



15 August 2023

HOLDINGS

888 Holdings Plc
("888" or "the Group")

Half year results for the six months ending 30 June 2023

Strong execution of strategy with accelerated synergy delivery, pro forma Adjusted EBITDA +9%, leverage reduced by 0.5x, and on track for full year guidance

888 (LSE: 888), one of the world's leading betting and gaming companies with internationally renowned brands including William Hill, 888 and Mr Green, today announces its financial results for the six months ended 30 June 2023 ("H1-23" or the "Period").

KEY HIGHLIGHTS

- Reported Group revenue +165% to £882m, and Adjusted EBITDA¹ +211% to £156m due to acquisition of William Hill
- Reported loss after tax of £33m in H1-23 compared to profit after tax of £12m in H1-22, driven by increased interest costs together with amortisation of acquired intangibles and certain one-off costs related to the acquisition
- Pro forma Group revenue -7%, driven by compliance changes in dotcom markets together with refined marketing approach and market focus. Proactively shifted the business mix and improved sustainability, leading to 95% of Q2 2023 revenue being derived from locally regulated or taxed markets
- Pro forma Group Adjusted EBITDA +9%, with pro forma Adjusted EBITDA margin +2.6ppts to 17.7%, benefitting from execution of synergies and focused strategy
- Accelerated synergy delivery with £66m of cash synergies delivered in H1-23 and full £150m target benefit now expected to be achieved in 2024 (a year earlier than prior expectations)
- Net debt reduced by £68m to £1,660m, with cash (net of customer balances) increasing by £11m since 31 December 2022 to £188m at 30 June 2023. Leverage reduced from 5.6x at Dec-22 to 5.1x at Jun-23. Undrawn £150m RCF gives total liquidity of over £300m
- FY23 Adjusted EBITDA is expected to be significantly higher year on year on a pro forma basis, with an Adjusted EBITDA margin of at least 20% for the full year (2022: 16.8%), and year end leverage of slightly below 5x
- Post Period end, appointed Per Widerström as CEO with effect from 16 October 2023. Per is a proven leader with extensive industry experience and a strong track record of executing value creation plans in omnichannel global betting and gaming businesses
- Recently announced, post Period end, ongoing licence review under Section 116 (2)(c)(ii) of the Gambling Act 2005 by the GB Gambling Commission not expected to have any impact on operations. The Board continues to engage with the regulator as required

Lord Mendelsohn, Executive Chair of 888, commented:

"I am very pleased with the progress we have made in the first half of the year as the Group delivered against the plans we committed to at our investor day last year, while also successfully navigating business, market and regulatory volatility.

We made very strong progress with the execution of our integration plan and we now expect to realise the full £150m of synergies in 2024, a year earlier than the original plan. Our strong cash discipline and higher profits also enabled a 0.5x reduction in our leverage. We have successfully delivered against our focused market strategy, changing the mix of our revenue and creating a more profitable and sustainable platform for future growth.

I was thrilled to be able to announce the appointment of Per Widerström as our next CEO. Over the coming weeks I will be working closely with Per to ensure a smooth handover and I am highly confident in his ability to lead the team to realise the full potential of this business. The strategic progress made during the year to date has created a fundamentally stronger business with higher profit margins and we remain on track to deliver against expectations for the full year."

H1 2023 RESULTS

The acquisition of the international (non-US) business of William Hill completed on 1 July 2022, and as such, to aid comparability, the financial results and associated commentary presented throughout this statement, unless otherwise stated, reflect the pro forma results as if 888 had owned William Hill for each of the periods below. The pro forma financial results also exclude the 888 Bingo business, the sale of which completed on 7 July 2022.

£ millions	Reported ^{1,3}			Pro forma ^{1,2,3}		
	H1-23	H1-22	YoY%	H1-23	H1-22	YoY%
Revenue	881.6	332.1	+165%	881.6	943.3	-7%
Adjusted EBITDA	155.6	50.0	+211%	155.6	142.5	+9%
(Loss)/profit after tax	(32.5)	12.0	nmf*			
Adjusted profit after tax	11.8	31.9	-63%			
(Loss)/earnings per share	(7.3)	2.9	nmf*			
Adjusted basic earnings per share (p)	2.6	7.8	-67%			

Note: Both the pro forma information, and the half year results for both periods are unaudited.

*nmf means not a meaningful figure

Reported financial highlights

- Group revenue +165% to £881.6m, and Adjusted EBITDA +211% to £155.6m, both principally driven by the addition of William Hill following completion of the acquisition on 1 July 2022
- Adjusted profit after tax¹ -63% to £11.8m, reflecting increased interest costs following the acquisition
- Reported loss after tax of £32.5m, driven by increased interest costs together with amortisation of acquired intangibles and certain one-off costs related to the acquisition and subsequent realisation of synergies
- Adjusted basic earnings per share¹ of 2.6p (H1-22: 7.8p). Basic loss per share (7.3)p (H1-22: 2.9p) with the year-on-year decline on an adjusted basis mainly reflecting additional interest costs, together with an increased share count following the capital raise in April 2022 to part fund the acquisition of William Hill

Pro forma financial highlights

- Group revenue -7% to £881.6m, with 6% growth in retail more than offset by an 11% decline in online revenue
 - UK&I Online: actives +10%, revenue -9% and Adjusted EBITDA +22%, with the lower revenue reflecting ongoing implementation of proactive player safety measures and refined marketing approach to focus on increased marketing efficiency and profitability, both of which impacts revenue in the short term. Proactive actions are driving a significant mix shift in the player base to lower spending groups, providing a more sustainable and profitable base to drive future growth in the UK, as well as putting the Group in a strong position ahead of any changes from the White Paper, with various consultations ongoing
 - Retail: revenue +6% and Adjusted EBITDA +23%, with continued strong customer engagement and effective cost management
 - International Online: actives +1%, revenue -14% and Adjusted EBITDA -25%, primarily due to implementing compliance changes in certain dotcom markets and a robust new governance framework, and also includes a slower than expected recovery in the Middle East. Together with a refined market focus, these actions have improved sustainability
- Adjusted EBITDA of £155.6m (H1-22: £142.5m), +9% year-on-year, driven by £54m of operating cost synergies delivered in H1-23, together with a continued focus on profitability and efficiency
- Adjusted EBITDA margin of 17.7% (H1-22: 15.1%), with synergies driving a significant improvement in profitability, with further benefits and marketing phasing meaning margin improvement is more weighted to H2-23

Operational and strategic highlights

- *Priority 1: Integrate businesses and realise synergies*
 - Rapid progress on synergy delivery, with £66m (£54m opex, £12m capex) delivered in H1-23
 - Accelerated delivery of upgraded £150m target pre-tax cost synergies, which are now expected to be fully realised by 2024, a year earlier than planned
 - Scope for further cost saving opportunities, to be reinvested into future growth projects
- *Priority 2: Focus on select markets and key growth opportunities*
 - Double-digit growth in Core international markets of Italy and Spain, in both revenue and contribution terms
 - 888AFRICA joint venture reached over 1 million customers across its four markets, and recently acquired BetLion to further accelerate growth in the region. Strong month-on-month revenue growth and already profitable and cash generative on a run-rate basis

- *Priority 3: Invest in our sources of sustainable competitive advantage*
 - Product: Launched Mr Green in Germany, the first Mr Green product on the 888 platform, and SI Casino in Michigan in March 2023. Within retail, continued the rollout of best-in-class gaming cabinets
 - Brand: Consolidated brand plans by market, driving improved marketing efficiency (online marketing ratio -3ppts to 22%). Continue to invest in building and reinforcing the Group's leading brands, with innovative new campaigns
 - Customer: New operating model in place with customer service functions centralised and increased use of automation, delivering synergies as well as improved customer experience, with an all-time-high customer satisfaction for William Hill UK in June 2023
- *Priority 4: Support sustainable growth through Players People Planet ESG framework*
 - Regulatory settlement with the Gibraltar regulator for £2.9m related to the self-identified issues with Middle East VIPs, with proactive, swift, and robust remedial actions taken
 - Proactively reshaping and changing the business mix to improve sustainability and set a platform for future growth and long-term value creation
- *Priority 5: Prioritise debt reduction through focus on capital efficiency*
 - Net debt reduced by £68m in the Period, driven by £11m increase in cash excluding customer balances, together with a reduction in the gross debt principle due to favourable foreign exchange movements. During the Period, non-core asset sales including the Latvia business and the sale and leaseback of certain freeholds realised approximately £41m
 - Net debt reduction coupled with EBITDA growth reduced leverage by 0.5x to 5.1x at 30 June 2023. With a continued focus on deleveraging, and expected EBITDA growth in the second half of the year, net leverage is expected to be slightly below 5x at year end

OUTLOOK

- In line with prior guidance, the Board continues to expect 2023 revenues to be lower than pro forma 2022 by a low to mid single digit percentage. The slower than anticipated recovery in the Middle East means revenues are likely to be at the mid single digit end of this range
- The Board continues to expect Adjusted EBITDA to be significantly higher year on year on a pro forma basis, with an Adjusted EBITDA margin of at least 20% for the full year

Sell side analyst and investor presentation

Lord Mendelsohn (Executive Chair), Yariv Dafna (Chief Financial Officer), and Vaughan Lewis (Chief Strategy Officer) will host a presentation for sell-side analysts and investors today at 09.00am (BST).

Live audio webcast link: https://brrmedia.news/888_HY23

To participate in Q&A please contact 888@hudsonsandler.com or call +44 (0)207 796 4133 for further details.

A replay will be available on our website shortly after: <https://corporate.888.com/investors>

Notes

¹ *Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation, and excluding share based payment charges, foreign exchange losses and exceptional items and other defined adjustments. Adjusted measures, including Adjusted EBITDA, Adjusted profit after tax, and Adjusted earnings per share, are alternative performance measures ("APMs"). These APMs should be considered in addition to, and are not intended to be a substitute for, IFRS measurements. As they are not defined by International Financial Reporting Standards, they may not be directly comparable with other companies' APMs. The Directors believe these APMs provide additional useful information for understanding performance of the Group. They are used to enhance the comparability of information between reporting periods and are used by management for performance analysis and planning. An explanation of our adjusted results, including a reconciliation to the statutory results is provided in note 3 to the financial statements and in the condensed consolidated income statement respectively.*

² *Pro forma information, which is unaudited, reflects the results as if the Group had owned William Hill for all periods, and excludes the Bingo business in all periods.*

³ *Subtotals, totals, and percentage changes shown throughout this document have been calculated based on the underlying numbers and therefore may not sum directly when using the rounded numbers presented.*

This announcement contains inside information.

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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 betting and gaming companies. The Group owns and operates internationally renowned brands including William Hill, 888, and Mr Green. In addition, the Group operates the SI Sportsbook and SI Casino brands in the US in partnership with Authentic Brands Group.

Incorporated in Gibraltar, and headquartered and listed in London, the Group operates from offices around the world and employs over 11,000 people globally.

The Group'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. It achieves this by developing state-of-the-art technology and content-rich products that provide fun, fair, and safe betting and gaming entertainment to customers worldwide.

Find out more at:

<http://corporate.888.com/>

Important Notices

This announcement may contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of 888. These statements, which contain the words "anticipate", "believe", "intend", "estimate", "expect", "may", "will", "seek", "continue", "aim", "target", "projected", "plan", "goal", "achieve", words of similar meaning or other forward looking statements, reflect 888's beliefs and expectations and are based on numerous assumptions regarding 888's present and future business strategies and the environment 888 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 888 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 888'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 888's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which 888 operates or in economic or technological trends or conditions. Past performance of 888 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 888'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 888, 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. 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 888 for the current or future financial years would necessarily match or exceed the historical published for 888

STRATEGY REVIEW

BUILDING A SUSTAINABLE PLATFORM FOR GROWTH

At our Capital Markets Day in November 2022 we laid out our position-plan-potential roadmap for the Group and how we planned to build a focused, streamlined, and more profitable business that is positioned for future growth and value creation. 2023 is a pivotal year in executing our plan as we bring the 888 and William Hill businesses together, and I'm delighted that we continue to make significant progress and take assertive actions to drive sustainable value creation.

While this is a complex, global business, with multiple technological, regulatory and competitive dynamics, at its heart there are three key drivers of performance that we are resolutely focused on: revenue, marketing and operating costs.

Revenue

We took robust actions during the Period to provide a higher quality, more profitable and more sustainable revenue mix. In line with this goal, 95% of our revenue came from locally regulated or taxed markets in Q2 2023. Pro forma revenue in the first half was down 7% year over year reflecting the combination of our actions in reducing our exposure to higher risk offshore markets, implementing progressive safer gambling restrictions, and removing revenues that were driven by unprofitable or low-return marketing spend. These actions were both planned and necessary, and have created a stronger platform for future growth.

Marketing

We have a portfolio of world class brands, and a clear strategy to build sustainable market leading positions in our Core and Growth markets. We shifted our marketing strategy to focus on driving more sustainable profitable returns, using our brands more effectively as we target growth in specific countries and player types. Our plan is to create a truly customer focused organisation with high growth potential – we have seen the foundations of this take shape during the Period, with higher customer volumes, lower average spending levels, lower marketing ratio, and higher profits. This is our platform for future sustainable value creation.

Operating costs

Our principle is to achieve scale benefits in our combined business by removing duplication and delivering best in class and scalable shared functions to support our global ambitions. Alongside driving significant synergies, our focus has been on driving efficiency and managing inflation, so we can set ourselves up to deliver the best customer experience, and ultimately drive growth.

BOARD PRIORITIES

Our Board has been actively focused on three key priorities. First, we made excellent progress with **our team**, with the announcement of Per Widerström as our new CEO post Period end. Per will take up his role from October this year. The Board is also well-advanced in its search for a new CFO, with Per to be involved in the selection process. We have a strong business and operating model in place and have enhanced our operational capabilities through external hires and internal promotions as we look to deliver the best possible experience for customers.

Secondly, we made significant strides in our **ESG** efforts during the Period, particularly in the area of compliance and safer gambling. In January 2023 we announced the immediate suspension of our VIPs in the Middle East following an internal compliance review that highlighted certain shortcomings in our processes. While this was a disappointing development, we took swift and decisive action to rectify the failings and have since put in place significantly more robust policies and procedures, with a new governance structure that is working well and driving higher standards across the organisation.

In addition, we recently reached a settlement with the Gibraltar regulator in relation to the failings that we identified in our Middle East business. We worked closely with the regulator following the initial discovery and continue to do so to ensure full compliance going forward.

Third and finally, we delivered significant progress in H1-23 in line with our third priority of **execution**. Namely, we achieved accelerated synergies, a higher quality and more profitable business mix, and highly disciplined cash management, with leverage reducing by 0.5x to 5.1x at 30 June 2023, driven by a combination of EBITDA growth and net debt reduction, with net debt benefitting in the period from favourable foreign exchange movements.

STRATEGIC PRIORITIES

Integration

We made excellent progress during the Period with our integration of William Hill. We delivered £66m in cash synergies in H1-23, and accelerated the synergy programme such that we are on track to fully realise our £150m target in 2024; a year earlier than initially planned. Our profitability also improved on an adjusted basis, with pro forma Adjusted EBITDA up 9% in H1-23 and pro forma Adjusted EBITDA margin up by 2.6 percentage points.

We are now evolving from a phase of integration to a clear focus on driving growth and maximizing the potential of our combined business. While we still have work to do in unifying our technology platforms and ensuring we are providing the best possible customer experience across all of our markets, the bulk of the operating changes have been completed, and any further savings or efficiencies identified will be reinvested into further accelerating growth.

Market focus

Across our Core markets of the UK, Italy and Spain, overall combined pro forma revenue was flat year over year. There were divergent trends in the UK between Retail and Online, and double-digit growth in Italy and Spain.

In UK retail, pro forma revenue was up 6% as we continued to see strong performance with robust customer demand and both betting (+7%) and gaming (+4%) revenues higher. Profitability also improved significantly, with pro forma Adjusted EBITDA up 23% as we closed a small number of unprofitable shops and focused on our cost base. Our efficient new staffing model has enabled us to hold operating costs stable in the Period despite utilities inflation and our increase in the minimum wage to £10.90 per hour from April 2023.

In UK online, pro forma revenue was -9% with higher player volumes (actives +10%), and a higher market share of players, with the William Hill brand being used by 15% of UK gamblers (up around four percentage points from two years ago). Offsetting this increased level of activity, we continued to see lower spend per player, with average revenue per user ("ARPU") -18%, as the business mix shifts towards the most sustainable, lower-spending player groups.

We also focused on profitability in UK Online, with the result that pro forma Adjusted EBITDA increased by 22%. Together with the delivery of operating cost synergies, we focused on our marketing investment and driving sustainable returns. By bringing together all of our brands in the UK market, we've been able to change our marketing mix to deliver more sustainable, profitable returns for both sports and gaming investments. This was most evident in the 888 brand, as we altered the strategy and stopped investing heavily in building brand penetration in sports, as well as adapted the casino strategy to focus on building more sustainable revenue.

All of our actions in the UK, and the positive customer mix shift we have seen, positions us well for the full implementation of the anticipated White Paper outcomes, which are being consulted on further and will be implemented over the coming years.

Our portfolio of Growth markets was broadly flat overall, reflecting strong growth across most markets offset by significantly lower revenues in Germany following the full implementation of new regulations. This impact is expected to continue into the second half. Excluding Germany, Growth markets were +11%. We remain excited about the significant growth potential of this portfolio of markets.

Outside of our Core and Growth markets, our Optimise markets were impacted by our enhanced approach to compliance, with our robust new policies and procedures impacting revenue in our dotcom markets, principally the Middle East. Here, revenue has not recovered as quickly as initially expected. We are seeing good player volumes and onboarding of new customers under the new framework, but the value of those players has not yet recovered to prior levels. This change in our business mix is having a short-term impact on revenue and EBITDA, but is creating a more sustainable platform for future growth.

Excluding the main markets impacted by these regulatory and compliance changes noted above, our international revenues are broadly stable. The actions we have taken have effectively right sized the International business and improved sustainability significantly, and we see this as having set a really strong base for future growth with an increased focus on our Core and Growth markets.

In our pipeline markets, 888AFRICA continues to go from strength to strength, surpassing one million customers in just 10 months of operations. The recent acquisition of BetLion, which was announced post period end, further strengthens our position here and will support our expansion plans as we look to accelerate growth with future market launches.

KEY ENABLERS

Product and content leadership

Our product and technology teams continued to work incredibly hard in creating our platform of the future, including enhancing and modernising the 888 platform where needed, as well as working on the tech migrations, with Mr Green in Sweden and Denmark set to be the first markets migrated onto the 888 platform later this year. We launched Mr Green in Germany during the Period, which was the first Mr Green product launched on the 888 platform, albeit as noted previously, progress has been hampered by regulatory challenges.

Alongside the integration work, we continued to rollout exciting new product features for customers. We also launched SI Casino in Michigan in March, quickly growing to a 1% market share in line with our focus on our casino-first strategy in the US.

We also continue to enhance our product and content in retail, with the continued rollout of our best-in-class gaming cabinets, as well as expanding the range of games we offer.

World class brands

We have now developed brand plans by market, as we look to drive improved marketing efficiency and a better customer experience by operating our brands as a portfolio across markets and investing in the best brands for each market. We have already made significant progress here, with pro forma online active customers up 7% in H1-23, on online marketing costs that were 23% lower, and our pro forma online marketing ratio improved by 3 percentage points to 22%.

Our teams continued to innovate, with William Hill Vegas launching a new out of home advertising campaign during the Period that featured an augmented reality slot machine that appeared when users scanned a QR code. The William Hill EPIC proposition was also enhanced ahead of the new football season with an exciting new campaign fronted by Eric Cantona. William Hill also launched a new podcast series entitled Up Front with Simon Jordan, that has already had over 15million views on our social media channels, over 1 million listens on audio streaming platforms, and is consistently rated among the top sports podcasts on all platforms.

Customer excellence

Our new operating model is now in place, with customer service functions centralised and an increased use of automation. This continues to deliver synergies as well as improved customer experience, with an all-time-high customer satisfaction score achieved by William Hill UK in June 2023.

888 also saw its average document verification time fall considerably during the Period, as the centralised team benefits from scale and efficiency advantages.

LOOKING AHEAD

The actions we took in the first half are creating a strong platform for growth in line with the plans announced at our Capital Markets Day in November 2022. We remain focused on executing these plans, and look forward to making further progress during the rest of this year.

We remain on track to achieve our prior guidance for both revenue (expecting a low-mid single digit year-on-year decline on a pro forma basis) and Adjusted EBITDA (Adjusted EBITDA margin to be at least 20% for the full year), and currently expect to end the year with leverage slightly below 5x.

More broadly, we have successfully laid the groundwork for the Group's future growth, and look forward to the next phase of our journey under the leadership of our new CEO. Together with our world-class teams and a clear strategic roadmap, we are confident in our ability to deliver enhanced shareholder value and build on our position as a global leader in the gaming industry.

BUSINESS & FINANCIAL REVIEW

Financial Summary

Reconciliation of Adjusted EBITDA, loss/profit before tax and loss/profit after tax to their reported equivalents

	Adjusted results		Exceptional items and adjustments		Reported results	
	H1 2023 £m	H1 2022 £m	H1 2023 £m	H1 2022 £m	H1 2023 £m	H1 2022 £m
Revenue	881.6	332.1	-	-	881.6	332.1
Cost of sales	(291.6)	(116.2)	(2.4)	(2.1)	(294.0)	(118.3)
Gross profit	590.0	215.9	(2.4)	(2.1)	587.6	213.8
Marketing expenses	(138.2)	(103.9)	-	-	(138.2)	(103.9)
Operating expenses	(296.8)	(62.0)	(22.4)	(20.8)	(319.2)	(82.8)
Share of post-tax profit of equity accounted associate	0.6	-	-	-	0.6	-
EBITDA	155.6	50.0	(24.8)	(22.9)	130.8	27.1
Depreciation and amortisation	(53.8)	(12.0)	(52.6)	-	(106.4)	(12.0)
Profit before interest and tax	101.8	38.0	(77.4)	(22.9)	24.4	15.1
Finance income and expenses	(87.3)	(0.7)	17.7	-	(69.6)	(0.7)
(Loss)/Profit before tax	14.5	37.3	(59.7)	(22.9)	(45.2)	14.4
Taxation	(2.7)	(5.4)	15.4	3.0	12.7	(2.4)
(Loss)/Profit after tax	11.8	31.9	(44.3)	(19.9)	(32.5)	12.0
Basic (loss)/earnings per share	2.6	7.8			(7.3)	2.9

* EBITDA is defined as earnings before interest, tax, depreciation and amortisation

Adjusted EBITDA is defined as EBITDA excluding share based payment charges, foreign exchange losses and exceptional items and other defined adjustments. Foreign exchange losses and share benefit credit / charges were excluded to allow for further understanding of the underlying financial performance of the Group.

In the reporting of financial information, the Directors use various APMs. These APMs should be considered in addition to, and are not intended to be a substitute for, IFRS measurements. As they are not defined by International Financial Reporting Standards, they may not be directly comparable with other companies' APMs. The Directors believe these APMs provide additional useful information for understanding performance of the Group. They are used to enhance the comparability of information between reporting periods and are used by management for performance analysis and planning. Further detail on exceptional items and adjusted measures is provided in note 3 to financial statements.

	Pro forma		
	H1 2023 £'m	H1 2022 £'m	Change
Revenue	881.6	943.3	(6.5)%
Adjusted Cost of sales	(291.6)	(301.5)	
Gross profit	590.0	641.8	(8.1)%
Marketing expenses	(138.2)	(178.0)	
Adjusted operating expenses	(296.8)	(321.5)	
Share of post-tax profit of equity accounted associate	0.6	0.1	
Adjusted EBITDA	155.6	142.5	9.2%

* Pro forma information presented in the financial summary (including the associated narrative) is not part of the review of financial information performed by the Independent Auditor.

SUMMARY

Reported numbers reflect the inclusion of William Hill for the full H1-23 (acquisition completed 1 July 2022) and as such, the acquisition is the material driver of all reported movements, as noted in the earlier highlights.

On a pro forma basis, including the results of William Hill for both periods and excluding the 888 bingo business for both periods, revenue of £881.6m was down 7%, with Adjusted EBITDA of £155.6m being up 9%, with the drivers having been discussed earlier. Further segmental details and trends are discussed within the segmental section later.

Our focus on profitability is working, with pro forma Adjusted EBITDA increasing by +23% in Retail and +22% in UK Online, coupled with a reduction in corporate costs of £8.8m (-34%). This growth was partially offset by International pro forma Adjusted EBITDA, which was down 25% due to the impact of compliance changes on our dotcom markets, which are typically higher margin markets.

FINANCIAL PRIORITIES

At our full year 2022 results in April 2023 we reiterated the three core financial priorities for 2023 that we had laid out at our Capital Markets Day in November 2022, and during H1-23 we made significant progress against all of these.

Synergies

As described earlier, we have taken decisive actions enabling us to deliver £66m of cash synergies in H1-23 and accelerate the timeline for full synergy delivery.

We implemented our new operating model in H1-23, removing duplication and delivering the scale benefits of the combination with William Hill, creating more efficient operations. The full benefit of this will be weighted to H2-23 given the timing of implementation but we are already seeing the benefits in H1-23 from both a cost saving perspective, and an improved customer experience perspective.

We also reviewed and adapted our marketing approach across markets, as we look to leverage the best of our world class brands and drive more efficient marketing decisions, with a focus on sustainable, profitable growth.

Adjusted EBITDA Margin

Adjusted EBITDA margin was 17.7% in H1-23, which was +2.6ppts on a pro forma basis, driven by strong synergy delivery and our refined market focus approach more than offsetting reduced contribution from dotcom markets.

As we have been executing on our integration plans, and delivering improved return on investment from our marketing spend, we have confidence in our plans to deliver an Adjusted EBITDA margin above 20% in the full year 2023. The improvement in H2-23 is expected to be driven by the full effect of synergies enacted during H1-23, together with marketing phasing, with marketing costs being more heavily weighted to H1-23.

Deleveraging

At 31 December 2022 net debt was £1,728m, with leverage of 5.6x. We are already making good progress with our deleveraging plan, with leverage having reduced to 5.1x as at the end of June. This is driven by a combination of £13m growth in pro forma Adjusted EBITDA, together with a £68m reduction in net debt, to £1,660m at 30 June 2023. The reduction in net debt is primarily driven by favourable foreign exchange rate movements on the debt principle, but H1-23 also saw the Group generate £11m cash inflow (excluding customer balances) despite £23m of exceptional costs paid out in the Period.

Our disciplined approach to capital allocation includes reviewing opportunities to generate cash from lower-return, or non-core assets, and during the period we realised approximately £41 million from non-core asset sales including the sale of our Latvia business, and the sale and leaseback of some freehold properties. We will remain disciplined with respect to our capital allocation policy as we continue to make progress against our strategic priorities.

OUTLOOK

Overall, this has been a good first half, reflecting our really strong financial discipline and delivering on our targets to increase profitability and deleverage, where we expect to end the year at slightly below 5x.

Following a 7% drop in pro forma revenue in H1-23, we remain on track for our full year revenue guidance of a low to mid single digit decline on a pro forma basis, with the decline likely to be at the mid single digit end of the range, reflecting the pace of recovery in the Middle East, which has been slower than we anticipated.

We also remain on track to deliver an Adjusted EBITDA margin of 20% this year. We delivered an Adjusted EBITDA margin of a little under 18% in the first half, and with the phasing of marketing investments and synergies, we have good visibility on this reaching 20% for the full year.

Pro-forma results

Given the significance of the acquisition of William Hill midway through the prior year, the reported results do not provide a clear comparison of performance to the previous period as they do not consolidate results of the William Hill business in the prior period, given the completion date of 1 July 2022. As such, in the analysis below, focus is given to the pro forma results showing a clearer performance of the Group in H1-23 compared to H1-22.

Within these pro forma unaudited results, the H1 2022 financials cover the 26 week period from the 29 December 2021 to the 28 June 2022 for William Hill. Since the acquisition, the William Hill business has aligned to the monthly financial calendar of the Group and, therefore, the H1 2023 financials cover the period from 1 January 2023 to 30 June 2023.

CONSOLIDATED INCOME STATEMENT

Revenue

Revenue for the Group was £881.6m for H1 2023 on a reported basis; an increase of 165% to H1 2022 of £332.1m with the consolidation of William Hill revenues in H1-23.

On a pro forma basis, revenue was £881.6m; a decrease of 6.5% compared to £943.3m in H1 2022, with the drivers discussed above.

Online sports betting revenue of £186.6m is in line with H1 2022, and online gaming revenue of £415.6m reflected a decline of 16%, predominantly driven by the factors mentioned above, with our dotcom markets more heavily weighted to gaming.

Cost of sales

Cost of sales mainly comprise gaming taxes and levies, commissions and royalties payable to third parties, chargebacks, payment service provider ("PSP") commissions and costs related to operational risk management and customer due diligence services. Cost of sales has increased on a reported basis to £294.0m from £118.3m due to the acquisition of William Hill. On a pro forma basis, cost of sales has decreased by 3.3% to £291.6m reflecting the reduction in revenue, with cost of sales representing 33.1% of revenues (H1 2022: 32.0%). The slight increase in cost of sales as a percentage of revenue reflects a change in country mix, with a higher proportion of locally regulated and taxed revenues in H1-23.

Gross profit

On a reported basis, gross profit has increased to £587.6m from £213.8m with the consolidation of the results of William Hill from the second half of FY 2022.

On a pro forma basis, gross profit has decreased by 8.1% from £641.8m to £590.0m, alongside a decrease in the gross margin from 68.0% to 66.9% with more revenue generated from regulated and taxed markets as described above.

Marketing expenses

Marketing is a significant investment for our Group to drive growth through investing in our leading brands, as well as customer acquisition and retention activities. On a reported basis marketing increased to £138.2m compared to £103.9m in H1 2022 with a marketing ratio of 15.7%, which decreased from 31.3%, driven by the inclusion of the Retail business, which has significantly lower marketing ratio.

On a pro forma basis, marketing decreased by 22.3% from £178.0m to £138.2m. Certain marketing is demand driven and flexible, so part of the reduction is as a result of the reduced online revenue noted above, with further marketing savings being achieved following the acquisition with a refined brand marketing strategy to focus on driving sustainable profitable growth with improved marketing efficiency. The marketing to revenue ratio has decreased from 18.9% in H1 2022 to 15.7% in H1 2023. This partly reflects the mix of revenue with more generated from the Retail business where the marketing investment is lower. Excluding the Retail segment, the online marketing ratio decreased from 25.7% to 22.4% reflecting the refined brand marketing strategy and improved marketing efficiency.

Operating expenses

Operating expenses mainly comprise employment costs, property costs, technology services and maintenance and legal and professional fees. On a reported basis, operating expenses increased to £319.2m from £82.8m in H1 2022. This increase is due to the acquisition of William Hill with the Retail business having a much higher proportion of operating expenses to revenue given the employment and property costs required to operate.

On a pro forma basis, adjusted operating expenses excluding depreciation and amortisation have decreased by 7.7% from £321.5m in H1 2022 to £296.8m in H1 2023, despite the inflation challenges, driven by the delivery of synergies.

EBITDA

Reported EBITDA increased by 383% from £27.1m to £130.8m. On an adjusted basis, the increase was 211% to £155.6m from £50.0m, with an increased margin of 17.7% compared to 15.1% in H1 2022.

On a pro forma basis, adjusted EBITDA increased by 9% to £155.6m in H1 2023 compared to £142.5m in H1 2022. The adjusted EBITDA margin increased to 17.7% in H1 2023 from 15.1% in H1 2022 driven by the focus on cost efficiency alongside the early benefits of synergy delivery, particularly marketing savings from the optimised brand marketing strategy across different markets.

INCOME STATEMENT BY SEGMENT

The below tables show the Group's performance by segment on a reported and pro forma basis respectively:

	Reported				Adjusted EBITDA			
	Revenue				Adjusted EBITDA			
	H1 2023	H1 2022	Change from	% of reported	H1 2023	H1 2022	Change from	% of Adjusted
	£'m	£'m	previous year	Revenue	£'m	£'m	previous year	EBITDA
				(H1 2023)				(H1 2023)
Retail	279.4	-		31.7%	60.8	-		39.1%
UK&I Online	335.9	109.0	208.2%	38.1%	59.0	(1.8)	>1,000%	37.9%
Total UK	615.3	109.0	464.5%	69.8%	119.8	(1.8)	>1,000%	77.0%
International	266.3	203.5	30.9%	30.2%	53.1	52.5	1.1%	34.1%
Other	-	19.6	(100.0)%	-	-	1.9	(100.0)%	-
Corporate	-	-	-	-	(17.3)	(2.6)	565.4%	(11.1)%
Total	881.6	332.1	165.5%	100.0%	155.6	50.0	211.2%	100.0%

	Pro forma							
	Revenue				Adjusted EBITDA			
	H1 2023	H1 2022	Change from	% of reported	H1 2023	H1 2022	Change from	% of Adjusted
	£'m	£'m	previous year	Revenue	£'m	£'m	previous year	EBITDA
				(H1 2023)				(H1 2023)
Retail	279.4	263.5	6.0%	31.7%	60.8	49.6	22.6%	39.1%
UK&I Online	335.9	370.8	(9.4)%	38.1%	59.0	48.5	21.7%	37.9%
Total UK	615.3	634.4	(3.0)%	69.8%	119.8	98.1	22.1%	77.0%
International	266.3	308.9	(13.8)%	30.2%	53.2	70.5	(24.5)%	34.2%
Other	-	-	-	-	-	-	-	-
Corporate	-	-	-	-	(17.3)	(26.1)	(33.6)%	(11.1)%
Total	881.6	943.3	(6.5)%	100.0%	155.6	142.5	9.2%	100.0%

For the commentary on divisional performance below, the focus is given to the pro forma financials in order to give a clearer comparative of performance compared to the previous period. Furthermore, it reflects adjusted results, since that is the basis on which these are reported internally and in our segmental analysis.

UK

UK&I Online

On a reported basis, revenue increased by 208% to £335.9m and Adjusted EBITDA increased by £60.8m compared to the previous period.

On a pro forma basis, revenue declined by 9.4% to £335.9m reflecting both the impact of our business mix shifting towards lower-spending customers, and the short-term revenue impact from the removal of low-return or unprofitable marketing, with our focus firmly on driving profitable and sustainable growth.

Monthly average actives were up +10% in H1-23, with Q2-23 being +12% to a record high of 1.3m active players. ARPU was down 18% in H1-23 as we change the mix of the business to lower spending players, which now represent over 80% of UK online revenue (up from a little over 50% two years ago).

Pro forma adjusted EBITDA increased by £10.5m (+21.7%) with the Adjusted EBITDA margin improving by 4.5 percentage points to 17.6% as a result of optimised marketing and delivery of synergies.

Retail

On a reported basis, Retail generated revenue of £279.4m and Adjusted EBITDA of £60.8m as the Retail business continued to deliver robust financial performance and strong cash generation.

On a pro forma basis, revenue increased by 6.0% to £279.4m in 2023 with continued strong customer engagement, and a slightly higher sportsbook net win margin year over year, predominantly driven by some of the bigger racing festivals. Pro forma adjusted EBITDA increased by £11.2m to £60.8m in H1 2023 driven by the closure of a small number of unprofitable shops and an efficient new staffing model offsetting the impact of inflation on the cost base.

There were 1,343 shops open at the end of H1 2023 compared to 1,386 at the end of FY 2022.

The small reduction to the already well optimised estate largely reflects the impact of inflationary cost increases making certain shops no longer commercially viable.

International

On a reported basis, the International business revenue increased by 30.9% to £266.3m and Adjusted EBITDA increased by £0.6m compared to the previous period.

On a pro forma basis revenue declined by 13.8% to £266.3m, with double digit growth in our core markets of Italy and Spain and 11% growth from our growth markets excluding Germany, where the further regulatory restrictions have impacted the market and our business. This was more than offset by a significant reduction in revenue from our optimise markets, which primarily reflects the impact of regulatory and compliance changes, principally the suspension of VIPs in the Middle East.

Pro forma adjusted EBITDA declined by £17.3m to £53.2m with the Adjusted EBITDA margin declining primarily as a result of a higher proportion of revenue being generated from regulated and taxed markets.

Corporate costs

On a reported basis, corporate costs were £17.3m in H1 2023 compared to £2.6m expense in H1 2022. This is due to the acquisition of William Hill in the second half of 2022.

On a pro forma basis, there was a reduction in corporate costs of £8.8m to £17.3m due to the implementation of synergies and tight cost control through the integration programme, as well as a reallocation of certain costs to the divisions to better reflect how the business is now managed.

EXCEPTIONAL ITEMS AND ADJUSTMENTS

Operating Exceptional items	H1 2023 £'m	H1 2022 £'m
Retroactive duties and associated charges	-	(2.2)
Integration and transformation costs	21.9	-
Corporate transaction related costs	0.5	7.4
Regulatory provisions	3.0	-
Loss on reclassification of Bingo business Held for sale	-	11.2
Total exceptional items before tax	25.4	16.4
Tax on exceptional items	(2.5)	(3.0)
Total exceptional items	22.9	13.4
Adjustments:		
Amortisation of Finance Fees	8.1	-
Amortisation of acquired intangibles	52.6	-
Foreign exchange	(25.2)	4.3
Share benefit (credit)/charge	(1.2)	2.2
Total Adjustments before tax	34.3	6.5
Tax on adjustments	(12.9)	-
Total Adjustments	21.4	6.5
Total exceptional items and adjustments	44.3	19.9

Operating exceptional items in the Period totalled £22.9m in H1 2023 compared to £13.4m in H1 2022.

Exceptional items are defined as those items which are considered to be one-off or material in size or nature to be brought to attention to better understand the Group's financial performance. Refer to note 3 to the financial statements for further detail.

There were £21.9m of costs incurred relating to the on-going integration of the William Hill business in order to achieve synergies, which is still expected to total £100m across the integration programme. The transformation and integration programme is currently expected to generate synergies of approximately £150m, in line with guidance provided in April 2023, and to be achieved already in 2024.

Corporate transaction related costs relates predominantly to the disposal of the Latvia business, with prior year costs related to the acquisition of William Hill.

Regulatory provision covers a regulatory settlement with the Gibraltar regulator, following the Group's self-identified and self-reported compliance shortcomings. Additionally, in the prior year, a £2.2m credit was recognised in respect to exceptional provision for retroactive duties and associated charges following a reassessment of potential gaming duties relating to activity in prior years.

Adjustments were those items that are recurring items that are excluded from internal measures of underlying performance in order to provide clear visibility of the underlying performance across the Group. They are items that are therefore excluded from Adjusted EBITDA, Adjusted PAT and Adjusted EPS.

The amortisation of the specific intangible assets recognised on acquisitions has been presented as an adjusted item, totalling £52.6m relating to the William Hill acquisition. This amortisation is a recurring item that will be recognised over its useful life.

The other items that have been presented as adjusted items are foreign exchange gains of £25.2m (foreign exchange loss of £4.3m in H1 2022), amortisation of finance fees of £8.1m (nil in H1 2022), and share based payment (credit) / charges of £(1.2)m (£2.2m in H1 2022).

FINANCE INCOME AND EXPENSES

Net finance expenses of £69.6m (H1 2022: £0.7m) related predominantly on the interest expense from the debt on acquisition of William Hill (£59.3m) which is net of foreign exchange. The finance expense resulting from operating leases was £4.4m (H1 2022: £0.4m) with the increase due to the acquired Retail business within William Hill and the finance expense from hedging activities was £7.6m.

(LOSS) / PROFIT BEFORE TAX

The net loss before tax for H1 2023 was £45.2m (H1 2022: net profit before tax of £14.4m). On an adjusted basis, profits decreased by 53% to £14.5m (H1 2022: net profit before tax of £30.8m) with the increased financing costs from the debt on acquisition of William Hill offsetting the increased earnings from the enlarged Group.

TAXATION

On a reported basis, the Group recognised a tax credit of £12.7m on a loss before tax of £45.2m, giving an effective tax rate of -28.1% (H1 2022: tax charge of £2.4m and an effective tax rate of 16.7%). The tax credit and therefore the tax rate is lower than the expected tax credit arising on the loss at 23.5% primarily due to lack of tax relief on exceptional costs associated with the acquisition of William Hill and which is offset by prior years credits in respect of additional tax relief obtained on interest costs.

On an adjusted basis, the Group recognised a tax charge of £2.7m on a profit before tax of £14.5m, giving an effective tax rate of 18.5%. (H1 2022: tax charge of £5.4m and an effective tax rate of 17.5%).

The Group's effective tax rate for 2023 is now expected to be c8%.

NET (LOSS)/PROFIT AND ADJUSTED NET PROFIT

The net loss for H1 2023 was £32.5m (H1 2022: net profit of £12.0m). On an adjusted basis, profits decreased to £11.8m from £31.9m in H1 2022.

EARNINGS PER SHARE

Basic earnings per share decreased to a loss of 7.3p (H1 2022: profit of 2.9p) as a result of the reduction in net profits in H1 2023 predominantly due to the additional finance costs associated with the debt.

On an adjusted basis, basic earnings per share decreased by 67% to 2.6p (H1 2022: 7.8p). Further information on the reconciliation of earnings per share is given in note 4.

DIVIDEND

The Board of Directors is not recommending a dividend to be paid in respect of the half year ended 30 June 2023 (H1 2022: nil per share), in light of the Board's decision to suspend payments of dividends until leverage is at or below 3x, as previously announced following the acquisition.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position of 30 June 2023 is compared to 31 December 2022.

Non-current assets decreased by £101.1m to £2,371.7m compared to £2,472.8m at FY 2022, predominantly due to amortisation of Goodwill and Other intangible assets which have decreased by £84.9m.

Current assets are £445.8m, a decrease of £48.6m compared to £494.4m at FY 2022. Within this cash and cash equivalents have increased by £0.4m to £318.0m from £317.6m, although this includes £130.3m of client funds held compared to £141.3m at FY 2022. Excluding client funds, cash and cash equivalents have increased by £11.4m from £176.3m in FY 2022 to £187.7m in H1 2023.

Total current liabilities have decreased by £66.9m from £703.4m at FY 2022 to £636.5m at H1 2023. This includes the increase of client funds held and the trade and other payables. Within this total, provisions have decreased by £10.0m to £101.5m. This includes the current portion of the provision for customer claims of £110.6m, predominantly in Austria and predominantly recognised on acquisition of William Hill as part of acquisition accounting where previously held contingent liabilities were recognised on the statement of financial position in line with the business combinations accounting standards. There are then provisions of £60.5m for gaming tax in Austria, and a provision of £19.2m for the regulatory settlement agreed between William Hill and the GB Gambling Commission, both acquired with William Hill.

Non-current liabilities are £2,036.8m, a decrease of £67.8m from the balance of £2,104.6m in FY 2022. This increase is predominantly due to movement in borrowing driven by foreign exchange translations. In addition, the deferred tax liability has decreased by £23.8m mainly driven from the acquisition accounting and lease liabilities have increased by £5.5m to £70.5m.

Net assets of £144.2m is a decrease of £15.0m compared to £159.2m at FY 2022.

CASH FLOWS

	H1 2023 £'m	H1 2022 £'m
Cash generated from operating activities before working capital	110.9	20.7
Working capital movements	(16.6)	(60.1)
Net cash (used in) / generated from operating activities	94.3	(39.4)
Payment of lease liabilities	(19.2)	(2.8)
Disposals	40.6	-
Capital expenditure	(33.3)	(14.4)
Repayment of loans	(2.0)	-
Proceeds from equity placing	-	157.8
Interest paid	(73.4)	(3.0)
Other movements in cash incl FX	(6.6)	11.9
Net cash inflow	0.4	110.1
Cash balance	318.0	299.5
Gross Debt	(1,755.0)	-
Net Debt	(1,660.2)	227.4

Overall the Group had a cash inflow of £0.4m in the Period, compared to an inflow of £110.1m in H1 2022. This resulted in a cash balance of £318.0m as at 30 June 2023 (£299.5m at 30 June 2022) although this included client funds and other restricted cash of £130.3m such that unrestricted cash available to the Group was £187.7m compared to £176.3m at 31 December 2022.

Cash flow from operations was a £94.3m inflow compared to an outflow of £39.4m in H1 2022. This increase was partly due to significant working capital outflows in the prior period, as well as the increased profit before tax from an enlarged business.

Payment of lease liabilities represents £19.2m of lease liability payments in the Period, with the increase over the prior year driven by the acquisition of William Hill and its associated retail estate.

Disposals of £40.6m represents the proceeds on the sale of non-core assets including the Latvia business and the sale and leaseback of certain freeholds.

Capital expenditure was £33.3m in H1-23, with the increase over the prior year reflecting the acquisition of William Hill.

Repayment of loans reflects £2.0m of debt amortisation, relating to the 1% annual amortisation on the US\$ Term Loan B. Interest paid of £73.4m benefits from some timing, with annual cash interest payments for 2023 still expected to be in the range of £165-170m.

Other movements include £2.6m further investment in 888AFRICA and £4.0m of realised foreign exchange losses.

NET DEBT

	30 June 2023	31 Dec 2022
	£'m	£'m
Borrowings	(1,649.5)	(1,702.3)
Loan transaction fees	(105.5)	(112.7)
Gross Borrowings	(1,755.0)	(1,815.0)
Lease liability	(92.9)	(89.0)
Cash (excluding customer balances)	187.7	176.3
Net Debt	(1,660.2)	(1,727.7)
LTM pro forma Adjusted EBITDA	323.9	310.6
Leverage	5.1x	5.6x

The gross borrowings balance as at 30 June 2023 was £1,755.0m. The earliest maturity of this debt is in 2026, which is £11m, with the vast majority of the debt maturing across 2027 and 2028. In addition to this, the Group has access to a £150m Revolving Credit Facility maturing in January 2028, which is currently undrawn.

The debt is across GBP sterling; Euro and US Dollar with 49% of the debt in Euro; 44% in GBP and 7% in USD. The Group have undertaken hedging activities such that 70% of the interest costs is at fixed costs and 30% at floating rates with the hedging relationships in place for three years.

The net debt balance at 30 June 2023 was £1,660.2m with a net debt to EBITDA ratio of 5.1x. This compares to £1,727.7m and 5.6x respectively as at 31 December 2022. The reduction in net debt is primarily driven by favourable foreign exchange movements on the USD and EUR denominated debt principal amounts, together with the cash inflow discussed above. Leverage has reduced by 0.5x, benefiting from both the pro forma Adjusted EBITDA growth and net debt reduction, both as described above. The Group has a target to bring its leverage ratio down to less than 3.5x by FY 2025.

Yariv Dafna

Chief Financial Officer

15 August 2023

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that are considered to have a potentially material impact on the Group's future performance, sustainability and strategic objectives are set out below. The principal risks and uncertainties are consistent with those defined in the 2022 Annual Report, available at <https://corporate.888.com>.

This list is not exhaustive but encompasses management's assessment of those risks which require considered response at this time.

Reputational

The Group relies on its world class brands across its key markets, with brand reputation being a key driver of customer choice. As such, maintaining a strong reputation is critical to the ongoing success of the Group.

There continues to be a trend in a number of jurisdictions where the business operates to strengthen regulations over safer gambling and customer protection, particularly in regard to those underage and players who are vulnerable or at an increased risk of harm. There is also an emphasis on enhancing controls over anti money laundering and anti-terrorist funding activities across the industry.

Media reporting on the industry as a whole has seen continuing and indeed increased criticism of how individual customers have been treated. This has led to further calls for additional regulation, particularly around responsible gambling, affordability, and advertising. Any failure to ensure the business is fully compliant would result in significant reputational damage, in addition to any sanctions imposed by its regulators.

ESG

The Group is committed to the policies, procedures, and controls over the delivery of its Environmental, Social and Governance (ESG) objectives.

ESG issues include risks such as climate change, player protection, diversity & inclusion, cybersecurity concerns and social responsibility not just to employees and customers but also to the communities where the business bases its operations and retail outlets. Unlike most other risk types, certain aspects of ESG risks are often emerging with unique characteristics. Climate-related risks for example tend to have little relevant historical data associated with them and tend to be non-linear in nature.

Nevertheless, The Group has identified several ESG objectives and has developed sustainability metrics and targets to monitor progress against these. The ESG framework is called 'Players, People, Planet,' and the Group's strategic focus is on protecting our players from gambling related harm, creating an engaging and inclusive environment where colleagues can thrive and protecting the environment by achieving net zero carbon emissions by 2030.

Market risk

The acquisition of William Hill was financed using a combination of sources, including significant debt facilities. The Group has entered into a range of hedging arrangements such that approximately 70% of interest costs are fixed for the next three years, and the currency profile of the debt was more closely aligned to the currency profile of the Group. However, the Group is still exposed to risks related to interest rate changes and currency fluctuations, which could increase the cost of the Group's borrowings, and this could divert resources from investing in growth, marketing and delivery of new products and projects.

The Group is also exposed to foreign exchange rate fluctuations and risks in its financial reporting. A substantial part of the Group's deposits and revenues are generated in GBP, EUR and other currencies, whilst the Group's operating expenses are largely incurred in local currencies, primarily GBP, EUR, ILS, and USD, with incremental operating cost exposure across our offices in Philippines, Romania, Bulgaria and Poland. The Group also has debt servicing costs which are denominated in USD and EUR, partially hedged in GBP.

Taxation

The Group is subject to a range of taxes, duties, and levies in many of the countries where we have operations or in which our customers are located. These taxes have changed over time and continue to be subject to change. In addition to tax rate changes, the Group's international footprint brings added complexity to its tax and duty positions, which requires careful management to ensure the business fulfils its obligations.

The nature of tax affairs can be complicated with differing legal interpretation regarding the scope and scale of taxation, which alongside potential rate changes mean the levels of taxation to which the Group is exposed may change in the future, creating a risk of additional costs. There is also a risk of audits of the Group's tax filings and/or challenges to the filing/non-filing positions the Group is taking in certain locations. Any adjustments made by tax authorities to the Group's filed positions may also lead to opportunities for governments to apply financial penalties and interest – this action may impact the company's reputation with customers, the capital markets, and key stakeholders such as compliance and regulatory bodies who issue and monitor its operating licences.

People

Our colleagues across all our business functions are vital to ensuring our day-to-day operations are undertaken efficiently and effectively and to the successful delivery of our strategic business objectives.

Competition for highly qualified personnel is intense in many of the locations in which the Group is based. Ensuring our colleagues are well remunerated, managed and supported is fundamental to the success of the business.

The integration activities following the acquisition of William Hill have introduced some uncertainty for our colleagues across the business, which does carry a risk with regard to staff retention in particular, but also recruitment in the short term.

Integration

The Group is in the process of integrating the William Hill business into its corporate structure, with the strategy to integrate operations and technology and deliver cost synergies whilst retaining its customer base and experienced and qualified personnel.

The integration is supported by strong governance, oversight and dedicated management teams. However, risks inherently remain to the delivery and timing of all or substantially all the expected benefits and to the timely delivery of these benefits. The delivery of these synergies involves complexity, and associated costs to revising current systems and organisational structures. As such there is a risk that these costs could exceed our current cost estimates, impacting on anticipated integration benefits.

Consolidating multiple technology systems can be complex and challenging, and may lead to potential disruptions in our operations and require us to take on higher levels of risk in the short term.

Integration risks also include the unexpected loss of key personnel, the erosion of our existing customer base and issues in integrating financial and operational policies, processes, procedures and controls. There are challenges in managing the increased scope, geographic diversity and complexity of the Group's operations. Third-party partners and suppliers may look to terminate or alter their existing contracts with the Group.

There are also risks associated with the management of conflicting interests within the Group and failure to mitigate contingent or assumed liabilities, as well as diversion of management and resources from the Group's core business activity due to personnel being required to assist in the integration process.

Cyber and technology

There is a continual risk that our technology systems and as a result our operations may be impacted by cyber-attacks such as Distributed Denial of Service (DDoS) by malicious third parties, the theft or misuse of customer and business data by internal or external agents or natural or manmade disasters affecting our offices and operational locations or those of our key suppliers.

Cyber-attacks leading to data theft could expose the Group to "ransom" demands or regulatory sanctions including fines and reputational damage, which could lead to loss of customer confidence in the business.

The loss of availability of our technology and communication systems, or those in our key suppliers' infrastructure could cause significant disruption and cost to the business, and lead to revenue loss both during the incident and in the aftermath if customers move their business to our competitors. Lengthy down-time could also cause us to breach regulatory obligations.

Partnership

To effectively deliver our products and services to customers the Group has reliance upon certain critical suppliers of technology, payment services, marketing, gaming products, sports content, and media. The effective management of critical third-party relationships and performance is key to delivering our strategic objectives. Any failure of our suppliers to provide services to us may have a significant adverse impact our own operations.

The Group also has certain strategic partnerships where we supply third party operators with business to business (B2B) gambling services in the United States which have strategic importance for the longer-term growth in our US business. Any risks to our B2B partnerships or meeting our contractual obligations with them have to be managed to ensure the long-term viability of our operations linked to these relationships, and to ensure we are able to meet our strategic growth targets.

Data protection and e-privacy

The integrity of the Group's data protection framework including the holding, processing, and protection of customer's, third party and sensitive business data is crucial to the supply of its services to customers and the Group's compliance with regulatory and legal obligations.

The Group is exposed to the risk that data breaches could result in financial loss, reputational damage, and potential regulatory enforcement including financial penalties.

The betting and gaming sector is under increased scrutiny from data protection regulators globally and particularly in the UK where the ICO specifically called out the betting and gaming industry's use of adtech, social media and general use of personal data as an area of focus for the next three-years in the ICO25 strategy document.

Regulatory and compliance

Compliance with regulatory requirements is critical to maintaining the Group's licences, protecting our customers, and driving growth. With most of our revenue generated from licensed jurisdictions and more countries looking to regulate, the importance of such licenses to the business is constantly increasing.

Regulatory requirements in key markets are subject to change, sometimes at short notice, which could benefit or have an adverse impact on the Group and additional costs may be incurred in order to comply with any new laws or regulations.

Condensed Consolidated Income Statement

For the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 £m (unaudited)	Six months ended 30 June 2022 £m (unaudited)
Revenue	2	881.6	332.1
Gaming duties		(190.9)	(62.3)
Other cost of sales		(103.1)	(58.2)
Exceptional items – cost of sales	3	-	2.2
Cost of sales		(294.0)	(118.3)
Gross profit		587.6	213.8
Marketing expenses		(138.2)	(103.9)
Operating expenses		(400.2)	(76.2)
Share of post-tax profit of equity accounted associate		0.6	-
Exceptional items – operating expenses	3	(25.4)	(18.6)
Operating profit		24.4	15.1
Adjusted EBITDA¹		155.6	50.0
Exceptional items – cost of sales and operating expenses	3	(25.4)	(16.4)
Foreign exchange differences		(0.6)	(4.3)
Share benefit credit/(charge)		1.2	(2.2)
Depreciation and amortisation		(106.4)	(12.0)
Operating profit		24.4	15.1
Finance income		2.3	0.1
Finance expenses	5	(71.9)	(0.8)
(Loss)/profit before tax		(45.2)	14.4
Taxation	6	12.7	(2.4)
(Loss)/profit after tax		(32.5)	12.0
Adjusted profit after tax¹		11.8	31.9
Exceptional items – cost of sales and operating expenses	3	(25.4)	(16.4)
Amortisation of finance fees		(8.1)	-
Amortisation of acquired intangibles		(52.6)	-
Tax on exceptional and adjusted items		15.4	3.0
Foreign exchange		25.2	(4.3)
Share benefit credit/(charge)		1.2	(2.2)
(Loss)/profit after tax		(32.5)	12.0
(Loss)/earnings per share (pence)			
Basic	4	(7.3)	2.9
Diluted	4	(7.3)	2.9

¹ Adjusted EBITDA and adjusted profit after tax are Alternative Performance Measures (“APMs”) which do not have an IFRS standardised meaning. The Group present these two measures since they are the main measure the analyst community uses to evaluate the Company and compare it to its peers. The Group presents adjusted measures because it allows for a further understanding of the underlying financial performance of the Group.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June 2023 £m (unaudited)	Six months ended 30 June 2022 £m (unaudited)
(Loss)/profit for the period	(32.5)	12.0
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(5.1)	13.5
Items that will not be reclassified to profit or loss		
Remeasurement of severance pay liability	-	1.0
Movement in cash flow hedging position	23.7	-
Total other comprehensive income for the period	18.6	14.5
Total comprehensive (loss)/income for the year attributable to equity holders of the parent	(13.9)	26.5

The notes below form part of these condensed consolidated financial statements.

Condensed Consolidated Balance Sheet

At 30 June 2023

	Note	30 June 2023 £m (unaudited)	31 December 2022 £m (audited)
Assets			
Non-current assets			
Goodwill and other intangible assets ²		2,127.8	2,212.7
Right-of-use assets		79.2	81.9
Property, plant and equipment		101.8	110.4
Investment in sublease		1.2	1.4
Investments in associates		39.1	38.4
Non-current prepayments		3.2	6.2
Derivative financial instruments		14.3	16.6
Deferred tax assets		5.1	5.2
		2,371.7	2,472.8
Current assets			
Cash and cash equivalents ¹		318.0	317.6
Trade and other receivables		116.9	132.7
Income tax receivable		7.5	35.2
Derivative financial instruments		2.9	2.0
Assets held for sale		0.5	6.9
		445.8	494.4
Total assets		2,817.5	2,967.2
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital		2.2	2.2
Share premium		160.7	160.7
Treasury shares		(0.9)	(0.9)
Foreign currency translation reserve		19.5	24.6
Hedging reserves		10.3	(13.4)
Retained earnings		(47.6)	(14.0)
Total equity attributable to equity holders of the parent		144.2	159.2
Non-controlling interests		-	-
Total equity		144.2	159.2
Liabilities			
Non-current liabilities			
Borrowings	7	1,644.7	1,697.5
Severance pay liability		0.4	1.2
Retirement benefit liability		1.2	1.2
Provisions ²	8	104.4	101.9
Deferred tax liability		196.6	220.4
Derivative financial instruments		19.0	17.4
Lease liabilities		70.5	65.0
		2,036.8	2,104.6
Current liabilities			
Borrowings	7	4.8	4.8
Trade and other payables		358.8	368.0
Provisions	8	101.5	111.5
Derivative financial instruments		16.9	20.8
Income tax payable		1.8	33.0
Lease liabilities		22.4	24.0
Customer deposits		130.3	141.3
		636.5	703.4
Total equity and liabilities		2,817.5	2,967.2

¹ Cash and cash equivalents includes customer funds which represent bank deposits matched by customers liabilities of an equal value. Cash and cash equivalents excludes restricted short-term deposits of £21.5 million which are presented in Trade and other receivables (31 December 2022: £21.6 million).

² Since the disclosure of the provisional fair values in the 31 December 2022 year end accounts and during the measurement period, an adjustment of £15.7m has been made to increase the fair value of provisions, and an equivalent increase in goodwill. See note 9 for further details.

The condensed financial statements herein were approved and authorised for issue by the Board of Directors on 14 August 2023 and were signed on its behalf by:

Lord Mendelsohn
Executive Chair

Yariv Dafna
Chief Financial Officer

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital £m	Share premium £m	Treasury shares £m	Foreign currency translation reserve £m	Hedging reserve £m	Cost of hedging reserve £m	Retained earnings £m	Non-controlling interests £m	Total £m
Balance at 1 January 2022 (audited)	1.9	2.5	(0.9)	22.1	-	-	98.8	0.1	124.5
Profit after tax for the period attributable to equity holders of the parent	-	-	-	-	-	-	12.0	-	12.0
Other comprehensive income for the period	-	-	-	13.5	-	-	1.0	-	14.5
Total comprehensive income	-	-	-	13.5	-	-	13.0	-	26.5
Share issue	0.4	162.4	-	-	-	-	-	-	162.8
Share issue costs	-	(4.3)	-	-	-	-	-	-	(4.3)
Equity settled share benefit charges	-	-	-	-	-	-	3.8	-	3.8
Acquisition of treasury shares	-	-	(0.7)	-	-	-	-	-	(0.7)
Exercise of deferred share bonus plan	-	-	0.7	-	-	-	(0.7)	-	-
Non-controlling interests	-	-	-	-	-	-	0.1	(0.1)	-
Balance at 30 June 2022 (unaudited)	2.3	160.6	(0.9)	35.6	-	-	115.0	-	312.6
Balance at 1 January 2023 (audited)	2.2	160.7	(0.9)	24.6	(14.4)	1.0	(14.0)	-	159.2
Loss after tax for the period attributable to equity holders of the parent	-	-	-	-	-	-	(32.5)	-	(32.5)
Other comprehensive (loss)/income for the period	-	-	-	(5.1)	23.7	-	-	-	18.6
Total comprehensive (loss)/income	-	-	-	(5.1)	23.7	-	(32.5)	-	(13.9)
Equity settled share benefit credit	-	-	-	-	-	-	(1.1)	-	(1.1)
Balance at 30 June 2023 (unaudited)	2.2	160.7	(0.9)	19.5	9.3	1.0	(47.6)	-	144.2

The following describes the nature and purpose of each reserve within equity.

Share capital - represents the nominal value of shares allotted, called-up and fully paid.

Share premium - represents the amount subscribed for share capital in excess of nominal value.

Treasury shares - represent acquired own equity instruments. Treasury shares are recognised at cost and deducted from equity.

Foreign currency translation reserve – represents exchange differences arising from the translation of all Group entities that have functional currency different from £.

Hedging reserves – represents changes in the fair value of derivative financial instruments designated in a hedging relationship.

Retained earnings - represents the cumulative net gains and losses recognised in the consolidated statement of comprehensive income and other transactions with equity holders.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Note	Six months ended 30 June 2023 £m (unaudited)	Six months ended 30 June 2022 £m (unaudited)
Cash flows from operating activities			
(Loss)/profit before tax		(45.2)	14.4
Adjustments for:			
Depreciation		21.2	4.8
Amortisation		85.2	7.2
Interest income		(2.3)	(0.1)
Interest expenses	5	71.9	0.8
Income tax paid		(11.6)	(25.0)
Share of post-tax loss of equity accounted associate		(0.6)	-
Non-cash exceptional items		2.1	16.4
Movement on Ante-post		(4.1)	-
Gain on disposal of freehold properties via sale and leaseback		(3.2)	-
Gain on disposal of property, plant and equipment		(1.3)	-
Share benefit (credit)/charge		(1.2)	2.2
		110.9	20.7
Decrease/(increase) in receivables		27.2	(2.5)
Decrease in customer deposits		(11.0)	(11.3)
Decrease in trade and other payables		(31.8)	(35.8)
Decrease in provisions		(1.0)	(10.5)
		94.3	(39.4)
Net cash generated from/(used in) operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment		(5.2)	(3.6)
Proceeds on disposal of property, plant and equipment		0.5	-
Proceeds on disposal of Latvia business		18.6	-
Proceeds on sale and leaseback of freehold properties		22.0	-
Loans to 888 Africa		(2.6)	-
Interest received		1.7	0.1
Acquisition of intangible assets		(0.8)	(1.1)
Internally generated intangible assets		(27.8)	(9.7)
		6.4	(14.3)
Net cash from/(used in) investing activities			
Cash flows from financing activities			
Proceeds from share issue		-	162.8
Share issue costs		-	(4.3)
Payment of lease liabilities		(19.2)	(2.8)
Interest paid		(75.1)	(3.1)
Repayment of loans		(2.0)	-
Acquisition of treasury shares		-	(0.7)
		(96.3)	151.9
Net cash (used in)/generated from financing activities			
Net increase in cash and cash equivalents		4.4	98.2
Net foreign exchange difference		(4.0)	13.5
Cash reclassified as assets held for sale		-	(1.6)
Cash and cash equivalents at the beginning of the period		317.6	189.4
		318.0	299.5
Cash and cash equivalents at the end of the period			

The notes below form part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

1 Basis of preparation and accounting policies

1.1 Basis of preparation

The annual financial statements of the Group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting" and with the Disclosure and Transparency Rules of the Financial Conduct Authority. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Group's annual audited consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended 31 December 2022.

The comparatives for the year ended 31 December 2022 are not the Group's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies in Gibraltar and is also available from the Company's website. The auditor's report on those accounts was unqualified and did not contain statements under Section 257(1) (a) and Section 258(2) of the Gibraltar Companies Act.

The condensed consolidated set of financial statements included in this half-yearly financial report has been reviewed, not audited, and does not constitute statutory accounts.

Further information relating to significant events during the period is provided in the Financial Review section.

The significant accounting policies applied in the consolidated financial statements in the prior year have been applied consistently in these consolidated financial statements.

Going concern

Background

The financial statements have been prepared using the going concern basis of accounting. As at 30 June 2023, the Group had net assets of £144.2m (31 December 2022: £159.2m) and incurred a statutory loss before tax of £45.2m during the six months to 30 June 2023 (six months to 30 June 2022: £14.4m profit). The Group also had net current liabilities of £190.7m (31 December 2022: £209.0m).

Business planning and performance management

Following the acquisition of William Hill, the Group has developed its forecasting and monitoring processes to reflect the combined group and the new reporting structure. These processes consist of weekly monitoring and careful management of liquidity, an annual budget and a long-term plan, which generates income statement and cash flow projections for assessment by management and the Board. Forecasts are regularly compared with prior forecasts and current trading to identify variances and understand their future impact in order that management can take action where appropriate. Analysis is undertaken to review and sense check the key assumptions, including the integration and transformation programmes, underpinning the forecasts.

Whilst there are risks to the Group's trading performance, the Group has established risk management processes to identify and mitigate those risks, and such risks have been considered when undertaking the going concern evaluation for the period to 31 December 2024.

The Group's future prospects

The Group meets its day-to-day working capital requirements from the positive cash flows generated by its trading activities and its available cash resources. The Group holds cash and cash equivalents excluding customer balances and restricted cash of £187.7m as at 30 June 2023 (31 December 2022: £176.3m). In addition to this the Group has access, until January 2028, to a £150m Revolving Credit Facility which is currently undrawn.

The Group entered into significant debt arrangements in the prior year to fund the acquisition of the William Hill business. Other than an annual £4.8m repayment on the TLB facility, no borrowings are due within the period of the going concern evaluation or in the period soon after it. The next due date on the Group's debt is in 2026 and the majority is repayable in 2027-28. The Group's Revolving Credit Facility contains a Net Leverage covenant which is not restrictive in the base case, downside or reverse stress test scenarios. The remainder of the Group's debt does not contain any financial covenants.

The Group's forecasts, for the going concern evaluation period to 31 December 2024, based on reasonable assumptions including, in the base case, a decline in revenue on a pro forma basis and lower than expected EBITDA synergies, indicate

that the Group will be able to operate within the level of its currently available and expected future facilities for this period to 31 December 2024. Under the base case forecast, the Group has sufficient cash reserves and available facilities to enable it to meet its obligations as they fall due, for this going concern evaluation period to 31 December 2024.

The Group has also assessed a range of downside scenarios to evaluate whether any material uncertainty exists relating to the Group's ability to continue as a going concern. The forecasts and scenarios consider severe but plausible downsides that could impact the Group, which are linked to the business risks identified by the Group. These scenarios, both individually and in combination, have enabled the Directors to conclude that the Group has adequate resources to continue to operate for the foreseeable future.

Specifically, the Directors have given careful consideration to the regulatory and legal environment in which the Group operates, including the ongoing GBGC licence review. Downside sensitivities have been run, individually and in aggregate to assess the impact of the following scenarios:

- Continuation of the adverse impact seen following suspension of 888 VIP customers in the Middle East region;
- Reductions in profitability for the whole Group of 15% to reflect potential regulatory, macroeconomic or competitive pressures;
- Increase in interest expense, as a result of higher interest rates on the Group's remaining floating rate debt; and
- The adverse impact of potential measures following the UK Gambling Act review.

Management note that the ongoing GBGC licence review has been considered, however no downside scenarios have been modelled as we believe the likelihood of a licence suspension materialising is remote. Management have performed a separate reverse stress test to identify the conditions that would be required to compromise the Group's liquidity. Having done so, management has identified further actions to conserve or generate cash to mitigate any impact of such a scenario occurring. Management have calculated mitigating cost savings that can be implemented by reducing variable operating expenditure to offset a reduction in cash generation resulting from lower profitability. Following these actions, the Group could withstand a decrease in forecast EBITDA of 64.1%. The Board considers the likelihood of a decline of this magnitude to be remote. Other initiatives, not directly in the Group's control at the date of approval of these financial statements, could be considered including the disposal of non-core assets and investments.

Should a more extreme downside scenario occur, or mitigations and initiatives not be achieved, further mitigating actions that can be executed in the necessary timeframe could be taken, such as a temporary reduction of marketing expenditures.

Conclusion

Based on the above considerations, the Directors continue to adopt the going concern basis in preparing these financial statements.

1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies and methods of computation adopted in the condensed consolidated half-yearly financial information are consistent with those followed in Group's full financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023.

Several new and amendments to existing International Financial Reporting Standards and interpretations, issued by the IASB and adopted in the UK, were effective from 1 January 2023 and have been adopted by the Group during the period with no significant impact on the consolidated results or financial position of the Group.

The Group 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 is expected to lead to further corporation tax being payable by the Group in the future given its online operating model. On 20 June, 2023, the United Kingdom substantively enacted Pillar Two. As required by the amendments to IAS 12, the Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group is currently completing a detailed numerical modelling exercise to estimate the increased tax payable and effective tax rate resulting from the Pillar Two rules being enacted and expects to provide an update on its work in line with recent amendments to IAS 12 in its financial statements for the year ended 31 December 2023.

1.3 New standards that have not been adopted by the Group as they were not effective for the period

Several new standards and amendments to existing International Financial Reporting Standards and interpretations, issued by the IASB and adopted, or subject to endorsement, in the UK, will be effective from 1 January 2024 onwards and have not been adopted by the Group during the period. At this stage management are still assessing the full impact on the consolidated results or financial position of the Group. None are expected to have a material impact on the consolidated financial statements in the period of initial application.

1.4 Key Judgements and Estimates

In the application of the Group's accounting policies, management 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 key sources of estimation, uncertainty and judgement applied in the preparation of the Interim Financial Statements are consistent with those applied in the financial statements of the group for the year ended 31 December 2022, as disclosed in note 1 of those statements.

1.5 Fair value measurements

The Group considers that the book value of the financial assets and liabilities, approximates to their fair value. There were no changes in valuation techniques or transfers between categories in the period.

2 Segment information

The Board has reviewed and confirmed the Group's reportable segments in line with the guidance provided by IFRS 8 'Operating Segments'. The segments disclosed below are aligned with the reports that the Group's Executive Chair and Chief Financial Officer as Chief Operating Decision Makers review to make strategic decisions.

The Retail segment comprises all activity undertaken in LBOs including gaming machines. The UK&I 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 and Ireland. The International 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. There are no inter-segmental sales within the Group.

Segment performance is shown on an adjusted EBITDA basis, with a reconciliation from adjusted EBITDA to statutory results for clarity. Information for the period ended 30 June 2023 is as follows:

Six months ended 30 June 2023	Retail £m	UK&I Online £m	International £m	Other ² £m	Corporate £m	Total £m
Revenue ¹	279.4	335.9	266.3	-	-	881.6
Gaming duties and other cost of sales	(60.2)	(128.3)	(103.2)	-	-	(291.7)
Adjusted Gross Profit	219.2	207.6	163.1	-	-	589.9
Marketing	(3.1)	(82.9)	(52.1)	-	-	(138.1)
Contribution	216.1	124.7	111.0	-	-	451.8
Operating expenses	(155.3)	(65.7)	(57.9)	-	(17.9)	(296.8)
Associate income	-	-	-	-	0.6	0.6
Adjusted EBITDA	60.8	59.0	53.1	-	(17.3)	155.6
Depreciation						(21.2)
Amortisation (excluding acquired intangibles)						(32.6)
Amortisation of acquired intangibles						(52.6)
Exceptional items – operating expenses						(25.4)
Share benefit credit						1.2
Foreign exchange						(0.6)
Finance expenses						(71.9)
Finance income						2.3
Loss before tax						(45.2)

1 Revenue recognised under IFRS 9 is £279.4m in Retail, £335.9m in UK&I Online, £259.2m in International and £nil in Other. Revenue recognised under IFRS 15 is £nil in Retail, £nil in UK&I Online, £7.1m in International and £nil in Other.

2 'Other' represents the Bingo business that was disposed of during the year ended 31 December 2022.

Six months ended 30 June 2022	Retail £m	UK&I Online £m	International £m	Other ² £m	Corporate £m	Total £m
Revenue¹	-	109.0	203.5	19.6	-	332.1
Gaming duties and other cost of sales	-	(36.2)	(69.5)	(10.4)	-	(116.1)
Adjusted Gross Profit	-	72.8	134.0	9.2	-	216.0
Marketing	-	(55.8)	(45.6)	(2.5)	-	(103.9)
Contribution	-	17.0	88.4	6.7	-	112.1
Operating expenses	-	(18.8)	(35.9)	(4.8)	(2.6)	(62.1)
Associate income	-	-	-	-	-	-
Adjusted EBITDA	-	(1.8)	52.5	1.9	(2.6)	50.0
Depreciation						(4.8)
Amortisation (excluding acquired intangibles)						(7.2)
Exceptional items – cost of sales and operating expenses						(16.4)
Share benefit charges						(2.2)
Foreign exchange						(4.3)
Finance income						0.1
Finance expenses						(0.8)
Profit before tax						14.4

1 Revenue recognised under IFRS 9 is £nil in Retail, £109.0m in UK&I Online, £197.1m in International and £11.0m in Other. Revenue recognised under IFRS 15 is £nil in Retail, £nil in UK&I Online, £6.4m in International and £8.6m in Other.

2 'Other' represents the Bingo business that was disposed of during the year ended 31 December 2022.

3 Exceptional items and adjusted results

In determining the classification and presentation of exceptional items we have applied consistently the guidelines issued by the Financial Reporting Council ('FRC') that primarily addressed the following:

- Consistency and even-handedness in classification and presentation;
- Guidance on whether and when recurring items should be considered as part of underlying results; and
- Clarity in presentation, explanation and disclosure of exceptional items and their relevance.

In preparing these condensed financial statements, we also note the European Securities and Markets Authority ('ESMA') guidance on Alternative Performance Measures (APM), including:

- Clarity of presentation and explanation of the APM;
- Reconciliation of each APM to the most directly reconcilable financial statement caption;
- APMs should not be displayed with more prominence than statutory financials;
- APMs should be accompanied by comparatives; and
- The definition and calculation of APMs should be consistent over time.

Adjusted results

The Group reports adjusted results, both internally and externally, that differ from statutory results prepared in accordance with IFRS. These adjusted results, which include our key metrics of adjusted EBITDA, adjusted profit after tax and adjusted EPS, are considered to be a useful reflection of the underlying performance of the Group and its businesses, since they exclude transactions which impair visibility of the underlying activity in each segment. More specifically, visibility can be impaired in one or both of the following instances:

- a transaction is of such a material or infrequent nature that it would obscure an understanding of underlying outcomes and trends in revenues, costs or other components of performance (for example, a significant impairment charge); or
- a transaction that results from a corporate activity that has neither a close relationship to the Group's operations nor any associated operational cash flows (for example, the amortisation of intangibles recognised on acquisitions).

Adjusted results are used as the primary measures of business performance within the Group and align with the results shown in management accounts, with the key uses being:

- management and Board reviews of performance against expectations and over time, including assessments of segmental performance (see note 2);
- in support of business decisions by the Board and by management, encompassing both strategic and operational levels of decision-making

The Group's policies on adjusted measures are consistently applied over time, but they are not defined by IFRS and, therefore, may differ from adjusted measures as used by other companies.

The Consolidated Income Statement presents adjusted results alongside statutory measures. We discriminate between two types of reconciling items: exceptional items and adjusted items.

Exceptional items

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

Exceptional items are as follows:

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Cost of sales		
Retroactive duties and associated charges	-	(2.2)
Exceptional items - cost of sales	-	(2.2)
Operating expenses		
Integration and transformation costs	21.9	-
Corporate transaction related costs	0.5	7.4
Regulatory provisions	3.0	-
Loss on reclassification of Bingo business to Held for sale	-	11.2
Exceptional items - operating expenses	25.4	18.6
Total exceptional items before tax	25.4	16.4
Tax on exceptional items	(2.5)	(3.0)
Total exceptional items	22.9	13.4

For the six months ended 30 June 2023, total tax on exceptional items and adjustments is a credit of £15.4m, £12.9m of which relates to adjustments (Six months ended 30 June 2022: £3.0m tax credit related entirely to exceptional items).

Retroactive gaming duties and associated charges

The industry in which the Group 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. In H1 2022, a net credit of £2.2 million was recognised in respect to exceptional provision for retroactive duties and associated charges following a reassessment of potential gaming duties relating to activity in prior years.

Integration and transformation costs

Following the acquisition of the William Hill International (non-US) business, the integration and transformation program began and the full £150m target for pre-tax cost synergies is expected to be realised in 2024. The cash costs to achieve the targeted integration synergies are expected to cost approximately £100m, incurred through to 2025 with the majority in 2023 and 2024. In H1 2023, there are a total of £21.9m of costs relating to the integration programme, including £6.6m of platform integration costs, £5.2m of redundancy costs, £3.2m of legal and professional costs and £2.7m of employee incentives as part of the integration of William Hill and 888.

Corporate transaction related costs

The Group has incurred legal and M&A costs, including in relation to the disposal of its Latvia business. Refer to note 9 for more detail. During H1 22 the Group incurred £7.4m of costs associated with the acquisition of the international (non-US) business of William Hill.

Regulatory Provisions

The Group has booked a provision of £3.0m during the period related to a regulatory settlement with the Gibraltar regulator in relation to the previously disclosed failings that we identified in our Middle East business. This has been presented as an exceptional item given it is one-off in nature.

Loss on reclassification of Bingo business to Held for sale

On 7 July 2022, the Group announced that it had completed the sale of its entire Bingo business to Saphalata Holdings Ltd., a member of the Broadway Gaming group, for a total cash consideration of £37.4m (US\$45.25m), out of which £35.7m was paid on completion and a further £1.7m will unconditionally be paid in one year. As a result, the Group reclassified Bingo assets and liabilities as 'Held for sale' and recognised an impairment loss of £11.2m in H1 2022.

Adjusted items

Adjusted items 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 the difference between the fair value and the pre-acquisition book value of specific intangible assets recognised in acquisitions, amortization of finance fees, foreign exchange and share benefit charges. These items are defined as adjusted items as it is believed it would impair the visibility of the underlying activities across each segment as it is not closely related to the businesses' or any associated operational cash flows. Each of these items are recurring and occur in each reporting period and will be consistently adjusted in future periods. Note that the adjusted items are all shown on the face of the consolidated income statement in the reconciliations of both adjusted EBITDA and adjusted profit after tax.

4 Earnings per share

Basic earnings per share

Basic earnings per share ('EPS') has been calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of shares in issue and outstanding during the period.

Diluted earnings per share

The weighted average number of shares for diluted earnings per share takes into account all potentially dilutive equity instruments granted, which are not included in the number of shares for basic earnings per share. Potential ordinary shares are excluded from the weighted average diluted number of shares when calculating IFRS diluted loss per share because they are not dilutive. The number of equity instruments included in the diluted EPS calculation consist of 4,008,045 ordinary shares (H1 2022: 6,970,866) and no market-value options (H1 2022: nil).

The number of equity instruments excluded from the diluted EPS calculation is 1,070,379 (H1 2022: 1,726,593).

	Six months ended 30 June 2023 (unaudited)	Six months ended 30 June 2022 (unaudited)
(Loss)/profit for the period attributable to equity holders of the parent (£m)	(32.5)	12.0
Weighted average number of Ordinary Shares in issue	447,368,358	406,915,296
Effect of dilutive Ordinary Shares and share options	4,008,045	6,970,866
Weighted average number of dilutive Ordinary Shares	451,376,403	413,886,162
Basic (pence)	(7.3)	2.9
Diluted (pence)	(7.3)	2.9

Adjusted earnings per share

The Directors believe that EPS calculated using adjusted profit after tax ("Adjusted EPS") allows for further understanding of the underlying performance of the business and assists in providing a clearer view of the performance of the Group.

	Six months ended 30 June 2023 £m (unaudited)	Six months ended 30 June 2022 £m (unaudited)
Adjusted profit after tax	11.8	31.9
Weighted average number of Ordinary Shares in issue	447,368,358	406,915,296
Weighted average number of dilutive Ordinary Shares	451,376,403	413,886,162
Adjusted basic earnings per share (pence)	2.6	7.8
Adjusted diluted earnings per share (pence)	2.6	7.7

5 Finance expenses

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Interest expenses related to lease liabilities	4.4	0.4
Interest on bank loans and bonds	85.1	-
Hedging activities	7.6	-
Foreign exchange on financing activities	(25.8)	-
Other finance charges and fees	0.6	0.4
Total finance expenses	71.9	0.8

6 Taxation

Corporate taxes

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Current taxation		
UK corporation tax at 23.5%	0.2	-
Other jurisdictions taxation	3.1	2.4
Adjustments in respect of prior years	3.2	-
	6.5	2.4
Deferred taxation		
Origination and reversal of temporary differences	(6.6)	-
Adjustments in respect of prior years	(12.6)	-
	(19.2)	-
Taxation (credit)/expense	(12.7)	2.4

The Group recognised a tax credit of £12.7m on loss before tax of £45.2m, giving an effective tax rate of 28.1% (H1 22: 16.7%). This rate benefits from the lower tax rates in Gibraltar as well as a credit arising in the period from the utilisation of corporate interest relief.

Before exceptional and adjusted items, the Group recognised a tax charge of £2.7m on profits before tax of £14.5m, giving an effective tax rate of 18.5% (H1 22: 17.5%). The rate is lower than the expected UK statutory rate of 23.5% due mainly to the receipt of prior year tax credits in the first half of the year as a result of recognising additional tax losses from earlier years.

	6 months ended 30 June 2023			6 months ended 30 June 2022		
	Before exceptional items and adjustments	Exceptional items / adjustments	Total	Before exceptional items and adjustments	Exceptional items / adjustments	Total
	£m	£m	£m	£m	£m	£m
Profit/(loss) before tax	14.5	(59.7)	(45.2)	30.8	(16.4)	14.4
Tax (expense)/credit	(2.7)	15.4	12.7	(5.4)	3.0	(2.4)
Profit/(loss) for the period	11.8	(44.3)	(32.5)	25.4	(13.4)	12.0
	18.5%	25.8%	28.1%	17.5%	18.3%	16.7%

	6 months ended 30 June 2023			6 months ended 30 June 2022		
	Exceptional items	Adjustments	Total	Exceptional items	Adjustments	Total
	£m	£m	£m	£m	£m	£m
Total exceptional items and adjustments before tax	(25.4)	(34.3)	(59.7)	(16.4)	0.0	(16.4)
Tax on exceptional items and adjustments	2.5	12.9	15.4	3.0	-	3.0
Total exceptional items and adjustments	(22.9)	(21.4)	(44.3)	(13.4)	0.0	(13.4)
	9.7%	37.7%	25.8%	18.3%	0.0%	18.3%

7 Borrowings

	Interest rate %	Maturity	30 June 2023	31 December 2022
Borrowings at amortised cost				
<i>Bank facilities</i>				
€473.5m term loan facility	EURIBOR + 5.5%	2028	381.5	392.6
	CME term SOFR +	2028	403.4	420.7
\$575.0m term loan facility	5.35%			
£150.0m Equivalent Multi-Currency Revolving Credit Facility	-	2028	-	-
<i>Loan Notes</i>				
€582.0m Senior Secured Fixed Rate Notes	7.56	2027	484.7	498.6
€450.0m Senior Secured Floating Rate Notes	EURIBOR + 5.5%	2028	369.4	379.9
£350.0m Senior Unsecured Notes	4.75	2026	10.5	10.5
Total Borrowings			1,649.5	1,702.3
Less: Borrowings as due for settlement in 12 months			4.8	4.8
Total Borrowings as due for settlement after 12 months			1,644.7	1,697.5

Bank facilities

Term Loan Facilities

In July 2022, the Group entered into a Senior Facilities Agreement in connection with the William Hill Group acquisition, under which the following term loan facilities were made available:

- a 6-year euro-denominated bullet term facility of €473.5m, of which €6.4m was repaid in September 2022.
- a 6-year sterling-denominated delayed-draw bullet term facility of £351.8m which was partially drawn in September 2022 (“GBP Term Loan”) and used to partially prepay the William Hill Group’s £350m 4.75% Senior Unsecured Notes due 2026 and partially prepay the Group’s euro-denominated bullet term facility.
- a 6-year US Dollar-denominated term facility of \$500.0m.

In December 2022, the GBP Term Loan was prepaid and partially replaced with a \$75.0m increase under the Group’s 6-year US Dollar-denominated term facility, with the remaining amount replaced with senior secured note issuances.

At 30 June 2023, the following amounts were outstanding under the term facilities made available to the Group under the Senior Facilities Agreement:

- €467.1m under the Group’s 6-year euro-denominated term facility.
- \$496.2m under the Group’s 6-year US Dollar-denominated term facility.

Loan Notes

Senior Secured Notes

(i) €582m 7.558% Senior Secured Fixed Rate Notes due July 2027

In July 2022, as part of the William Hill Group acquisition funding, the Group issued €400m of guaranteed senior secured fixed rate notes and used the net proceeds to finance the William Hill Group acquisition. The notes, which are guaranteed by certain members of the Group and certain of the Group’s operating subsidiaries, mature in July 2027.

In December 2022, a further €182m in principal amount was issued under the same terms as the initial €400m issuance and used to partially refinance the GBP Term Loan.

(ii) €450m Senior Secured Floating Rate Notes due July 2028

In July 2022, the Group issued €300m of guaranteed senior secured floating rate notes and used the net proceeds to partially finance the William Hill Group acquisition. The notes, which are guaranteed by certain members of the Group and certain of the Group’s operating subsidiaries, mature in July 2028.

In December 2022, a further €150m in principal amount was issued under the same terms as the initial €300m issuance to partially refinance the GBP Term Loan.

Senior Unsecured Notes

£350m 4.875% Senior Unsecured Fixed Rate Notes due 2023 & £350m 4.75% Senior Unsecured Fixed Rate Notes due 2026

The Group acquired two separate listed Senior Unsecured notes, due 2023 and 2026 respectively as at 1 July 2022. The acquisition triggered a change in control and the exercise of a put option by a number of Noteholders (refer below). The £350m 4.875% Senior Unsecured Notes due 2023 were settled in full and, on 22 September 2022, Noteholders of £339.5m out of £350.0m 4.75% Senior Unsecured Notes due 2026 took the option to exercise. As a result, this reduced the £350.0m 4.75% Senior Unsecured Notes due 2026 to £10.5m. The cash purchase price of both notes was equal to 101 per cent of the principal amount together with the interest accrued. As at 30 June 2023, £10.5m of Senior Unsecured Notes due 2026 (31 December 2022: £10.5m) were held by the Group.

Finance fees and associated costs incurred on the issue of both notes were held in the William Hill Statement of Financial Position at acquisition, which were subsequently fair valued which led to an increase of £7.1m, reflecting the current market price of the debt at acquisition date. This is being amortised over the life of the respective notes using the effective interest rate method. On redemption of the Notes, any unamortised fees were written off to profit and loss as exceptional costs (see note 3).

Change of control

Following the occurrence of a change of control, either (i) each lender under the Senior Facilities Agreement shall be entitled to require prepayment of outstanding amounts and cancellation of its commitments within a prescribed time period or (ii) the Group may elect that all outstanding undrawn commitments of each lender shall be cancelled and outstanding drawn commitments shall become due and payable.

In addition, the Group will be required to make an offer to purchase all of the Fixed Rate Notes, the Floating Rate Notes and the 4.75% senior unsecured notes due 2026 as a result of such change of control at a price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest.

Undrawn credit facilities

At 30 June 2023, the Group had the following undrawn credit facilities:

£150m Equivalent Multi-Currency Revolving Credit Facility

In July 2022, as part of the William Hill Group acquisition, the Group entered into a new Senior Facilities Agreement under which its £50m revolving credit facility was replaced with a multi-currency revolving credit facility. The replacement facility has an aggregate principal amount of £150m with a five and a half year maturity (maturing in January 2028). The drawn balance on this facility at 30 June 2023 was £nil.

Financial Covenant

The Revolving Credit Facilities are subject to a Senior Facilities Agreement whereby any applicable revolving Incremental Senior Facilities (together the "Financial Covenant Facilities") are tested at the Financial year end to ensure that they do not exceed a pre-agreed threshold.

The directors are satisfied that, at the period end, the net leverage ratio has not exceeded the pre-agreed threshold and, as a consequence, the Financial Covenants have not been breached.

Overdraft facility

In July 2022, as part of the William Hill Group acquisition, the Group acquired an overdraft facility with National Westminster Bank plc of £5.0m. The balance on this facility at 30 June 2023 was £nil.

Net debt reconciliation

Debt	Opening	Inflows	Outflows	Fees on	Non-cash	FX	Total
	1 January						30 June
	2023	£m	£m	debt	£m	£m	2023
	£m	£m	£m	£m	£m	£m	£m
2026 Senior Unsecured Notes	10.5	-	-	-	-	-	10.5
€473.5m term loan facility	392.6	-	-	-	1.2	(12.3)	381.5
\$575.0m term loan facility	420.6	-	(2.0)	-	3.5	(18.7)	403.4
€582.0m Senior Secured Fixed Rate Notes	498.7	-	-	-	1.7	(15.7)	484.7
€450.0m Senior Secured Floating Rate Notes	379.9	-	-	-	1.4	(11.9)	369.4
	1,702.3	-	(2.0)	-	7.8	(58.6)	1,649.5

Debt	Opening 1	Inflows	Acquired	Outflows	Fees on	Non-cash	FV	FX	Total
	January								31 December
	2022	£m	£m	£m	debt	£m	adjustment	£m	2022
	£m	£m	£m	£m	£m	£m	£m	£m	£m
2023 Senior Unsecured Notes	-	-	352.3	(349.0)	-	-	(3.3)	-	-
2026 Senior Unsecured Notes	-	-	351.9	(339.0)	-	-	(2.4)	-	10.5
£358.1 term loan facility	-	347.0	-	(347.0)	-	-	-	-	-
£461.5m asset bridge loan	-	-	461.5	(461.5)	-	-	-	-	-
€473.5m term loan facility	-	420.4	-	(5.7)	(23.5)	1.7	-	(0.3)	392.6
\$575.0m term loan facility	-	479.1	-	(1.0)	(57.4)	3.5	-	(3.6)	420.6
€582.0m Senior Secured Fixed Rate Notes	-	517.0	-	-	(18.9)	0.9	-	(0.3)	498.7
€450.0m Senior Secured Floating Rate Notes	-	399.6	-	-	(20.3)	0.9	-	(0.3)	379.9
	-	2,163.1	1,165.7	(1,503.2)	(120.1)	7.0	(5.7)	(4.5)	1,702.3

	30 June 2023			31 December 2022		
	Nominal Value	Unamortised issue costs	Book Value	Nominal Value	Unamortised issue costs	Book Value
	£m	£m	£m	£m	£m	£m
2026 Senior Unsecured Notes	10.5	-	10.5	10.5	-	10.5
€473.5m term loan facility	402.5	(21.0)	381.5	413.7	(21.1)	392.6
\$575.0m term loan facility	452.9	(49.5)	403.4	476.0	(55.4)	420.6
€582.0m Senior Secured Fixed Rate Notes	501.4	(16.7)	484.7	515.5	(16.8)	498.7
€450.0m Senior Secured Floating Rate Notes	387.7	(18.3)	369.4	398.6	(18.7)	379.9
	1,755.0	(105.5)	1,649.5	1,814.3	(112.0)	1,702.3

8 Provisions, commitments, contingent liabilities and regulatory issues

	Indirect tax provision £m	Legal and regulatory £m	Shop closure provision £m	Other restructuring costs £m	Total £m
At 31 December 2022¹	61.7	143.2	4.8	3.7	213.4
Charged/(credited) to profit or loss					
Additional provisions recognised	1.2	3.7	0.9	-	5.8
Provisions released to profit and loss	-	(2.6)	-	-	(2.6)
Utilised during the year	(2.3)	(1.5)	(1.7)	(1.3)	(6.8)
Transfer between categories ²	-	(1.2)	-	(1.9)	(3.1)
Foreign exchange differences	(0.1)	(0.7)	-	-	(0.8)
At 30 June 2023	60.5	140.9	4.0	0.5	205.9

1. Since the disclosure of the provisional fair values in the 31 December 2022 year end accounts and during the measurement period, an adjustment of £15.7m has been made to increase the fair value of provisions, and an equivalent increase in goodwill.
2. During the period a £1.9m provision which was previously categorised as other restructuring costs has been reclassified into legal and regulatory as this better reflects the nature of the provision. In addition, a provision of £3.1m within legal and regulatory has been transferred to accruals.

Customer claims provisions of £104.0m within legal and regulatory are classified as non-current. The remaining provisions are all classified as current.

Indirect tax provision

As part of the acquisition of William Hill in the previous reporting period, the Group 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. During the current reporting period, the Group has continued to provide for the gaming taxes including interest, as management considers that an outflow is probable. The Group is in constructive discussions with the Austrian tax authority over the timing of settlement.

Legal and regulatory provisions

The Group has a provision in respect of legal and regulatory matters, including customer claims, and updated it to reflect the Group's revised assessment of these risks in light of developments arising during 2023 such that this represents management's best estimate of probable cash outflows related to these matters.

The industry in which the Group 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. Within this provision, there is a provision acquired relating to a periodic compliance assessment undertaken by the GB Gambling Commission ("GBGC") in July and August 2021 of the William Hill business. William Hill was subject to a licence review and has successfully addressed all action points raised by the GBGC in relation to William Hill's social responsibility and anti-money laundering obligations. The Group agreed a regulatory settlement of £19.2m, including divestments of £0.7m. This liability was acquired at 1 July 2022 and is expected to be settled in the second half of 2023.

In common with other businesses in the gambling sector, the Group 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 Group 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.

Within this provision, there is a provision for customer claims in Austria where the Business has been subject to a particular acceleration of claims since 2020 following marketing campaigns by litigation funders in that jurisdiction. Claims have continued to be received throughout 2021 and 2022 at a broadly consistent rate with a slight acceleration across 2021 and 2022. Consumers who have obtained judgement against the Business's entities in the Austrian courts have sought to enforce those judgements in Malta and Gibraltar. These are being defended on the basis of a public policy argument. The provisions held for the Group relating to these claims is £86.2m, which includes a provision of £80.6m relating to the William Hill and Mr Green brands and £5.6m relating to 888.

The calculation of the customer claims liability includes provision for both legal fees and interest but is gross of gaming tax. Management have assessed that it is probable as opposed to virtually certain that the tax will be reclaimed and therefore a contingent asset of up to £24.3m has been disclosed for the tax reclaims.

The timing and amount of the outflows is ultimately determined by the settlement reached with the relevant authority. Following receipt of updated advice, the development of case law in Germany indicates that the courts may apply a more customer-friendly approach to the application of the three-year limitation period and link the commencement of the limitation period to the player's first positive knowledge of a claim to recover his gambling losses. The law permits a maximum limitation period of 10 years in this scenario. As such, during 2023 and within the purchase price accounting measurement period, we have re-assessed the value of the provision for customer claims in Germany as at the acquisition date. This has led to an increase in the provision of £15.7m to a total value of £23.4m. This has been recognised through the opening balance sheet on acquisition, leading to an equivalent increase in goodwill on acquisition.

Shop closure provisions

As a result of the acquisition of William Hill, the Group holds provisions relating to the associated costs of closure of large shop closure programmes in 2019 and 2022 as well as certain shops that ceased to trade as part of normal trading activities.

Other restructuring costs

The Group has recognised certain provisions for staff severance as a result of restructuring due to the acquisition of William Hill.

9 Acquisitions and disposals

Acquisitions

On 1 July 2022, the Group acquired all of the equity interests in William Hill. Total consideration for the transaction was £554.3m, consisting of £544.7m cash consideration and up to £100.0m of contingent consideration, fair valued on acquisition date at £9.6m.

The following table shows the final fair values of the identifiable assets acquired and liabilities assumed of William Hill at the acquisition date.

Identifiable assets acquired and liabilities assumed

	Fair Value £m
Intangible assets	1,404.2
Property, plant and equipment	109.5
Right-of-use assets	72.3
Investment in sublease	1.4
Investments and investments in associates	40.0
Cash and cash equivalents	157.9
Trade and other receivables	32.9
Income tax asset	10.8
Assets held for sale	0.2
Trade and other payables	(399.3)
Provisions and contingent liabilities	(194.5)
Derivative financial instruments	(3.5)
Lease liabilities	(76.6)
Retirement benefit liability	(0.4)
Deferred tax liabilities	(236.2)
Long term debt	(1,165.7)
Total net identifiable liabilities	(247.0)
Goodwill	801.3
Consideration transferred	554.3

Since the disclosure of the provisional fair values in the 31 December 2022 year end accounts and during the measurement period, an adjustment of £15.7m has been made to increase the fair value of provisions, in relation to the customer claims in Germany, and an equivalent increase in goodwill has been recognised. See Note 8 for further details of the change.

Disposals

On 22 May 2023, the Group agreed to sell its Latvian business to Paf Consulting Abp. On 13 June 2023, the deal with Paf Consulting Abp completed. The cash consideration for the Latvian business was £19.5m, of which £0.9m is a net cash adjustment. As a part of the deal, the Group have agreed an earn out with Paf Consulting Abp, under which the Group would receive further consideration of up to €4.25m. As this is deemed to hold a fair value of £nil this has not been recorded in these financial statements.

The Group sold net assets totalling £19.5m, leading to a profit on disposal of £nil. These net assets were made up of goodwill and other intangible assets of £23.1m, other net assets totalling £1.0m, non-controlling interests of £0.5m offset by deferred tax liabilities totalling £5.1m.

10 Financial instruments

The hierarchy (as defined in IFRS 13 'Fair Value Measurement') of the Group's financial instruments carried at fair value as at 30 June 2023 and 31 December 2022 was as follows:

30 June 2023	Contractual / notional	Level 1	Level 2	Level 3
	amount			
	£m	£m	£m	£m
Financial assets				
Cross-currency swaps	385.3	-	15.4	-
Interest rate swaps	129.2	-	1.8	-
	514.5	-	17.2	-
Financial liabilities				
Cross-currency swaps	352.6	-	32.2	-
Interest rate swaps	-	-	-	-
Ante post bet liabilities	-	-	-	3.7
Contingent consideration	100.0	-	-	0.4
	452.6	-	32.2	4.1

31 December 2022	Contractual / notional	Level 1	Level 2	Level 3
	amount			
	£m	£m	£m	£m
Financial assets				
Cross-currency swaps	397.1	-	17.7	-
Interest rate swaps	132.2	-	0.9	-
	529.3	-	18.6	-
Financial liabilities				
Cross-currency swaps	365.3	-	30.4	-
Interest rate swaps	-	-	-	-
Ante post bet liabilities	-	-	-	7.8
Contingent consideration	100.0	-	-	0.4
	465.3	-	30.4	8.2

Ante post bets are a liability arising from an open position at the period end date in accordance with the Group's accounting policy for derivative financial instruments. Ante post bets at the period end totalled £3.7m (31 December 2022: £7.8m) 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 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 Group's historical 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 30 June 2023, the gross win margins ranged from 2%-25%.

11 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associate are disclosed below.

Trading transactions

Associates

The Group holds an investment of 19.5% of the ordinary share capital of Sports Information Services (Holdings) Limited (SIS). During the period, the Group made purchases of £18.4m from Sports Information Services Limited, a subsidiary of Sports Information Services (Holdings) Limited. At 30 June 2023, the amount payable to Sports Information Services Limited by the Group was £nil.

Remuneration of key management personnel

Transactions between the Group and key management personnel in the first half of 2023 were limited to those relating to remuneration previously disclosed as part of the Director's Remuneration Report within the Group's 2022 Annual report. There have been no other material changes to the arrangements between the Group and key management personnel in the period.

12 Post balance sheet events

On 14 July 2023, the GBGC informed the Group that it has decided it needed to commence a review of the Group's operating licences under Section 116 (2)(c)(ii) of the Gambling Act 2005. The GBGC confirmed it has determined a licence review is appropriate in light of concerns surrounding a particular shareholder of the Group, and its proposal to appoint certain individuals to Board positions. The scope of the licence review is narrow and is not expected to have any impact on the Group's ongoing operations. The Group will liaise with the GBGC as required.

On 19 July 2023, the Group announced that Andria Vidler will resign from the Board of Directors and as Chair of the ESG Committee with effect from 30 September 2023.

On 25 July 2023, the Group announced the appointment of Per Widerström as Chief Executive Officer, with effect from 16 October 2023. Upon Per joining the Group, Lord Mendelsohn will return to the role of non-executive Chair.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements, which has been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the IASB and adopted by the UK, gives a true and fair view of the assets, liabilities, financial position and profit of the company and the undertakings included in the consolidation as a whole.
- The interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
 - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the 2021 Annual Report and Accounts.

The Directors of 888 Holdings plc are:

Lord Jon Mendelsohn – Executive Chair
Anne De Kerckhove – Senior Independent Director
Yariv Dafna – Chief Financial Officer
Mark Summerfield – Independent Non-Executive Director
Limor Ganot - Independent Non-Executive Director
Andrea Gisle Joosen - Independent Non-Executive Director
Andria Vidler - Independent Non-Executive Director
Ori Shaked – Non-Executive Director

A list of the current Directors is maintained on the 888 Holdings plc website: corporate.888.com.

By order of the Board of 888 Holdings plc.

Lord Mendelsohn
Executive Chair

Yariv Dafna
Chief Financial Officer

INDEPENDENT REVIEW REPORT TO 888 HOLDINGS PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and the related notes 1 to 12. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the "Basis of conclusion" section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the "Basis for conclusion" paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London, United Kingdom

14 August 2023