.6)	(0.6)
Cash generated by operations	**152.9**	**389.4**	**101.6**
Income taxes paid	(4.1)	(27.5)	(12.7)
Interest paid	(38.9)	(46.4)	(57.9)
Interest paid on leases	(4.3)	(3.9)	(3.2)
Cash from operating activities	**105.6**	**311.6**	**27.8**

The following is a reconciliation of liabilities arising from financing activities:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £ m
Total liabilities from financing activities at the beginning of the period	**719.7**	**1,051.0**	**801.9**
Recognition of lease liabilities on adoption of IFRS 16	178.6	-	-
Lease acquisitions and reassessments	21.3	(7.4)	22.8
Amounts paid on redemption of existing senior unsecured loan notes	(171.6)	(203.4)	(0.9)
Lease liabilities – principal payments	(43.4)	(39.8)	(35.0)
Proceeds on issue of 4.75% senior unsecured notes due May 2026	350.0	-	-
Existing senior unsecured notes redemption costs	(8.1)	-	-
Debt finance costs	(1.5)	-	-
Debt arising on Caesars acquisition	-	-	2,232.2
Other non-cash movements	6.0	1.5	3.1
Total liabilities from financing activities at the end of the period	**1,051.0**	**801.9**	**3,024.1**

During the period ended 28 December 2021, the total cash outflow for leases recognised in accordance with IFRS 16 was £38.2m (31 December 2019: £51.8m, 29 December 2020: £49.2m) of which £35.0m (31 December 2019: £43.4m, 29 December 2020: £39.9m) related to cash payments for the principal portion of lease liabilities (recognised within cash flows from financing activities in the Combined Carve-Out Statement of Cash Flows) and 3.2m (31 December 2019: £4.3m, 29 December 2020: £3.9m) related to cash payments for interest expense related to lease liabilities (recognised within cash flows from operating activities in the Combined Carve-Out Statement of Cash Flows).

31. Share-based payments

The Business had the following equity settled share-based payment schemes in operation during the period, however none of which are still in existence as at 28 December 2021:

- Performance Share Plan (PSP), Executive Bonus Matching Scheme (EBMS), Restricted Share Plan (RSP) and Retention Awards (RA), encompassing awards made in the years from 2015 to 2020; and
- Save As You Earn (SAYE) share option schemes encompassing grants made in the years from 2015 to 2020.

Details of these schemes are provided below.

Costs of schemes

The costs of the schemes during the period, excluding accrued social security costs, were:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
PSP, EBMS, RSP and RA	3.2	2.1	0.8
SAYE schemes	1.3	1.0	0.3
Total equity settled share-based payment schemes	**4.5**	**3.1**	**1.1**

PSP, EBMS, RSP and RA

The PSP provided conditional awards of shares dependent on the Business's Adjusted EPS growth, Total Shareholder Return (TSR) performance and certain business performance measures over a three or four-year period, as well as continued employment of the individual at the date of vesting (awards are usually forfeited if the employee leaves the Business voluntarily before the awards vest). EBMS shares were partly deferred shares conditional on continued employment of the individual at the date of vesting and partly share awards dependent on the Business's EPS growth, as well as continued employment at the date of vesting. EBMS awards must be exercised within one month from their vesting date, which is three years after their grant date.

The RSP and RA were deferred grants of shares contingent upon continued employment.

The PSP, EBMS, RSP and RA were conditional awards of shares for which the recipients do not have to pay an exercise price. The weighted average share price at the date of exercise for share awards exercised during 52 weeks ended 31 December 2019: £1.53, 52 weeks ended 29 December 2020: £1.43. The awards outstanding had a remaining weighted average contractual life at 31 December 2019 of 7.8 years, at 29 December 2020 of 6.6 years.

On completion of the transaction with Caesars, all schemes were modified at the point of the change of control at which point there was an acceleration of the remaining charges.

Options under these schemes were as follows:	31 December 2019 Number	29 December 2020 Number	28 December 2021 Number
Outstanding at beginning of the period	9,117,577	13,474,567	8,750,480
Granted during the period	5,833,205	2,110,796	–
Forfeited during the period	(573,969)	(5,442,953)	(1,947,869)
Exercised during the period	(902,246)	(1,391,930)	(6,802,611)
Outstanding at the end of the period	13,474,567	8,750,480	–
Exercisable at the end of the period	–	197,083	–

SAYE schemes

Options under the SAYE schemes, which were open to all eligible employees and based on a three or five-year monthly savings contract. Options under the scheme were granted with an exercise price up to 20% below the share price when the savings contract is entered into. The options remain valid for six months beyond the end of the relevant savings contract.

The exercise prices for the 2015, 2016, 2017, 2018, 2019 and 2020 SAYE schemes were £3.03, £2.64, £1.96, £1.99, £1.45 and £1.45 respectively.

No shares were exercised during the period ended 31 December 2019 and the weighted average share price for shares exercised for the period ended 29 December 2020 was £1.96. The options outstanding had a remaining weighted average contractual life at 31 December 2019 of 2.7 years, at 29 December 2020 of 3.1 years.

With regard to the transaction with Caesars, the SAYE schemes were modified at the point of the change of control such that all shares vested, at which point there was an acceleration of the remaining charges.

Options under these schemes are as follows:

	31 December 2019	29 December 2020	28 December 2021

	Number	Weighted average exercise price £	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Outstanding at beginning of the period	9,596,748	2.14	9,819,256	1.74	13,201,734	1.51
Granted during the period	5,622,307	1.45	8,372,898	1.45	–	–
Forfeited during the period	(5,399,799)	2.15	(4,148,793)	1.85	(9,508,085)	1.43
Exercised during the period	–	–	(841,627)	1.96	(3,693,649)	1.54
Outstanding at the end of the period	9,819,256	1.74	13,201,734	1.51	–	–
Exercisable at the end of the period	713,674	2.65	334,476	2.09	–	–

31. Share-based payments (continued)

Fair values of share-based payments

Share-based payments were valued using the Black-Scholes-Merton pricing formula. The inputs were as follows:

	SAYE			PSP, EBMS, RSP, RA		
	31 December 2019	29 December 2020	28 December 2021	31 December 2019	29 December 2020	28 December 2021
Weighted average share price at date of grant	£1.81	£2.81	–	£1.61	£1.31	–
Weighted average exercise price	£1.45	£1.45	–	£nil	£1.43	–
Expected volatility	30%	52%	–	30%	52%	–
Expected life	3-5 years	3-5 years	–	1-3 years	1-3 years	–
Risk free interest rate	0.6%	-0.1%	–	0.6%	-0.1%	–
Expected dividend yield	4.8%	6.2%	–	4.8%	6.2%	–

Expected volatility was determined by calculating the historical volatility of the Business's shares over a period matching the option life. The expected life of the option used in the model was adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For PSP, the value of the option was also adjusted to take into account the market conditions applicable to the option (i.e., TSR requirements) by applying a discount to the option value.

This discount was calculated based on an estimate of the probability of achieving the relevant condition, for the 52 weeks ended 31 December 2019: 25% and 52 weeks ended 29 December 2020: 25%.

The weighted average fair value of the awards granted under the PSP, EBMS, RSP and RA schemes at the date of grant was £1.40 per option at 29 December 2020 and £1.52 per option at 31 December 2019. The weighted average fair value of the options granted under SAYE grants at the date of grant was £1.15 per option at 29 December 2020 and £0.32 for the 52 weeks ended 31 December 2019. No options were granted in the 52 weeks ended 28 December 2021.

32. Retirement benefit schemes

The Business operates a number of defined contribution and defined benefit pension schemes. The UK schemes are operated under a single trust and the assets of all the schemes are held separately from those of the Business in funds under the control of trustees.

The respective costs of these schemes are as follows:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £m
Defined contribution schemes (charged to profit before interest and tax)	10.0	8.5	8.3
Defined benefit scheme (charged to profit before interest and tax)	1.2	2.8	2.8
Defined benefit scheme (credited to finance income)	(1.3)	(1.0)	(0.6)
Defined benefit scheme (charged to other comprehensive income)[1]	2.0	1.2	54.9
	11.9	**11.5**	**65.4**

[1] During the period ended 28 December 2021, the charge to other comprehensive income included £59.5m in respect of the Defined Benefit pension scheme buy-in.

Defined contribution schemes

The defined contribution schemes, to which both the Business and employees contribute to fund the benefits, are available for all eligible employees. The only obligation of the Business with respect to these schemes is to make the specified contributions.

The total cost charged to income in respect of these schemes represents contributions payable to the schemes by the Business at rates specified in the rules of the respective schemes. At 28 December 2021, contributions of £nil (31 December 2019: £nil, 29 December 2020: £nil) due in respect of the current reporting period were outstanding to be paid over to the schemes.

Defined benefit scheme

The Business also operates a defined benefit scheme in the UK for eligible employees which closed to new members in 2002. Under the scheme, employees are entitled to retirement benefits varying between 1.67% and 3.33% of final pensionable pay for each year of service on attainment of a retirement age of 63. With effect from 1 April 2011, the defined benefit scheme was closed to future accrual but

maintains the link for benefits accrued up to 31 March 2011 with future salary increases (up to a maximum of 5% per annum). Employed members of this scheme were automatically transferred into one of the defined contribution schemes. The costs of administering the scheme are borne by the Business.

For the purposes of preparing the information disclosed in these accounts, a full actuarial valuation of the scheme was carried out at 30 September 2019 and updated to 28 December 2021 by a qualified independent actuary. The present values of the defined benefit obligation and the related current service cost were measured using the projected unit credit method and by rolling forward the results of the 30 September 2019 technical provisions using actuarial techniques, allowing for cash flows and interest over the period, differences between the assumptions used to set the technical provisions and those selected for accounting under IAS 19 and the PIE exercise carried out in 2019.

32. Retirement benefit schemes (continued)

Pension buy-in

During the period ended 28 December 2021, the Business agreed a buy-in of the scheme's liabilities. On 28 June 2021, a transaction was completed which insured the liabilities of the scheme with Rothesay Life. As a result of the transaction, the scheme holds annuities with Rothesay Life which are qualifying insurance policies as defined in IAS 19.8 'Employee benefits'. The income from these policies exactly matches the amount and timing of all benefits to those members covered under the policies. As with other bulk annuity purchases the Scheme has carried out, the change has been treated as a change in investment strategy. Consequently, the Defined Benefit surplus held by the Business at the date of the transaction was written off as part of the actuarial loss in Other Comprehensive Income.

At the period end date, the estimated Defined Benefit Obligation ('DBO') for all insured members was £389.3m. The value of the buy-in policies was determined to be equivalent to this DBO, as per IAS 19.115 'Employee benefits'.

Guaranteed minimum pensions (GMP)

Following the judgement in the Lloyds case on 26 October 2018, the need to equalise for the effect of differences in guaranteed minimum pensions (GMP) between males and females was made more certain. On 20 November 2020, the High Court issued a supplementary ruling in the case with respect to members that have transferred out of their scheme prior to the ruling. The results of this mean that:

- Trustees are obliged to make transfer payments that reflect equalised benefits and are required to make top up payments where this was not previously the case;
- A Defined Benefit scheme that received a transfer is concurrently obliged to provide equalised benefits in respect of the transfer payments; and
- There were no exclusions on the grounds of discharge forms, CETV legislation, forfeiture provisions or the Limitation Act 1980.

GMP methodology cover was included as part of the buy-in insurance policy, consequently, the Business's corporate advisor estimated that the GMP equalisation cost of this additional ruling as at 28 December 2021 was £nil (31 December 2019 estimated £nil, 29 December 2020 estimated £0.2m).

Funding valuation

The general principles adopted by the Trustees for the purposes of this funding valuation are that the assumptions used, taken as a whole, will be sufficiently prudent for pensions already in payment to continue to be paid and to reflect the commitments which will arise from members' accrued pension rights. The Business agreed to pay £1.9m per annum in respect of the costs of insured death benefits, expenses and levies until September 2025.

The IAS 19 'Employee Benefits' position of the plan, as reflected in the Business's Combined Carve-Out Statement of Financial Position, has generally differed from that of the triennial funding valuation assessment. The last triennial actuarial valuation as at 30 September 2019 showed a funding surplus on the defined benefit scheme of £23.6m compared to the £49.2m surplus at 29 December 2020 and the £59.5m surplus which was written off to Other Comprehensive Income as a result of the buy-in during the period. The principal reasons for this difference are the requirements for prudence in the funding valuation (which contrasts with the IAS 19 best estimate principle) and the application of a prudent estimate of asset returns in the funding valuation (which contrasts with the IAS 19 requirement to use a discount rate derived from high quality corporate bonds). We also consider the fact that the valuations are at different dates. The accounting surplus figure is calculated as at the period end date of 29 December 2020, and the actuarial surplus was calculated as at 30 September 2019.

The Business has the right to a refund of any surplus on wind up of the scheme.

In April 2018, the Trustees of the William Hill pension scheme signed a buy-in bulk annuity policy. The policy was taken out to insure a proportion of the defined benefit pension scheme obligation against the risk of rising costs in the future. As a result of the buy-in transaction in the period, the entire scheme obligations are now insured.

Disclosure of principal assumptions

The financial assumptions used by the actuary in determining the present value of the defined benefit scheme's liabilities were:

	31 December 2019	29 December 2020	28 December 2021
Rate of increase of salaries	2.00%	2.00%	2.00%
Rate of increase of pensions (non-pensioner)	2.90%	2.80%	3.10%
Rate of increase of pensions (pensioner)	2.30%	3.10%	3.50%
Discount rate	2.00%	1.30%	1.90%

Rate of RPI inflation (non-pensioner)	3.00%	2.80%	3.20%
Rate of RPI inflation (pensioner)	-	3.20%	3.70%
Rate of CPI inflation	2.30%	2.30%	3.10%

In accordance with the relevant accounting standard, the discount rate has been determined by reference to market yields at the period end date on high-quality fixed income investments at a term consistent with the expected duration of the liabilities. Price inflation is determined by the difference between the yields on fixed and index-linked Government bonds with an adjustment to allow for differences in the demand for these bonds, which can distort this figure. The expected rate of salary growth and pension increases are set with reference to the expected rate of inflation. No change has been made to the basis of inflation applied to pension increases in the scheme.

32. Retirement benefit schemes (continued)

The mortality assumption is kept under review and has been updated. The current life expectancies for a member underlying the value of the accrued liabilities are:

Life expectancy at age 65	31 December 2019 years	29 December 2020 years	28 December 2021 years
Male retiring now	21.2	21.8	21.9
Male retiring in 25 years' time	23.4	23.5	23.6
Female retiring now	23.7	23.8	23.8
Female retiring in 25 years' time	26.0	25.7	25.7

The assets in the scheme are set out in the table below. Assets with quoted prices in an active market are identified separately.

	31 December 2019 £m	29 December 2020 £m	28 December 2021 £m
Corporate bonds (quoted)	88.4	105.5	-
Corporate bonds (unquoted)	2.6	2.4	-
Multi-asset fund (quoted)	-	39.1	-
Multi-asset fund (unquoted)	65.7	27.8	-
Gilts and cash (quoted)	10.5	14.1	-
Gilts and cash (unquoted)	115.2	119.7	1.3
Buy-in asset	137.7	153.7	388.0
Total market value of assets	**420.1**	**462.3**	**389.3**
Present value of scheme liabilities	(371.7)	(413.1)	(388.0)
Surplus in scheme	**48.4**	**49.2**	**1.3**
Additional liability due to IFRIC 14[1] – effect of the asset ceiling	-	-	(1.3)
Net Combined Carve-Out balance sheet position	**48.4**	**49.2**	**-**

1. IFRIC 14 states that a surplus of a defined benefit scheme can be disclosed as an asset by an entity where it has the unconditional right to that asset on the wind up of a scheme. The Business has that unconditional right, however as a result of the Buy-In transaction, it was decided by management that the surplus in the Scheme be used for future costs of the scheme, given the already substantial reduction of the asset from the date of the Buy-In transaction (£2.6m) to the period end date (£1.3m). The Business has therefore written off any surplus asset to Combined Carve-Out Other Comprehensive Income as a result of the Buy-In transaction.

Analysis of the amount charged/(credited) to adjusted (loss)/profit before interest and tax:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Current service cost	0.8	1.2	0.9
Past service cost – scheme amendments	(1.5)	0.2	-
Administration expenses	1.9	1.4	1.9
Total operating charge	**1.2**	**2.8**	**2.8**

Analysis of the amounts recognised in the combined Statement of Comprehensive Income:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Actual return less expected return on pension scheme assets	(35.3)	(51.6)	66.7
Actuarial loss/(gain) arising from changes in financial assumptions	37.3	52.8	(13.1)
Effect of asset ceiling[1]	-	-	1.3
Actuarial remeasurements	**2.0**	**1.2**	**54.9**

1. As a result of management's decision to write off the surplus of the Scheme, an asset ceiling was introduced creating an additional liability of £1.3m (see assets table above).

32. Retirement benefit schemes (continued)

Movements in the present value of defined benefit obligations in the period were as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
At beginning of period	**344.4**	**371.7**	**413.1**
Movement in period:			
Service cost	0.8	1.2	0.9
Interest cost	9.1	7.2	5.3
Remeasurements – changes in financial assumptions[1]	43.8	40.7	(13.1)
Remeasurements – changes in demographic assumptions	(8.6)	1.5	-
Remeasurements – experience adjustments	2.1	10.6	-
Benefits paid	(17.6)	(18.8)	(17.3)
Insurance premium for risk benefits	(0.8)	(1.2)	(0.9)
Past service cost – scheme amendments	(1.5)	0.2	-
At end of period	**371.7**	**413.1**	**388.0**

1. As a result of management's decision to write off the surplus of the Scheme, an additional liability under IFRIC 14 was recognised (see assets table above).

Movements in the present value of fair value of scheme assets in the period were as follows:

	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
At beginning of period	**384.9**	**420.1**	**462.3**
Movement in period:			
Interest income on plan assets	10.4	8.2	5.9
Remeasurements – return on plan assets (excluding interest income)	35.3	51.6	(66.7)
Contributions from sponsoring companies	9.8	3.8	7.9
Administration expenses charged to profit before interest and tax	(1.9)	(1.4)	(1.9)
Benefits paid	(17.6)	(18.8)	(17.3)
Insurance premium for risk benefits	(0.8)	(1.2)	(0.9)
At end of period	**420.1**	**462.3**	**389.3**

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivity of the present value of the scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated in the table that follows. The illustrations consider the single change shown, with the other assumptions assumed to be unchanged. In practice, changes in one assumption may be accompanied by offsetting changes in another assumption (although this is not always the case). In addition, changes in the assumptions may occur at the same time as changes in the market value of the scheme assets, which may or may not offset the change in assumptions.

		Impact on defined benefit obligation		
Assumption	Changes in assumption	52 weeks ended 31 December 2019 £m	52 weeks ended 29 December 2020 £m	52 weeks ended 28 December 2021 £m
Discount rate	Decrease by 0.25% p.a.	Increase by £15.4m	Increase by £17.0m	Increase by £16.0m
Discount rate	Increase by 0.25% p.a.	Decrease by £14.8m	Decrease by £18.0m	Decrease by £15.0m
Rate of increase in inflation	Increase by 0.25% p.a.	Increase by £9.2m	Increase by £13.5m	Increase by £11.0m
Rate of increase in inflation	Decrease by 0.25% p.a.	Decrease by £8.9m	Decrease by £11.5m	Decrease by £10.0m

Life expectancy	Members assumed to live one year longer	Increase by £19.1m	Increase by £18.0m	Increase by £19.0m

The sensitivity to price inflation includes the corresponding impact on CPI, revaluation in deferment and pension increases in payment. It does not include any adjustments to future salary increases.

32. Retirement benefit schemes (continued)

Nature and extent of the risks arising from financial instruments held by the defined benefit scheme

As a result of the buy-in, pension assets and liabilities (pre-tax) of £nil and £nil respectively were held on the Business's Statement of Financial Position at 28 December 2021 (31 December 2019: £420.1m & £371.1m, 29 December 2020: £462.3m & £413.1m respectively). Through the scheme, following the buy-in, the only risk that the Business has is counterparty risk with the Insurance company backing the policies.

Funding

Alongside the risk assessment above, on 30 September 2020, the Business agreed an ongoing funding requirement with the Trustees which expires on 30 September 2025 (note 25).

The weighted average duration of the scheme's defined benefit obligation as at 28 December 2021 is 18 years (29 December 2020: 18 years, 31 December 2019: 17 years).

The undiscounted maturity profile of the defined benefit obligation between one and ten years is shown below:

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £m
Less than one year	10.7	11.3	12.5
Between one and two years	11.3	12.0	13.0
Between two and five years	37.4	39.3	43.5
Between five and ten years	73.6	77.0	67.0

No allowance is made for commutation lump sums or individual transfers out due to the fluctuating nature of these payments.

33. Related party transactions

Trading transactions

Sports Information Services

During the 52-week period ended 29 December 2020, William Hill Organization Limited sold its investment in 49's Limited to Sports Information Services Limited, a subsidiary of the Business's associated undertaking, Sports Information Services (Holdings) Limited. See note 16 for further details.

During the 52-week period ended 28 December 2021, the Business made purchases of £25.9m (52 weeks ending 29 December 2020: £31.1m) from Sports Information Services Limited.

At 28 December 2021, the amount payable to Sports Information Services Limited by the Business was £0.4m (29 December 2020: £2.9m).

Remuneration of key management personnel

The remuneration of management, who are the key management personnel of the Business, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	52 weeks ended 31 December 2019 £ m	52 weeks ended 29 December 2020 £ m	52 weeks ended 28 December 2021 £ m
Short-term employee benefits (including salaries)	2.2	2.2	4.6
Post-employment benefits (employer's contribution)	0.2	0.1	0.0
Share-based payments (IFRS 2 charges)	0.5	0.6	4.2
	2.9	**2.9**	**8.8**

The disclosures above include the distributions of Net parent investment received by management on the Company's ordinary shares (31 December 2019: £44,900, 29 December 2020: nil).

The values presented above include share-based payments measured in accordance with IFRS 2. In addition, the above includes bonuses on a paid basis.

Pension schemes

The pension schemes of the Business are related parties. Arrangements between the Business and its pension schemes are disclosed in note 32.

34. Contingent liabilities

Legal claims

In common with other businesses in the gambling sector the Business receives claims relating to losses incurred by consumers following the use of the Business's gambling products. Claims have been received from consumers in a number of (principally European) jurisdictions and allege either failure to follow responsible gambling procedures, breach of licence conditions or that underlying contracts in question (in which consumers contractually agree to the terms and conditions of play, which are subject to the laws of Gibraltar or Malta) are null and void given local licencing regimes.

The Business assesses and defends individual claims as they are received both on the individual underlying factual basis and also with regard to legal advice received as to whether such jurisdictions and their local licencing regimes are incompatible with European Union law on the free movement of services. The Business provides for such claims where it is determined that the Business has either a present legal or constructive obligation to settle the claim.

The Business is aware of the existence of on-going challenges to local licencing regimes on the basis of their incompatibility with EU law including, for example, one such case where the Austrian courts had referred a case relating to Fluctus s.r.o. and Fluentum s.r.o. ("F&F"), to the European Court of Justice ("ECJ") which has led to guidance from the ECJ as to how Austrian Courts should assess questions of the compatibility of the Austrian licencing regime with EU law. The Business continues to contest the compatibility of the Austrian licencing regime with EU law and the applicability of judgements of the Austrian courts which do not properly assess that issue in accordance with the ECJ's guidance. In addition to the outcome of cases relating to the compatibility or otherwise of local licencing regimes with EU law, significant issues remain to be resolved in the context of consumer claims related to (i) the applicable law under which claims in cross border cases should be determined and (ii) the enforceability of disputed judgments obtained in jurisdictions from which the Business does not trade and in which it has no assets or presence. The Business has been advised that there are significant public policy arguments as to why judgements obtained outside of its operating jurisdictions which fail to recognise (i) the choice of governing law made by the parties to the contract; and (ii) the legitimacy of the regulatory regimes and EU law under which the Business provides services to consumers would not be recognised or enforced in those operating jurisdictions.

Taking into account the uncertainty associated with the legal basis for these claims, coupled with the advice that the Directors have received on the strength of the various legal defences that the Business has against such claims, the Directors have concluded that the Business has a possible, but not probable, legal obligation in respect of these claims.

Since the last quarter of 2020, the Business has been subject to a particular acceleration of claims made in Austria following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 at a broadly consistent rate with a slight increase in claims early in 2021 but a small decrease across the second half of 2021. Additionally, a very small number of consumers who have obtained judgement against the Business' entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. In estimating the size of the potential outflow that might result if this were to occur the Directors have assessed (i) the number and individual size of claims received to date and assumptions based on such observations as can be derived from those claims at this comparatively early stage; (ii) the steps that the Business intends to take to defend those claims; and (iii) the fact that the Business has been advised that any outflow would be expected to be on a net of tax basis. Based on that assessment the Business estimates that, if there were an outflow of economic benefits, it could be up to the value of £45.0m, which is an increase than the estimation as at 29 December 2020 recognising the increase in claims trends during 2021.

The timing of any such outflow will be dependent on (i) the ultimate validity of decisions in cases to be heard before the Austrian national courts and the extent to which those decisions followed the ECJ's guidance on the F&F case (ii) the timing of cases before the Gibraltar and/or Maltese courts (being the courts of the jurisdictions in which and from which the Business' online businesses operate and the jurisdictions where consumers would need to seek to enforce any contested judgements that they have obtained); and (iii) the rate and number of future claims made by consumers. Given those factors any outflow will only result after final court hearings on questions of enforcement which are unlikely to take place within the next twelve months and any outflow would, in any event, then take place over a multi-year period.

Contingent deal related fees

The Business has agreed payment of £12.0m (inclusive of tax) of retention payments to key employees to be paid contingent on completion of the acquisition by 888. As such these have been disclosed as a contingent liability given the 888 Holdings Plc shareholder approval and regulatory clearances still to be obtained.

In addition, the Business has entered into an agreement with a third party for public relations advice in connection to the acquisition with fees of £0.3m (inclusive of VAT) only payable contingent on the completion of the transaction which are disclosed as a contingent liability consistent to the retention payments.

35. Subsidiaries and other related undertakings

A full list of related undertakings as at 28 December 2021, the address of their registered office and their country of incorporation is shown below. The entire issued share capital is held within the Business except where otherwise shown.

Name of subsidiary and other related undertakings	Country of incorporation	% holding
Caesars UK Holdings Limited [1]	Great Britain	100%
Caesars UK Interactive Holdings Limited [1]	Great Britain	100%
Caesars Cayman Finance Limited [1]	Great Britain	100%
William Hill Cayman Holdings Limited [1]	Great Britain	100%
William Hill Limited [1]	Great Britain	100%
Will Hill Limited, Sucursal Argentina Branch [32]	Argentina	100%
Ad-gency Limited (entered dissolution process in 2018) [9]	Israel	100%
William Hill Holdings Limited [1]	Great Britain	100%
Mr Green & Co AB [32]	Sweden	100%
Admar Services (Gibraltar) Limited [27]	Gibraltar	100%
Admar Services (Malta) Limited[23]	Malta	100%
A.J.Schofield Limited [1] (in liquidation)	Great Britain	100%
Alfabet S.A.S[33]	Colombia	90%
Arena Racing Limited [1]	Great Britain	100%
Arthur Roye (Turf Accountants) Limited [1] (in liquidation)	Great Britain	100%
Arthur Wilson Limited [1] (in liquidation)	Great Britain	100%
B.B.O'Connor (Lottery) Limited [4]	Jersey	100%
B.J.O'Connor Limited [4]	Jersey	100%
B.J.O'Connor Holdings Limited [4]	Jersey	100%
Baseflame Limited [1] (in liquidation)	Great Britain	100%
Bill Taylor of Huyton Limited [1] (in liquidation)	Great Britain	100%
Bookhost Limited [1] (in liquidation)	Great Britain	100%
Bradlow Limited [1]	Great Britain	100%
Brooke Bookmakers Limited [1]	Great Britain	100%
Camec (Provincial) Limited [1] (in liquidation)	Great Britain	100%
Camec (Scotland) Limited [1]	Great Britain	100%
Camec (Southern) Limited [1] (in liquidation)	Great Britain	100%
Camec (Western) Limited [1] (in liquidation)	Great Britain	100%
Camec Limited [1]	Great Britain	100%
Cellpoint Investments Limited [10]	Cyprus	100%
City Tote Limited [1] (in liquidation)	Great Britain	100%
Cleveley House Limited [7] (awaiting dissolution)	Guernsey	100%
Concession Bookmakers Limited [1] (in liquidation)	Great Britain	100%
Daniel McLaren Limited [1] (in liquidation)	Great Britain	100%
Dansk Underholding Ltd [23]	Malta	100%
Dawcar Limited [1] (in liquidation)	Great Britain	100%
Deluxe Online Limited [1] (in liquidation)	Great Britain	100%
Demmy Investments Limited [1] (in liquidation)	Great Britain	100%
Deviceguide Limited [1]	Great Britain	100%
Douglas Tyler Limited [1] (in liquidation)	Great Britain	100%
Eclipse Bookmakers Limited [1] (in liquidation)	Great Britain	100%
Evenmedia Limited [1] (in liquidation)	Great Britain	100%
Eventip Limited [1] (in liquidation)	Great Britain	100%
Evoke Gaming Ltd [23]	Malta	100%
Fred Parkinson Management Limited [1]	Great Britain	100%
Gearnet Limited [1] (in liquidation)	Great Britain	100%
Goodfigure Limited [1] (in liquidation)	Great Britain	100%
Grand Parade Limited [1]	Great Britain	100%
Grand Parade sp. z o.o [16]	Poland	100%
Green Gaming Group PLC [23]	Malta	100%
Groatbray Limited [1] (in liquidation)	Great Britain	100%
Gus Carter (Cash) Limited [1]	Great Britain	100%
Gus Carter Limited [1]	Great Britain	100%
Ivy Lodge Limited [7]	Guernsey	100%
James Lane (Bookmaker) Limited [1]	Great Britain	100%
James Lane Group Limited [1]	Great Britain	100%

Name of subsidiary and other related undertakings	Country of incorporation	% holding
James Lane (Turf Accountants) Limited [1]	Great Britain	100%
Laystall Limited [1]	Great Britain	100%
Matsbest Limited [1]	Great Britain	100%
Matsdom Limited [1] (in liquidation)	Great Britain	100%
Matsgood Limited [1]	Great Britain	100%
Mr Green & Co Optionsbarare AB [3]	Sweden	100%
Mr Green Consultancy Services Ltd [1]	United Kingdom	100%
Mr Green Consulting AB [22]	Sweden	100%
Mr Green Limited [23]	Malta	100%
MRG IP Limited [23]	Malta	100%
MRG Spain PLC [23]	Malta	100%
Nalim Limited [1]	Great Britain	100%
Pandashield Limited [1] (in liquidation)	Great Britain	100%
Phonethread Limited [1]	Great Britain	100%
Premier Bookmakers Limited [1] (in liquidation)	Great Britain	100%
Regency Bookmakers (Midlands) Limited [1]	Great Britain	100%
Regionmodel Limited [1] (in liquidation)	Great Britain	100%
Selwyn Demmy (Racing) Limited [1]	Great Britain	100%
Sherman Racing (Western) Limited [1] (in liquidation)	Great Britain	100%
SIA Mr Green Latvia [28]	Latvia	100%
SIA Viensviens.lv * [28]	Latvia	90%
Sports Information Services (Holdings) Limited [18]	Great Britain	19.5%
St James Place Limited [7]	Guernsey	100%
T H Jennings (Harlow Pools) Limited [1]	Great Britain	100%
The William Hill Foundation [1]	Great Britain	100%
Trackcycle Limited [1]	Great Britain	100%
Transdawn Limited [1] (in liquidation)	Great Britain	100%
Vickers Bookmakers Limited [1] (in liquidation)	Great Britain	100%
Vynplex Limited [1] (in liquidation)	Great Britain	100%
WHG Customer Services Philippines, Inc. [8]	Philippines	100%
WHG IP Licensing Limited [2]	Gibraltar	100%
WHG Italia S.R.L [15]	Italy	100%
WHG Online Marketing Spain S.A. [26]	Spain	100%
WHG (Malta) Limited [23]	Malta	100%
WHG Services (Philippines) Ltd [2]	Gibraltar	100%
WHG Services Limited [1]	Great Britain	100%
WHG Trading Limited [2]	Gibraltar	100%
WHG (International) Limited [2]	Gibraltar	100%
WHG Services (Bulgaria) Limited EOOD [11]	Bulgaria	100%
WHG Spain PLC [23]	Gibraltar	100%
Will Hill Limited [1]	Great Britain	100%
William Hill (Alba) Limited [19]	Great Britain	100%
William Hill (Caledonian) Limited [19]	Great Britain	100%
William Hill (Course) Limited [1] (in liquidation)	Great Britain	100%
William Hill (Edgware Road) Limited [1]	Great Britain	100%
William Hill (Effects) Limited [1]	Great Britain	100%
William Hill (Essex) Limited [1]	Great Britain	100%
William Hill (Football) Limited [1]	Great Britain	100%
William Hill (Goods) Limited [1]	Great Britain	100%
William Hill (Grampian) Limited [19] (in liquidation)	Great Britain	100%
William Hill (IOM) No.3 Limited [5]	Isle of Man	100%
William Hill (London) Limited [1]	Great Britain	100%
William Hill (Malta) Limited [23]	Malta	100%
William Hill (Midlands) Limited [1]	Great Britain	100%
William Hill (North Eastern) Limited [1]	Great Britain	100%
William Hill (North Western) Limited [1]	Great Britain	100%
William Hill (Northern) Limited [19] (in liquidation)	Great Britain	100%
William Hill (Products) Limited [1] (in liquidation)	Great Britain	100%

Name of subsidiary and other related undertakings	Country of incorporation	% holding
William Hill (Resources) Limited (1)	Great Britain	100%
William Hill (Scotland) Limited (19)	Great Britain	100%
William Hill (Southern) Limited (1)	Great Britain	100%
William Hill (Stock) Limited (1) (in liquidation)	Great Britain	100%
William Hill (Strathclyde) Limited (19) (in liquidation)	Great Britain	100%
William Hill (Supplies) Limited (1) (in liquidation)	Great Britain	100%
William Hill (Wares) Limited (1)	Great Britain	100%
William Hill (Western) Limited (1)	Great Britain	100%
William Hill Bookmakers (Ireland) Limited (6)	Ireland	100%
William Hill Call Centre Limited (6)	Ireland	100%
William Hill Credit Limited (1)	Great Britain	100%
William Hill Employee Shares Trustee Limited (1)	Great Britain	100%
William Hill Finance Limited (1)	Great Britain	100%
William Hill Gametek AB (32)	Sweden	100%
William Hill (Global) PLC(23)	Malta	100%
William Hill Index (London) Limited (1) (in liquidation)	Great Britain	100%
William Hill Investments Limited (1)	Great Britain	100%
William Hill Leisure Limited (1) (in liquidation)	Great Britain	100%
William Hill Malta PLC (24)	Malta	100%
William Hill Offshore Limited (6)	Ireland	100%
William Hill Organization Limited (1)	Great Britain	100%
William Hill Steeplechase Limited (2)	Gibraltar	100%
William Hill Trustee Limited (1)	Great Britain	100%
Wise Entertainment DK Aps (29)	Denmark	100%
Willstan Properties Limited (20)	Northern Ireland	100%
Willstan Racing (Ireland) Limited (6)	Ireland	100%
Willstan Racing Holdings Limited (1)	Great Britain	100%
Willstan Racing Limited (1)	Great Britain	100%
Windsors (Sporting Investments) Limited (1)	Great Britain	100%
Wizard's Hat Limited (23)	Malta	100%
Winning Post Racing Limited (1) (in liquidation)	Great Britain	100%

The proportion of voting rights held is the same as the proportion of shares held.

* - during 2021, the Business increased its investment in SIA Viensviens.lv from 75% to 90% for a total of £5.8m. As per IFRS 10 – Consolidated Financial Statements, this amount is taken directly to Net Parent Investment, with a corresponding impact on non-controlling interests.

The registered addresses of the locations of the Business's undertakings are as follows:

1. Great Britain: 1 Bedford Avenue, London, WC1B 3AU
2. Gibraltar: 6/1 Waterport Place, Gibraltar
3. Jersey: PO Box 384, 6 Hilgrove Street, St Helier, Jersey, Channel Islands
4. Isle of Man: First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF
5. Ireland: 39/40 Upper Mount Street, Dublin 2, Republic of Ireland
6. Guernsey: Quay House, South Esplanade, St Peter Port, GY1 1EL
7. Philippines: 11th Floor, Net Lima Plaza, 5th Avenue, corner 26th St, Crescent Park West, Bonifacio Global City, Taguig City, Philippines
8. Israel: Azrielli Square Tower, floors 31&32 132 Menachim Begin Road, Tel Aviv, 67011, Israel
9. Cyprus: Ioanni Stylianou, 6 2nd Floor, Flat/office 202, 2003 Nicosia, Cyprus
10. Bulgaria: 115-L Tsarigradsilo Shosse Blvd, European Trade Center, Building C, Sofia
11. Estonia: Maakri tn 23a, Talinn 20245, Estonia
12. Malta: No. 217 Suite 4, 21st September Avenue, Naxxar, Malta
13. Spain: Zurabaran, numero 9, Local Derecha, Madrid
14. Italy: Via San Giovanni, Sul Muro 18 Milano, Milan, Italy
15. Poland: Ul. Prądnicka 20a 30-002 Kraków
16. Great Britain: 1 Stratford Place, Montfichet Road, London, England, E20 1EJ
17. Great Britain: Whitehall Avenue, Milton Keynes, MK10 0AX
18. Great Britain: 44 St Enoch Square, Glasgow G1 4DH
19. Northern Ireland: 369 Newtownards Road, Belfast BT4 1AJ
20. Luxembourg: 5 Rue de Bonnevoie, L-1260, Luxembourg
21. Sweden: Master Samuelsgaten 36, SE-111 57 Stockholm
22. Malta: Level 7, Tagliaferro Business Centre, 14 High Street, Sliema, SLM 1549
23. Malta: Level G (Office 1/2429), Quantum House, 75 Abate Rigord St Ta'Xbiex, XBX 1120
24. Malta: 1 Ajiree Court, /testaferrata Street, XBX1402 Ta'Xbiex
25. Spain: Calle Alcala, 55-PISO 1, 28014 Madrid
26. Gibraltar: Suite 7, Hadfield house, Library Street GX11 1AA
27. Latvia: Riga, Dzimavu iela 37-45 LV-1010
28. Denmark: Tuborgvel 5, 2900 Hellerup
29. Australia: Addisons Lawyers, Level 12, 60 Carrington Street, Sydney, NSW 2000
30. Sweden: c/o William Hill Gametek, Box 16277, 10324 Stockholm
31. Colombia: Cra 100 #11-60 Torre Farallones 412, CC Holguines Trade Center, Cali, Valle de Cauca
32. Argentina: Av. Madero 900, 16th Floor, City of Buenos Aires, Argentina

NOTES TO THE BUSINESS'S FINANCIAL STATEMENTS