Principal Risks 2023

During the year, risks which are recorded and managed within the Group's risk management system, have been monitored and reviewed by management and the risk committees.

The principal risks and uncertainties which are considered to have a potentially material impact on the Group's long-term performance and achievement of strategy are set out on the following pages. External and internal risk factors are considered. This is not intended to be an exhaustive and extensive analysis of all risks which may affect the Group. Additional risks and uncertainties not presently known to management, or currently deemed to be less material, may also have an adverse effect on the business.

Compliance with existing and changing regulation, licensing and laws

1

Potential impact and need for risk management

Our German license achieved sustainable revenue, however ongoing changes to and compliance with Federal, State and local laws and licensing may continue to be detrimental to user experience. This could restrict our ability to innovate and market to new and existing customers, and brings greater scrutiny by the authorities which may not be enforced by the regulator concurrently for all licensed operators. The authorities may not fully enforce the regulations against non-compliant operators in the digital and/or retail businesses, which will be detrimental to licensed operators, could lead to market distortions and may also reduce the product portfolio and content that we can offer across retail and digital.

Ensuring full compliance with the ongoing and developing requirements, including ESG, is challenging although all efforts are made to comply.

Policymakers, regulators, the industry, ESG, charities and politicians in the EU and at national levels have taken steps to strengthen AML legislation, prevention of the facilitation of tax evasion and Anti-Bribery and Corruption.

Tipico, having its headquarters in Malta, is subject to the Maltese AML regulation and local authorities. German licensing has imposed stricter gambling requirements continuing to increase the responsibility to manage risks including AML, to keep out crime and provide a safe environment for the customers. This regulation, political discussions plus increased scrutiny by the authorities may further impact our operations.

Non-compliance and/or a significant breach of any of our regulatory, license or legal obligations may lead to investigations and fines, up to the potential loss of license(s) and reputational damage to the brand, limiting growth and reducing shareholder value. The German authorities now have direct access to our data for supervisory purposes.

We are subject to multiple licenses, diverging interpretations by each authority may increase the risk of breaches and makes compliance more complex.

Authorities may continue to lack expertise and knowledge of the industry and continue to impose changes which reduce our product offering and overall customer experience.

As a result of changes in the legal environment in Austria and Germany, Tipico faced a number of casino player claims for which a provision has been established based on information available to the Group as at financial year end. Although deemed reasonable by management, the provision is inherently subjective and uncertain leading to a potential risk of significant adjustment to the carrying amount of the recognised provision.

Tipico's US entity faces a unique challenge because each jurisdiction in which it operates has its own regulatory framework to follow. Failure to comply with these jurisdiction-specific requirements could result in investigations, fines, loss of license(s) and reputational damage to the brand.

Compliance with existing and changing regulation, licensing and laws (continued)

Group's actions to manage and mitigate the risk

The Group has dedicated internal and external legal, compliance, AML, MLRO, GDPR, privacy, tax and public affairs resources to monitor and interpret regulatory developments and to assess their implementation, including ESG. We analyse regulatory changes and engage in constructive dialogue with authorities and others in the sector on these changes.

We engage with the business and other internal/external stakeholders/lawmakers and authorities. Our oversight and assurance functions set appropriate policies, procedures and controls that operational management must apply. Training and communication strategies focus on the key risks to ensure awareness of the requirements and consequences of breaches.

The Group takes a zero-tolerance approach to money laundering, terrorism financing, tax evasion as well as bribery and corruption. AML / Combating the Financing of Terrorism (CFT) training, compliance programmes and Customer Risk Assessments are in place and continue to be developed to enhance our compliance. We are committed to follow gaming operators' AML requirements in our licenced markets.

Gaming, AML and GDPR increased compliance monitoring efforts at 1st line and 2nd line of defence level will permit a higher understanding of our compliance level and enable more effective mitigation.

Communications with and reporting to the authorities is centralised, supervised and approved by the legal and compliance teams.

The implementation of requirements and its prioritisation is supervised and approved by executive management and the Board, who are continuously informed on the Group's implementation and compliance status.

We are monitoring the developments for existing and new licenses and continue adapting our business offering to comply with these requirements, whilst identifying further opportunities to drive our business forward.

Customer Operations as well as Compliance policies and procedures and mandatory staff training cover all aspects of AML, CFT, KYC/EDD and transaction monitoring for all our business.

The onboarding of retail franchise partners in Germany includes EDD and the appointment of an own MLRO for each retail franchise partner.

A Group AML/CFT Business Risk Assessment is performed on a yearly basis and relevant KPIs are reported monthly.

The Group will continue to review the judgements applied in the estimation process of the player claims provision as experience develops with the passage of time and reflect any adjustments accordingly if deemed necessary.

The Group reviews these risks in all of the relevant sub-Risk Committees and the Group Risk Committee.

Information management, security & cyber resilience

2

Potential impact and need for risk management

The integrity of the business depends on secure, fair and reputable products, protection of data and 24/7 availability.

The Group is exposed to increased scrutiny with regulation, GDPR and privacy laws. A security breach into the gaming systems or confidentiality of data, or a cyber-attack/ransom could result in loss of the business for a significant period.

This could damage the reputation and long-term viability of the business, if customers in particular, lose trust. This could lead to financial and other penalties and regulatory action.

Group's actions to manage and mitigate the risk

The Group maintains a certified information security management system (ISMS) in accordance with the international standard ISO/IEC 27001. The ISMS control environment forms the core element of the information security programme and subsequently of the Group's approach to managing security risk.

We manage access to systems and tools and perform an annual Access Management review of all employees and contractors, and privileged account access/usage.

The maintenance and continuous improvement of the control environment is supporting the programmes' main pillars – to establish an appropriate governance and policy structure, embed risk as business as usual, and ensure continuous security awareness – thereby increasing security and reducing risk while protecting the Group's assets and securely enabling access to information for those who need it.

Information security risks resulting from the threat of cyber-attacks are monitored closely by the information security team while controls have been further strengthened to mitigate them.

The Group's Security Risk Committee and ProTech Risk Committee directly oversee the effectiveness of controls in relation to management and mitigation of these risks and report the outcomes on a frequent basis to the Group Risk Committee.

Responsible & safer betting & gaming (RG)

3

Potential impact and need for risk management

German regulation introduced strict player protection measures. Failure to sufficiently protect customers can lead to investigations, sanctions up to loss of licence(s) and reputational damage to our brand.

This could impact our product offering, and our ability to achieve our strategic targets.

Group's actions to manage and mitigate the risk

We have implemented the German regulation RG requirements or continue dialogue to challenge the license conditions. Our Player Protection concept for responsible and safer betting and gaming, addresses these issues and has been approved by the regulator for sports betting and gaming.

We offer customers a comprehensive suite of features for RG in our online and retail businesses which prevent underage use of our products at initial account registration and verification. We identify and interact with those who may be at risk of negative problem gambling behaviour through behavioural prediction.

We carefully track affordability and allow increased deposits according to the regulation to customers who have passed the affordability checks.

Customer Operations and other employees who interact with our customers follow RG policies and procedures and undergo frequent mandatory training.

We are committed to safer gambling, relevant KPI's are tracked and reported monthly, and this supports our ESG approach. The Group Risk Committee, Digital Risk Committee and Retail Risk Committees, oversee the effectiveness of responsible & safer betting & gaming controls and mitigation of these risks.

Technology strategy, infrastructure, scalability, reliability & availability

4

Potential impact and need for risk management

We are dependent on the 24/7 high availability of advanced interconnected technology and software, both bespoke and third-party integrations (including multiple regulatory systems), to effectively and efficiently run and grow the business.

Incidents, depending on severity, could damage the reputation and ongoing success of the business. Customers may move to competitors and not return when operations are restored.

The Group continues to invest in the protection of its business and the ability to recover from any incident.

Failure to ensure that efficient and effective technology is in place and to support product development could lead to less competitive products and loss of customers.

Availability of the product is crucial to ongoing success. Any significant outage could damage our reputation, permanently lose customers and threaten the future viability of the business.

Being ready to deal with incidents increases the ability of the business to quickly recover from any severe disruption to either the data centres/cloud operations, technology platforms or business operations/buildings.

Group's actions to manage and mitigate the risk

The Group invests in cost effective improvements to its technology, software and third-party integrations to make it scalable and reliable with the highest availability achievable. Interconnectivity of technology and software is managed to reduce dependency on single elements which we seek to eliminate or provide fail-safe alternatives. Maintenance and downtime are managed to achieve and maintain high availability.

Working closely with all 3rd parties to ensure the appropriate and scalable infrastructure is available that will be able to serve our needs, smart system monitoring is available to identify early system warnings, performance drops or issues and 24h communication is established with all suppliers to mitigate all critical issues. Furthermore, we have, for the critical service suppliers, failover solutions available to reduce single point of failure dependency.

Business continuity and disaster recovery are embedded in the Group's ISMS, taking advantage of the standardized control environment that supports and seeks to increase the resilience of information systems in case of adverse events.

Continuity plans are tested, and disaster scenarios exercised regularly to maintain preparedness and the ability to respond to any incident. Technical and organizational measures are established to allow continued access to information assets during disruption by eliminating dependencies to physical premises, ensuring sufficient redundancy and capacity of computer power, and providing automated failover and recovery capabilities. During the year, we successfully completed automated failover for most of our production systems.

Improvement and independent assurance of the level of resilience is achieved through 3rd party reviews that help identify and limit single points of failure.

Key metrics are in place and real time monitoring of performance is undertaken. Incident management processes and reporting is in place. Robust development, SDLC and release/change management processes are in place to reduce the risk of unplanned outages.

The Group's Product & Technology Risk Committee directly oversees management and mitigation of these risks.

Retail – Franchise Partners & Tipico-Owned Shops (including reputational risk) 5

Potential impact and need for risk management

The Group relies on our own retail shops and the franchise partner network to efficiently and effectively operate retail betting shops in compliance with our regulatory, licensing and other obligations.

German license and other federal, state and local requirements have impacted and amended our product offering and may result in more regular and frequent enforcement visits to our own retail shops and franchise partner network.

Group's actions to manage and mitigate the risk

The Group has dedicated internal and external compliance, quality control, training, AML/KYC, MLRO and GDPR and data privacy resources to engage with our own retail shops and the franchise partner network on how to operate its business model. Oversight and assurance functions set appropriate policies, procedures and controls that our own retail shops and franchise partner network must apply. Training and communication strategies focus on the key risks to ensure awareness of the requirements and consequences of breaches.

We have enhanced our operational structure and controls to increase compliance with regulatory requirements.

The Group's Retail Risk Committee, Tipico Shop Agency Risk Committee and Tipico Retail Services Risk Committee directly oversee the effectiveness of controls and mitigation of risk within the Retail business.

Reliance on third-parties and key supplier relationships 6

Potential impact and need for risk management

All the Group's products and operations are dependent in some form on third-party relationships with some potential single points of failure.

We are reliant on effective management of these relationships whilst reviewing backups in the event of any failures in supply. Regulation has mandated some supplier relationships.

With increasing focus on sustainability in the supply chain, incidents caused by suppliers can have a notable reputational impact on the Group.

Group's actions to manage and mitigate the risk

The Group manages supplier relationships and endeavours to limit reliance on single suppliers to reduce potential single points of failure. Contracts and service level agreements are in place with key suppliers and regular cost and service reviews are provided. Contracts are reviewed with regards to changes that regulation may require.

All new contracts pass through a standardized IT Supplier and procurement processes to ensure appropriate selection criteria (including ESG compliance as required), alternative suppliers and prior budget approval. We find synergies across business units and take advantage of the group purchases to improve supplier costs and quality.

To identify potential ESG risks in our supply chain, we have adopted an appropriate risk management system in accordance to the Supply Chain Due Diligence Act which includes, but not limited to, a Supplier Code of Conduct, enhanced Supplier Risk Assessments, Supplier Scorecards, and Supplier Incident/Complaints monitoring and remediation procedures. Appropriate reporting and escalation channels have also been adopted.

The Group reviews these risks at various Risk Committees as required.

Trading, bookmaking liability risk management & pricing

7

Potential impact and need for risk management

To remain competitive and manage this risk, the Group actively monitors its performance. This also includes the monitoring of the impact of any future gaming taxes or changes to the permitted betting offer that may apply due to regulatory updates.

The business needs to offer an extensive betting offer, competitive odds and products to attract and retain a loyal customer base and reduce churn. The ability to remain competitive and grow the business is dependent on the trading and risk management capabilities and the ability to react quickly to changes.

Group's actions to manage and mitigate the risk

The Group has experienced in-house trading and risk management teams and is using third-party technology to set prices and manage the risk to ensure the compliance and integrity of the sportsbook offer. Key trading and risk management processes are being automated to ensure scalability and efficiency. Third-party relationships are constantly being reviewed and extended to maintain high standards of event coverage and quality, as well as to reduce single point of failure risks.

There are risk management policies to control exposure and an extensive training programme for the bookmaking team. Key customer performance is reviewed, and risk managed accordingly.

The Group's Bookmaking Risk Committee is directly overseeing the risk procedures in place and suggesting changes when required.

Competition, growth, execution & market behaviour

8

Potential impact and need for risk management

The competitive nature of the industry continues to challenge operators, business consolidations are creating larger competitors, product innovation continues at pace and successful execution in the key growth market in the US is challenging.

The impact of the German regulation and application of license conditions to the regulated and unregulated operators has mainly been implemented.

The Tipico brand is not universally known in the US, there are continuing challenges obtaining market share and consumer acceptance in an established and highly competitive market. The relatively new US sub-group faces obstacles such as limited operational resources, scaling challenges and talent retention.

Group's actions to manage and mitigate the risk

The Group manages this risk through monitoring and focus on acquisition and retention, continuous innovation in the development of existing and new products and features to retain and gain advantage. We monitor competitor activity and promotions. We invest in the brand, marketing tools and enhance the customer experience to use products with stable, reliable and scalable technology.

We are in continuous dialogue with the licensing authorities in Germany to review and adapt to license requirements.

Tipico's US operations are led by an experienced management team, who in conjunction with advisors, continue to develop our products, pursue additional license opportunities and monitor compliance with our licenses.

.

Impact of taxation

9

Potential impact and need for risk management

The Group operates in an international environment and is subject to several tax jurisdictions.

As the Group widens its business across existing and new jurisdictions, any changes, increase or uncertainty over supranational, national, state and gaming tax legislation resulting in any unexpected additional taxation could have an adverse financial and commercial impact on the financial performance and the product offering.

The absence of clear published official positions of some tax authorities, the lack or different interpretation of tax provisions in an international context and the implementation of international tax rules in different time periods, can increase the uncertainty.

On 15 December 2022, the Council of the European Union reached unanimous agreement to implement the EU Minimum Tax Directive ('Pillar II'). The final text of the Council Directive on ensuring a global minimum level of taxation for multinational and large-scale domestic groups in the Union (EU 2022/2523) (the 'Directive') was released by the European Commission on 22 December 2022.

According to Article 56 of the Directive, Member States shall bring into force the provisions necessary to comply therewith by 31 December 2023. Luxembourg as the domicile country of the parent company of the Group brought into force, i.e. has substantively enacted, the necessary provisions during 2023. Pillar II refers to the international tax framework aimed at ensuring a minimum effective tax rate of 15% on multinational enterprises whose consolidated revenues exceed €750m, as outlined in OECD guidelines and endorsed by participating jurisdictions. Pillar II is effective as from the financial year 2024 onwards.

As of the reporting date, the Group could potentially be affected by Pillar II requirements. However, it is important to note that there remain several uncertainties regarding the applicability and specific requirements of Pillar II. These uncertainties include, but are not limited to: i. the finalization and adoption of Pillar II regulations by relevant tax authorities and jurisdictions; ii. the determination of taxable entities within the Group that fall under the scope of Pillar II; iii. the interpretation and application of Pillar II principles to the Group's specific circumstances; and iv. potential changes in international tax treaties, domestic tax laws, or interpretations that may impact Pillar II obligations.

Group's actions to manage and mitigate the risk

The Group has an appropriately qualified and resourced tax team and external consultants to manage its tax affairs and in particular to assist the management in implementing tax requirements and tax compliance procedures as well as to assess the tax position of the Group. Legal opinion is sought as required to support the Group's tax position and structure.

Changes in the tax environment from a global perspective and local regimes of countries where the Group operates are closely monitored to evaluate the risks and the impact on the Group. Management report periodically to the Board on the impact of taxation to ensure that this is appropriately understood and managed.

In view of uncertainties in relation to Pillar II and the evolving tax landscape, the Group currently is assessing the potential impacts that may arise. The Group Risk Committee is in regular exchange with management to monitor developments in Pillar II regulations and assess their potential implications on its tax planning, compliance, and reporting practices in subsequent financial periods.

The Group Risk Committee monitors this risk.

Climate-related risk

The Paris Climate Agreement targets a 1.5-degree Celsius temperature limit, yet signatories are lagging, prompting expectations of stricter environmental regulations by 2030. This could result in higher energy costs for both our Group and consumers, affecting budgets.

As a digital services provider, our environmental impact is minimal, with renewable energy powering our server infrastructure. Our transition to renewable energy for our Retail network, the main CO2 emitter, began in 2020 and is nearing completion. With most operations already on renewable energy tariffs, future cost increases will be manageable.

Overall, we are well-prepared for regulatory changes and rising energy costs, aligning our carbon footprint reduction strategy with Paris Climate Agreement goals.