Annual Report 2022

moments of excitement

CONTENTS

Operational highlights

- Group Net Gaming Revenue ("NGR") up +12% (+10%cc[1]) in the year
  - Group NGR including 50% share of BetMGM up +18% (+15%cc[1])
- Online NGR down -1% (-2%cc[1]) in 2022, with positive underlying momentum demonstrated across all key markets
  - Underlying Online NGR growth of approximately +3%, excluding The Netherlands and the impacts of regulatory changes in the UK
  - Active customers grew by +7% as we continue to broaden our customer base
  - Continued strategic progress driving 3 year compound growth of Online NGR of +12%cc[1]
- Retail NGR up +66%[2] (+66%cc[1,2]) reflecting lapping of Covid comparators in the first half of the year as well as an improved customer offer through betting and gaming terminals
- BetMGM continues to perform strongly with strategic progress on track towards EBITDA positive in H2 2023
  - 2022 NGR of $1.44bn up +71% year on year
  - 29%[3] share in iGaming and 18%[3] share in sports-betting and iGaming in the markets where BetMGM operates
  - 2023 net revenue from operations expected to be in the range of $1.8bn-$2bn
- Continued growth strategy with further diversification across regulated geographies and products
  - Five transactions announced during 2022, including establishing Entain Holdings (CEE) Limited to unlock significant growth opportunities across the region
  - Launch of unikrn in Brazil and Canada marks our first steps into the esports and skill based wagering market
- Further progress on leadership of responsibility and sustainability
  - Only global operator with 100% revenue from regulated or regulating markets
  - Groundbreaking ARC™ player protection programme rolled out across 22 markets
  - Entain and BetMGM led US online operators' commitment to the first responsible gaming standards for the industry
  - Awarded GamCare's Advanced Safer Gambling Standard, SBC's Global Socially Responsible Operator of the Year for 2022 and numerous safer gambling awards, including from S&P and EGR

Financial highlights

Group Revenue
£4.3bn
+10% (cc[1])
2021: £3.9bn

Online Net Gaming Revenue
£3.1bn
-2% (cc[1])
2021: £3.1bn

BetMGM Net Gaming Revenue
$1.4bn
+71%
2021: $850m

Group Underlying EBITDA
£993.2m
+13%
2021: £881.7m

Continuing Profit After Tax
£32.9m
2021: £275.6m

Adjusted Net Debt
£2.8bn
2.8x (2.6x proforma)
2021: £2.1bn (2.4x)

Diluted Underlying EPS
60.5p
+12%
2021: 53.8p

Adjusted Diluted EPS (excluding US JV)
93.2p
+15%
2021: 81.1p

1. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2022 exchange rates.
2. Retail performance numbers are quoted on a LFL basis and also excludes the post acquisition performance of shops in Croatia.
3. Three month period to December 2022, in markets in which BetMGM operates, excluding AZ as yet to report.

Exci-ting moments

We are Entain, like our customers, we get excited about the world of sport, gaming and interactive entertainment. Whether it's watching your favourite team, beating your mates or experiencing the next big thing, we love exciting moments.

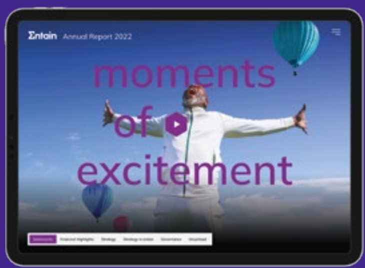
Responsible moments

Sustainability is at the heart of our business. We operate exclusively in regulated and regulating markets. We make sure our products are safe by leveraging our technology to protect players. It's your game.

Moments of 2022 strategy in action
During the year we continued to deliver on our strategy of providing our customers with fantastic products, engaging content and exciting experiences. We do this while ensuring they play safely with us at all times.

For further details see **pages 22-29**

Online annual report
An online summary sharing our highlights of our year is available by accessing the link below.



For further details see **entaingroup.com/2022annualreport**

We are Entain

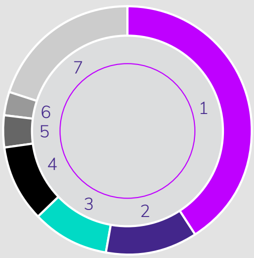
At Entain, everything we do is aimed at delivering the very best in betting, gaming and interactive entertainment. We are one of the world's largest sports betting, gaming and interactive entertainment groups, operating in regulated and regulating online and retail markets. Our unique platform distinguishes us as an operator, enabling us to grow our core business while expanding into new areas of growth, embracing new opportunities, all with a customer centric approach.

Delivering growth, delivering sustainability

2022 was another strong year for the Group, in terms of strategic, financial and operational performance. Alongside our revenue growth, we announced five transactions during the year, continuing our evolution as an industry leader, driving growth, innovation, capability, player protection and customer centricity. Our strategy is clear: leveraging and embracing the powerful advantages of the unique Entain Platform to deliver on our core pillars of growth and sustainability. We continue to lead the way in the critically important area of player protection, via our technology based Advanced Responsibility and Care™ ("ARC™") programme. In addition, we are committed to put back into the communities in which we operate through our investment in diversity through technology and support of grass roots sport projects.

At a glance

2022 NGR Split by geography



1. UK	41%
2. BETMGM	12%
3. Italy	10%
4. Australia	10%
5. Brazil	4%
6. Germany	3%
7. Row	20%

>130 licences across >40 territories

130+

Currencies accepted

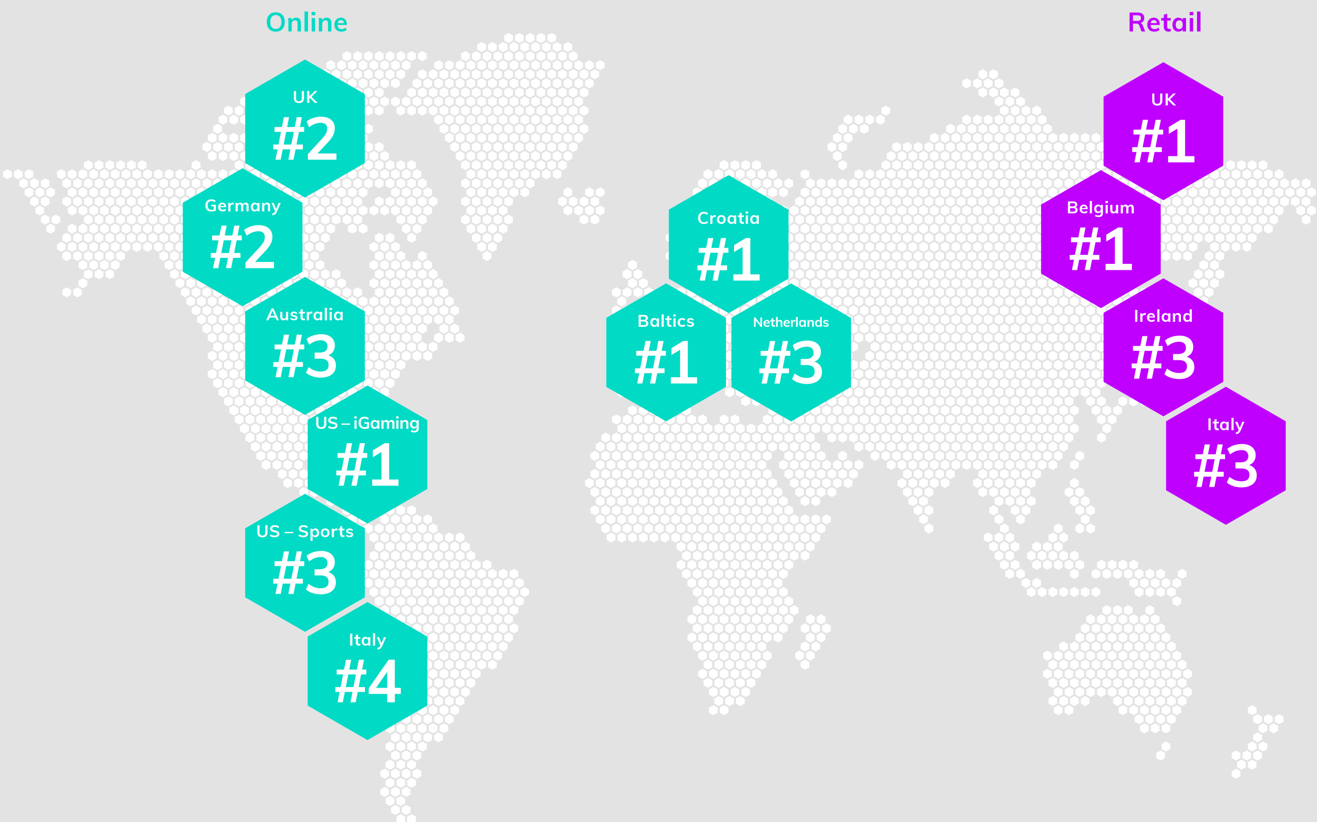
42

Offices worldwide

20+

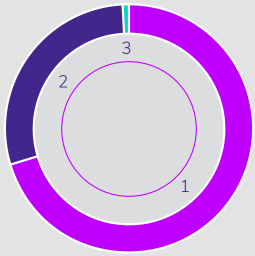
Languages offered

33



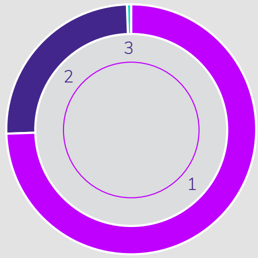
Our divisions

2022 NGR Split



1.	**Online**	70.1%
2.	**Retail**	29.3%
3.	**other**	0.6%

2022 Underlying EBITDA Split[1]



1.	**Online**	74.4%
2.	**Retail**	25.2%
3.	**other**	0.4%

Online sports wagers

£14.1bn

-1%

2021: £14.2bn

Employees & contractors

c29,000

Retail sports wagers (like-for-like)

£3.8bn

+68%

2021: £2.3bn

Leading brands

30+

1. New opportunities and Corporate are excluded as they are negative

Leading brands

Our commitments

Doing what's right is what underpins our approach to business. We want to be known as a responsible company that our employees are proud of and our customers, partners and suppliers trust. We believe that long-term, successful business relationships are built by being honest, open, and fair.

Our sustainability commitments

- Lead on responsibility– provide our customers with the safest and most trusted environment to play.
- Diversify our regulated activities – we are proud that we are the only global operator whose revenues exclusively come from markets that are domestically regulated or are regulating.
- Broaden our customer appeal – understand our customers and changing trends to attract a broad recreational audience.
- Invest in people and communities – we want Entain to be recognised as the best place to work in the industry as well as ensure we make a positive impact on the communities and markets in which we are based and operate.

Our value commitments

These five values ("Values") guide every decision we make and action we take. They are vital to our culture and are at the heart of how we work together, serve our customers and measure our success.

At Entain we strive to:

1. **Excite our customers** – We put people at the heart of the action. Their delight is always at the centre of what we do.
2. **Drive innovation** – We don't follow trends. We create them. Our curiosity and openness to change means we always seize opportunities to innovate and deliver game-changing results.
3. **Do what is right** – We do what is right by our customers, right by our people and right by our environment. We act lawfully, and behave with honesty and integrity.
4. **Win together** – If you are on our team, anywhere in the world, you're one of us. Together we win. Together we're stronger.
5. **Be bold** – We don't back down from challenges, and we stay positive.

Our Customer commitments

- Customers are the focus of everything we do.
- Ensure we provide a safe betting and gaming environment.
- Our purpose is to provide them with moments of excitement.
- We will offer them exciting and trusted entertainment products and services.
- Listen to and respond to customer needs.
- Using our technology platform, we will continuously innovate to introduce new products and create a personalised experience for each of our customers while ensuring they.

Our investment case

Entain is a differentiated consumer-focused business operating in a global industry with attractive growth dynamics which underpin the attractiveness of our investment proposition. We are the most diversified leader of scale in our sector, with regulated market growth embedded throughout our business, enabling us to deliver profitable and sustainable returns for our stakeholders.

The dynamics of the global industry in which we operate remain highly attractive with the powerful combination of regulation, digitalisation and evolving customer behaviours creating a total addressable market opportunity of $170bn over the medium term.

Entain's position as a differentiated leader across diverse and regulated markets enables us to maximise this growth opportunity, providing the opportunity to treble the size of our business.

The four key elements of investment case: the growing global market in which we operate; the opportunity to leverage the scale advantages of our unique platform; the sustainability of our growth model and; our superior financial delivery come together to create a powerful combination, which delivers more value than its sum of parts.

A significant global opportunity

Entain is operating in a growth market

- **Attractive global industry dynamics underpin large and expanding market**
- **Evolving customer needs growing existing and new markets**
- **Trebling of Total Addressable Market**

read more about our market on: **pages 30-31**

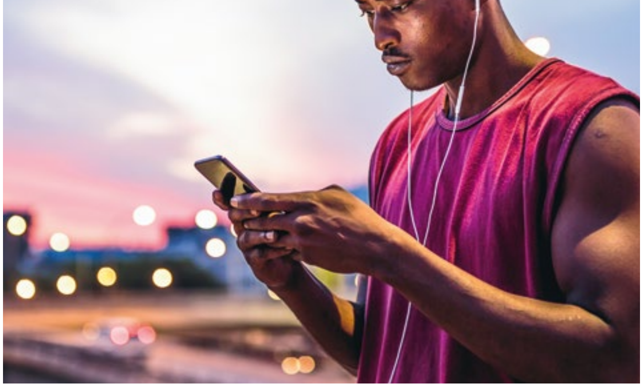
Growth in the global online market[1]

15%

Growth over the past 10 years

11%

Growth forecast between 2022 and 2027



Deliver superior growth

Leveraging scale advantages to drive superior growth

- **Entain platform leverages scale advantages:**
  - Largest industry technology platform driving synergies
  - In-house expertise and capabilities supporting growth
- **Scaled capabilities support deeper and broader customer engagement**
- **Strong track record of superior market growth**
- **Compelling M&A enhances market growth, diversification and scale**

read more about our market on: **pages 30-31**

Our strategy

Growth

We are focused on a range of exciting growth opportunities that will significantly increase the value of the Group.

Sustainability

We believe the most sustainable business will be the most successful business.

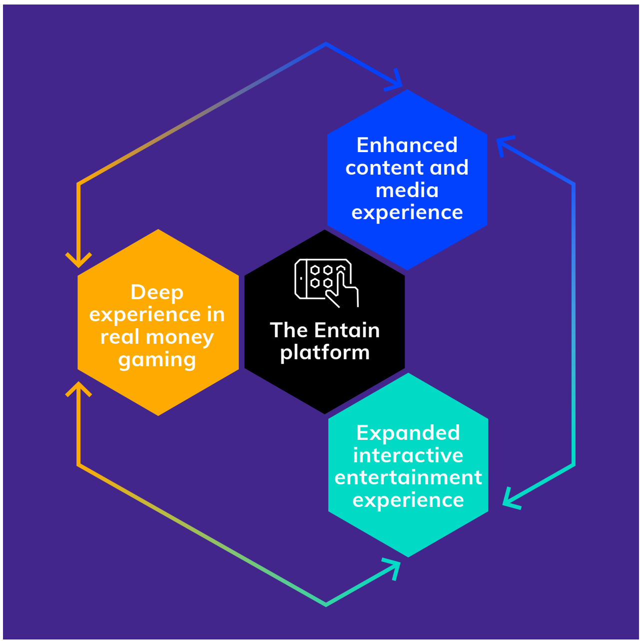
1. Source: H2 Gambling Capital, February 2023

An unrivalled platform of excellence

Leadership in sustainability supports higher quality returns

- Unrivalled diversification – geographic, product, customer base
- 100% regulated or regulating market exposure
- Industry leading comprehensive ESG strategy
- Leadership of responsible engagement and player protection

read more about our business model on: pages 32-35



Superior financial delivery

Cash generated used to maximum effect

- Disciplined capital allocation
- Profitable with Group EBITDA >20%
- Strong cash generation
- Strong and flexible balance sheet

read more about our financial performance on: pages 70-81

2022 Cash generated by operations

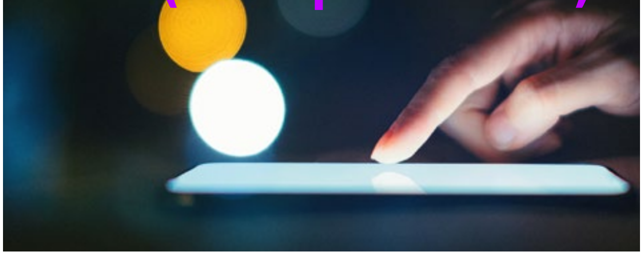
£846.9m

2022 Underlying Online EBITDA margin

27.1%

2022 leverage

2.8x (2.6x proforma)



Chairman's introduction

2022 was another strong year for our business, and one in which we continued to make meaningful progress towards our ambition of being the world-leader in sports betting, gaming and interactive entertainment.

Delivering sustainable success

"The progress that has been made in the last three years has been structural, tangible and demonstrable."

Barry Gibson
Chairman

I had the honour of being appointed your Chairman three years ago and so it seems timely to look back at the events of that period and reflect on what has been an intense period of transformation for Entain. Every aspect of our business model, strategy and culture has been reviewed, analysed, stress-tested and – where necessary – improved. As a result, we are a discernibly different company today than we were a few short years ago.

The progress that has been made since then has been structural, tangible and demonstrable:

- The Board and leadership teams have been overhauled;
- 100% of our revenue is now from markets around the world that are domestically regulated or which have a clear path to regulation – we are proud to be setting the standard for the industry as the only global operator focused solely on these markets;
- We have a compelling strategy and vision and a fresh corporate identity, underpinned by our core pillars of growth and sustainability;
- We have overhauled our governance processes across the organization to ensure the highest standards;
- We have developed an innovative and industry-leading technology – ARC™ – to keep our customers safe;
- We have launched the Entain Foundation, which focuses on making positive contributions in the communities in which we operate around the world; and
- We have worked constructively and proactively with regulators around the world to help create an environment that balances a fair and open recreational market with the need to provide protection for the small minority of customers who may run into problems.

Chairman's introduction continued

There remain historic issues that we have previously announced relating to our legacy business that need to be determined and which may result in outcomes that do not reflect the type of business that we are today, as we now have rigorous checks and balances in place to ensure that those types of issues should not reoccur in the future. It was, of course, disappointing to read the findings of the UK Gambling Commission in reaching a settlement with them during the year. But as part of our transformation, we are committed to ensuring that we have the requisite compliance processes in place in all our markets.

While a huge amount has been achieved there is still much to do, and we are determined to continue to innovate and progress – all the while staying true to our philosophy that only a truly responsible Company can be truly sustainable.

Delivering sustainable progress

One of the key ways in which we define sustainability is through a relentless focus on the needs, enjoyment and welfare of our customers. By providing them with an outstanding experience in a safe and protected environment, we build trust and loyalty. Our dedication to this is epitomised in our development of our industry-leading player protection system, ARC™ (Advanced Responsibility and Care™). Using artificial intelligence, ARC™ has revolutionised the way in which customers are protected. This is a truly ground-breaking approach to player protection and we are extremely proud that industry bodies continue to recognise our commitment to this area.

And as a result of all these significant evolutions, Entain is now the most awarded company in the sector for safer gambling. This year we were awarded GamCare's Advanced Safer Gambling Standard, and received numerous awards for safer gambling, including from S&P, SBC & EGR. As a founding partner of the Global Gaming Alliance, we're relentless in our pursuit of higher protection standards for players all over the world.

A strong platform for success

As well as being an integral part of our focus on the customer, our unique Entain Platform, which includes our industry leading technology, is the driver behind Entain's performance. It enables us to deliver organic growth, gives us the agility to successfully execute our M&A strategy, and provides us with a significant advantage when it comes to our rapidly expanding presence in North America via BetMGM.

Allied to this is the diversity of our geographic and product spread, which enables us to continue delivering growth even in the face of macroeconomic and regulatory challenges. That diversity was enhanced further during 2022 as a result of the 5 acquisitions that we announced during the year – including BetCity in The Netherlands, Sports Interaction in Canada, Klondaika in Latvia, Totolotek in Poland, and SuperSport in Croatia. We also opened in a number of new markets and launched unikrn in Brazil and Canada.

Healthy financial performance

2022 threw up many challenges as the world re-balanced from the effects of Covid and political events disturbed global supply chains. In spite of these I am pleased that your company managed to deliver a strong result for the year as we delivered on our strategy and benefitted from the diversity of our operations across geographies, product and customer base. With Group revenues up 12% in the year, a strong rebound in retail offset the rebalance of Online following Covid lockdowns. This enabled us to deliver underlying EBITDA for the year of £993m, at the top end of revised expectations.

Our strong financial performance and robust balance sheet continues to support the acquisitions I mention above as we continued to build scale, and the benefits that brings to our operations, in regulated markets.

Having returned to dividend payment with our interims in August 2022, I am delighted that your Board has approved the payment of a second interim dividend of 8.5p per share, taking the full year payment total to £100m.

Board structure

In February 2023 Mark Gregory and Vicky Jarman stepped down from the Board. I would like to thank them for their advice and support over the last two years. Following their departure, we made some changes to our Board committees and I would like to thank all of my Board colleagues for their continued support.

Rewarding performance

Of course, none of this success would be possible without the extraordinary dedication and expertise of Entain's c.29,000 colleagues all over the world. In recognition of this, we are pleased to have repeated our ShareSave plan and in 2022 we were able, with shareholder support, to gift all our colleagues free shares.

In reviewing colleagues salaries for the year ahead, in line with our core value of doing the right thing, we reduced Executive LTIP awards to reflect the regulatory settlement with the UK Gambling Commission and we targeted higher pay rises in percentage terms towards those on lower salaries across the Group. In particular, for our colleagues in retail in the UK we raised hourly pay rates in line with the real living wage and provided them with a one-off payment of £300 each ahead of the Christmas holidays. You will see on page 118 that, following an extensive shareholder consultation, we are proposing changes to our long term incentive plan to ensure that we are able to attract and retain the very best talent that your company deserves in order to ensure that we deliver on our ambitions.

Looking ahead

Good regulation is a vital part of our industry. It is why we only operate in regulated or regulating markets and why we like to enjoy positive and proactive engagement with our regulators in each of the markets in which we operate around the world to encourage fair, but firm, regulation that maintains a healthy balance of all interested bodies including sports, Governments, freedoms of players and responsibility of operators. In particular good regulation encourages the highest standards of player protection, such as that we can provide through ARC™. With that in mind we look forward to the publication of the much awaited Gambling Act (2005) review white paper in the UK which we hope will set the framework for the gold standard of regulation for our industry.

As the worlds of media, gaming, technology and entertainment converge, the experiences that we are able to give our customers are at the very centre of this hugely exciting inflection point. This positioning, along with the extraordinary talent, capabilities and commitment that are evident across the business, means that we are able to ambitiously pursue the $170bn addressable market that we see in front of us.

It also gives us the fuel to further evolve our business and deliver on our ambition of being the global leader in betting, gaming and interactive entertainment all while delivering on our Sustainability Charter and being the most responsible operator in our industry. As a result, we are more confident than ever that Entain will continue to deliver strong returns for all our stakeholders.

"We are more confident than ever that Entain will continue to deliver strong returns for all our stakeholders."

Chief Executive's Review

Entain is a leading consumer-focussed business operating in a global industry with attractive growth dynamics. The Group continues to make excellent progress as a global leader in betting, gaming and interactive entertainment. As the most diversified leader of scale with regulated market growth embedded in the business, the Group delivers profitable and sustainable returns for our stakeholders.

A differentiated leader in a global growth industry

"2022 was another year of strong financial, operational and strategic progress for the Group."

Jette Nygaard-Andersen
Chief Executive Officer

I am pleased to report that 2022 was another year of strong financial, operational and strategic progress for the Group, despite facing some headwinds. Alongside further growth in our revenues, the Group delivered underlying EBITDA[1,6] up +13%, announced five transactions including establishing Entain CEE ("Central & Eastern Europe") to unlock significant growth opportunities across the region, and through unikrn launched a new segment of skill based wagering for esports.

The dynamics of our global industry remain highly attractive with the powerful combination of regulation, digitalisation and evolving customer behaviours underpinning a total addressable market opportunity of approximately $170bn over the medium term. Entain's position as a differentiated leader across diverse and regulated markets enables us to maximise this growth opportunity with the potential to treble the size of our business.

Our operations span over 40 regulated or regulating territories, with established leading brands in each of our key markets. Group Net Gaming Revenues ("NGR") for 2022 grew +15%cc[3] including our 50% share of BetMGM (up +10%cc[3] excluding BetMGM). Our growth continues to be both diversified and sustainable through our growing global footprint, expanding product offer and broadening customer base. Our online business has 7% more active customers than in 2021 achieving record levels during the final quarter.

We continue to set the standards for our industry on responsibility and sustainability. Our ground-breaking approach to player protection through our Advanced Responsibility and Care™ programme ("ARC™") was rolled out internationally to 22 markets during the year. Regulation is the cornerstone of a sustainable business and we are proud that we lead the industry with 100% of our revenue now coming from markets that are either domestically regulated or in the process of regulating – setting a new benchmark for our industry.

Chief Executive's Review continued

Our commitment to this important agenda, elevating integrity within our industry and doing the right thing sees us absorb responsible gambling initiatives and impacts from changes in regulated and regulating markets. This has been particularly evident in the UK with the implementation of regulator enforced affordability checks, which created a headwind of approximately 10% on UK Online revenues in 2022, with ongoing impacts expected in 2023. We are tremendously proud of the leadership role we play in raising the bar for our industry and our efforts continue to be recognised with numerous awards as well as related index inclusions.

We have made excellent progress in 2022 across both our growth and sustainability pillars, to drive greater diversification across our business model, greater scale to leverage our capabilities as well as higher quality and more sustainable earnings. These achievements are testament to the high quality and talented teams we have across the Entain Group. I would like to thank all of our teams across the globe for their dedication and their commitment throughout the year that underpins this success.

Entain Platform powering growth

The Entain Platform continues to distinguish us as an operator of excellence; providing a unique competitive advantage and supporting strategic execution focused around the customer. Leveraging this powerful and unrivalled platform enables Entain to optimise core growth and embrace new opportunities, whilst focusing our customer centric approach across our business.

The Entain Platform is a unique and powerful combination that includes: our in-house technology; leading global brand portfolio; market leading product and content; CRM capabilities; marketing excellence; data analytics; industry leading talent; player protection; innovation; and, regulatory and operational expertise. It enables us to differentiate our offer, be flexible, responsive and agile, driving significant competitive advantages. This unique combination, operating at scale, creates a multiplier effect that helps drive outperformance in each of the markets in which we operate.

The Entain platform continues to distinguish us as an operator of excellence; providing a unique competitive advantage and supporting strategic execution focused around the customer.

Growth

As we grow in more markets around the world, we continue to evolve our structures and processes to maximise the scale efficiencies and benefits of the Entain Platform, while ensuring that we remain local and agile for our customers in each of our markets. Our in-house technology platform is the largest regulated platform in our industry supporting approximately £3bn of Online NGR in 2022. As we look to migrate more of our operations onto one core technology framework, fulfil our significant growth ambitions and broaden our customer appeal in interactive entertainment we are constantly looking to evolve our technology platform both through in-house development and by adding further capabilities through small bolt-on acquisitions. This will not only unlock further synergies and efficiencies, but will enable us to fully exploit the flywheel effects of our business model.

Our strategy of leveraging and embracing the powerful advantages of the unique Entain Platform to deliver on our core pillars of growth and sustainability is clear. Entain is a truly differentiated business with customers at our core. Our unwavering ambition to be the world leader in betting, gaming and interactive entertainment and benefit from the sizeable growth opportunities ahead of us will drive significant value creation for our stakeholders.

Our strategy for Growth

Entain is a business delivering sustainable and profitable growth. We operate in a global industry with attractive dynamics embedded as regulation, online migration and customer behaviours expand the markets available to us. Today we operate in over 40 regulated or regulating territories with our betting and gaming offering across both online and retail.

Our online operations have delivered a three year compound annual growth rate of +12%cc[3], or +18%cc[3] including our share of BetMGM. Our Retail operations are +66% ahead of a lockdown impacted 2021 and customer volumes in our two largest retail estates, the UK and Italy, are ahead of pre-Covid levels.

Our growth strategy comprises four pillars which will continue to broaden our reach, diversify our audiences, increase our scale and drive a strong sustainable performance across the Group. These pillars are: leadership in the US; grow our presence in existing markets; expand into new regulated markets – both organically and via M&A; and extend into interactive entertainment.

Leadership in the US

BetMGM is firmly established as a leading operator of sports betting and iGaming in the US and Ontario, Canada. This success is built on the Entain Platform comprising powerful scaled capabilities including in-house technology, industry leading talent, data, analytics and MarTech, supported by the brand strength of our joint venture partner. The North American market is expected to be worth around $37bn (which includes Canada) over the long term, and we are on track for our expected market share of 20-25% over the long term.

Throughout 2022, we continued to build on early successes and BetMGM has gone from strength to strength, delivering NGR of $1.44billion for the year, ahead of expectations[4]. In 2023, we expect that this will grow to $1.8bn - $2.0bn in NGR.

Through the Entain Platform we expanded our BetMGM footprint, launching on day one in 6 new online markets and opening four new retail sportsbooks. As at the end of December 2022, we were live in 24 jurisdictions, with further launches in Ohio and Massachusetts in early 2023, meaning we now have access to approximately 48% of the adult US population.

Chief Executive's Review continued

In the three months to December 2022, our share of GGR (gross gaming revenue) in the sports betting and iGaming markets in which we operate was 18% and 20% excluding New York.

Our leadership in iGaming continues with a 29% market share. The unique range of own and exclusive products provided through our platform and award winning in-house studios continues to differentiate BetMGM's offer, drive customer engagement and embed our competitive advantage as market leader. In sports betting, we continue to build our position with a 12% share in GGR across active markets, in spite of our increasing focus on NGR, discussed below. We continue to make improvements to our offer with the revamp of BetMGM's sportsbook app, updating the design, improving the user experience with simpler and faster optionality and overall enabling easier navigation of the end to end customer journey. As well as garnering positive feedback, ratings by third party industry bodies have improved and have driven greater customer engagement and retention. In Q4 2022, BetMGM's average monthly active gaming customers were up +51% and up +61% for active sports-betting customers, compared to Q4 2021.

Alongside our success in securing a market leadership position, we have also maintained strong financial discipline. Supported by the significant embedded margin advantage BetMGM enjoys through its parental structure, 2022 saw us increase focus on building a sustainable and profitable business for the long term.

The prioritisation of NGR over GGR, through progressively strategic bonus optimisation, has seen sports NGR margins double year on year in Q4. More rigorous customer segmentation and player analytics, coupled with a data-led approach to marketing, enables bonusing to be effective and efficient. Key customer metrics of cost per acquisition (CPA) and first time depositors (FTD) are ahead or inline with forecasts, which reaffirms expectation of long-term CPA of approximately $250.

Having already achieved profitability in several states, we expect BetMGM to be EBITDA positive in the second half of 2023 and a long term target EBITDA margin of 30-35%. In summary, BetMGM remains firmly on track for its path to profitability and has secured its position as a leader in the US sports-betting and iGaming markets.

Grow presence in core markets

Entain's operations span over 40 regulated or regulating territories, with established leading brands in many of our markets. Our existing markets are expected to grow by approximately mid to high single digit over the medium term, presenting a significant addressable market opportunity. We are well positioned to benefit from this long growth runway with the Entain Platform providing a differentiated competitive advantage.

The Entain Platform powers our brands to outperform their markets enabling our Online business as a whole to grow at a compound annual growth rate over the last three years of 12%, including acquisitions.

Excluding our share of BetMGM, full year Group NGR was up +12% (+10%cc[3]) year on year. Online NGR was -2%cc[3] lower year on year, behind our initial expectations, as the business lapped strong Covid comparators and faced regulatory headwinds, particularly in the UK as well as the required closure of our Netherlands business ahead of new licencing. We estimate regulatory changes, particularly affordability measures in the UK, created a mid-single digit headwind in terms of Group NGR growth over the year. Having fully lapped prior year Covid comparators by the end of Q3, we returned to year on year Online NGR growth in Q4 of +8%cc[3], helped by the men's World Cup.

We have continued to evolve our offering and appeal, creating moments of excitement and entertainment for a broader, more recreational customer base. This resulted in record active customer levels in the year, up +7% year on year.

In the UK, we made further progress on our brand re-positioning strategy to engage with a broader and more recreational audience. As a result online actives were +13% higher year on year. Our Rocky and GalaLand advertising campaigns, the Coral Racing Club and innovative Jockeycam, as well as Ladbrokes Fanzone all drove increased customer engagement. Our award winning Rocky campaign increased new visitors to our website by 75%. Ladbrokes Fanzone has, since launch, seen over 90% of customer enrolled selecting a Premier League team and unlocking personalised benefits such as boosted markets and free 5-a-side bets. We further enhanced our customer offering and user experience with new games, products and content, documentaries and social channel engagement.

In Australia, our business continues to go from strength to strength with excellent performances from both Ladbrokes and Neds. NGR was up +12% (+8%cc[3]) versus 2021 despite lapping strong Covid comparators. By leveraging our different brands as well as launching new and innovative products and content, we continue to outperform the market and grow market share, with active customers up +7% versus last year. During the year Ladbrokes' launch of Mates Mode is resonating well with customers, enabling them to chat, share and bet as a group. Neds continued to perform strongly, with its exclusive partnership with the UFC delivering both engagement and branding, as well as its eye catching and humorous 'Take it to the Ned's Level' advertising, illustrating our unwavering focus on customer experience. We have also collaborated with the Australian Hotels Associates (AHA) New South Wales in a long term advertising and sponsorship agreement, providing Ladbrokes and Neds the opportunity to reach new customers across AHA's 1,800 licensed venues.

Our business in Italy performed strongly again in 2022 despite lapping a year heavily impacted by Covid. We continue to see the benefits of our omni-channel offering with combined online and retail NGR up +22%cc[3] year on year, with Online NGR growing at +26%cc[3] on a 3 year CAGR basis.

Our Brazilian business continues to perform well in this fast growing market. Despite heightened competition ahead of regulation, NGR was up +20%cc[3] year on year. Actives were up +25%, demonstrating the strength of our Sportingbet brand, quality of offer and operational expertise. While domestic regulation has been held up following the election of a new Government, we look forward to a market post regulation with clear demand for the high quality customer experiences and breadth of product offering which Entain provides.

In Germany, whilst our gaming licenses were issued in late 2022, the German market is only just starting to experience the emergence of a robust regulatory regime, although there remains much for the regulator still to do. As such, the German online betting and gaming market remained challenging for compliant operators like us, whilst also seeing the introduction of deposit limits for sports customers. We look forward to 2023 with optimism and the expectation of greater regulatory oversight providing a more balanced trading environment and a safe and entertaining experience for all customers. Bwin is a leading brand across Germany (as well as in many of our other global markets) underpinned by the quality of our products and offer as well as great partnerships with the DFB and UEFA Europa League.

“We made further progress on our brand re-positioning strategy to engage with a broader and more recreational audience.”

Chief Executive's Review continued

Enlabs in the Baltics delivered another strong year despite the challenging economic environment in the region, with proforma[2] NGR up +5%cc[3] compared to 2021. Entain's core products are now fully integrated in the customer proposition, strengthening our product offering and helping to drive actives, which are up +17% proforma[2] year on year. Ninja Casino launched in Sweden in H2 and early results have been promising.

In Georgia, the Crystalbet brand remains the market leader and has responded well to the new regulatory regime which came into effect at the start of 2022.

Our Party brands continue to perform in-line with expectations. We are delighted our Party brands are now active in the newly regulated Ontario market, alongside our bwin and BetMGM brands. We welcomed Ontario customers to their first poker tournament series, the Ontario Poker Championships in September. Party has continued with its renewed focus on the recreational player's entertainment experience, with Partypoker Sports launching its first free-to-play game, Football Full House. This correct score game enables cross sell to customers with sport, casino and poker prizes available to win.

In the Netherlands, having been required, along with all responsible operators, to withdraw from the market by the regulator in Q4 2021, we are pleased to have acquired BetCity which provides us with a strong platform to drive further growth in this newly regulated market.

Our Retail operations have performed strongly during 2022, a year which was largely uninterrupted by Covid related restrictions. On a like-for-like basis, Retail NGR for 2022 was +66%[5] ahead of a lockdown impacted 2021 and customer volumes in our two largest retail estates, the UK and Italy, are ahead of pre Covid levels. This is clear evidence that our customers value and enjoy the in-shop experience. The reinvigoration of our retail offering leveraging digital touchpoints, our best in class betting and gaming terminals combined with our shop colleagues' interaction provides customers in the UK with an enjoyable and engaging experience whilst also broadening our audience demographic.

Expand into new regulated markets

Regulation and evolving consumer needs and behaviours continue to prove to be exciting growth drivers as we expand into the $170bn addressable market we have identified for betting, gaming and interactive entertainment. We can expand into these opportunities through organic or inorganic expansion as well as developing an offer into new product verticals.

We have a strong track record of integration and value creation through M&A – the acquisitions over the last four years (excluding SuperSport and BetCity) will see us double their value and create approximately £900m of value in the first three years of acquisition. This reflects the revenue and cost synergies benefits as well as improved margins that we can generate as these businesses benefit from the scale and efficiencies of the Entain Platform. Many of these businesses have high quality in-house technology into which we are able to plug products and capabilities to support synergy delivery. As we evolve our technology platform we expect that many of the businesses we have acquired will, over time, migrate more fully on to the Entain Platform, providing further synergy benefits in years to come.

During the year we announced five acquisitions. In Canada we acquired Avid Gaming which saw Sports Interaction join our bwin, Party and BetMGM brands licensed to operate in Ontario. Sports Interaction provides access to the highly attractive, fast growing and regulating sports betting and gaming market across Canada, outside of the province of Ontario. The acquisition of Klondaika in Latvia, and Totolotek in Poland, expanded and deepened our access in these regulated markets where we provide a broader offering of engaging products and services for customers in their respective markets.

Our acquisition of BetCity, announced in June, and completed in early January 2023, brought one of the Netherlands' leading operators in the newly regulated online sports betting and gaming market into the Group. Since its licencing in October 2021, BetCity has grown strongly, establishing a share of over 20% of this attractive and fast-growing market.

In August 2022, we partnered with EMMA Capital, a leading investment firm in the Central and Eastern European region to form Entain CEE as an innovative approach to expansion into the CEE region. Entain CEE's first acquisition was SuperSport, the leading gaming and sportsbook operator in Croatia. SuperSport has both online and retail operations with its unrivalled brand and proprietary technology solution delivering a c.50% share in the fully regulated Croatian market.

The Group's portfolio of strong and globally recognised brands enables us to expand into new markets organically where no clear M&A opportunity provides a more attractive proposition. During the year, we launched bwin in Zambia and Ninja in Sweden. New market entries via both M&A and organic expansion, contributed to Online NGR during the year, with SuperSport also generating retail revenue.

There continues to be significant growth opportunities in regulated markets across the globe, and we continue to look for further opportunities where we can drive incremental value for shareholders. There are at least 40 markets where we do not currently operate today, including Central & Eastern Europe, Latin America as well as Africa and potentially over time, parts of Asia.

Extending into interactive entertainment

Technology continues to change consumer behaviours, creating new trends and experiences, and opportunities for Entain to explore.

We listen to customers to better understand these trends to inform how we adapt and innovate to capture growth across new audiences. Customers are seeking more content, more engagement, more interactive and social experiences, more video, more audio and more free to play entertainment. Interactive entertainment and media are converging with our traditional markets of betting and gaming. Entain sits at the heart of this convergence and as such provides us with a unique strategic opportunity as we continue to expand our product, offering and content ensuring our customer experience evolves to remain engaging, innovative and relevant.

Towards the end of 2022 we took our first steps into the esports and skill based wagering market with the launch of unikrn's new esports offer. unikrn soft launched in Brazil and Canada (outside of Ontario) with an offer that includes innovative new features that meet the needs of the skill based wagering market for esports, such as round the clock video game stream featuring the world's most popular video game titles, and offering players more ways to bet while watching and playing their favourite games. The esports market continues to grow strongly, and we will be expanding our presence as we rollout to further markets during 2023.

Technology continues to evolve and the diverse scale of the Entain Platform puts us in a unique position to be able to explore and innovate to further create exciting new unique products and experiences for our customers.

Chief Executive's Review continued

Sustainability

Entain proudly places sustainability as one of our two strategic pillars and it remains at the heart of everything we do. We embrace our role within society and lead our industry on the issues that matter to us – sustainability, diversity and responsibility – with our firmly held belief that the most sustainable business will be the most successful business in our industry. Paired with our strategic growth priorities, our strategic sustainability pillar is underpinned by the core principles of our Sustainability Charter which outlines our ESG leadership ambitions.

We aim to meet, and exceed the highest standards in everything we do, from the way we run our business to the way we support our colleagues, our customers and our communities. Our Sustainability strategy is underpinned by four pillars of: lead on responsibility; diversify our regulated activities; broaden our customer base; and, invest in our people and communities.

Lead on responsibility

Responsible engagement and player protection is an important part of our sustainability commitment. ARC™ is our pioneering approach to customer protection and its ongoing development continues. During 2022, we saw greater accuracy of our predictive tools, as well as ARC™ being rolled out internationally, with its principles implemented across 22 of our markets by the end of 2022. ARC™ has delivered over 3.7 million proactive interactions in the UK, and our most successful ARC™ model showed a 36% drop in customer risk rating following intervention, demonstrating that ARC™ is successfully preventing harmful behaviours amongst our customers and helping them to keep their play safe with us.

The ARC™ programme represents a step-change in player protection and we were pleased to see the success of our approach recognised in 2022 with the award of the Advanced Safer Gambling Standard by GamCare.

Safer betting and gaming underpins everything we do. Reflecting this, metrics regarding the effectiveness of ARC™ as well as completion levels for colleagues' safer betting and gaming training are included in our Group wide annual bonus plan.

In the US, BetMGM was amongst the first operators to have supported PlayPause, a project intended to introduce cross-state self-exclusion. We also led a collaboration of four of the leading US operators to establish the 12 Principles of Responsible Online Gaming, providing an industry benchmark for responsible operators. A number of other operators have since joined the collaboration.

Diversify our regulated activities

Entain is currently licensed in over 30 countries, and that number will continue to rise through a combination of positive regulatory developments as well as our expansion into new regulated markets. Operating in a well-structured regulatory regime enables us to deliver higher quality earnings with greater certainty and sustainability as we continue to grow and expand our global footprint and scale.

During 2022, Entain made further and significant progress towards our commitment to only operate in regulated markets, and in January 2023 we announced that we would accelerate our plans. As a result, Entain is the only global operator with 100% of revenues from domestically regulated or regulating markets. Of these markets where there is a clear path to regulation in due course, Brazil is the most significant for Entain operations.

"Safer betting and gaming underpins everything we do."

In the UK, we continue to wait for the publication of the White Paper outlining the review of the regulatory framework of the 2005 Gambling Act. Along with other industry operators we continue to actively engage with appropriate parties in order to help find a balance between protecting a minority who are at risk while supporting a healthy entertainment experience as well as an environment that is commercially viable for operators and related sports and industries.

Entain is a strong supporter of good regulation. We engage openly and proactively with regulators around the world to encourage well-structured and robust regulatory environments which balance the highest regulatory standards and responsible player protection, whilst also upholding customer freedoms and right of choice.

Broaden our customer appeal

We made further progress in broadening our appeal towards more recreational audiences, providing a safe and engaging entertainment experience. Understanding our customers and changing trends enables the evolution of our brands and offering to remain engaging and relevant to an ever-broadening customer base.

The Entain Platform's powerful capabilities and data analytics underpin the execution of our audience expansion. As part of this broadening customer experience, we continue to enhance our customer proposition with new games, experiences, products and content, documentaries and social channel interactions.

Invest in our people and communities

Investing in our people and communities is a cornerstone of our strategic sustainability pillar. Recruiting, retaining, and nurturing top talent from diverse backgrounds is important to ensure that we maintain our industry leading entertainment proposition. Our ambition is to be the employer of choice, attracting, engaging and retaining the best talent globally, bringing the best thinking to the business from inside and outside of our sector.

Our "Everyone's in The Game" people strategy is underpinned by diversity and inclusion, to ensure everyone at Entain feels valued, respected and included. 2022 was the first year of our new Diversity, Equity, and Inclusion ("DE&I") strategy, supported by a key commitment to creating a safe place to work. We proactively listen to our people to shape our DE&I agenda, leveraging the nine employee forums globally and the results of our 2022 Your Voice employee engagement survey.

2022 was an important year for the Group in delivering against our efforts to reduce our impact on the environment, as we set out on our pathway to be Net Zero for carbon emissions throughout our operations by 2035. Having achieved our previous greenhouse gas (GHG) emissions reduction target, we are now focused on achieving our new 'near term' science-based targets. Our commitment to a reduction of 29.4%[1] in our scope 1, 2 and 3 emissions by 2027 has been formally submitted to the Science-based Targets initiative to ensure our journey to decarbonisation is in line with limiting global warming to 1.5 degrees, as per the Paris Agreement.

Our two Foundations – the Entain Foundation and the Entain Foundation US, continue to support research into problem gambling and education initiatives that align with our sustainability ambitions, as well as investing into local communities and grass roots sports across our key markets.

Building on our EnTrain initiative, with its goal to positively impact one million people through education in technology by the end of the decade, we announced a new partnership with McLaren Racing in January 2023 to support women returning to the tech sector. Through our joint returnship programme, we aim to help reignite the careers of women returning to roles in STEM (Science, Technology, Engineering and Mathematics). We have also initiated returnship programmes in our offices in Hyderabad, India and Manila, Philippines.

A key focus for the Entain Foundation is supporting grassroots sports through our Pitching In programme. Our extended partnership with the Pitching In Trident Leagues supports 248 clubs and over 15,000 community based non-league football players. In 2022 we launched the Pitching In Volunteer Hub, a unique online platform enabling every Trident League Club to easily connect with potential volunteers. In addition, we continue our long term collaboration with SportsAid, the UK based sports charity, through which we sponsor and provide personal development coaching to 50 young athletes each year. We have also internationalised our investment in grassroots sport with new projects funded in Austria, Italy, Spain, Greece, Latin America and Africa.

Notes

1. This target has been restated from our 2021 ESG Report as part of our submission to the Science-Based Targets Initiative (SBTi).
2. Proforma results are presented as if the Group had owned the entities since 1 January 2021.
3. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2022 exchange rates.
4. BetMGM guidance on 2022 NGR of over $1.3bn, as stated at Business Update on 19 January 2022.
5. Retail performance numbers are quoted on a LFL basis and also excludes the post acquisition performance of shops in Croatia.
6. EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items.

Note: Retail operates in UK, Italy, Belgium, Croatia and Republic of Ireland. During 2022, there was an average of 4,310 shops in the estate, compared to an average of 4,540 in the same period last year.

Strategy in action

Ex-cit-ing moments

EXTEND INTO INTERACTIVE ENTERTAIN-MENT

unikrn

esports has rapidly developed an enormous following with over 450 million followers worldwide, with a betting market expected to be worth $12 billion by 2025. In 2022 we began the much-anticipated roll out of unikrn, our revamped, dedicated global esports brand. unikrn. unikrn offers three exciting ways to play; UMode which empowers players to back their own skills and bet on themselves in peer-to-peer action; unikrn Virtual, which provides a non-stop stream of esport action to bet on; and unikrn esportsbook, bringing premier esports tournaments and the biggest sporting events into one convenient place.

Our success is built on the unique Entain Platform, which puts the customer front and centre, to deliver our core strategic goals of growth and sustainability. We are constantly working to provide a richer and more engaging experience for our customers, both existing and new. At the product level this means a continuous process of optimising our sites, apps and games to create the smoothest, most enjoyable experience.

GROW PRESENCE IN EXISTING MARKETS

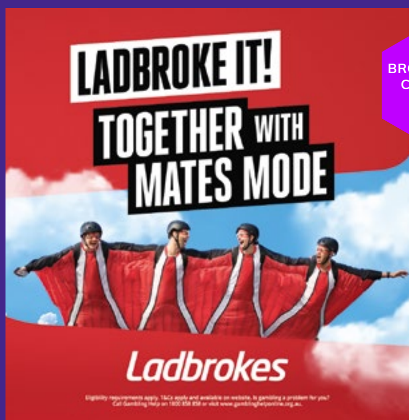
Going Live with Well Well Well

We're in the business of exciting customers by bringing them new formats and thrilling experiences. That's why last year we reimagined some of our most popular content as a live gameshow – "Well Well Well LIVE". Developed by our award-wining in-house development studio and using exclusive Entain games, the groundbreaking format has proved to be a smash hit, with our players placing an average of 25 million bets each month since launch. In fact, over 90% of our live casino players have tried it, and stickiness is more than double the levels seen at other top ranked games, with more than 55% of players returning to play again.

BROADEN OUR CUSTOMER APPEAL

Mates Mode

Down under, our Ladbrokes Australia team launched it's game-changing social betting experience; 'Mates Mode'. Seamlessly integrated into the Ladbrokes app, the new feature enables customers to banter as they bet, sharing content and bringing a whole new social element playing together as a group. The new feature was celebrated with an irreverent marketing campaign showing our customers can "Ladbroke It Together."



BROADEN OUR CUSTOMER APPEAL

Take it to the Bank

Through our award-winning gaming development studios we are able to bring our customers unique content only available on Entain brands. Don't take our word for it though, in February 2023, Bigger Banker, created by our very own CR Games, was named as Game of the Year at the prestigious International Gaming Awards.
The game has not just been a hit with the critics but has been hugely popular with players and one of the biggest performers across our gaming brands.

Strategy in action

World-class moments

GROW PRESENCE IN EXISTING MARKETS

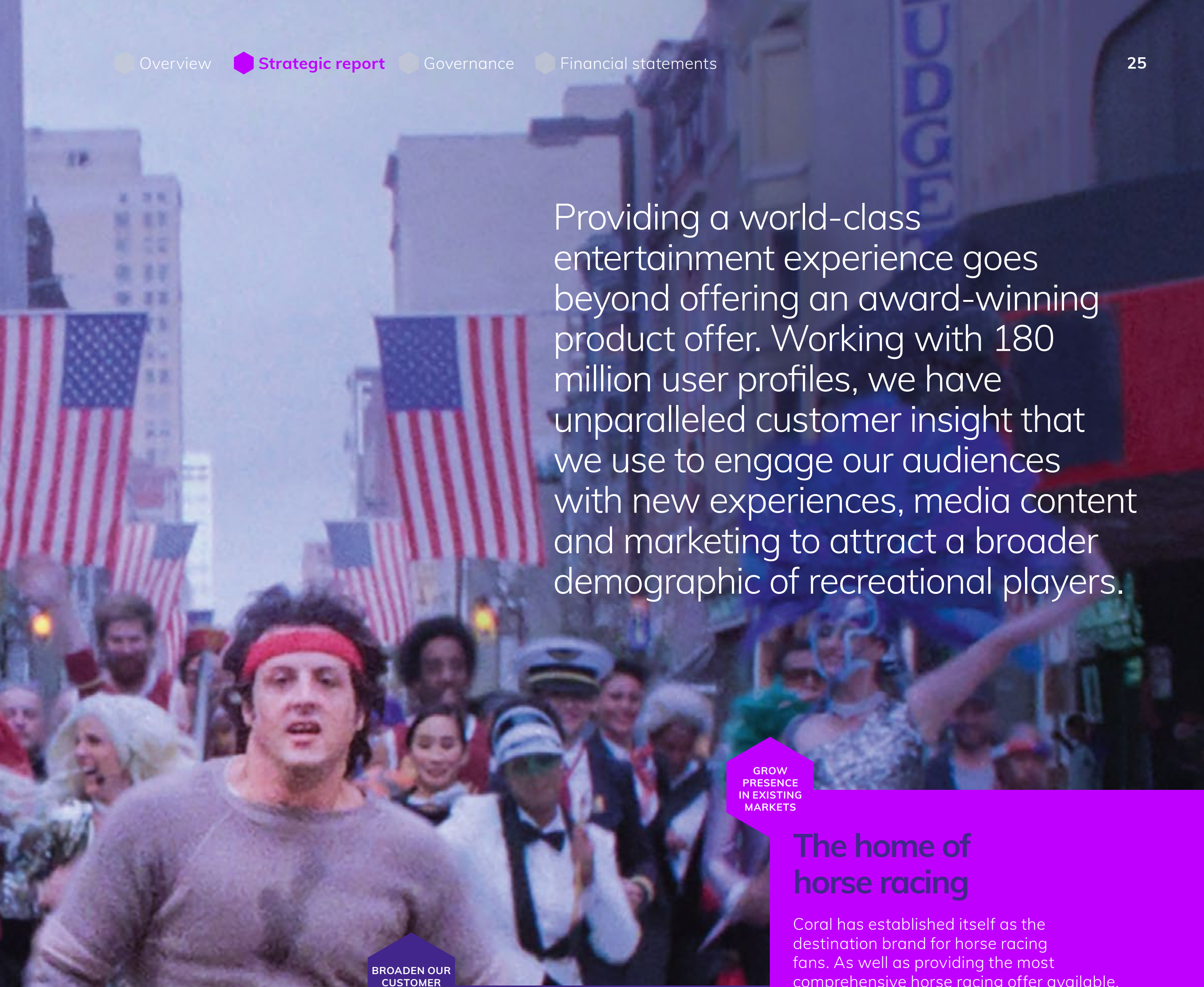
Knockout advertising

Ladbrokes delivered a blockbuster advertising campaign straight out of Hollywood last year, with a world-first application of new CGI technology. Recreating the iconic running montage from the original Rocky film, with a Philadelphia backdrop, the original cast was digitally replaced with hundreds of modern sports people – horse riders, drag queens, dancers, gymnasts, as well as drummers and many, many others – setting a new record for the biggest character replacement in Hollywood history. Part of Ladbrokes' 'We Play Together' campaign, Rocky brought Ladbrokes to a whole new audience.

LEADERSHIP IN THE US

Super Bowl

After all of the fanfare and hype, it is safe to say Super Bowl LVII delivered, with a spectacle both on and off the pitch. We were proud to be at the centre of the action, with a huge campaign including our first ever concert 'BetMGM West Fest' featuring Marshmello and Tim McGraw. BetMGM supported the experience with some unbeatable promotions, which helped make Super Bowl LVII BetMGM's most successful single game sporting event ever.



Providing a world-class entertainment experience goes beyond offering an award-winning product offer. Working with 180 million user profiles, we have unparalleled customer insight that we use to engage our audiences with new experiences, media content and marketing to attract a broader demographic of recreational players.

BROADEN OUR CUSTOMER APPEAL

Gala Land

The insights provided by our platform gives us a deep understanding of what will attract, engage and entertain our customers, with fresh campaigns tailored to our specific brand audiences. A great example of how we do this was our Gala Land campaign last year, which feature a group of five friends travelling in their yellow camper van from the bottom to top of Britain, in search of the perfect view of five hot air balloons creating an epic 'bingo' in the sky. Encompassing three product films, social media and a series of new games, the campaign saw search volumes for Gala Bingo jump 32% to their highest ever levels.

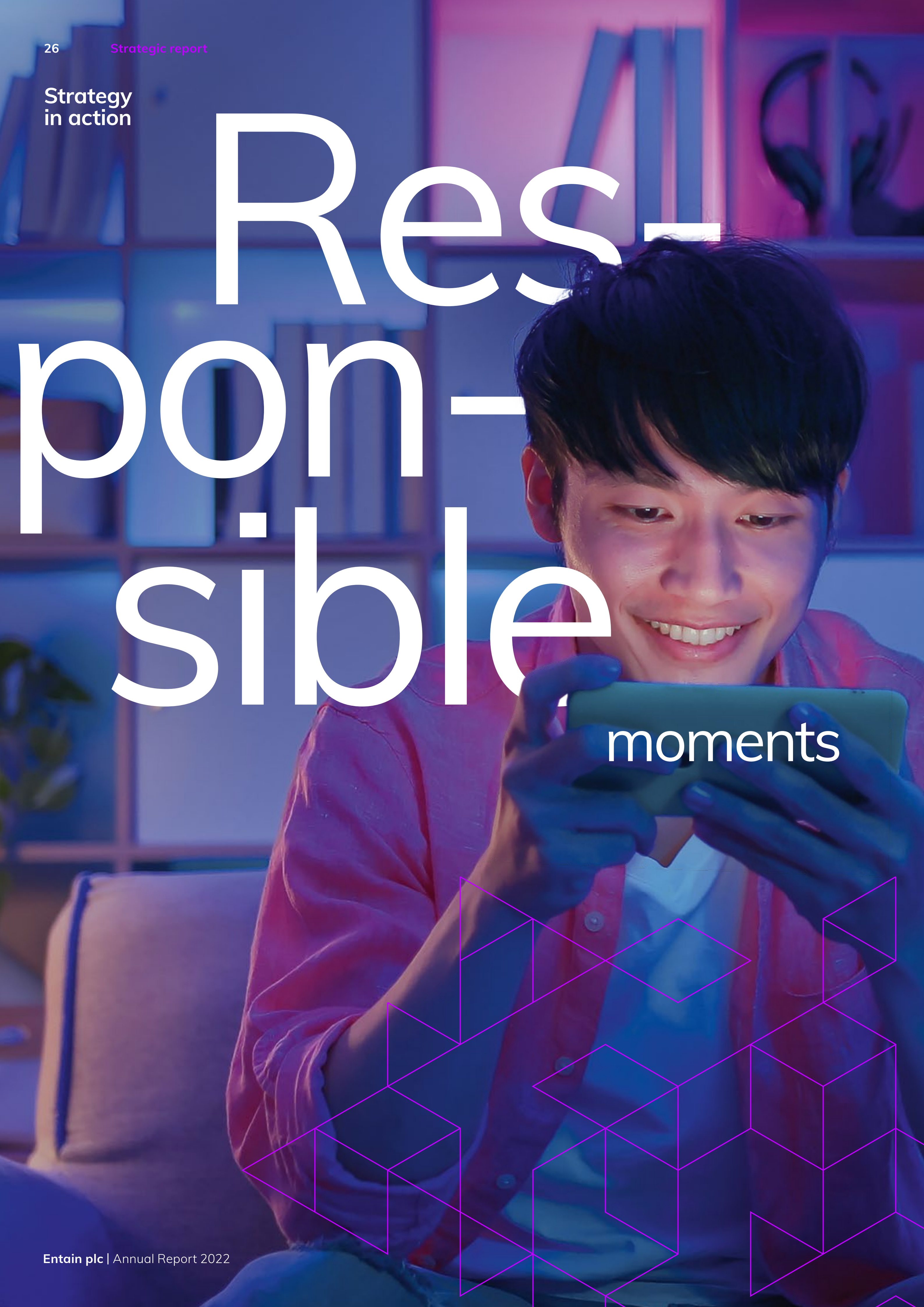
GROW PRESENCE IN EXISTING MARKETS

The home of horse racing

Coral has established itself as the destination brand for horse racing fans. As well as providing the most comprehensive horse racing offer available, in 2022 we launched the Coral Racing Club, enabling our customers to experience the thrill of racehorse ownership, win thousands of tickets to race meetings, and receive exclusive behind-the-scenes insight and access to racing stables, all completely free. The Club has a five strong team of horses trained by some of the biggest names in the business, Jonjo O'Neill, Joe Tizzard, Rebecca Menzies and Scott Dixon. Coral has also been busy bringing an innovative VR experience to race courses, allowing punters to experience the thrill of a race. The Coral Racing Club has been such a success that Ladbrokes Australia is launching its own version down under.

Strategy
in action

Res-
pon-
sible
moments



Ensuring our customers stay safe and play within their means will always be our number one priority. That is why we developed ARC™ – Advanced Responsibility and Care™ – our award-winning safer betting and gaming programme which takes a technology-led intelligent approach to risk reduction built on a foundation of academic research. Using revolutionary AI technology, ARC™ puts a digital safety net around our customers, operating in real-time, and crucially, individually tailored for each customer, it is always working invisibly in the background, stepping in when needed.

LEAD ON RESPONSIBILITY

Protecting the Customer

ARC's™ unique Protector Model encompasses 26 markers of protection, utilising data from Entain's activity-based algorithmic modelling. The accuracy of this modelling has been independently assessed by EPIC Risk Management, the leading harm-minimisation consultancy, to exceed 90%[1].

Last year we continued to develop and enhance ARC™, introducing additional real-time interaction triggers, to modify player behaviour when the system's AI identifies increased risk factors. We also began the global roll-out of ARC™, introducing the programme to 22 international markets.

We also led the way in the US with a collaboration of four of our leading peers to establish the 12 Principles of Responsible Online Gaming in order to provide an industry benchmark for responsible operators.

The success of this proactive approach was recognised by GamCare, the leading safer gambling charity, who awarded Entain with their highest level Advanced Safer Gambling Standard for digital operations. We are now working with regulators around the world to see how the approach taken by ARC™ can be adopted to improve player safety.

1. EPIC Risk Management conducted an audit in 2022 that evaluated the accuracy of the STEP model as 96% for the top 50 high-risk players, 92% for randomly selected high-risk players, and 80% for randomly selected medium-risk players.

Strategy in action

Posi
tive
moments

INVEST IN PEOPLE AND COMMUNITIES

Promoting grassroots sport

Our business is intrinsically tied to the world of sport and we are proud of the role we play as a major supporter at the grassroots and community level. Through our Entain Foundation we fund projects around the world. In the UK we operate two flagship projects, partnering with SportsAid, to provide young athletes with their first external funding and personal development training and the Pitching In Trident Leagues, made up of 250 clubs at the heart of non-league football. In Greece we run our Team Future programme, supporting the next generation of Greek athletes to reach their potential, as they build towards the Paris Olympics. Elsewhere we are backing community football projects in countries including Italy, Germany, Spain, Austria, as well as across Latin America and Africa.

We have put sustainability on an equal footing to growth as the two core elements of our strategy. Fundamental to that philosophy is making a positive contribution to the societies and communities in which we operate – it's what our customers and colleagues rightly expect of us. Our Sustainability Charter is at the heart of our business and sets out our commitment to operate exclusively in regulated or regulating markets, to lead on responsible gambling, pursue the highest standards in corporate governance and invest in our people and our communities. Through our Entain Foundation, we have committed to donating £100m to worthy causes over five years.

INVEST IN PEOPLE AND COMMUNITIES

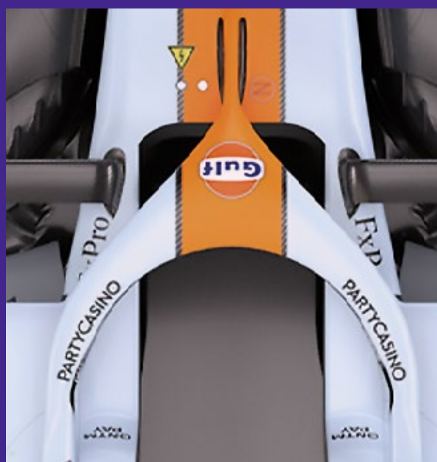
Reducing environmental impact

Having led our industry in being the first to set the target to net zero for carbon emissions throughout our operations by 2035, over the past year we have been developing our plans to deliver against this ambitious target. We have run an extensive series of climate strategy workshops encompassing all areas of our operations to identify where and how we can eliminate or minimise carbon emissions from our work streams. We have formally submitted our aims to the Science Based Target initiative.

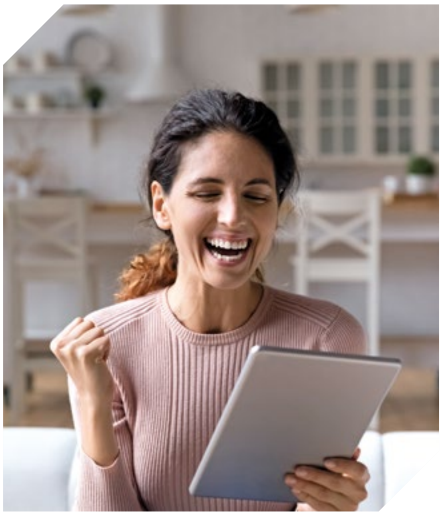
INVEST IN PEOPLE AND COMMUNITIES

Drive Diversity forward with McLaren

We have a passion for driving the conversation around diversity across the industry. In 2022 we announced a new partnership with McLaren Racing to support women returning to the tech sector. Through our joint returnship programme, we aim to help reignite the careers of women returning to roles in STEM (Science, Technology, Engineering and Mathematics). This initiative builds on the objectives of our EnTrain programme, which is designed to positively impact 1 million lives through the promotion of greater diversity in technology by 2030.



The industry in which we operate

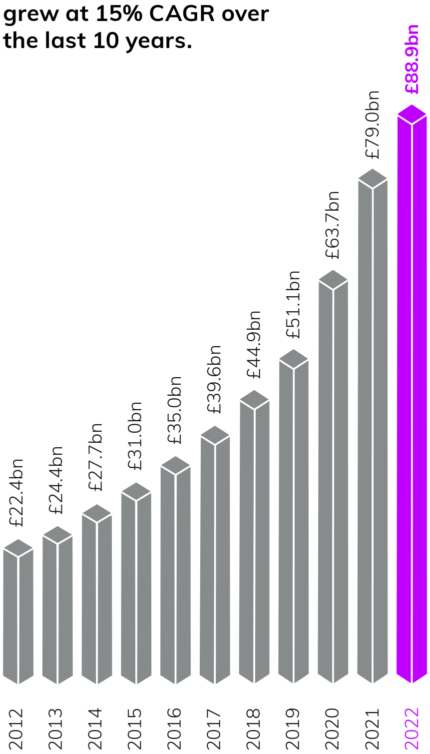


Global Online Growth

Entain only operates in domestically regulated and regulating markets. The total global online gaming market which also includes unregulated markets, was estimated to be worth c£89bn in 2022. Over the past eleven years the market grew at 15% CAGR and growth from 2021 to 2022 was 13%, in part driven by the increasing number of US states legalising online gaming.

15%

The global online market grew at 15% CAGR over the last 10 years.



Source: Data provided by H2 Gambling Capital, unless otherwise indicated.

Online Europe

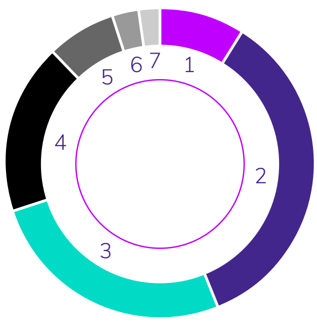
Geographically, the combined Online UK and European market represented 44% of the total online gaming market in 2022. The UK online market declined by 4%, due to a combination of some customers returning to retail following the lifting of Covid-related restrictions and the impact of increased affordability checks. The European online market continued to perform strongly, up 12% year-on-year in part due to increased engagement from new customers.

The next largest market is the unregulated Asia market which represents 26% of the global total, followed by regions that are part regulated, part unregulated including North America (18%), Oceania (7%), Latin America (3%), and Africa (2%). Excluding Asia, Entain has online operations in countries in these regions.

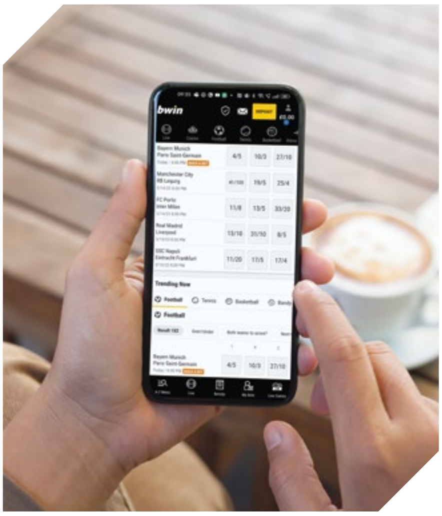
44%

UK and Europe represent almost half of the global online gaming market in 2022.

Share of Global online market by region



1. UK		9%
2. Europe		35%
3. Asia/Middle East		26%
4. North America		18%
5. Oceania		7%
6. Latin America/Caribbean		3%
7. Africa		2%



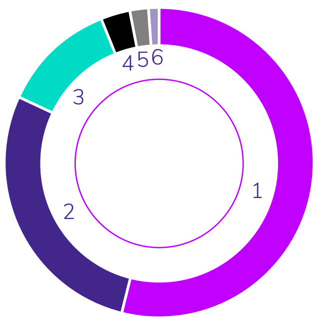
Online Market by Product

Online growth has been driven by product development, with the fastest growing product areas, betting and casino, growing at 12% and 15% vs. 2021 respectively. Entain's brands offer online betting, casino, bingo, and poker: these products represent 88% of the total online gaming market in 2022.

88%

Online betting, casino, bingo and poker represented 88% of all online gambling in 2022, with betting and casino forecast to have grown 27% globally.

Share of Global online market by product



1. Betting	54%
2. Casino	28%
3. State lotteries	12%
4. Poker	3%
5. Bingo	2%
6. Skill/other gaming/ commercial lotteries	1%

Retail

Entain's key retail operations are in the UK, Italy, Belgium, Republic of Ireland (ROI) and Croatia.

The UK Retail market (excluding lotteries) is estimated to be worth £6.8bn in 2022, a rise of 172% as the sector bounced backed strongly from the restrictions imposed during the pandemic.

The UK Retail betting sector is dominated by four operators which account for over 85% of all betting shops. Entain is the number one operator in the UK, operating under the Ladbrokes and Coral brands with an estimated 45% market share.

The Italian retail sports betting market is estimated to be worth £1.1bn in 2022, up from £0.7bn in 2021 as the market emerged from Covid restrictions. Entain operates via the Eurobet brand as the 3rd largest operator in the market for over the counter sports betting in Italy.

ROI and Belgium retail betting markets are much smaller, estimated to be worth £1.4bn and £0.1bn respectively in 2021. Entain operates in Belgium and ROI via the Ladbrokes brand and is the largest operator in Belgium and third largest in ROI. Croatia, a new market for Entain, is smaller, valued at £0.2bn in 2022.

>85%

Four operators account for over 85% of all UK betting shops.

	Total Market Size – £bn	Betting	Casino	Machines	Bingo	Lottery
UK	6.8	19%	12%	33%	3%	33%
Italy	15.1	7%	1%	52%	2%	38%
ROI	1.1	30%	4%	23%	3%	40%
Belgium	1.4	21%	7%	29%	0%	42%
Croatia	0.2	34%	28%	27%	0%	12%

(Entain areas of operations are highlighted)

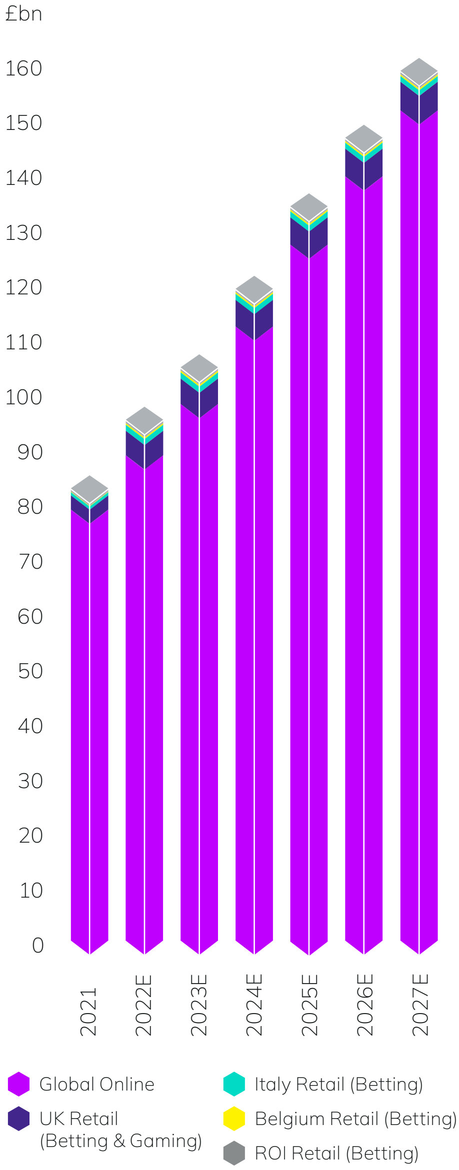
Forecast

The Online gaming market is forecast to grow at 11% CAGR over the next five years driven by US regulation, product innovation, mobile growth, and the return of retail. The US gaming market is forecast to grow at 23% CAGR over the next five years.

UK Retail betting and gaming is forecasted to grow 2% CAGR post the pandemic between 2023 to 2026. Our smaller Retail businesses in Italy, Belgium, ROI and Croatia are forecast to be flat between 2023 and 2026.

11%

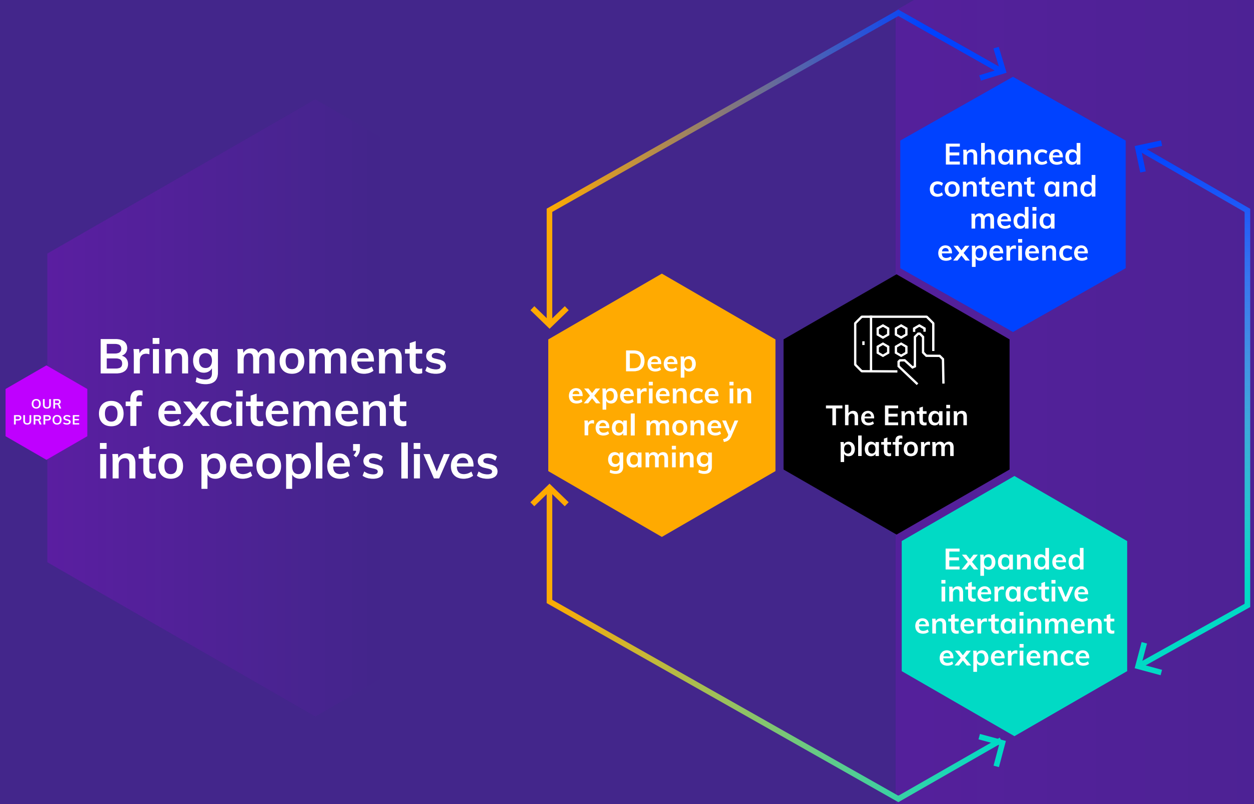
Online gaming is forecast to grow 11% CAGR between 2021 and 2027, with the US growing at 23%.



How we create value

Our business model is grounded in our purpose. We bring moments of excitement into people's lives by understanding and responding to customers' needs, particularly as they evolve. This enables us to benefit from powerful flywheel effects that, in turn, broadens our customer reach, increases engagement and loyalty, grows revenues and drives down acquisition costs.

We deliver a differentiated customer experience...



Deep experience in real money gaming
At the core of our business is providing the most exciting sports betting and gaming experience. Via the Entain Platform we have the most comprehensive offer in the market, we are continuously innovating, producing unique in-house developed content, available exclusively through our brands.

Enhanced content and media experience
Providing a world-class entertainment experience goes beyond offering an award-winning product. We are constantly working to provide a richer and more engaging experience for our customers, encompassing everything from free-to-play games, videos and podcasts through to real-world, money-can't-buy competition experiences.

Expanded interactive entertainment experience
While we enrich the betting and gaming experiences in our core products to entertain our customers every day, we are also looking to the future, expanding our horizons to develop new, cutting-edge products which will thrill our customers tomorrow and beyond.

...the Entain Platform sits at the centre of our business model...

Differentiating us from our peers, with unique competitive advantages

1. **Leverage of truly global scale**
Operating at a global level creates multiplier effects that drive out-performance in each of the markets in which we operate

Read more: pages 15 to 19

2. **Dynamic content creation**
Our award-winning in-house development studios enable us to create exclusive content and innovate to provide our customers with a richer, more engaging experience

3. **The industry's leading talent**
Our people are our number one asset and our ability to attract and retain the best minds both within and beyond the industry is key to our success.

4. **Gaming's favourite brands**
We offer over 25 leading brands, some dating back more than 135 years, offering customers a great trusted offer

5. **Marketing and customer excellence**
Our customer CRM capabilities and player analytics enable a powerful data-led approach to marketing

6. **Cutting-edge technology**
By owning and operating our own technology we can be more flexible and adaptable, keeping us ahead of the competition and enabling us to expand into new markets, provide great products and lead on responsibility

7. **Unrivalled M&A integration execution**
We have a proven track record in successfully acquiring, integrating and growing businesses, enabling us to enter new markets and build further scale

8. **Regulatory Expertise and Responsibility**
As the world's only global operator operating exclusively in regulated and regulating markets we have unparalleled experience of working with regulators coupled with an uncompromising approach to player safety

Read more: pages 36 to 37

...creating value for all our stakeholders

Customers
Online performance

+7%
Growth in Active players 2021-22

Read more: page 14

Our people
Satisfaction

87%

Read more: pages 53 to 56

Communities
Entain Foundation

£100m
committed over five years

Read more: pages 57 to 59

Investors
Underlying EBITDA

£993.2m +13%
2021: £881.7m

Read more: pages 70 to 81

Our strategic framework

Our vision

The world leader in betting, gaming and interactive entertainment

2022 priorities	2022 progress
Growth	
1 – Leadership in US Clear ambition to be the leading operator in the US sports betting and iGaming market through BetMGM.	Established as top-three US operator, BetMGM achieved a 18% market share overall in the markets which we operate in and a leading market share of 30% in iGaming. Now live in 26 markets, reaching 48% the adult US population as well as operating in Ontario, Canada.
2 – Grow presence in existing markets Continue to grow rapidly in the >40 territories in which we already operate.	Increased number of First Time Depositors and active players while growing market share in key markets, demonstrating our ability to attract, engage and retain players. Online NGR growth on a compound annual basis over the last three years is 12% (cc)
3 – Expand into new regulated markets Significant opportunities exist to expand into new regulated markets through organic opportunities as well as M&A.	Five transactions announced during 2022, including Sports Interaction (Canada), Klondaika (Latvia), Totolotek (Poland) and BetCity (Netherlands). Established Entain CEE, and acquired SuperSport (Croatia), to create a strategic platform in Central and Eastern Europe.
4 – Extend into interactive entertainment Entain is at the forefront of leveraging opportunities created as new technology-enabled forms of entertainment continuously evolve.	Grew actives by 7% Online to achieve new record levels. Continued to expand media, content and interactive entertainment across our major markets. Launched unikrn's esports offer in Brazil and Canada.
Sustainability	
5 – Lead on responsibility Provide the safest experience for our customers and encourage the industry to follow our lead. Continuously upgrade and personalise our protections for customers.	Delivered enhancements to our Advanced Responsibility & Care™ ("ARC™") programme which uses technology to proactively intervene to prevent betting and gaming related harm developing. Rolled-out ARC™ to 22 international markets. Having accelerated our plans in January 2023, Entain is the only global operator with 100% of revenues from domestically regulated or regulating markets.
6 – Diversify our regulated activities Operating in a well-structured regulatory regime enables us to deliver higher quality earnings with greater certainty and sustainability of earnings as we continue to grow and expand our global footprint and scale.	From February 2023, 100% of our revenues are from regulated or regulating markets
7 – Broaden our customer appeal Attracting and retaining an increasingly recreational audience by providing a safe and engaging entertainment experience, enables us to generate sustainable returns.	Introduced further enhancements to our customer proposition with new games, experiences, products and content, documentaries and social channel interactions
8 – Invest in our people and communities Ensure Entain is the best place to work while contributing to communities where we are based and operate.	Through our Entain Foundation we continued to invest in safer gambling programmes, grassroots sport and diversity through technology projects. Launched our new DE&I strategy.

Key: Achieved | On target | Not achieved

Our purpose

Bring moments of excitement into people's lives

Priorities for 2023	KPIs	Risks	Remuneration
• Enter new states as they regulate with market leading customer offer. • Continue to innovate in existing markets focusing on product, brands and marketing. • Identify new opportunities in the 40+ regulated markets where we do not currently operate. • Deliver new customer propositions outside of our traditional product offer.	**Market access** **150m** people **Group NGR growth** **+12%** **Online NGR** **£3,050.5m** **Underlying EBITDA** **£993.2m**	• Technology failure. • Loss of key locations. • Trading, liability and pricing management. • Strategy execution in growth markets • Trading, liability and pricing management	• Executive annual bonuses are linked to Operating Profit, Online NGR growth and safer betting and gaming targets and customer metrics.
• Work with regulators in all our markets to implement and/or improve regulations for customers and work towards licencing, in still-regulating markets • Further evolve and roll-out ARC™ and increase investment in all areas of research, education and treatment of problematic behaviour. • Safer betting and gaming metric continues to make-up 15% of 2023 bonus payments for all office based employees. • Continue roll-out of Foundation investment programmes to more international markets.	**£18.3m** **Contribution to safer betting and gaming initiatives** **87%** **Employee satisfaction with approach to wellbeing** **2035** **Target set for carbon Net Zero throughout operations** **£100m** **Commitment to Entain Foundation over five years** Read more: pages 38-61	• Ensuring our customers are properly protected. • Ensuring health, safety and wellbeing of our people. • Ability to recruit and retain employees. • Data breach and cybersecurity. • Changes in betting and gaming legislation. • Changes in betting and gaming tax regimes. Read more: pages 82-88	• Safer betting and gaming metric and customer satisfaction metrics implemented for 2022 bonus schemes. Read more: pages 116-152

Regulatory update

Gaming is a truly global market and in 2022 the Group held licences in over 30 jurisdictions across the world. The Group only operates in domestically regulated or regulating markets and as from February 2023, 100% of the Group's revenue is from such markets. The Group firmly believes that strong, commercially viable regulation of the betting and gaming sector is in everyone's interests. It provides stability for operators, important taxation streams for governments and – most importantly – it provides the consumer with proper protections and safeguards by ensuring that only responsible providers operate in the market.

The UK

The UK Government's review of the 2005 Gambling Act is ongoing. Originally expected in 2022, the publication of a white paper setting out its conclusions is now expected sometime in 2023. We continue to engage government actively in this process, both directly and via our trade body. It is our consistent view, based on the experience we have with customers, that it is more sensible to target interventions on the small minority who may develop gambling problems, than to penalise the responsible majority. We therefore have continued to develop and enhance our Advanced Responsibility and Care™ ("ARC™") programme, which offers tailored identification of customers who may be at risk, as well as targeted interventions and interactions. However, we fully support sensible additional regulation where justified. We are participating in a trial of an industry-wide database of those with gambling problems and working to develop a new industry ombudsman. Many of these changes can be implemented without the delay inherent in primary legislation and would represent the most expedient path to more robust regulation on player protection.

United States

The sports betting regulatory activity continues at pace in the United States. New York, Kansas, Louisiana and Ohio are amongst the US states that have regulated and launched their sport betting markets in 2022 or early 2023. The state of Massachusetts has also regulated its sports betting market, which will go live in March 2023. Following the failure of the California sports betting referendum, the key state that will consider regulating its market in 2023 will be Texas. In parallel, a number of additional states are considering online casino licensing, with Indiana and New York having the best chance of completing the process in the near term and possibly in 2023. Finally, numerous states up and down the country, including New Jersey, Colorado, Ohio, and Massachusetts have or are in the throes of adopting modernised forms of responsible gambling regulation; a trend the Group welcomes with an eye on the long term sustainability of the US market.

In light of the fact that some 35 US states have already allowed for sports betting in one form or another, the Group remains of the view that in the coming years some 40 US states will have regulated sports-betting, which will provide BetMGM, the Group's US JV, with even broader market access across the country. The number of states that permit online casino is also expected to grow.

Germany

On 1 July 2022, the new Joint Gambling Authority ("GGL") in Saxony-Anhalt assumed responsibility for combating illegal online gambling. For the first time ever, the competences and corresponding enforcement instruments (e.g. IP blocking and payment blocking) are now harmonised across German states. In addition to creating a domestically regulated market, this can be seen as an essential building block for the successful regulation of the gambling market and we look forward to the GGL imposing tougher regulatory oversight and expulsion of illegal operators during 2023.

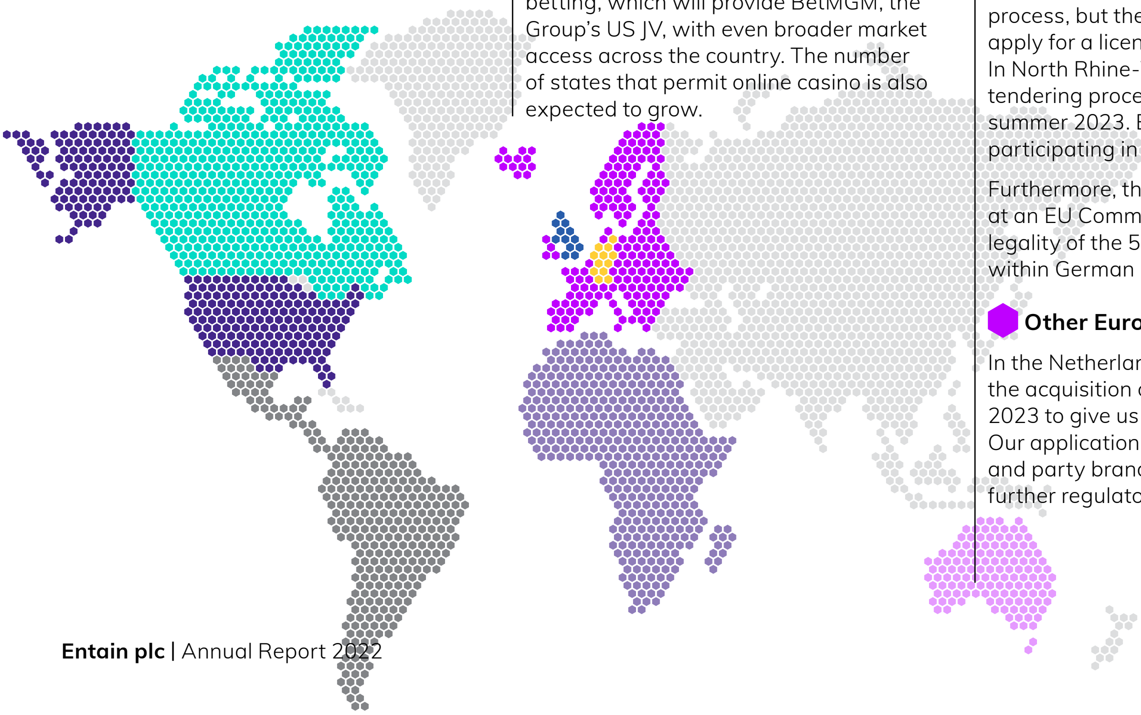
The Group was granted three slots and two poker licences in November 2022. Additionally, the Group's sports betting licences were extended for another 5 years in December 2022.

Unlike slots and poker, casino table games will be regulated on a state-by-state basis. The states may either create a monopoly or issue as many licences as the state has land-based casinos. By the end of 2022, only the states of Schleswig-Holstein and North Rhine-Westphalia had opted for a licensing system. To date, only Schleswig-Holstein has released the tendering process, but the Group has opted not to apply for a licence for commercial reasons. In North Rhine-Westphalia, details on the tendering process are not expected before summer 2023. Entain looks forward to participating in this process.

Furthermore, the state aid complaint lodged at an EU Commission level against the legality of the 5.3% stake tax on virtual slots within German regulation is still ongoing.

Other Europe

In the Netherlands, we completed the acquisition of BetCity in January 2023 to give us a regulated presence. Our applications for licenses for our bwin and party brands are ongoing, however further regulatory changes have



complicated the application process. Looking ahead, a wide-reaching ban on untargeted advertising is set to come into effect in late Q1 2023, while we expect the government will also come forward with proposals on playing limits later in 2023.

In **Belgium**, a new €200 weekly deposit limit came into effect while a pending Royal Decree looks set to impose a wide-reaching ban on gambling advertising from mid-2023. There has been little regulatory progress in **Austria** where the government has failed to come forward with the market reforms it announced in March 2021. Nevertheless, we continue to advocate for pragmatic reforms whilst also exploring other possible avenues to enter the regulated market.

In **Italy,** we also received confirmation at the end of 2022 that our online and retail licence concessions will be extended until December 2024, while in **Greece** the maximum stake limit for online casino games was increased from €2 to €20. In **Spain**, the regulator has also indicted its desire to explore harmonised spending limits across operators, while a new Royal Decree on responsible gambling is expected to impose further restrictions from Q1 2023.

Elsewhere in 2022, we saw positive progress towards the introduction of a licencing regime in **Finland**. In **Hungary**, new sports betting legislation has led us to make changes to our offering in the market. Our acquisitions of Totolotek and SuperSport saw us enter the regulated **Polish** and **Croatian** markets respectively.

Australia

A further National Consumer Protection Framework measure was implemented in July 2022, with all wagering service providers required to issue activity statements on a monthly basis, to customers who were active during that month. A template statement was provided for operators to adopt, which provides customers with a graph showing net results for the month, and comparison to the previous six months. Seven new taglines and call to actions for wagering advertising were also announced, including "chances are you're about to lose", "You win some. You lose more". This new messaging will be required to replace "Gamble Responsibly" from April 2023. There were further delays to the implementation of the national self-exclusion register (Betstop) due to security and data concerns, but this is expected to be launched in 2023.

In September 2022 the House of Representative Standing Committee on Social Policy and Legal Affairs commenced an inquiry into online gambling and its impacts on people with gambling problems. The Committee is comprised of MPs from different political parties. Over 130 submissions were lodged, including a submission from Entain Australia. Entain Australia will seek to appear at a hearing in April 2023. While the terms of reference are broad, there has been a focus on gambling advertising and impacts on younger people.

Canada

The Ontario online betting and gaming market became regulated on 4 April 2022, thereby becoming the first Canadian Province to issue domestic licenses for private operators. Entain operates in Ontario through its bwin and Party brands as well as Sports Interaction, a Canadian brand the Group acquired in February 2022. Going forward, other Canadian Provinces such as Alberta and British Colombia are expected to introduce regulation.

Latin America

The Group was one of the first global operators to obtain a Colombian online betting and gaming licence in late 2020. As a result of political changes, the Brazilian sports betting market is still awaiting regulation; the Group nevertheless expects that regulation will take place during 2023. In addition, Peru is also expected to become domestically regulated in the second half of 2023. In parallel, the Chilean government also continues pondering regulating online gambling in its territory.

Africa

Entain continues to explore regulated opportunities in Africa and secured its first online gambling licence in Zambia in 2022. The Group is also hopeful of securing an operating licence in Kenya in the coming months.

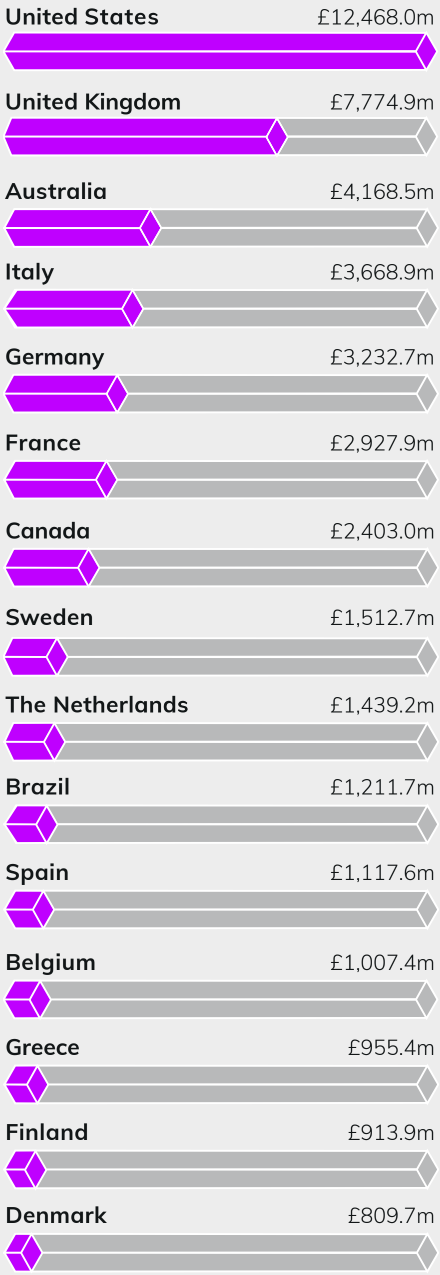
Esports

Jurisdictions that have regulated online sports betting in most instances allow for esports betting markets as well. This applies to markets such as the UK, numerous US states, Ontario as well as EU jurisdictions. The Group expects that the list will grow further going forward as esports and esports betting gain prominence. The Group is also taking steps to secure regulation of alternative esports betting formats, such as unikrn's UMode".

Read more about our engagement with regulators: **page 65**

2022 Global online gross gaming revenue

In 2022 online global gross gaming revenue was estimated to be valued at £63.8bn[1]. Below are the largest 15 markets that are either regulated or in the process of regulating.



1. Source: H2 Gambling Capital (including both regulated and non-regulated GGR).

Our commitment to sustainability

IN THIS SECTION

At Entain, we have proudly placed sustainability on an equal footing with our growth strategy. We embrace our role within society and want to take the lead on the issues that matter to us – sustainability, diversity and responsibility – with the strongly held belief that the most sustainable business in our industry will be the most successful. This is reflected in our Sustainability Charter, which outlines our ESG leadership ambitions across the four pillars below.

Regulation

Commitments:
- Only operate in regulated markets

2022 highlights:
- 100% of revenues from domestically regulated or regulating markets
- Exited nine markets with no clear path to a sustainable and safe regulated betting and gaming industry[1]

Responsibility

Commitments:
- Lead the industry on safer betting and gaming

2022 highlights:
- Successful roll-out of our pioneering ARC™ player protection programme outside the UK to 22 international markets
- Increased UK contributions to Research, Education and Treatment ("RET") to 0.75% of GGY

Corporate Governance

Commitments:
- Best-in class corporate governance

2022 highlights:
- Publication of Entain's first-ever Board Diversity Policy
- Rolled out an extensive 'Big Six' training programme covering areas such as Code of Conduct, prevention of bribery & corruption and tax evasion, governance, risk and compliance

People & Communities

Commitments:
- Best place to work
- Net-zero greenhouse gas ("GHG") emissions by 2035
- Promote diversity in and through technology

2022 highlights:
- 14% reduction of GHG emissions from the prior year, with 100% renewable energy in the UK and ROI retail estate
- Partnered with McLaren Racing to launch a brand-new Returnship programme

Long-term sustainability = Long-term success

1. Entain finalised those exits in January 2023. When we publish this report, 100% of the Group's revenue come from domestically regulated markets where it is licensed except for a small number of markets where we expect changes in regulation or partnering with a locally licenced operator.

Sustainability continued

Governance for long-term success

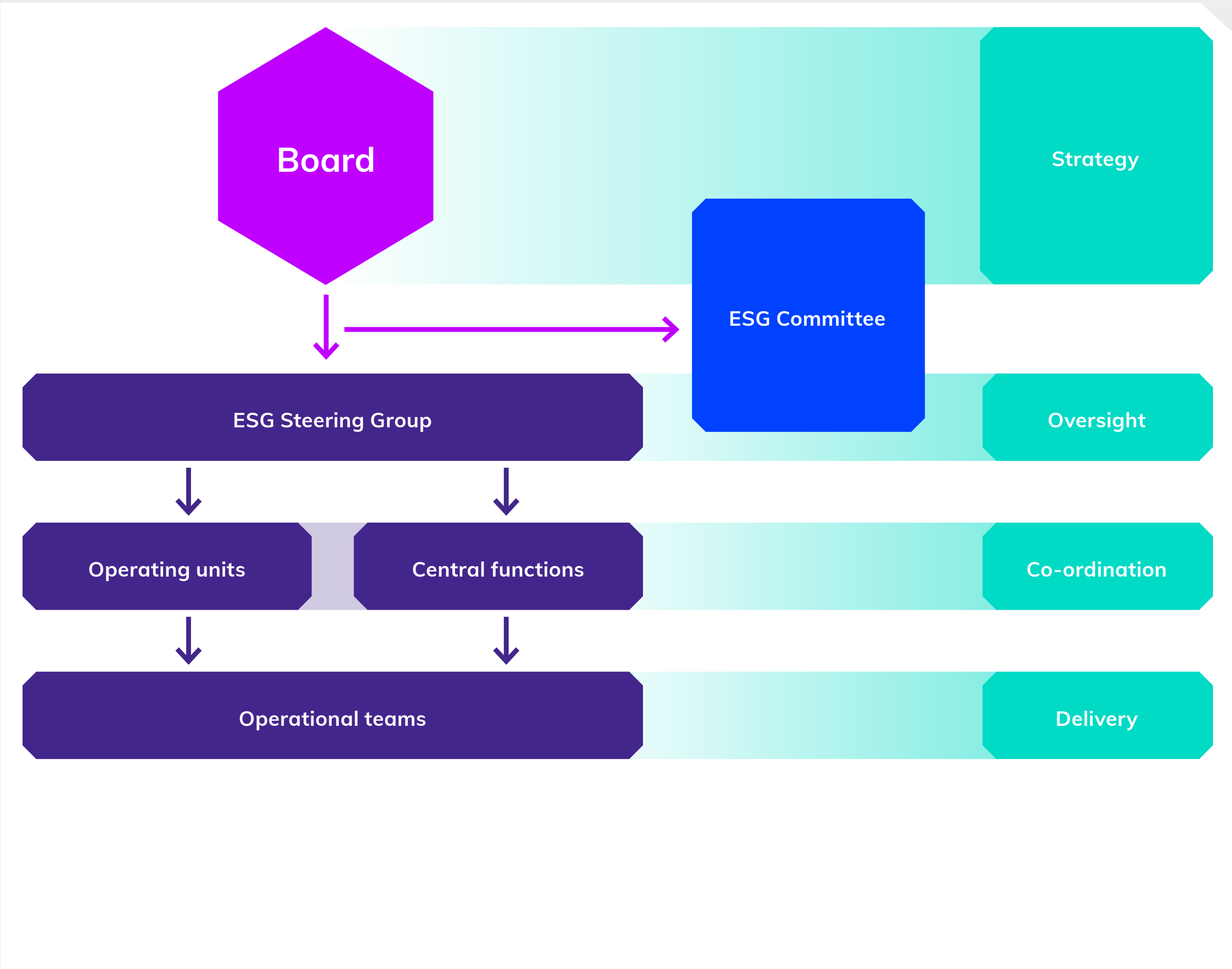
Environmental, Social and Governance ("ESG") issues leadership starts with strong governance. This is crucial to managing our non-financial risks and opportunities effectively and efficiently, whilst creating value for all our stakeholders. Our governance structure is now fully embedded and has proved effective in managing the increased scale, complexity, and expectations of the Group and its stakeholders. Our best-in-class Governance is overseen by our Chief Governance Officer.

The ESG Committee

The Board-level ESG Committee has ultimate responsibility for safer betting and gaming, regulatory compliance, anti-money laundering ("AML") and counter-terrorism financing, anti-bribery & corruption ("ABC"), health and safety, environmental impact, data protection and diversity in the workplace. Chaired by Virginia McDowell one of our Non-Executive Directors, the Committee has four members and guides the business on all aspects of ESG strategy, sets targets and monitors our performance.

The ESG Steering Group

The ESG Steering Group, which meets monthly, consists of functional leaders from across the business, including Investor Relations, Human Resources, Corporate Affairs, Legal, Health, Safety & Security, Operations, and Communications. Convened by our Group Head of Sustainability and Chaired by our Chief Governance Officer, the Group oversees the implementation of our sustainability strategy.



Our performance across ESG ratings providers

We are proud to be a sector leader amongst many of the leading independent ESG rating providers. The below table summarises our performance and improvement over time. We will continue to work tirelessly to further improve our ESG practices and performance, with the aim of further improving the standards for our industry and in these external assessments.

Agency	Rating	Evaluation	Score		Industry rank
			Current	Previous	
MSCI	ESG Score	AA	6.6	6.5	N/A
Sustainalytics	ESG Risk Rating	Medium risk	22	22	15/88 in the Casinos & Gaming Subindustry
ISS ESG	ESG Score	C-	47	45	2nd highest decile
S&P Global	ESG Score	S&P Yearbook and DJSI Europe constituent	67	67	96th percentile
FTSE4Good	ESG Score	Inclusion in FTSE4Good Index	3.8	3.4	94th percentile (85th)
CDP	Climate	Management	B	B-	Addressing the environmental impacts and ensuring good environmental management

Sustainability continued

ESG Materiality

We have a long-established discipline of assessing our material ESG issues. These material issues are reviewed annually as part of our internal ESG reporting process and updated based on any strategic and operational changes, as well as developments in the wider industry and society. Our current top material issues include:

- Industry self-regulation (safer betting and gaming)
- Protecting young and vulnerable through better colleague working practices
- Providing support for customers at risk and problem gamblers
- Customer privacy and data security
- Providing safe and responsible products, including safeguards inherent in the design
- Promotion of safer betting and gaming
- Preventing betting and gaming from being used to support crime or associated with crime
- Talent attraction and retention
- Diversity and equal opportunity

In 2022, we commenced a project to conduct a full-scale review of our materiality assessment framework. This update will draw upon evolutions in materiality best practices, and align our process and issues considered to the strategic reorientation of our business and external landscape. The outputs and process will inform our ESG strategy going forward, help us to identify emerging ESG issues, and prioritise the material ESG issues relevant to investors, as well as our wider stakeholders. As part of this process, we are finalising a comprehensive consultation across a broad range of our stakeholder groups through surveys, interviews, and desk-based research. The outputs of our new materiality assessment will be presented in our 2023 ESG Report.

Safer betting and gaming

Through our award-winning Safer Betting and Gaming programme, we take a holistic approach to protecting the customer, investing millions into research, education, and treatment. In 2022, we continued rolling out ARC™ – our Advanced Responsibility and Care™ programme – which takes a technology-led approach to risk reduction. Using revolutionary AI technology, ARC™ operates in real-time, and crucially, it is individually tailored for each customer. It is built on a foundation of academic research and is always working discretely in the background stepping in when needed.

We were pleased to see the success of our approach recognised in 2022 with the award of the Advanced Safer Gambling Standard by GamCare, the leading UK safer betting and gaming charity. Entain was awarded the highest level of accreditation (Advanced Level 3) for its online activities, and Advanced Level 2 for its land-based activities, underlining Entain's sector-leading approach to safer gambling. In addition to the ARC™ programme, which supports the pillars of our Changing for the Bettor strategy, we continue to deliver on the seven areas through our other initiatives, as outlined in the following pages.

1 Understand the problem

To reduce gambling harm, we need to know as much as possible about it. So we're funding research to help us best understand the issues and then find the best solutions.

2 Educate stakeholders

We're helping to educate thousands of young people and professionals about the potential risks of gambling harm and how to avoid them.

3 Promote responsible attitudes

Through advertising, marketing and sponsorships we're promoting social responsibility.

4 Empower customers

Within our products, we're adding tools that help customers to gamble safely. These tools enable customers to self-govern their gambling activities. Our processes allow us to monitor individual player behaviour and where appropriate recommend particular tools or advise the customer to take a break.

5 Fund treatment for those in need

We're funding treatment and support for people who suffer from gambling harm.

6 Champion responsible product design

With 'responsible design' principles, we're making sure our products are safe as well as fun.

7 Change ourselves for the bettor

At Entain, safer betting and gaming is everyone's business. We're making sure that everyone we work with knows safer betting and gaming is core to all that we do.

Advanced Responsibility & Care™: Using data and technology to provide sector-leading player protection

We can now demonstrate that ARC™ is successfully decreasing harmful behaviours amongst our players. In 2022, ARC™ helped more than half higher-risk customers de-escalate their risk level.

ARC™ is our industry-leading pioneering approach to customer protection and the driving force behind our vision to be the go-to platform for safe play. ARC™ switches our player protection approach from reactive to proactive by allowing players to receive the intervention they need in real-time, not after the fact. Using behavioural indicators, data science, and analytics to assess risk in betting and gaming, ARC™ works behind the scenes using advanced artificial intelligence to learn and identify risks in player behaviour so we can intervene before a problem develops – providing a digital safety net for all our customers. In 2022, we improved the accuracy of our predictive tools by launching a new hybrid model that identifies both short and long-term excessive play. We also introduced 15 new safer gambling features and began the roll-out of ARC™ outside of the UK, with phase one of the programme going to 22 international markets and phase two with real-time interactions live in 10 markets. After a focus on implementation in 2021, we can now demonstrate that ARC™ is successfully decreasing harmful behaviours amongst our customers and helping them to keep their playing safe. Across the year, ARC™ helped more than half higher-risk customers deescalate their risk level and achieve a 36% reduction in at-risk customers overall.

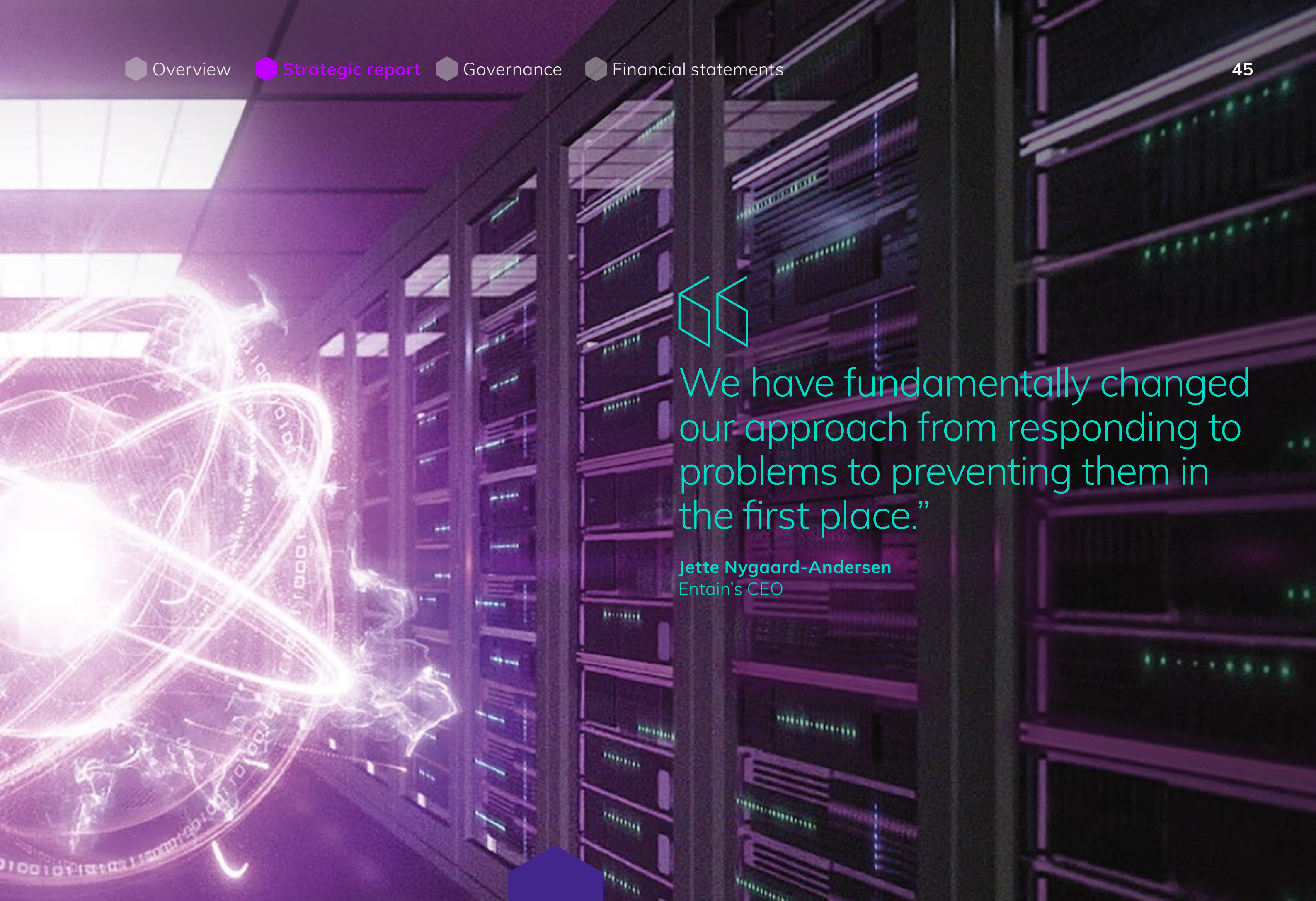
How does ARC™ identify high-risk behaviours?

ARC™ technology allows us to identify customers who need our support the most, intervening with measures that are specific to their needs. With the launch of Long-term Excessive Play ("LTEP") in 2022, ARC™ now operates a hybrid model that accurately detects both short and long-term excessive play.

Our Short-Term Excessive Play ("STEP") model is sensitive to large daily spikes in customer activities. STEP draws upon 26 research-backed markers of protection – over three times more than in our 2020 model – going beyond merely financial markers to include other behavioural characteristics. Examples of these markers include fluctuations in stake levels, erratic play during a single session, or signs that a customer might be chasing losses. In 2022, EPIC Risk Management, the leading harm-minimisation consultancy, conducted an audit of the STEP model and found it to identify high-risk behaviours with 92%[1] accuracy.

Our new LTEP model complements STEP by detecting customers who are at risk of causing themselves harm over the long term. LTEP identifies changes in a player's habits over a longer period, for example picking up on a slow but steady increase in cancelled withdrawals or repeated deposits on loss. We found that LTEP detects high-risk customers with 88%[2] accuracy and that the overlap with the players identified by STEP is only 20%, showing the importance of both models.

We continue refining the markers underpinning STEP and LTEP through our partnerships with leading research institutions and consultancies, including lived experience insights from EPIC Risk Management, Professor Mark Griffiths of Nottingham Trent University, and Cambridge Health Alliance Division on Addiction, a Harvard Medical School Faculty.



> We have fundamentally changed our approach from responding to problems to preventing them in the first place."
>
> **Jette Nygaard-Andersen**
> Entain's CEO

How does ARC™ protect players?

With ARC™, we made step-change improvements in the safer betting and gaming tools that we provide customers to empower them to be in control of their play. As part of the enhanced customer journeys in ARC™, we are now able to proactively provide players with tailored recommendations and informative content based on their style of play.

In 2022, we added to the on-site interceptors that enable us to intervene and speak to a customer quickly. For example, we worked with Professor Mark Griffiths of Nottingham Trent University on a Safer Gambling Questionnaire to interact with players who present a medium risk of harmful gambling. The questionnaire is made of four short self-assessment questions that help us better understand a customer's playing habits. Based on their answers, we may offer them a personalised gambling control tool, refer them for a chat with our player protection team, or suspend their account in real time.

We also made additions to our safer gambling tools. We launched a budget calculator to help players understand what they can and can't afford so that they can continue playing safely. We also updated our safer gambling help page, providing players with seamless access to engaging research-backed safer gambling support and content.

How does ARC™ prevent harm using real-time interventions?

With ARC™, we use real-time data and advanced analytics to immediately help customers who start exhibiting signs of unusual behaviours. For example, we can detect customers who deposit more than they usually would within a session of play. Once identified, a customer will initially be advised that they are depositing more than normal and offered the chance to reassess their depositing. If they do not set a control themselves, we will step in and prevent further deposits from being made. As a result, we are seeing positive actions by customers with a reduction in higher deposits and a significant reduction in the number of customers who raise their depositing.

1. EPIC Risk Management conducted an audit in 2022 that evaluated the accuracy of the STEP model as 96% for the top 50 high-risk players, 92% for randomly selected high-risk players, and 80% for randomly selected medium-risk players. We report here the result for Top 50 High Risk to allow for year-on-year comparison as other data is not available for 2021.
2. EPIC Risk Management evaluated the accuracy of the LTEP model as 96% for the Top 50 High Risk players, 88% for Randomly Selected High Risk players, and 90% for Randomly selected Medium Risk players.

Safer betting and gaming continued

ARC™ Results

An assessment of ARC's™ performance in the UK in 2022 found:

- Over 3.7m interactions and interventions proactively delivered for more than 670,000 unique players
- ARC™ is driving uptake in our gambling controls with 97% of higher risk, and over 73% of medium risk customers using gambling controls following interventions
- The most successful ARC™ model* resulted in a 36% drop in customer risk rating following an intervention

*Based on ARC's™ to real time unusual deposits feature

In 2022, we expanded our real-time capabilities. We developed new tools to detect unusually long-playing sessions, larger withdrawals, an excessive number of payment methods and bank-declined deposits. We also reduced the threshold to interact with customers regarding their playing habits. We are now engaging earlier with more customers and, as a result, we found that fewer players need us to intervene with mandatory controls or account suspension. This shows that our messaging is successfully reducing risk-conducive behaviours before they become a problem.

What are our plans for 2023?

ARC™ is continually improving, with regular testing and expert analysis to further enhance player protection. In 2023, we will continue to build on the success of ARC™ by implementing it across all our markets as well as our retail shops.

“Entain have worked with us throughout the year to ensure that the ARC™ programme is growing in the right way and achieving the aim of the project to identify the behaviours that can lead to harmful gambling.”

Dan Spencer
Director of Safer Gambling at EPIC Risk Management

Gambling controls: we will work with experts to increase the efficacy of our gambling controls, including our mandatory Play Break for customers playing unusually long sessions.

Real-time tools: we will add a new real-time tool to detect customers intensifying their playing to recoup previous losses – also referred to as chasing losses.

International: we will continue the international roll-out of ARC™, introducing it into our global operations. We will adopt a staged approach to ensure that ARC™ provides the same high level of player protection, whilst adapting it to meet the unique regulatory, cultural, and game-specific requirements in each market.

Retail Shops: we will take what we learn with ARC™ in a digital environment and adapt it to our retail shops. We will refine the behavioural indicators we use to detect customers at risk in our shops, training our shop colleagues to spot subtle signs of harmful gambling and effectively communicate with customers.

The effectiveness of ARC™ is linked to remuneration

The importance of ARC™ and our commitment to ESG and safer gambling is reflected in our colleague and executive remuneration structure. In 2022, 15% of the Group annual bonus scheme was based on the business demonstrating that the ARC™ models are successfully influencing customer behaviours, implementing ARC™ in nine additional markets outside the UK, and achieving high levels of completion for the Safer Gambling training. To ensure the credibility of the process, we commissioned EPIC Risk Management to provide an independent review which determined that we met our targets for the year. In 2023, the ESG component of our Group annual bonus scheme will continue to focus on safer gambling to incentivise the roll-out of ARC™ across our global operations and its adaptation to the retail environment.

7 Principles

1 Understand the problem and find the best solutions

Entain's cutting-edge research collaboration with Cambridge Health Alliance Division on Addiction, a Harvard Medical School Faculty

Investment in research is fundamental to Entain's commitment to better understanding and reducing the potential for problem gambling behaviours to develop. We have developed long-term research partnerships with world-leading institutions in safer betting and gaming, which shape our player protection practice and the development of the ARC™ programme.

Our flagship research programme is a five-year research collaboration with Cambridge Health Alliance Division on Addiction, where we have committed $5.5m over five years. You can read more about this collaboration on page 48.

In the US, we have partnered with the University of Nevada, Las Vegas, and their International Gaming Institute ("IGI"). With Entain's founding grant, the IGI launched a pioneering gaming and health initiative in 2022 that, for the first time in the US, combines scientific research with operational expertise to apply best practices in responsible betting and gaming, policy, and health. The programme offers online educational activities and served as the go-to resource for entities like the NFL, US Soccer, the Japanese Government, Ya'amava Resort, Las Vegas Sands, and dozens of other major organisations.

Safer betting and gaming continued

2022 marked the fourth year of our research collaboration with the Cambridge Health Alliance Division on Addiction (“CHADA”). We have already contributed $4.4m to the programme which shapes our safer gambling activities and contributes to the wider industry’s knowledge on gambling-related harm.

Our collaboration funds the equivalent of eight full-time researchers – six researchers at the doctoral level, a part-time researcher at the master’s level, and two part-time researchers at the baccalaureate level. Since 2019, the research teams have submitted 13 papers with an additional six in active development for submission to peer review. Entain not only provides funding but gives access to anonymised data from player records, ensuring that the research is based on real-life data and behavioural patterns.

The ongoing projects with CHADA fall under the four categories below. This important research is published in peer-reviewed and high-impact scientific research articles, with a worldwide circulation. The journals include Psychology of Addictive Behaviors, PLOS One, and International Gambling Studies.

Player data research projects

Using real-life, anonymised player records from Entain to contribute to a growing body of knowledge revealing the nature of actual online gambling. These projects help refine our understanding of evidence-based markers of disordered gambling and underpin the 26 markers we currently use as part of the ARC™ programme.

Safer betting and gaming training projects

We disseminate learnings from our research collaboration to our colleagues through various training activities. Since 2019, CHADA conducted reviews of 15 existing Entain employee training programmes, five teach-in seminars with select Entain employees to present research findings, and the creation of 10 digestible research snapshots with graphical summaries of published research.

Open science projects

Both CHADA and Entain are committed to the upholding the highest standards and the principle of academic freedom. In addition to engaging in open science practices for these research projects, including research pre-registration and data transparency, CHADA has engaged in multiple projects and papers to advance the field of gambling studies toward more open science practices.

General research projects

These projects address important areas in the field of gambling studies. These included for example a study on the state of the literature about gambling and self-harm and understanding gambling product safety features.

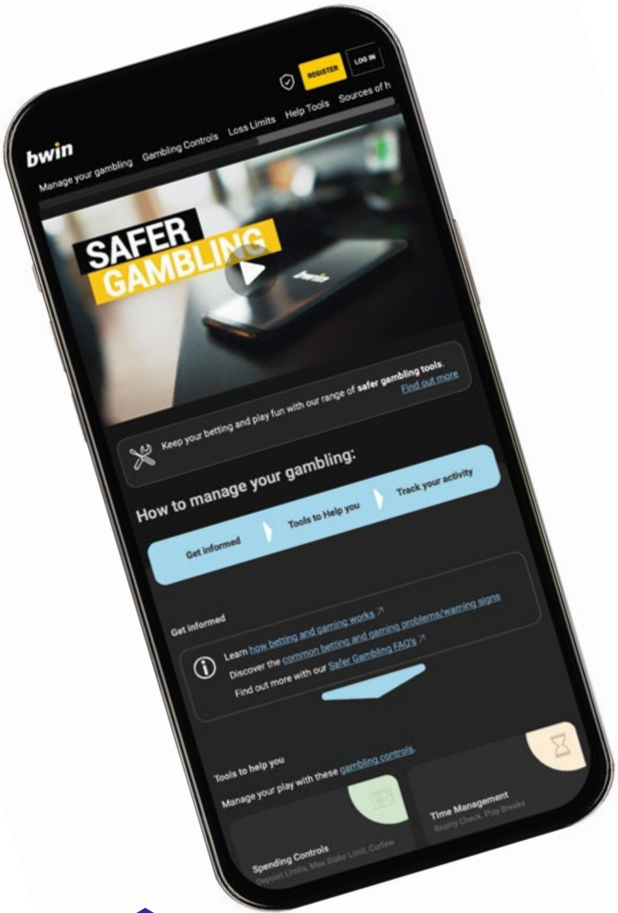
- $4.4m contributed by Entain to date
- 13 submitted research papers
- 8 FTE researchers, health educators, and staff
- 15 of Entain’s safer gambling training programs reviewed
- 21 research presentations, teach-ins, panels, and posters

2 Educate stakeholders

We continue partnering with charities and other organisations across different markets to prevent vulnerable audiences from potential betting and gaming harm.

As part of our involvement with the UK Betting and Gaming Council, we support the Young People’s Gambling Harm Prevention Programme which is delivered by leading charities, GamCare and Ygam. Since it was launched in 2020, the programme has delivered training to over 24,000 professionals who have influence over young people including over 10,000 teachers. These professionals will use evidence-based resources to educate and safeguard an estimated 2,000,000 children and young people. Entain’s support has allowed Ygam to increase its growth, reach, and impact – with two additional full-time outreach staff. Ygam’s latest Impact Report revealed that 2022 was the charity’s biggest year to date with millions of children and young people in England, Wales and Northern Ireland now receiving their harm prevention education.

In the US, we support EPIC Risk Management to deliver a first-of-its-kind education programme with the National Collegiate Athletic Association (“NCAA”). As sports betting is licensed and launched in an increasing number of states, this programme is front and centre of conversations at a time when it is needed most. In 2022, EPIC reached student-athletes across 61 colleges, targeting groups that are more likely to experience problems with betting and gaming. After the session, 92% of students were confident they would seek support or encourage a fellow student to seek support if they are worried about gambling. For more information about other Entain charitable partnerships, you can refer to our 2022 Social Impact Report.



3 Promote responsible attitudes

Responsible advertising and marketing start with us, and we're committed to ensuring that our activities in these areas uphold both the letter and spirit of the relevant legislation, regulations, and industry Codes of Practice.

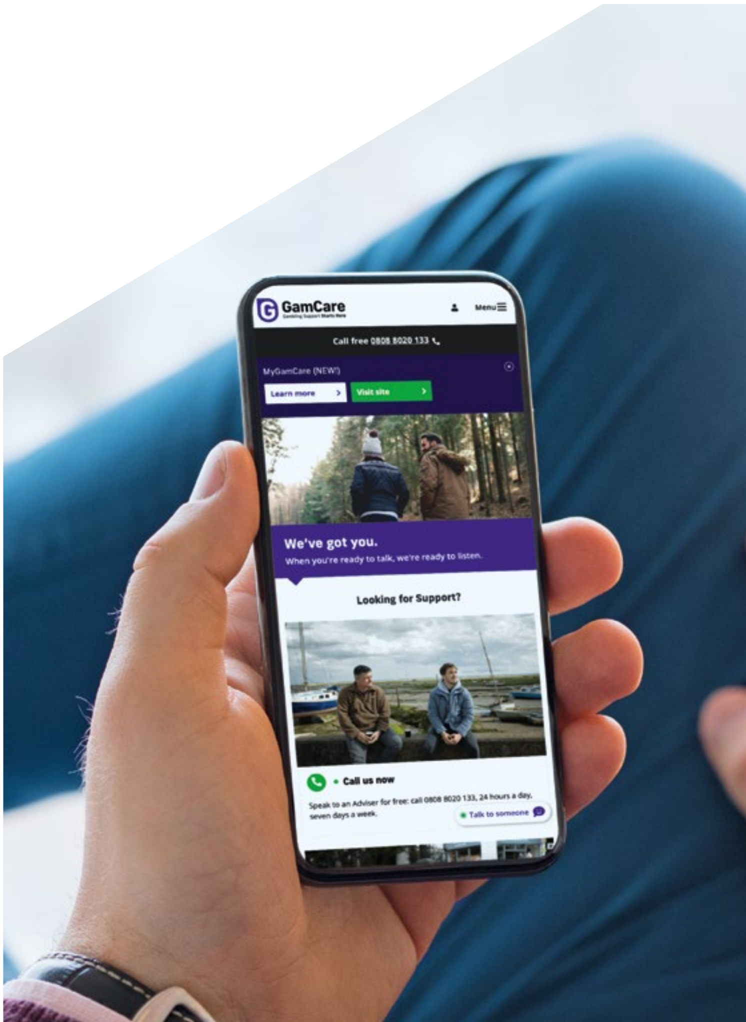
We are a signatory of the European Betting and Gaming Association's Code of Conduct. In the UK, we continue working with the industry via the UK Betting and Gaming Council ("BGC"). In early 2022, we released our Group Responsible Marketing Policy which outlines our commitment to market Entain products and services in a clear, transparent, and socially responsible manner. Sponsored by the Chief Governance Officer, the policy applies to all marketing activity undertaken by all brands within the Group and applies to all marketing activities and channels. It is complemented by internal guidelines for each market where we operate, including examples of acceptable and unacceptable marketing behaviour.

Through our work with the BGC, we have developed the industry's codes of practice for advertising and marketing. This includes dedicating 20% of our UK advertising space to responsible gambling messaging and initiatives, ensuring that social media ads are targeted at people over 25 years old, and only showing YouTube ads to people that have been age-verified.

4 Empower customers

The ARC™ programme represents a step-change in the way we empower our customers to be in control of their play. Using behavioural indicators, data science, and analytics to assess risk in betting and gaming, ARC™ works behind the scenes to learn and identify risks in player behaviour so we can intervene before a problem develops. ARC™ provides a digital safety net for our customers with tools and interventions tailored to their style of play.

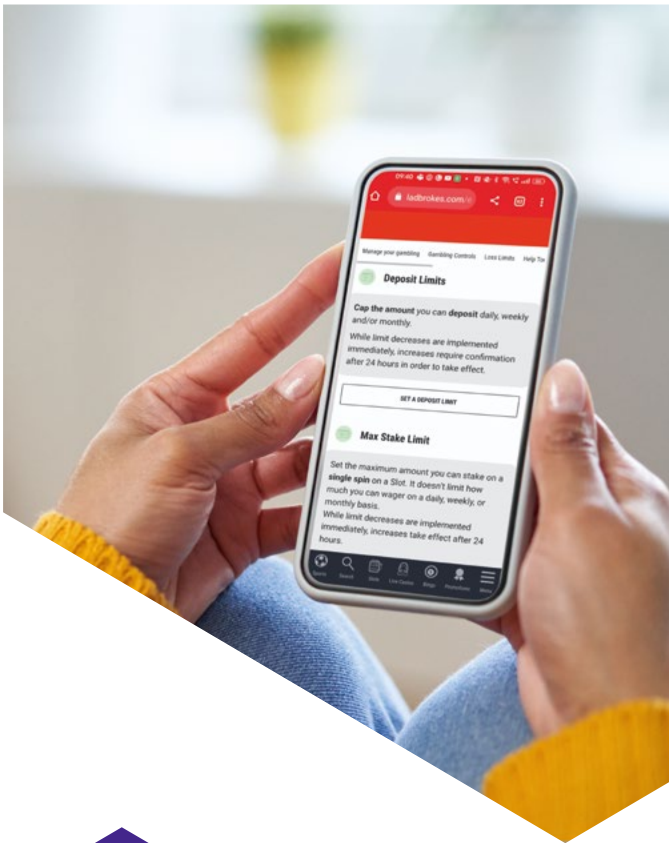
For those customers who wish to take time out altogether, we also continue promoting the use of the Gamban software, which allows users to block betting and gaming websites and apps globally from their devices. Since 2022, our UK frontline colleagues get access to GamCare's Helpline Transfer Service, enabling them to transfer callers in need of support straight to the National Gambling Helpline for specialist help. This service is only accessible to gambling operators who can demonstrate their commitment to safer gambling and high levels of staff training. We also take part in all relevant industry-wide self-exclusion programmes in the markets where we operate. In the US, BetMGM, is integrating GameSense, an innovative responsible gaming programme into its platform. In collaboration with four of our leading US peers, we have also established the 12 Principles of Responsible Online Gaming, to provide a benchmark for responsible operations.



Safer betting and gaming continued

5 Fund treatment for those in need

Our commitment includes supporting people who find their gambling starts affecting their lives. In the UK, we partner with Cognacity, a team of world-leading experts in mental health care and services, with specialist expertise in gambling-related harm. Through our support, Cognacity's mental health professionals provide individuals at risk with a detailed assessment which may lead to a fully funded residential treatment programme with Cognacity@Leon House. Entain also provided funding to Gordon Moody's online Gambling Therapy helpline and Betblocker's free multiplatform betting and gaming blocking software, helping both initiatives to expand their reach across European and wider global communities. If you would like to learn more about our work with those charities, you can refer to our 2022 Social Impact Report.



6 Champion responsible product design

With the ARC™ programme, we took responsible product design to new heights. By using three times more risk markers than ever before and developing real-time interventions tailored to each player, we empower customers to use our products safely. Working with the BGC and other industry groups, we will continue sharing our learnings with peers to create a safer environment for all customers.

Protecting our customers also means protecting their personal data. We have embedded privacy-by-design protocols, ensuring that we balance the need for data-driven insights to enhance player protection, whilst also complying with data privacy laws. Our data privacy teams are working closely with our customer insights experts to understand our customers' level of trust in Entain processing their data. More on our work on data privacy is included on page 56.

7 Change ourselves for the bettor

Safer betting and gaming underpin everything we do, and it is essential that all our colleagues receive training on those issues. Our 2022 Group bonus was linked to achieving high levels of completion for our safer betting and gaming training. At the end of the year, 93% of colleagues were up to date on their mandatory safer betting and gaming training. EPIC Risk Management, our independent consultants on gambling harm minimisation, also delivered tailored training to 915 colleagues interacting with customers, empowering them to spot the signs of elevated-risk behaviours and to provide effective and empathetic customer interactions. EPIC also presented to the Entain Board on the lived experience of problem gambling.

Safer betting and gaming performance	2022	2021	2020
Cash and in-kind contributions towards responsible betting and gaming initiatives	**£18.3m**	£12.9m	£9.7m
Customer interactions regarding problem gambling[1,2]	**1,807,892**	2,268,550	1,390,906
ARC™ Interactions[4]	**3,720,015**	n/a	n/a
Customer complaints[1,2]	**4,215**	4,045	6,378
Customer complaints specifically related to a betting and gaming transaction[1,2]	**629**	655	919
Self-exclusions made[1,2,3]	**60,261**	61,644	59,465
Robberies	**73**	36	48
Incidents of anti-social behaviour	**5,979**	4,216	4,760
Incidents of assault	**240**	132	204

1. Data covers all UK licences.
2. 2020 data has been restated to remove discontinued licenses, to be comparable to 2021 and 2022 data.
3. Data only includes self-exclusions made via Entain's own processes (eg via customer services), and does not include third-party self-exclusion schemes such as, for example, GAMSTOP (National Online Self-Exclusion Scheme) and the Multi-operator Self Exclusion Scheme. This information has been obtained from Entain's Regulatory Returns.
4. This figure includes all ARC™ real-time packages and risk-based interceptors, as well as ARC™ emails. It is a count of the number of customer interactions, not at a distinct customer level. This figure includes the 1,807,892 interactions reported under 'Customer interactions regarding problem gambling'.

Investing in people and communities

Investing in our people and communities is one of the four pillars of our Sustainability Charter. We recognise the importance of recruiting, retaining, and nurturing top talents from diverse backgrounds who are essential to all aspects of our business, including the operation of our Entain Platform. We are aware of our role in limiting global warming to no more than 1.5°C and we have pledged to be Net Zero by no later than 2035. We also contribute to the wider communities in which we operate, supporting community organisations via the Entain Foundation.

Best place to work

Our goal is to attract, engage and retain the best talent globally, bringing the best thinking to the business from inside and outside of our sector. Talent management remains a principal risk for our business, and we take a holistic approach to address it – creating an inclusive environment that supports the wellbeing of our colleagues whilst supporting them to grow and learn.

Everyone's in the Game: Diversity and Inclusion at Entain

Diversity and inclusion are key to our sustainability and success. Our ambition is to make sure Everyone's in The Game, meaning everyone at Entain feels valued, respected and included and can perform at their best. Inclusion is embedded in everything we do, because we know when we feel respected and heard, we do our best work.

2022 was the first year of our new Diversity, Equity, and Inclusion ("DEI") strategy, underpinned by a key commitment to creating a safe place to work. We proactively listened to our people to shape our DEI plan, leveraging the nine employee forums across our global operations and the results of our 2022 Your Voice employee engagement survey. We also hosted numerous listening groups with female colleagues across our locations to understand the barriers they face in the workplace.

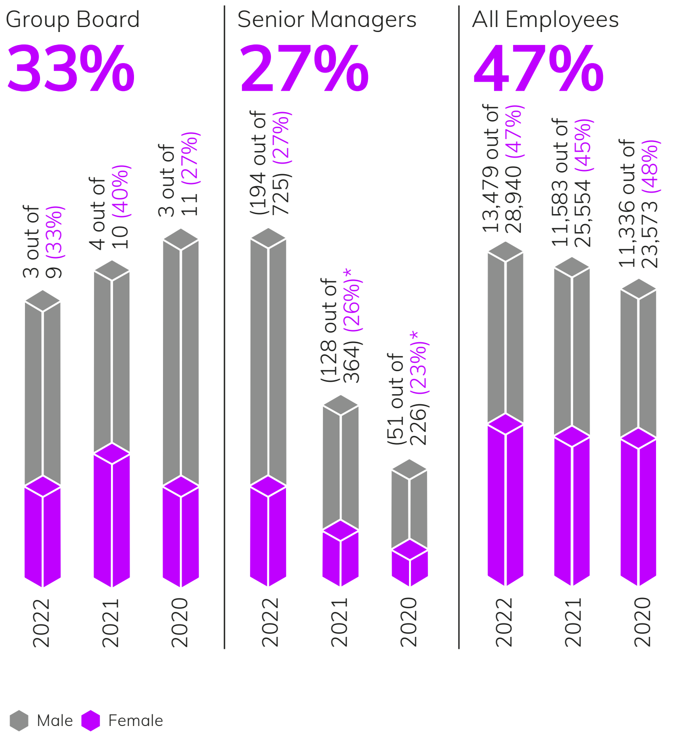
We boosted our efforts in educating colleagues on how to create an inclusive culture. Building on the senior leadership training delivered in 2021, we introduced our first Global Inclusion Learning programme, accessible to everyone at Entain. The course is based on real-life stories of our colleagues and covers topics such as inclusive language, allyship, and micro-inequities. 9,020 colleagues have already completed the training, including 97% of retail and 58% of office-based staff. On International Women's Day, we also welcomed neuroscientist, Samantha Hernandez, from Royse Wellbeing to deliver sessions on Conscious Inclusion to 400 colleagues, now available as a self-paced module on our online learning platform.

We continue working to diversify Entain's talent pipelines. Our Talent Acquisition team is trained on recruiting inclusively, providing balanced shortlists for roles, and challenging our hiring managers to think differently. We also partner with external organisations that allow us to find diverse candidates and ensure our Job Descriptions and Adverts have all bias removed. We have also implemented projects to tackle local issues in different markets. In India, the ReBoot programme supports women returning to work after a career break. We have successfully hired 33 colleagues from the programme in 2022 and we are now expanding the programme to our Manila operations.

We understand the importance of employee networks in providing a safe space for colleagues with a shared identity or experience. This year, we created two groups to enable our female and LGBTQIA+ colleagues to connect and inspire each other. Women@ Entain has over 1,000 members, including senior female sponsors across our major locations who are helping to guide and shape the network. Launched in Pride Month, Pride@Entain already counts over 150 members and 360 allies globally. In 2023 we will continue supporting employee networks to help us better engage and advocate for other minority groups at Entain, including the launch of our Black Professionals Network.

We are committed to driving the conversation around diversity across the industry. In 2021, we launched EnTrain, a multi-million-pound global programme to promote increased diversity within technology. We have set an ambitious target for EnTrain to positively impact the lives of 1,000,000 people by 2030, and we have worked with organisations including Girls who Code and Tech Girls to reach young women around the world. At the end of 2022, we also announced a new partnership with McLaren Racing to support women returning to the tech sector. At the start of 2023, we launched a joint returnship programme, to help reignite the careers of women returning to roles in STEM (Science, Technology, Engineering and Mathematics).

Three of nine (33%) of Entain's Board are female including our CEO who is one of only nine female CEOs in the FTSE100.



* The 2020 and 2021 figures have been restated to reflect a change in our calculation methodology.

Many of our DEI metrics are showing positive improvements. We are seeing an encouraging increase in the proportion of women in technical roles and revenue-generating roles. In the UK, our median hourly pay gap in the UK has reduced to 3.2% in 2022 from 5.3%. This compares favourably with the national figure from the Office of National Statistics which quotes the gender pay gap this year, for all employees (full and part-time), at 14.9%.

However, we have also seen a reduction in the proportion of females in our global colleague base. We have identified key areas of the business that are driving this change despite improvements in the gender diversity of some teams, such as trading and customer services. For example, there has been significant growth in specific geographies where there remains an ongoing challenge to recruit diverse talent. We are focused on addressing these issues, and we are confident that the initiatives outlined in this section will start driving positive trends in our key metrics and in the wider industry.

Looking ahead, we want to better understand the demographics of our people so we can drive targeted initiatives addressing the needs of underrepresented groups. For now, we collect voluntary information via our engagement survey. In 2023, we will launch our group-wide campaign to encourage our colleagues to voluntarily disclose on Entain's internal system. This insight will help shape future activities and drive diversity across our business.

Diversity at Entain	2022	2021	2020
Employees worldwide	28,940	25,554	23,573
Female employees	13,479	11,583	11,336
% female employees	47%	45%	48%
Part-time employees[1]	9,754	4,328	2,525
% part-time employees	34%	17%	11%
Median hourly pay difference between male and female colleagues (Gender Pay Gap)[2]	3%	5%	7%
Mean hourly pay difference between male and female colleagues (Gender Pay Gap)[2]	17%	16%	15%
Median bonus pay difference between male and female colleagues[2]	39%	60%	13%
Mean bonus pay difference between male and female colleagues[2]	66%	63%	19%
Females in all management positions (as % of total management workforce)[7]	37%	38%	37.4%
Females in junior management positions (as a % of total junior management workforce)[7]	40%	40%	N/A
Females in technical roles[3,7]	31%	30%	27%
Female managers in revenue-generating functions[4,7]	42%	38%	42%
UK-based employees who have confirmed being part of an ethnic minority background, as a percentage of UK employees that have reported their ethnicity[5,7]	14%	18%	19%
UK-based employees who have confirmed as being part from an ethnic minority background[5,7]	7%	10%	9%
Employee age groups:[6,7]			
<30	38%	38%	37.5%
30-50	45%	48%	47.5%
50+	14%	14%	15.0%
Employee contract types:[7]			
Permanent	99%	98%	
Fixed-termed	0.1%	1.21%	N/A
Contractors	1.5%	1.78%	

1. Data for 2020 has been restated due to the merging of HR systems and the harmonisation of the definition of part-time employees between these systems.
2. Data covers all UK colleagues. Data is based on a snapshot date of 5 April for the year stated, as per the requirements of the UK's Gender Pay Gap Reporting
3. Technical colleagues are those employees that roll up to our Chief Technology Officer based on our Business Process Flow Manager
4. Revenue-generating functions include our digital and retail/stadia functions.
5. This data was based on a sample of 53% of UK-based Entain employees in 2022 that have provided us with their ethnicity information. To prevent us from over- or understating the ethnic diversity of our employees, we report this data in two ways. We report on both the percentage of the sample that identifies as being from ethnic minority backgrounds, as well as the number of those confirmed to be identifying as from an ethnic minority background as a proportion of all UK employees.
6. Data covers 97% of employees.
7. Data does not include employees in the acquired SuperSport business.

Investing in people and communities continued

Well-Me: Wellbeing at Entain

The delivery of our Well-Me strategy went from strength to strength in 2022, as we further embedded wellbeing in every aspect of the employee lifecycle, from recruitment and onboarding to rewards and development.

We took an important step by launching Entain's first-ever global wellbeing survey. In partnership with wellbeing specialists at Robertson Cooper, we conducted a comprehensive health and wellbeing assessment including leader interviews, focus groups, and a global survey completed by 9,600 colleagues. The insights we gained are now guiding us to offer tailored and targeted wellbeing solutions across our different markets.

Our Global Wellbeing Network expanded across our offices to 16 wellbeing leads, who are helping us to shape our wellbeing agenda and adapt it to local contexts. Together we ran 11 global wellbeing campaigns achieving 400,000 views and interactions, a 300% increase on that achieved in 2021. On World Mental Health Day, we hosted our first global hybrid event in partnership with Dr Nick Taylor and Leon Taylor – an opportunity for 1,200 colleagues, in person and online, to reflect on their mental health. Throughout the year, we engaged our colleagues on various wellbeing issues including healthy eating, avoiding burnout, financial wellbeing and resilience.

Our Employee Assistance Programme ("EAP") remains a major source of support for our colleagues, with 10% of colleagues utilising it in 2022 (a 2% increase from 2021 and a high take-up rate when compared to similar-sized companies). We provide 24/7 access to our employee assistance programme and the Unmind platform to all employees globally. Last year we continued the roll-out of our Mental Health First Aid ("MHFA") programme, with special attention this year to our 'frontline' people who are providing support to colleagues and customers who are potentially at greater risk of experiencing mental health issues. Through our new Support the Support programme, we provided MHFA and Suicide Prevention training to all frontline colleagues across Retail, Human Resources, Safety Management, Employee Relations, Customer Care. We also launched The Workplace of Tomorrow, a targeted training for people managers in our retail shops and stadia, upskilling them to support their teams and create a positive work culture. We will continue delivering the programme in 2023 to reach 1,800 managers.

We achieved important milestones in 2022 in the delivery of our Future of the Office programme – a strategic review of our working practices, responding to the new needs of our colleagues following the COVID-19 pandemic. Throughout the year, we redesigned our offices in London, Lisbon, Manila, and Sofia to suit the new hybrid ways of work and offer more collaborative spaces. Our office in One Stratford Place in London achieved the silver Fitwel certification which recognises buildings optimised to improve health and productivity. In 2023, we will continue expanding the programme across our global operations.

Warming up for Winter

The end of 2022 was a challenging time for many families who struggled to pay their bills amidst surging inflation. To ease the pressure that rising costs of living are placing on our people we launched a campaign called "Warming up for Winter" which supported 13,500 colleagues working in lower-paid roles in our UK shops and stadia. The programme includes a mix of financial help, educational campaigns, and emotional support. Each colleague received £300 of shopping vouchers at the end of the 2022. We also offered in-store promotions with daily Christmas giveaways to hundreds of colleagues and organised a gift bank with an unwanted presents giveaway scheme. We ran awareness campaigns, providing practical money-saving tips through podcasts and home-delivered handbooks, and a cooking channel created by our colleagues. We offered financial and wellbeing training to help people budget and protect their mental health during difficult times. From 1 January 2023, we increased the minimum hourly rate of pay to £10.90 (up from £10.00).

Committed to Colleague development

In 2022, we invested £2.2 million to support the personal and professional development of our colleagues[1]. We boosted the offer available on Learning Room, our learning platform accessible to all colleagues globally. We increased access and licenses to best-in-class learning resources, such as LinkedIn Learning, Get Abstract, and Pluralsight.

We delivered important milestones in harmonising the way people learn and grow at Entain. We continue encouraging the adoption of Entain & Perform, a platform enabling colleagues to capture their goals, learnings, career conversations, and reviews. We worked across our global operations to standardise our onboarding process and ensure all new hires are set up for success. We also launched our first-ever company-wide Talent Review Process, to help us identify and retain our top talent and, when necessary, build external pipelines for critical roles. We launched a job architecture framework which will provide our colleagues with a clear pathway to progress their careers, both vertically and laterally.

We remain committed to apprenticeships as one of the most effective tools for social mobility. In the UK, we used 14% of our 2022 apprenticeship levy and supported 58 apprentices, including 20 level-2 apprentices and 27 level-3 apprentices.

1. In 2021, we more than doubled our Learning & Development investment to support colleagues throughout the pandemic, with special attention to retail employees placed on furlough. In 2022, we maintained our investment above pre-pandemic levels whilst shaping our new strategy.

Best place to work performance indicators[4]	2022	2021	2020
Customer Satisfaction	60%	60%	60%
Central L&D investment	£2.2m	£2.6m	£1.2m
Average hours per employee of training and development	8.1 hours	10.5 hours	n/a
Average amount spent per employee on training and development	£81	£116	n/a
Average hours per manager of training and development	22.2 hours	38.5 hours	n/a
Average amount spent per manager on training and development	£110	£577	n/a
Employee turnover – all	36%	32%	26%
Employee turnover – voluntary	27%	25%	17%
Whistleblowing incidents reported and investigated	51	29	34
Employee accidents	112	117	137
Employee reportable incidents	7	5	4
Public accidents	11	9	31
Public reportable incidents	1	1	0
Absenteeism rate[1]	5%	4%	3.5%
% of internal hires[3,4]	19%	35%	26%
Employee engagement score (% of employees recommending Entain as a place to work)[2]	74	78	n/a

1. Data covers UK retail colleagues only
2. We measure employee engagement based on the results of the annual Your Voice survey. Entain could not run the Survey in 2020 due to the COVID-19 pandemic and our employee communication being focused on wellbeing. Our 2022 score is based on the results of our latest Survey run in April 2022, and the 2021 score on the results of the Survey run in February 2021.
3. The 2020 figure has been restated to reflect a change in our calculation methodology.
4. Data does not include employees in the acquired SuperSport business.

Employee Remuneration & Reward

As well as supporting the development of our people, we are committed to providing a competitive rewards package for each employee across all levels. We also want to share the success of the business with our colleagues. In 2022, we expanded our all-employee ShareSave plan from 14 countries to 23 countries, covering over 90% of employees globally. We also awarded free shares worth £300 to all colleagues. In addition, approximately 13,000 colleagues globally are included in our performance-based bonus plans. We also understand that reward goes beyond just salary. In our top-six countries by colleague numbers (covering nearly 90% of employees globally), we offer at least one of the following non-salary benefits to all colleagues: Employer pension contributions, life cover, medical insurance, and income protection insurance. In other countries where we operate, we offer other non-salary benefits to match the expectations of the local employment market.

The Big Six Compliance Programme

As a FTSE100 company, we have a duty to do the right thing. This also means training our people to always make the right decision for our customers and our communities. Every colleague, no matter their role, level, or location, must complete six learning modules covering ethical topics such as safer gambling, data privacy, or bribery and corruption prevention.

With the Big Six programme, we wanted to drive completion rates for our mandatory training across Entain. We linked our 2022 Group Bonus to achieving 85% of completion for each module – an ambitious but achievable target given the turnover in certain parts of our business. Our Compliance Team also refreshed the training based on the feedback from our colleagues. Working hard with other departments, they made the modules insightful, easy to follow, and clear to understand.

The first year of the programme was a success, as we increased our average completion rate to 93% – up from 82% in 2021.

Big Six Learning Modules	Completion Rate
Governance, Risk and Compliance	93%
Code of Conduct (including Safer Gambling)	92%
Data Protection (Office)	91%
Data Protection (Retail and Stadia)	95%
Prevention of Bribery, Corruption and Tax Evasion	93%
Modern Slavery	93%

Sustainable Supply Chain

We are committed to acting morally, honestly, openly and with integrity in everything we do. We firmly believe that a robust approach to protecting human rights and preventing Modern Slavery is one way we can evidence this.

We have identified that the two main potential risk areas for our business are the recruitment and onboarding of staff and our broader supply chain. In 2022, we continued our collaboration with Unseen, a UK-based charity fighting modern slavery, to strengthen our procurement processes and policies. Unseen also helped us complete a risk assessment of our suppliers, mapping areas where modern slavery could be more prevalent based on factors such as purchasing category or political instability. We used the results of this exercise to identify high-risk suppliers and send them a new supplier questionnaire prepared by Unseen. In 2023, we will require external audits for suppliers scoring as high risk based on their questionnaire responses[3]. Our ambition is to repeat this exercise every two years. We will also release in 2023 a Group Modern Slavery Strategy, which will outline our plans to better understand and tackle the risks in our recruitment processes.

Investing in people and communities continued

In addition to protecting human rights, we are also working with our suppliers to understand and reduce emissions throughout our value chain. In 2021, we conducted a screening assessment of our scope 3 emissions with the Carbon Trust. In 2022, we surveyed and actively engaged with 19 suppliers that represent 33% of those emissions. We completed site visits with strategic suppliers to better understand how they can support our Net Zero by 2035 agenda.

In 2023, we will take an important step by partnering with EcoVadis, the world's largest platform for supplier sustainability ratings. Our EcoVadis membership will help us evaluate our key suppliers and their training needs across four topics – environment, labour and human rights, ethics, and sustainable procurement. The platform will also help us refine our Net Zero roadmap by giving us access to primary emission data from our suppliers.

In 2023 our procurement and diversity teams will also collaborate to develop a Supply Chain Diversity Roadmap. Our ambition is to increase the number of Entain's suppliers that are owned by people from historically underrepresented groups. In 2022, the Group spent £2.7bn across more than 8,250 suppliers. By changing our purchasing practices, we believe we can make a difference in the communities where we operate whilst increasing our supply chain resilience and agility.

Data Privacy & Cybersecurity

Safeguarding our corporate and customer information remains a top priority for Entain. Our commitment is reflected in the growing headcount of our Data Privacy and Cybersecurity teams, which respectively employ 21 and 39.5 full-time equivalents. We have implemented strong governance procedures, with our Chief Privacy Officer (who also holds the position of Group Data Protection Officer) and our Chief Security Officer providing regular updates to the Board and Executive Committee.

2022 was an important year in taking our privacy strategy to higher stages of maturity. We rolled out a new assurance programme, with dedicated staff members and tools to control and monitor the effectiveness of our data privacy activities, keep risks under review, and update policies and procedures in line with new legislation. As part of the programme, we carried out 20 Data Protection Impact Assessments (DPIAs) in 2022[4].

We completed the annual review of our Group-wide Data Protection and Data Retention policies, which apply to everyone working for Entain, including agency staff and contractors. As part of the Big Six Programme, 95% of our colleagues completed the annual mandatory Data Privacy training.

We made progress on the implementation of our Artificial Intelligence (AI) and Data Ethics Charter, which defines our principles on the responsible use of data-driven technologies. Whilst we use AI and deep machine learning to create a safer environment for our players, we also have a duty to meet their privacy expectations and we're working hard to strike that balance. Data privacy is built into the development of our safer betting and gaming initiatives, including in our new ARC™ programme. Our data privacy experts are part of the ARC™ Steering Committee, through which they provide technical guidance to the safer betting and gaming and customer services teams.

3. For this risk assessment, we include all suppliers with which we spend over £50,000 per year.
4. DPIAs are comprehensive privacy risk assessments, a requirement under the General Data Protection Regulation (GDPR). We undertake DPIA for projects or processes involving personal data and meeting a certain risk threshold. For each assessment, our Data Protection Officers will make a recommendation to the business, which may include suggestions and actions to mitigate any high risks. The DPIA will then be logged and given a risk rating of 'High,' 'Medium' or 'Low', which will determine how frequently the processing will be reviewed by our data privacy team.

We launched a new Mergers & Acquisitions ("M&A") Security Policy to support the safe integration of acquired companies and joint ventures. We reinforced cybersecurity and privacy verifications as part of the M&A due diligence. We also accelerated the incorporation process, as all businesses joining the Group must align with our requirements within six months. In 2022, our privacy and cybersecurity experts supported the technological integration of 12 new subsidiaries, including Finnplay and unikrn.

Our privacy and cybersecurity teams are also involved in third-party due diligence. Entain is relying on a growing number of suppliers to deliver its online products, and it has become increasingly important to ensure these third parties meet our data privacy and security standards. Before we start working with a new tech partner, we evaluate the risks and controls in place – either by reviewing existing certification and external audit information or by conducting our own assessment. We then include our data privacy and security recommendations in contractual agreements which are only executed once the third party has agreed to meet our requirements.

Our economic contributions

The Group employs a significant number of people across c.4,270 retail outlets and offices in more than 20 territories. As such, our economic footprint is significant. In 2022, we paid £1.2bn in taxes and levies across our countries of operation. This comes in addition to the £654.5m we paid in employee wages and salaries and the £2.7 billion we paid to our 9,600 suppliers and third-party partners.

Economic contributions	2022	2021	2020
Net gaming revenue (NGR)	**£4,348.9m**	£3,886.3m	£3,628.5m
Underlying EBITDA	**£993.2m**	£881.7m	£843.1m
Total tax paid	**£1,272m**	£1,055m	£962m
Employee wages and salaries	**£654.5m**	£579.3m	£524.0m
Payments to providers of capital (interest & dividends)	**£126.2m**	£63.9m	£62.8m
Supplier Spend	**£2.7bn**	£2.1bn	£1.3bn

The Entain Foundation

About the Entain Foundation

We originally launched the Entain Foundation ("the Foundation") in September 2019 to help deliver the Group's ambition to take the lead on safer betting and gaming and support the communities in which we operate. In addition to our main global Foundation, we also operate the Entain Foundation US, a dedicated US-based not-for-profit. In November 2020, the Entain Foundation committed to investing £100m in good causes over five years.

The work of the Foundation supports the Group's pioneering Sustainability Charter and wider ESG initiatives and plays an integral role in delivering against the Charter's pillars of People and Communities, and Responsibility. The Foundation's key areas of focus are safer betting and gaming, grassroots sports, diversity in technology and projects with a clear link to the communities in which we operate. In the next pages, we give a short overview of the Foundation's activities. If you would like to learn more, we invite you to review our 2022 Social Impact Report, available from entaingroup.com.

How our social impact focus supports the Entain Sustainability Charter

Entain Group sustainability charter

Regulation

Only operate in domestically regulated and regulating markets.

Responsibility

Taking the lead on responsible betting and gaming.

Corporate Governance

Best-in-class standards of corporate governance.

People & Communities

Creating the best place to work, net-zero emissions by 2035, and support the communities where we operate.

Social impact areas of focus

Why it matters

Safer betting and gaming

We support partner organisations that are engaged in research, education and treatment of problem gambling to bolster our internal Changing for the Bettor safer betting and gaming strategy.

Grassroots, women's and disability sports

Sports and sports betting are what we do. We give back by supporting the next crop of athletes, and work with organisations that are making sport inclusive to bring everyone into the game.

Diversity in technology

As a technology company at heart, we are supporting organisations that are working with young people that may currently be underrepresented in the tech talent pool. Promoting tech careers and ensuring that the future talent pipeline is inclusive, making sure that Everyone's in the Game.

Projects in the communities where we operate

Our operations are truly global – embedded in communities in more than 15 countries.

Investing in people and communities continued

Focus on safer betting and gaming

The Foundation's top priority is to promote safer betting and gaming and to support the delivery of the Group's Changing for the Bettor strategy. We work with partner organisations across three key focus areas.

Supporting academic research

- Research papers
- Building credible institutions
- Generating interest in advance methods of gambling research
- Using findings in our own operations

Raising awareness amongst key stakeholders

- Training
- Outreach and awareness training
- Signposting to high-quality resources

Providing treatment for those who need it

- Support and assessments
- Intensive treatment
- Improving retention

As part of our operations in the UK, in 2022, we contributed 0.75% of our Gross Gaming Yield ("GGY") to support Research, Education and Treatment ("RET") of problem gambling – up from 0.5% in 2021. In 2023, we will increase this proportion to 1%, a significantly higher figure than the minimum voluntary requirement of 0.1%. This funding is provided directly to GambleAware, a wholly independent grant-making charity that has a framework agreement amongst the industry to deliver the National Strategy to Reduce Gambling Harms and providing funding to other charitable service providers in the sector.

In addition to these contributions, we work with a range of organisations that are leading ground-breaking safer betting and gaming initiatives and research. We also leverage the expertise of our academic partners to ensure our own player protection culture, processes and decisions are informed by scientific research and lived experience. By the end of 2026, we will have invested over £100m in our partner organisations and charities through the Entain Foundation.

Promoting grassroots sport

As a business, Entain is passionate about sports and understands the role it plays in society. That is why we are proud we can make an impactful contribution by investing at the grassroots level. The Foundation currently supports two key flagship projects in the UK as well as initiatives in Greece and Colombia.

SportsAid

Entain has been partnered with SportsAid since 2018. SportsAid is the only national charity in the UK of its kind, helping young British athletes aspiring to be the country's next Olympic, Paralympic, Commonwealth and world champions. Entain has helped over 200 athletes since the partnership began in 2019 by providing them with a financial award to help with training, equipment, and competition costs, as well as personal development training. We have extended our long-term partnership with SportsAid through to the Paris 2024 Olympic and Paralympic Games, doubling the financial backing made thus far and increasing our total commitment to around £500,000 by 2024.

Pitching In

Pitching In is an Entain initiative to support and develop grassroots sports in the UK, helping non-league clubs improve their facilities and providing a platform for aspiring athletes to chase their dreams. The multi-million pound, multi-year investment programme is working with Isthmian, Northern Premier and Southern League clubs (known as the Trident Leagues) to champion their achievements and tell their stories. The Pitching In partnership has been designed from the ground up to deepen links between clubs and their local communities. In May 2022, Entain unveiled the Pitching In Volunteer Hub, a new online portal that has become a one-stop-shop for every Trident League club to connect football fans with potential volunteers.

Promoting diversity in technology

In 2021, we launched EnTrain, a global programme to promote increased access to, and diversity within, technology through training and education. We have set an ambitious target for EnTrain to positively impact the lives of one million people around the world – either directly or through their families and dependants – by 2030.

The EnTrain programme is comprised of four core initiatives:

- Entain Academy: Supplying transformative tech training for the next generation.
- Entain Scholarships: Providing the platform for a diverse selection of candidates to become digital pioneers.
- Entain Apprenticeships: Expanding internal and external apprenticeship schemes with new and existing partners. Enabling our apprenticeship partners to provide technology courses for people in developing countries.
- Entain Partnerships: Building on our existing partnerships with organisations including Girls Who Code and Chance for Childhood and forming new collaborations with charities and non-profit organisations to improve diversity and increase access to technology for educational purposes.

Since the programme launched 50 Entain employees have engaged in our three apprenticeship talent pathways, and we've supported more than 3,000 girls in coding clubs through our charity partner Girls Who Code.

McLaren Returnship Partnership

We believe companies like ours have an opportunity to reshape the world of work when it comes to female representation. In 2022, we partnered with McLaren Racing to launch a brand-new Returnship programme. Through the initiative we will provide a unique opportunity for skilled, senior women to return to roles in engineering and technology, where they will work on key projects in both organisations and to participate in bespoke coaching and networking programmes.

Supporting communities

Entain is a global business and as such, we seek to support local communities in the markets where we operate. The Foundation supports a variety of small to mid-sized charities in countries where we can make a positive social or environmental impact. Our partners include Chance for Childhood (various African countries), Sport Senze Frontiere (Italy), Tiempo de Juego (Columbia), and Fejar (Spain). If you would like to learn more about the difference we make with our partners, we invite you to review our 2022 Social Impact Report available at entaingroup.com.

Ukraine

Following the Russian invasion of Ukraine in February 2022, Entain responded to the Ukrainian Ministry of Health's appeal for support with an immediate donation via its Foundation to Crown Agents, the not-for-profit international development company. The donation was used to supply a variety of life-saving medical equipment. Our Baltics-based business, Enlabs, also made donations directly to the relief efforts and throughout our business, many of our colleagues organised collections to provide both financial donations and supplies for the relief efforts. We also recognised the need to support the many Ukrainian national colleagues within our Group, as well of those with friends and relatives affected by war, encouraging all to take advantage of our 24/7 Employee Assistance Programme.

Reduce environmental impact

2022 was an important year for Entain as we set in motion our Net Zero by 2035 plan. After achieving our greenhouse gas (GHG) emissions reduction target in 2021, we are now focused on achieving our new 'near term' science-based targets. We have committed to a reduction of 29.4%[1] in our scope 1, 2 and 3 emissions by 2027. This has been submitted to the Science-based Targets initiative to ensure our journey to decarbonisation is in line with limiting global warming to 1.5 degrees, as per the Paris Agreement. This is the next step on our journey to net zero, and we will outline our Net Zero pathway in our upcoming ESG Report.

Our Net Zero Action Group plays a central role in accelerating our decarbonisation strategy. The Action Group convenes senior colleagues across departments to identify practical measures which can be implemented throughout our global operations. This year, the Committee oversaw a series of workshops held with senior leaders across the business to identify climate-related risks as well as opportunities for Entain to support the transition to a lower-carbon economy. The outcomes are now helping us to shape our Net Zero action plan.

Our operational footprint

In the UK almost of all our electricity supply contracts for our offices, shops and greyhound stadia are for 100% renewable energy. This amounts to nearly 70% of the Group's total electricity consumption being actively sourced from renewables, and a reduction of over 3,800 tons of our market-based emissions compared to 2021. We took another important step in 2022 by securing a Corporate Power Purchase Agreement with SSE until 2027, covering our retail shops and four stadia in the UK. This agreement cements our commitment to renewable energy, giving us access to reliable, certified green energy sourced from the Keadby wind farm for the next five years. In 2023, we will continue engaging with office landlords in our different markets to increase the percentage of renewable energy across Entain's global operations.

In 2022, we changed our procurement processes to promote electric vehicles. Unless made impossible by local factors, all new vehicles are purchased by default in an electric model with Entain funding the installation of charging points. We also extended the scope of our ISO140001:2015 Environmental Management System and ISO 45001:2018 Occupational health and safety management systems accreditations, now covering our UK offices, stadia, and c.650 shops. We will expand this coverage to all our UK operations by mid-2023 and our global operations in the next few years.

We continue engaging colleagues in our decarbonisation strategy, bringing them along in this journey. Our Green Ambassadors Network has grown globally to 800 members who help us find practical ways to improve environmental efficiency in the workplace. With their support and guidance, we conducted two environmental awareness campaigns this year. In the summer, as more colleagues started returning to the workplace, we delivered a month of activities to encourage recycling in the office and at home. As part of the Warming Up for Winter campaign (see page 54), we also organised an Energy Awareness & Action week to inform our colleagues of the practical ways they can decrease energy bills in their homes.

Our value chain emissions

Entain's scope 3 emissions make up 96% of our total value chain emissions. This figure is typical for global companies with a large supplier base, and it means we need to bolster our efforts in engaging our business partners. To do this, we have been aligning our approach to the Carbon Trust Supply Chain Standard, where we currently have Level 1 certification.

Working with the Carbon Trust in 2021, we found that 44% of our emissions are associated with 15 major suppliers. We are now engaging with them to explore how we can reduce emissions together. In 2022, we surveyed 19 key suppliers and completed site visits to better understand their environmental management maturity and tailor future upskilling activities.

In 2023, we engaged EcoVadis, an established platform for supplier sustainability ratings. Our membership will help us engage with our wider supplier base and, by giving us access to primary data from suppliers, refine our Net Zero roadmap.

1. This target has been restated from our 2021 ESG Report as part of our submission to the Science-Based Targets Initiative (SBTi).

Our pathway to Net Zero

Our top priority is to achieve deep reductions in our value chain emissions, including our own operations. However, we understand that there are likely to be residual emissions that are unable to be abated from our value chain. For these emissions, we will invest in high-quality carbon removals that sequester carbon from the atmosphere. We have already begun ramping up our investment in climate mitigation beyond our value chain through our partnership with Brynk. Brynk is an independent platform supporting tree planting and reforestation projects globally on our behalf. We have already planted one million trees in our Entain forest. By 2032, it is forecast that these trees with sequester 21,000 tonnes of CO_2e from the atmosphere and provide employment and training for local people as well as localised environmental and social benefits. We will continue to evolve our approach to offsetting in line with best practices.

Environmental KPIs, including Streamlined Energy and Carbon Reporting (SECR) data	2022	2021[1]	2020
Total energy consumption (kWh)[2,7]	**121,938,586**	110,509,736	111,755,270
UK	84,251,062	85,336,239	92,776,583
Rest of the world (ROW)	37,687,524	25,173,497	18,978,687
Absolute direct emissions (scope 1) – (tCO_2e)	**2,018**	2,559	822
Absolute indirect emissions (scope 2, location-based) – (tCO_2e)	**27,440**	24,767	28,136
% of purchased electricity from renewable sources[3]	**67%**	67%	59.4%
Absolute GHG emissions[4] – direct and indirect: location based (tCO_2e)	**29,458**	27,326	28,958
UK	**15,344**	18,286	21,497
Rest of the world (ROW)	**14,114**	9,040	7,461
Absolute GHG emissions intensity per employee(tCO_2e/headcount)	**1.02**	1.09	1.21
Total GHG emissions – direct and indirect: market based (tCO_2e)	**14,266**	15,235	15,065
UK	**1,955**	3,331	7,640
Rest of the world (ROW)	**12,311**	10,304	7,425
Water withdrawal[5] (cubic metres)	**117,807**	100,401	252,345
Waste generated[6] (tonnes)	**4,624**	3,858	7,527

1. Data from previous years has been restated based on minor adjustments that arose as part of Entain's GHG data independent validation by the Carbon Trust.
2. Coverage of energy consumption and emissions data is 100% for the UK, and 88% globally, by employee headcount. Global and ROW energy and emissions data are scaled up based on this coverage to estimate totals across global operations. This data includes energy consumption related to both scope 1 (company vehicles, gas, and fuel) and scope 2 emissions (purchased electricity). Global coverage reduced this year due to limited availability of data following acquisitions in the period.
3. Energy from renewable sources only includes electricity purchased that was actively sourced from renewables. All remaining electricity used by Entain is sourced from the local grids where we operate.
4. Emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard. Consumption data has been converted to GHG emissions using 2022 BEIS emissions factors and 2022 IEA emissions factors for non-UK grid electricity. Emissions reported above are calculated using the location-based method, using an operational control boundary.
5. All water withdrawn is sourced from municipal water supplies. Water data includes our operations in the following countries: Austria, Belgium, Bulgaria, Gibraltar, India, Israel, the Philippines, the UK and Uruguay. In 2022, we also included data for our operations in Malta. This makes up 83% of Entain's global headcount. Note that this data is not scaled up to estimate the total global consumption but is reported consistently for the operations where data is available.
6. Waste data is sourced from our operations in the UK. This makes up 52% of our overall headcount. These figures are not prorated to 100% coverage.
7. Due to the Group acquiring four new entities in 2022, overall energy consumption and location-based emissions increased in 2022. As integration and data collection from these entities is ongoing we have revised our 2022 figures upwards based on headcount. We have not yet rebaselined data from previous years based on these new acquisitions whilst we await data from these operations.

Engaging with stakeholders

The Board recognises the importance of effective governance and operates in line with the UK reporting regulations. The information below should be read in conjunction with the rest of the Strategic Report.

The Directors in setting policies and strategies continue to have regard to the interests of the Group's employees, shareholders, investors, suppliers, customers, regulators, including the impact of its activities on the community and on the Group's reputation. These factors underpin the way in which the Directors discharge their duties and the Board is cognisant of the need to foster strong relationships with all stakeholders to help the Group deliver its strategy and support its long-term values including sustainability. In this way the Directors met the requirements of Section 172 of the Companies Act 2006 which imposes a general duty on Directors to act in a way that they consider, in good faith, to most likely promote the success of the Company for the benefit of shareholders as a whole.

Our approach

The Board understands the importance of effective engagement with all of its stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and not every decision the Board makes will necessarily result in a positive outcome for every stakeholder.

The Board at each meeting ensures that the process of considering its stakeholders is embedded in papers it receives to enable it to discharge its duties. The Board monitors the progress and delivery of strategic initiatives through metrics reported in meetings.

In addition, the Remuneration Committee assesses the overall performance of the Group, including progress against its responsible betting and gaming ambitions as well as delivery against its Environmental, Social and Governance ("ESG") strategy to support decision making on remuneration outcomes.

To ensure that the Group continues to operate in line with good corporate practice, Directors as part of their induction receive training on the scope and application of Section 172 to ensure that they are aware of how a Board, in its decision making, must consider its stakeholders.

Colleagues

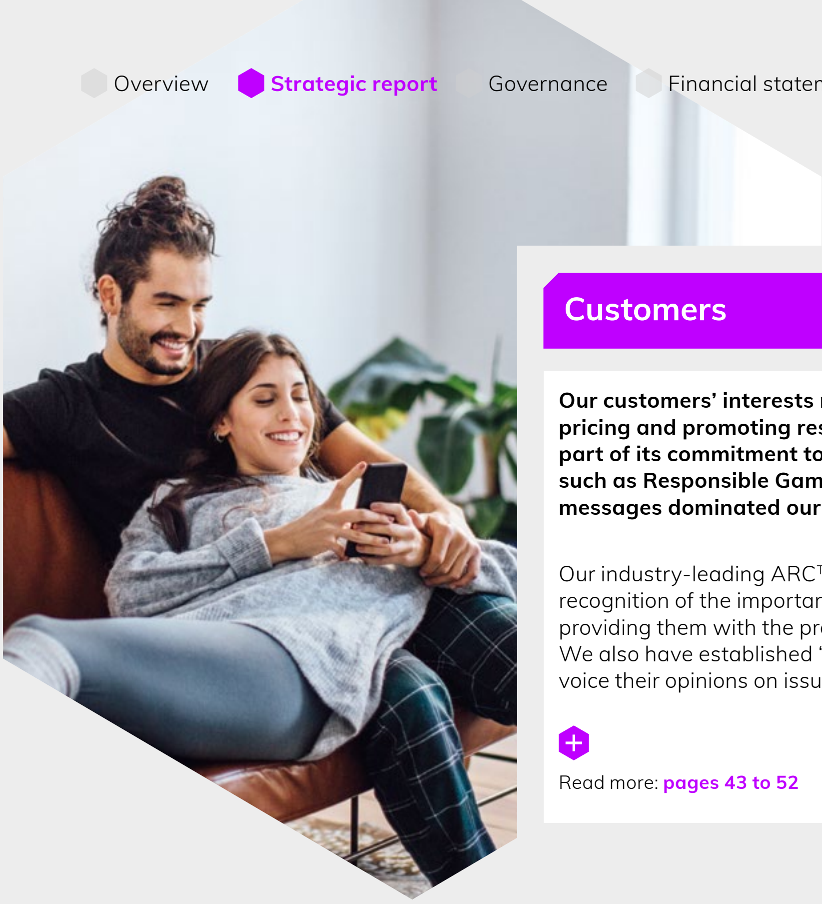
Board members took part in a number of virtual and face-to-face employee events in 2022 in order to gather feedback from colleagues around the Group. A key channel for this are our Employee Forums, which have been established in our major employment locations.

These Forums form a key part of our employee listening and engagement strategy, enabling our people to discuss and agree how their teams connect with the company purpose, strategy and values, as well as discussing topics that impact them and their colleagues.

Virginia McDowell, Chair of the ESG Committee, is our appointed Designated Workforce Director, a position she has held since 2019. Virginia is a regular attendee at Employee Forums, enabling her to provide the Board and its Committees with informed feedback and insight into the realities of everyday working life at Entain. Mark Gregory (independent Non-Executive Director and Chair of the Remuneration Committee at the time) and Stella David (Senior Independent Director) attended the AGM and Annual Conference respectively.

We believe that by encouraging and supporting a diverse workforce where individuals can thrive and success no matter their background, is the best way maximise our talent pool and better represent our global customer-base. We do not discriminate on the basis of age, disability, gender or gender reassignment, pregnancy or maternity, race, religion or belief, sexual orientation or marriage/civil partnership.

Read more: pages 53 to 57



Customers

Our customers' interests range from product availability, ethical behaviour, service, pricing and promoting responsible attitudes to betting and gaming. The Group, as part of its commitment to safer betting and gaming, engages through initiatives such as Responsible Gambling Week, where responsible betting and gaming messages dominated our websites and social media channels.

Our industry-leading ARC™ safer betting and gaming programme was developed in recognition of the importance of tailoring our approach to the individual customer and providing them with the protection and assurance which they should expect from us. We also have established 'The Players' Panel' to provide consumers with a platform to voice their opinions on issues relating to the regulation of betting and gaming in the UK.

Read more: pages 43 to 52

Shareholders

The Group's investors and shareholders expect, and get, a comprehensive view of the financial and sustainable performance of the business as well as a clear commitment to, and delivery against ESG objectives. The Group undertakes regular conference calls and meetings with investors through roadshows, investor conferences, one to one and group calls, publication of the Annual Report, press releases and Stock Exchange announcements. In 2022, the Group conducted a total of 870 investor interactions, as well as presenting at 23 conferences and 'fireside chats', engaging with 360 unique institutions. These interactions involved a combination of the CEO, CFO, the Chairman, the Chief IR & Communications Officer, Head of IR and other management as appropriate.

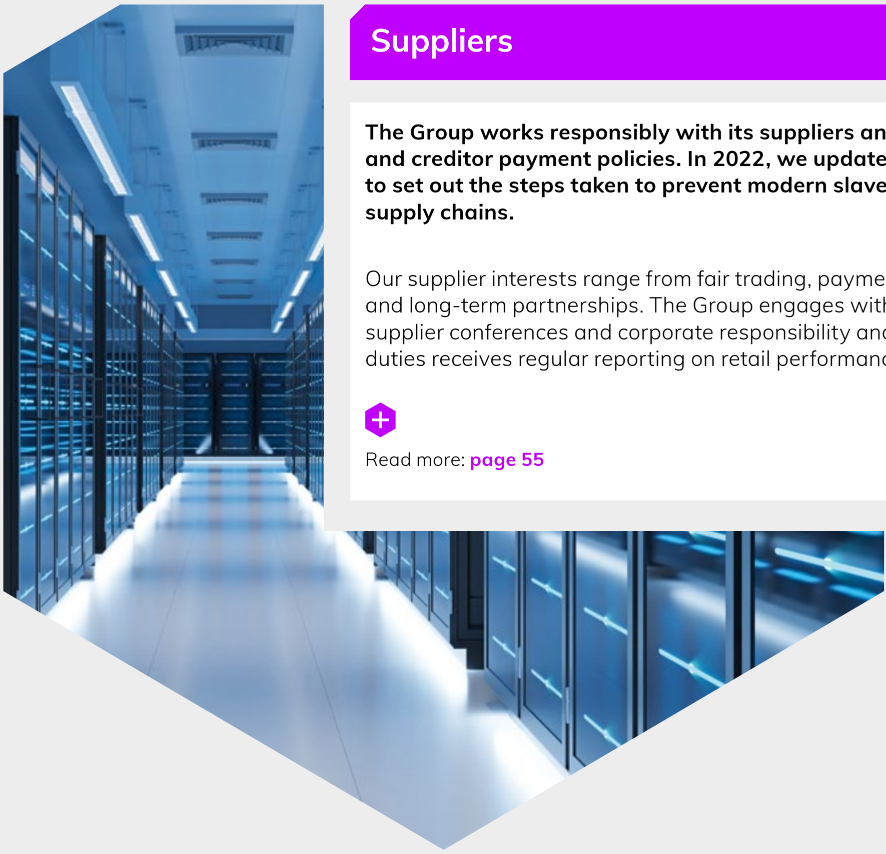
In addition to these meetings and conferences, the Group also held two shareholder events throughout the year. The first, held in May 2022 provided a detailed update on the Group's BetMGM joint venture, while in October, the Group held its second Entain:Sustain sustainability showcase, with a presentation on the Group ESG and sustainability strategy.

The Board receives feedback on shareholder views in different ways, including through the Chairman and executive management who meet regularly with shareholders throughout the year. In addition to providing the Board with updates on shareholder discussion topics as part of its regular Board reports, over the past year the investor relations team conducted two feedback and audit exercises to better understand investors views based on a number of satisfaction and confidence measures – including perception of the Group's strategy, management and opportunities as well as delivery versus expectations and transparency.

The quantitative analysis and qualitative feedback were presented to the Board during the year. The audits showed positive progress in investor engagement through the year with Entain performing more positively than the benchmark in all measures. In addition, Board members listen in to results and trading updates held by the Group for analysts and institutional investors and can hear directly the questions and comments on Company performance and are kept abreast of relevant newsflow and commentary on the Company throughout the year.

Read more: pages 8 to 11

Engaging with stakeholders continued

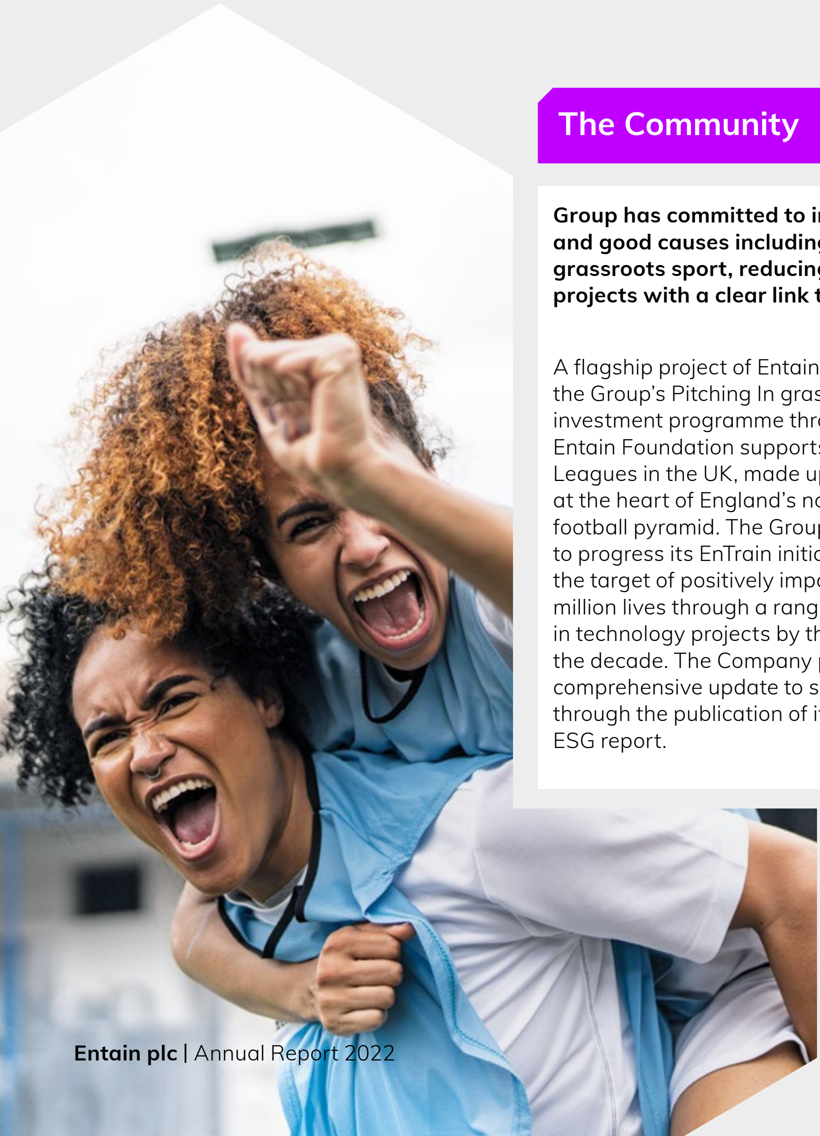


Suppliers

The Group works responsibly with its suppliers and regularly reviews its customer and creditor payment policies. In 2022, we updated our Modern Slavery Statement to set out the steps taken to prevent modern slavery in our business and various supply chains.

Our supplier interests range from fair trading, payment terms, success of the business and long-term partnerships. The Group engages with suppliers by direct engagement, supplier conferences and corporate responsibility and ethics reporting. The Board in its duties receives regular reporting on retail performance and modern slavery.

Read more: page 55



The Community

Group has committed to investing £100m over five years on a range of projects and good causes including safer betting and gaming measures, investment in grassroots sport, reducing environmental impact, diversity in technology and projects with a clear link to our local communities.

A flagship project of Entain Foundation is the Group's Pitching In grassroots sport investment programme through which the Entain Foundation supports The Trident Leagues in the UK, made up of 245 clubs at the heart of England's non-league football pyramid. The Group continues to progress its EnTrain initiative, with the target of positively impacting one million lives through a range of diversity in technology projects by the end of the decade. The Company provides a comprehensive update to stakeholders through the publication of its annual ESG report.

The Board has overall oversight of corporate responsibility planning and reporting as well as involvement in corporate affairs strategy which is delegated to the ESG Committee.

The ESG Committee is advised by the executive ESG Steering Group and also works with external consultants which assist the operational units and review the environmental and social performance data.

Read more: pages 57 to 60

Regulators

As a global operator and one of the world's largest online betting, gaming and sports entertainment companies, Entain engages with a wide variety of stakeholders. These include regulators, investors, trade associations, safer betting and gaming charities and customers. This engagement is core to our ability to offer first class player protection through our cutting edge technology and product platform, while upholding all licensing objectives, across multiple jurisdictions. One of the key relationships we maintain is with our regulators. Liaising with our regulators on an open and regular basis helps us to ensure that each of them are fully apprised of our operating practices. Through this process we can help policymakers shape our industry environment to best serve our stakeholder group whilst operating in a legal and fair way.

Governments and regulators

- UK Government departments.
- UK Gambling Commission.
- Governments and regulators in territories where we hold gaming licences.
- US state licensing bodies.
- National information commissioners.
- Domestic and International trade Associations.

What are their expectations?

- Providing an enjoyable and safe leisure experience.
- Making sure we operate legally and in a fair manner.
- Minimising harm and maximising player protection.
- Ensuring that we protect the young and the vulnerable.
- Reducing crime and unlawful behaviour.

Read more: pages 36 to 37

How we engage

- Ongoing dialogue with regulators, domestic and international trade associations and local authorities.
- Responding to the UK Government's Review of the 2005 Gambling Act.
- Numerous face-to-face meetings bilaterally or as part of industry meetings.
- Quarterly meetings, at a minimum, between the UK Gambling Commission and senior members of Entain's leadership team.
- Detailing governance, risk management and safer betting and gaming strategies through submission to the UK Gambling Commission Annual Assurance Statement process.
- Partnerships with the GB Health & Safety Executive.
- Engagement with the Nevada Gaming Commission's Compliance Committee
- Formal meetings with our regulators in Gibraltar, Malta, the US and our other global regulated jurisdictions.
- Engage with the Department of Justice in Ireland as it implements new Anti-Money Laundering ("AML") requirements.
- Respond to formal regulatory consultations including most recently the call for evidence on affordability by the UK Gambling Commission and RG consultations in Spain and Sweden.
- e-betting and gaming international workshops in Spain, annual industry meeting in Denmark and the 'Licensing information session' in Germany.
- Suspicious activity disclosed to relevant national bodies and membership of national match-fixing platforms (eg Spain).
- Engagement with regulatory authorities in regulating markets via local associations and advisors in the run up to licensing (eg The Netherlands, Brazil).

Task Force for Climate-related Financial Disclosures ("TCFD") Statement

Entain is a staunch supporter of the recommendations of the Task Force for Climate-related Financial Disclosures ("TCFD"), and we are committed to implementing the TCFD recommendations having made voluntary disclosures ahead of the FCA's mandatory requirements for UK Premium Listed Companies to report. In this section, we outline our approach to climate-related threats and opportunities.

Over the past year we have made significant progress in our internal processes with the TCFD recommendations In line with the 'comply or explain' obligation under the UK's Financial Conduct Authority Listing Rules. The Group can confirm it is fully compliant with nine of the eleven TCFD recommendations, and partially compliant with the remaining two. Where we are partially compliant, we continue to develop and mature our processes as outlined below:

Our priority for 2022 was to engage leaders of our business units to identify the relevant climate-related threats and opportunities to Entain. Over the next year, we will further quantify and subsequently assess the materiality of these climate-related threats and opportunities to provide a more details about the resilience of our strategy. While we discuss this in general terms within this statement, this materiality will help us fully comply with disclosure C of the Strategy pillar. For those issues that we deem to be material to Entain, we will consider specific metrics and targets to monitor our climate-related threats and opportunities (Metrics and targets – disclosure A). These updates will be included in the 2023 Annual Report.

This statement is in line with the four pillars of the recommendations: Governance, Strategy, Risk Management and Metrics and Targets, and was developed by following the guidance set out in Section C of the TCFD Annex Whilst we discuss in general terms the resilience of our strategy and approach considering different climate-related scenarios, we plan to further specify this and include quantitative measures in future years. Furthermore, we intend to further expand our description of climate change in our financial planning.

Governance

The Entain Board is ultimately responsible for climate-related threats and opportunities, with overall ownership of this agenda sitting with our CEO. Responsibility for identifying and managing threats is delegated to both the Board-level ESG Committee and the Audit Committee, who are accountable for monitoring our progress against targets, and ensuring climate-related risks are adequately addressed, respectively . The involvement of two Board Committees reflects the interrelated nature of climate-related threats and opportunities and our commitment to climate action.

In 2022, the Board ESG Committee were briefed on climate-related threats and opportunities at two of their meetings, including reviewing the initial findings of our climate risk workshops. Wider climate-related issues such as our net-zero target are raised at least quarterly with the ESG Committee. This includes updates from our operational Net Zero working Group, which has established to delivery strategy for Net Zero , which is led by our Chief Risk Officer. In addition, the Board ESG Committee have:

- Reviewed and approved our Net Zero target ahead of submission to the Science-based Targets initiative (target validation process expected in Q2 2023)
- Received face-to-face training on climate change reporting and TCFD requirements our from external legal advisors.
- Reviewed and approved the renewal of our green electricity tariff for the UK Retail estate and our Power Purchase Agreement (PPA)
- Requested a detailed Net Zero strategy to be developed by the ESG Steering Committee

In addition, the Board approved a new ESG Group risk related to the reputational risk of failing to meet our Net Zero commitment. Ownership of this risk has been delegated to the ESG Committee.

These Committees are supported by the ESG Steering Group (see page 113]) which is chaired by our Chief Governance Officer, and reports to the Board ESG Committee. The ESG Steering Group is responsible for managing and identifying climate-related threats and opportunities, as well as overseeing our approach to climate change as part of our wider sustainability strategy. The ESG Committee approves the environmental strategy for the year, is provided with quarterly updates, and conducts an annual review of environmental performance. The Group Risk Committee, which reports to the Board, has operational responsibility for managing risk within the Group, including climate-related risks deemed to have a material financial impact. The Board ultimately approves the Principal Risks and how they are allocated for monitoring.

Strategy

Addressing climate change is a key part of our strategy, and our Net Zero by 2035 commitment and approach is an important aspect of our 'best place to work and investing in people and communities' pillar of our strategic framework. Delivering on this requires alignment with financial planning. In the short-to medium-term, financial planning decisions have already been made with the climate in mind. For example:

- Continuing to invest in our green electricity tariff for the UK Retail estate, despite increasing energy costs.
- Investing in a renewable Power Purchasing Agreement (PPA) to secure renewable energy at a fixed price to gain energy price certainty.
- Increasing our price banding for our company car selection, giving a wider choice for relevant colleagues opting for hybrid and electric vehicles.

Over the next year, we will look to further embed climate considerations into our financial planning process as we further enhance our assessment and response to climate-related issues. Will report our progress in our 2023 Annual Report. Currently, the impact of climate-related issues has not significantly impacted Entain's financial performance or financial position.

We understand that climate-related threats and opportunities can have longer term time horizons that span beyond typical enterprise risk management and business planning processes. We considered climate-related risks based on the following time horizons:

- Short (0-3 years)
- Medium (3-5 years)
- Long (5+ years)

The risks outlined below were developed through our climate-related threats and opportunities workshops held throughout 2022, which is described further below. The analysis conducted in 2022 raised risks that have not yet been deemed to be Principal Risks in and of themselves, but climate change may become a factor in affecting the impact of our current Principal Risks, and the subsequent actions required to manage those risks, both threats and opportunities. Therefore, the climate-related threats and opportunities identified are emerging and/or operational risks that will continue to be monitored and evaluated. However, we describe the climate-related threats and opportunities identified based on our scenario analysis below.

Responding to physical risks related to climate change

Acute risks

Disruption of live events on trading markets due to increased severity of extreme weather events. We see the risk of this in climate scenarios where extreme weather events continue to affect society, sporting events and other events that are critical to our markets. This may manifest itself in last-minute cancellations or postponement of live events, which has the potential to negatively impact revenues. The diversification of our markets helps to mitigate this risk.

Link to principal risks: Trading, liability, and pricing management

Link to strategic pillars: Expand into new regulated markets, Grow presence in existing markets

Time horizon: Short term (but increasing in severity in the medium to long term)

Impact of extreme weather events on key locations and suppliers. Entain operates globally, so climate-related risks will vary across our markets and global operations. We have identified key locations where the impacts of climate change may be more severe or impact our business more significantly. This impact could have a potential financial impact in terms of reduced platform availability and/or quality of service, or influence capital expenditure decisions when considering expansion, consolidation and relocations of our key operational locations. Our response to this threat is to incorporate physical climate-related risks into our management of our current Principal Risk – Loss Of Key Locations, as well as feed into our long-term approach to our investment in digital infrastructure, such as data centres and networking. We have identified our key locations to the business, and an assessment of existing mitigation measures and gaps at these locations is in progress and will be reported to the Board in June 2023.

Link to principal risks: Failure to maintain our technology platform excellence, loss of key locations, Health, safety, security and well-being of colleagues, customers and communities colleagues

Link to strategic pillars: Invest in our people and communities

Time horizon: Medium to long term

Task Force for Climate-related Financial Disclosures ("TCFD") Statement continued

Chronic risks

Increased costs due to increasing temperatures. In scenarios where global warming is most prevalent (an increase of 2 degrees or 3+ degrees), we may see an increase in costs for cooling our infrastructure. This may have implications in terms of operating expenditure due to increased energy usage, as well as capital expenditure where new systems may need to be installed. We are addressing this through our rolling shop refurbishment scheme, which incorporates energy efficiency improvements. We will incorporate this threat into our key locations strategy, to further assess the materiality of this issue globally.

In addition, we may see increases in costs from our suppliers and business partners, who are likely to face similar issues.

Link to principal risks: None – link to operational risks (Group Risks)

Time horizon: Medium term

Impact on our colleagues due to changing weather patterns. We understand that, in the 2-degree and 3-degree scenarios, our colleagues will be impacted by the effects of climate change in the medium to long term. The increase in vector-borne diseases in new locations in the long term may also impact absentee rates.

Similarly, travel disruptions and increased costs of living may affect our colleagues' ability to travel to work. We have a track record of supporting our colleagues, such as through our 'warming up for winter' campaign outlined on p54, and we will continue to monitor the needs of our colleagues to make Entain the best place to work. In addition, we are addressing this by exploring our flexible working arrangements for our different business functions and operations. For example, we have worked with our IT teams to ensure that all colleagues (excluding colleagues working in shops) have the equipment they need to work remotely.

Link to principal risks: Health, safety and wellbeing of our customers, communities and colleagues

Link to strategic pillars: Invest in our people and communities

Time horizon: Medium term

Transition risks

Policy and legal

Increased regulatory requirements to disclose our climate impacts and demonstrate progress against our targets. This risk is particularly relevant to our strategy to grow in key markets, notably our BetMGM and US strategic priority, where operations in these markets may require further compliance with climate-related reporting regulations. This may lead to increases in costs of compliance, such as external assurance costs. We have an established process in place to report robust organisational emissions – which are assured annually by the Carbon Trust – to comply with our requirements as a UK-listed company. We continue to monitor changing regulation in the markets and jurisdictions where we operate, and improve the robustness of our emissions reporting.

Link to principal risks: Laws, regulation and licensing requirements

Link to strategic pillars: Leadership in US, Expand into new regulated markets

Time horizon: Short term

Market

Changing customer behaviour. In the 2-degree and 3-degree scenarios, where reducing crop yields and supply chain shocks may increase the cost of living in the short to medium term. This may reduce the income available to our customers to spend on entertainment. In addition, more extreme weather events may lead to changes in how customers engage with our products. For example, we may experience a decrease in the footfall of customers travelling in person to our shops. We could also notice an increase in customers receiving entertainment within the home, with a positive impact on our digital business and ability to attract new audiences. We will continue to monitor these changes and assess their impacts and potential opportunities. This may impact capital expenditure decisions when considering the location of our shops.

Link to principal risks: Trading, liability, and pricing management

Link to strategic pillars: Grow presence in existing markets, Expand into new regulated markets, Extend into interactive entertainment

Time horizon: Short to medium term

Technology

Reaching our Net Zero by 2035 target. A key threat that was raised in the climate workshops is the uncertainty of the wider economy to respond to climate change, and therefore the availability and pricing of low-carbon solutions. We see in our 2-degree and 3-degree scenarios that the availability of low-carbon alternatives and engagement from companies within our value chain would be lower. This has the potential for lower availability of these products and services, in turn leading to increased costs for reaching our net zero target. This has follow-on reputational risks to the company.

Conversely, in the 1.5-degree scenario where there is immediate and rapid decarbonisation, we anticipate greater availability of lower-emissions products and services at scale, reducing the costs required to deliver our net-zero strategy. This presents Entain with an opportunity to demonstrate significant progress and ultimately achieve our Net Zero by 2035 ambition.

In the longer term, we see a risk due to price uncertainty in credible carbon removals that will be required to mitigate any of our residual emissions to achieve our net zero target in 2035, in line with the Science Based Targets Initiative (SBTi)'s Net Zero Standard. We will continue to monitor carbon markets, and carbon removal standards developments.

Link to principal risks: None – linked to operational risks (Group Risks)

Link to strategic pillars: Investing in our people and communities

Time horizon: Short to medium term

Reputation

Increased stakeholder scrutiny on Entain's emissions. In the 1.5-degree scenario where our stakeholders increasingly care about climate-related issues, we may face increasing scrutiny on our environmental strategy. By setting an ambitious commitment to reach net zero by 2035, with our target to be validated by the SBTi, we aim to reduce this threat and turn it into an opportunity. By striving for a leadership position in the industry, we see an opportunity to attract and retain the best people and continue to build trust with our customers.

Link to principal risks: Attracting and retaining key talent

Link to strategic pillars: Investing in our people and communities, Extend into interactive entertainment

Time horizon: Short term

Risk management

The process for identifying, assessing, and managing climate-related risks is integrated into our overall risk management and governance framework, which is outlined on pages 82 to 85. As part of this process, mitigation and management of specific risks are delegated to the relevant divisional or functional heads.

In addition, in 2022, we conducted a series of workshops focussed specifically on climate-related threats and opportunities. This was led by Entain's Chief Risk Officer and facilitated by our external ESG Advisors. The purpose of these workshops was to gather insights from leaders around the business on the climate-related threats and opportunities that were relevant to Entain, identifying those that required further in-depth analysis to determine their impact on our business. In these workshops, we explored three climate change scenarios outlined in the table below, enabling the workshop participants to draw out how each would affect Entain's ability to deliver on our strategy.

The three scenarios have been tailored for Entain, based on a combination of evidence and sources, primarily provided by the IPCC, IEA, and PRI (detailed in the table below).

Scenario	Basis	Description
1.5°C	• RCP2.6/SSP1 • PRI IPR: 1.5C Required Policy Scenario	Action taken has achieved the aims set out in the 2015 Paris Agreement to limit climate change rise to below 1.5°C of pre-industrial levels, but with significant shifts in policy, cost and consumer behaviours.
2.0°C	• RCP4.5/SSP2 • PRI IPR: Forecast Policy Scenario	Not much has changed from today. Some action has been taken, but it's very much business as usual. Uncertainty increases, and impacts of a changing climate manifest themselves in vulnerable parts of the world.
3.0°C	• RCP6.0 / SSP5	Economies around the world have continued to be powered by fossil fuels. As a result, the planet is in crisis and well past the point of no return by 2030. Global warming has accelerated and changes in climate are all around, tangible and, in some cases, catastrophic

The feedback and analysis from these workshops found that many of the pertinent climate-related threats and opportunities identified are linked to the Principal Risks outlined on pages 85 to 88. These are outlined above in the Strategy section. The outcomes of these workshops were reported to the Board ESG Committee in November 2022 and to the Group Risk Committee in January 2023.

In 2023, we will continue to integrate the process of identifying and managing these climate-related threats and opportunities into a business-as-usual process, delegating threats and opportunities and follow-up action identified to the relevant divisional heads. We will also further embed climate-related threats and opportunities into the group enterprise risk management framework.

Metrics and targets

On page 61, we outline our Scope 1 and 2 greenhouse gas emissions. We also report on our global energy consumption and the percentage of electricity purchased on renewable energy contracts, as well as water consumption and waste for a selection of countries where data is available.

These metrics are used to monitor our performance in managing our transition risks, and to monitor our progress against our net zero target. Given the significance of this area, the reputational risk of inaccurate reporting, and the need for high-quality ESG data, we commissioned the Carbon Trust to assure our Scope 1, 2 and business travel data. This assurance has taken place since 2019, with our 2022 data to be assured in 2023, with assurance statements available on the Entain website. In line with prior years, the Group will report 2022 scope 3 data within its forthcoming 2022-23 ESG Report, expected to published in Q2 2023.

Entain current has two non-financial targets linked with remuneration (see the Remuneration Committee Report) – linked with customer satisfaction and safer betting and gaming. At the time of reporting, climate-related metrics are not included linked to remuneration. Entain does not currently have in internal carbon price.

Our net zero, and near-term reduction targets were submitted to the Science-Based Targets initiative in late 2022 and are pending verification (as described on pages 60 to 61. This is expected in the first half of 2023. As we further assess our climate-related threats and opportunities quantitatively, we intend to identify further metrics and targets that can be used to assess climate threats and opportunities (aligned with) to include in our statement, subject to materiality. Work will continue on this in 2023 with further disclosures against recommendation A to be provided in the 2023 Annual Report.

Chief Financial Officer's Review

The Group delivered strong year on year growth in NGR and revenue."

Rob Wood
Chief Financial Officer

Financial Results and the use of Non-GAAP measures

The Group's statutory financial information is prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") pronouncements as adopted for use in the European Union. In addition to the statutory information provided, management has also provided additional information in the form of Contribution, EBITDAR and EBITDA as these metrics are industry standard KPIs which help facilitate the understanding of the Group's performance in comparison to its peers. A full reconciliation of these non-GAAP measures is provided within the Income Statement and supporting memo.

The Group's operating segments are aggregated into five reportable segments; Online, Retail, New Opportunities, Other and Corporate. This reporting structure is in line with the Group's reporting to the executive management team ("CODM").

Financial performance review

Group

Year ended 31 December	Reported results[1] 2022 £m	2021 £m	Change %	CC[2] %
NGR	**4,348.9**	3,886.3	12%	10%
VAT/GST	**(52.0)**	(56.3)	8%	9%
Revenue	**4,296.9**	3,830.0	12%	11%
Gross profit	**2,714.7**	2,435.8	11%	
Contribution	**2,128.9**	1,851.5	15%	
Operating costs	**(1,120.4)**	(952.7)	(18%)	
Underlying EBITDAR[3]	**1,008.5**	898.8	12%	
Rent and associated costs	**(15.3)**	(17.1)	11%	
Underlying EBITDA[3]	**993.2**	881.7	13%	
Share based payments	**(19.2)**	(12.3)	(56%)	
Underlying depreciation and amortisation	**(238.1)**	(222.8)	(7%)	
Share of JV (loss)/income	**(194.1)**	(162.5)	(19%)	
Underlying operating profit[4]	**541.8**	484.1	12%	

Reported Results[1]:

The Group delivered strong year on year growth in NGR and Revenue of +12% (+10%cc[2] and +11%cc[2] respectively). Online NGR was down -1% (-2%cc[2]) reflecting strong Covid comparators and the absorption of regulatory changes, whilst Retail performed strongly with NGR up +66%[5] (+66% cc[2,5]) and ahead of pre-covid levels in our two biggest markets, the UK and Italy on a like-for-like basis ("LFL")[5].

Contribution for the year of £2,128.9m was +15% higher than last year reflecting the increase in NGR and an increase in the contribution margin of +1.3pp due to a higher Retail segmental mix versus a Covid impacted 2021. Operating costs (before rent) were 18% higher due to a full year of trading in Retail and underlying inflation in Online. Underlying EBITDA[1,3] of £993.2m was +13% higher than 2021.

Share based payment charges were £6.9m higher than last year, while underlying depreciation and amortisation was 7% higher reflecting the impact of businesses acquired in the year, the annualisation of prior year acquisitions and continued investment in the business. Share of JV losses of £194.1m includes a loss of £193.9m relating to BetMGM, which is in line with expectations. Group underlying operating profit[4] was +12% ahead of 2021. After separately disclosed items of £213.2m excluding £5.7m recorded in interest (2021: £128.3m excluding £5.8m recorded in interest), operating profit was £328.6m, a decrease of £27.2m on 2021.

Online

Year ended 31 December	2022 £m	2021 £m	Change %	CC[2] %
	Reported results[1]			
Sports wagers	**14,090.5**	14,165.8	(1%)	(3%)
Sports margin	**12.9%**	12.7%	0.2pp	0.2pp
Sports NGR	**1,443.7**	1,444.1	flat	(2%)
Gaming NGR	**1,576.9**	1,596.1	(1%)	(3%)
B2B NGR	**29.9**	26.3	14%	14%
Total NGR	**3,050.5**	3,066.5	(1%)	(2%)
VAT/GST	**(52.0)**	(56.3)	8%	9%
Revenue	**2,998.5**	3,010.2	flat	(2%)
Gross profit	**1,829.6**	1,871.5	(2%)	
Contribution	**1,254.2**	1,294.7	(3%)	
Contribution margin	**41.1%**	42.2%	(1.1pp)	
Operating costs	**(425.0)**	(393.7)	(8%)	
Underlying EBITDAR[3]	**829.2**	901.0	(8%)	
Rent and associated costs	**(1.0)**	(2.0)	50%	
Underlying EBITDA[3]	**828.2**	899.0	(8%)	
Share based payments	**(7.8)**	(5.3)	(47%)	
Underlying depreciation and amortisation	**(118.3)**	(116.7)	(1%)	
Share of JV (loss)/income	**(0.2)**	(1.0)	80%	
Underlying operating profit[4]	**701.9**	776.0	(10%)	

Reported Results[1]:

Our Online business continues to perform strongly on an underlying basis with full year NGR and Revenue down -2%cc[2] year on year as the business lapped a Covid boosted 2021 and absorbed material effects of regulatory changes, particularly in the UK. Full year NGR of £3,050.5m reflects a 3 year CAGR of +12%cc[2] illustrating the strength of the Group's Online offering and underlying growth. The Group continues to focus on expanding its recreational customer base and we are delighted that actives were +7% ahead of last year. We are also pleased to exit 2022 with Q4 NGR back in growth at +8%cc[2] year on year.

In the UK, NGR was -9% behind 2021 as the business absorbed a number of regulatory changes and lapped Covid boosted comparators from the prior year. Online NGR in the first half of 2022 was -15% year on year, reflecting the greater levels of disruption from Covid-19 versus that experienced in H2. We are pleased to exit the year with UK Online NGR in line during Q4 and active customers at a record high, with full year actives +13% versus 2021.

In Italy, constant currency NGR was in line year on year despite lapping strong Covid comparatives and losing domestic football in Q4 whilst Italy was absent from the FIFA World Cup. Our Omni-channel strategy in Italy continues to benefit the business with combined Online and Retail NGR up +22%cc[2] year on year, and Online NGR growing at +26%cc[2] on a 3 year CAGR basis.

Australia has continued to perform strongly with NGR up +8%cc[2] on 2021, and gaining further market share. Active customers were up +7% year on year as our focus on brand differentiation, the customer and new innovative product launches continues to benefit the business.

In Germany, new regulation and a lack of regulatory enforcement continues to impact the business with NGR -22%cc[2] year on year. Importantly, however, we received our gaming licences in late November, so we are hopeful that much needed robust enforcement action will now be more evident in 2023.

Brazil continues to grow with NGR +20%cc[2] higher than 2021, ahead of the anticipated regulation of the market. The Sportingbet brand in Brazil continues to resonate well with our customers with actives +25% ahead of the prior year.

In Georgia, NGR was -7%cc[2] lower year on year following the introduction of new regulation at the start of the year which restricted betting opportunities for certain population cohorts. Crystalbet has responded well to these changes in regulation and maintains its position as the market leader in Georgia.

Our operations in Canada continue to perform well following the new regulation in Ontario.

In the Baltics, despite high levels of inflation in the region, our brands continue to show their resilience with proforma[6] underlying NGR +5%cc[2] YoY and actives +17%.

Our new Entain CEE business which acquired SuperSport in November 2022 has also performed well during the year with proforma[6] NGR +24%.

Financial performance review continued

Underlying EBITDAR[1,3] of £829.2m and underlying EBITDA[1,3] of £828.2m were -8% behind 2021 reflecting lower Online NGR, a -1.1pp reduction in contribution margin and underlying inflation which was in line with guidance. The Online marketing rate was in line with 2021 and gross profit margin was -1.0pp behind as a result of territory mix and increased taxation in Georgia and Australia, giving rise to the aforementioned reduction in contribution margin of -1.1pp. Resulting underlying operating profit[4] of £701.9m was -10% behind 2021 and, after charging £114.0m of separately disclosed items, operating profit was £587.9m, £34.1m lower than last year.

Retail

The Retail business is made up of our Retail estates in the UK, Italy, Belgium, Republic of Ireland and Croatia.

	Reported results[1]			
Year ended 31 December	2022 £m	2021 £m	Change %	CC[2] %
Sports wagers[5]	**3,817.0**	2,277.5	68%	68%
Sports margin	**18.3%**	18.1%	0.2pp	0.2pp
Sports NGR/Revenue	**705.2**	426.1	66%	65%
Machines NGR/Revenue	**572.6**	365.0	57%	57%
NGR/Revenue	**1,277.8**	791.1	62%	61%
Gross profit	**860.0**	535.8	61%	
Contribution	**852.1**	529.0	61%	
Contribution margin	**66.7%**	66.9%	(0.2pp)	
Operating costs	**(558.4)**	(447.5)	(25%)	
Underlying EBITDAR[3]	**293.7**	81.5	260%	
Rent and associated costs	**(13.5)**	(14.6)	8%	
Underlying EBITDA[3]	**280.2**	66.9	319%	
Share based payments	**(2.3)**	(1.9)	(21%)	
Underlying depreciation and amortisation	**(112.4)**	(102.4)	(10%)	
Share of JV income	**–**	–	–	
Underlying operating profit/(loss)[4]	**165.5**	(37.4)	543%	

Reported Results[1]:

With the exception of some restrictions in Belgium during the first quarter, the full year was largely unaffected by the Covid restrictions that have disrupted the previous two years. The strong recovery post Covid, particularly in our two largest markets, the UK and Italy, has been particularly pleasing resulting in full year NGR of £1,277.8m, +62% ahead of last year (+66%cc[2] on LFL[5] basis) and representing a LFL 3 year CAGR of +1%cc[2] (pre SuperSport).

In the UK, NGR was +56% ahead of 2021 with both sports and gaming up +56% year on year. The strong performance in the year has been driven by our ongoing focus on market leading content for our gaming machines and betting terminals. Both sports and gaming NGR was ahead during H2, with increased sports volumes predominantly driven by our SSBT's, which provide an experience akin to the digital offering and now represent over one third of our total sports NGR in UK Retail. Gaming NGR, which was also ahead in H2, was supported by our best in class machines combined with the most differentiated content on the high street.

Our focus on the customer is producing strong financial results and, as such, we are delighted to recognise the great work done by our shop colleagues, who will now be paid a minimum of £10.90 per hour, an increase of +9%.

NGR in Italy was up +107%cc[2] year on year with H1 2021 heavily impacted by Covid restrictions. Our Retail business in Italy has recovered quickly post Covid benefitting from our ability to maintain ongoing relationships with our customers throughout Covid via our omni-channel offering.

In Belgium, NGR was up +40%cc[2] year on year despite temporarily closing our estate in January due to local Covid restrictions and the introduction of EPIS checks in Q4. Belgium has been slower to return to pre Covid levels compared the UK and Italy as a result of the lingering Covid restrictions in the early part of the year. Following the year end, the EPIS checks introduced in Q4 have been cancelled in their current form.

Contribution of £852.1m is +61% ahead of 2021 and in line with the increase in NGR. Contribution margin was -0.2pp behind year on year due to the geographic mix of revenues.

Operating costs including rent were 24% higher than in 2021 as a result of a full year of trading largely uninterrupted by Covid related closures, the non-repetition of prior year furlough receipts (receipts which were repaid during 2022) and the impact of cost of living payments to shop staff in light of the current inflationary pressures.

Resulting underlying EBITDA[1,3] of £280.2m was £213.3m ahead of 2021. Depreciation of £112.4m was 10% higher than 2021 due to continued investment in our retail estates and the annualisation of depreciation charges on our Omnia till system in the UK.

Underlying operating profit[4] of £165.5m was £202.9m ahead of 2021 and, after charging £57.4m of separately disclosed items, operating profit was £108.1m, £144.1m ahead of last year.

As at 31 December 2022, there were a total of 4,455 shops/outlets (2021: 4,346): UK 2,454 (2021: 2,580), Italy 940 (2021: 940), Belgium shops 286, outlets 341 (2021: shops 291, outlets 402), Ireland 122 (2021: 133) and Croatia 312.

New Opportunities

Year ended 31 December	2022 £m	Reported results[1] 2021 £m	Change %	CC[2] %
Underlying EBITDAR[3]	(28.9)	(8.8)	(228%)	
Rent and associated costs	(0.2)	–	–	
Underlying EBITDA[3]	(29.1)	(8.8)	(231%)	
Share based payments	(0.3)	–	–	
Underlying depreciation and amortisation	(4.5)	(0.4)	(1,025%)	
Share of JV (loss)/income	(0.4)	–	–	
Underlying operating loss[4]	(34.3)	(9.2)	(273%)	

Reported Results[1]:

New Opportunities underlying costs[3] of £29.1m primarily reflect operating costs associated with the launch phase of unikrn which soft launched in Q4 as well as innovation costs. After depreciation and amortisation and share of JV loss, New Opportunities underlying operating loss[4] was £34.3m, an increase of £25.1m on 2021. Separately disclosed items for the year were £nil, resulting in an operating loss of £34.3m.

Other

Year ended 31 December	2022 £m	Reported results[1] 2021 £m	Change %	CC[2] %
NGR/Revenue	25.1	32.8	(23%)	18%
Gross profit	25.1	28.5	(12%)	
Contribution	25.0	27.8	(10%)	
Operating costs	(20.0)	(22.1)	10%	
Underlying EBITDAR[3]	5.0	5.7	(12%)	
Rent and associated costs	(0.1)	(0.1)	–	
Underlying EBITDA[3]	4.9	5.6	(13%)	
Share based payments	–	(0.1)	100%	
Underlying depreciation and amortisation	(2.7)	(2.9)	7%	
Share of JV income	0.4	0.4	–	
Underlying operating profit[4]	2.6	3.0	(13%)	

Reported Results[1]:

NGR of £25.1m was -23% lower than 2021 due to the prior year disposal of our Exchange business. Excluding the disposal, NGR was +12% ahead year on year as our greyhound tracks recover from prior year Covid restrictions. Underlying EBITDAR[1,3] of £5.0m and underlying EBITDA[1,3] of £4.9m were £0.7m behind 2021 respectively as a result of the disposal. Underlying operating profit[4] of £2.6m was -13% behind and, after charging £0.7m of separately disclosed items, operating profit was £1.9m, £0.6m ahead of last year.

Financial performance review continued

Corporate

Year ended 31 December	Reported results[1] 2022 £m	2021 £m	Change %	CC[2] %
Underlying EBITDAR[3]	**(90.5)**	(80.6)	(12%)	
Rent and associated costs	**(0.5)**	(0.4)	(25%)	
Underlying EBITDA[3]	**(91.0)**	(81.0)	(12%)	
Share based payments	**(8.8)**	(5.0)	(76%)	
Underlying depreciation and amortisation	**(0.2)**	(0.4)	50%	
Share of JV loss	**(193.9)**	(161.9)	(20%)	
Underlying operating loss[4]	**(293.9)**	(248.3)	(18%)	

Reported Results[1]:

Corporate underlying costs[3] of £90.5m were £9.9m higher than last year driven by increases in our contributions to Research, Education and Treatment including GambleAware, additional contributions to the Entain foundation and other Group ESG initiatives and investment in our governance policies and procedures. After share based payments, depreciation and amortisation and share of JV losses, Corporate underlying operating loss[4] was £293.9m, an increase of £45.6m, largely as a result of the expected incremental loss in the US JV, BetMGM. After separately disclosed items of £41.1m, the operating loss of £335.0m was £112.7m behind 2021.

Notes

1. 2022 and 2021 reported results are audited and relate to continuing operations
2. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2022 exchange rates
3. EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items
4. Stated pre separately disclosed items
5. Retail performance numbers are quoted on a LFL basis and also excludes the post acquisition performance of shops in Croatia.
6. Proforma results are presented as if the Group had owned the entities since 1 January 2021.

Note: Retail operates in UK, Italy, Belgium, Croatia and Republic of Ireland. During 2022, there was an average of 4,310 shops in the estate, compared to an average of 4,540 in the same period last year.

Statutory performance review

Year ended 31 December	2022 £m	2021 £m	Change %	CC[2] %
	Reported results[1]			
NGR	**4,348.9**	3,886.3	12%	10%
Revenue	**4,296.9**	3,830.0	12%	11%
Gross profit	**2,714.7**	2,435.8	11%	
Contribution	**2,128.9**	1,851.5	15%	
Underlying EBITDAR[3]	**1,008.5**	898.8	12%	
Underlying EBITDA[3]	**993.2**	881.7	13%	
Share based payments	**(19.2)**	(12.3)	(56%)	
Underlying depreciation and amortisation	**(238.1)**	(222.8)	(7%)	
Share of JV loss	**(194.1)**	(162.5)	(19%)	
Underlying operating profit[4]	**541.8**	484.1	12%	
Net underlying finance costs[4]	**(84.7)**	(75.0)		
Net foreign exchange/financial instruments	**(135.3)**	118.2		
Profit before tax pre separately disclosed items	**321.8**	527.3		
Separately disclosed items:				
Amortisation of acquired intangibles	**(116.9)**	(144.2)		
Other	**(102.0)**	10.1		
Profit before tax	**102.9**	393.2		
Tax	**(70.0)**	(117.6)		
Profit after tax from continuing activities	**32.9**	275.6		
Discontinued operations	**(13.4)**	(14.9)		
Profit after tax	**19.5**	260.7		

NGR and Revenue

Group reported NGR and revenue were +12% ahead of last year, up +10% and +11% respectively on a constant currency basis[2], with Online NGR -1% and Retail NGR +62% year on year – further details are provided in the Financial Performance Review section.

Underlying operating profit[4]

Group reported underlying operating profit[4] of £541.8m was +12% ahead of 2021 (2021: £484.1m), with underlying EBITDA[3] ahead by +13% as a result of the increase in revenue. The increase in underlying EBITDA[3] was partially offset by an increase in losses from the Group's share of the BetMGM joint venture and an increase in depreciation and amortisation. BetMGM losses in the year were £193.9m, £32.0m higher than 2021 as the business continued to invest in new jurisdictions as they opened, with 8 launches in 2022 and early 2023. Analysis of the Group's performance for the year is detailed in the Financial Performance Review section.

Financing costs

Underlying finance costs[4] of £84.7m excluding separately disclosed items (2021: £75.0m) were £9.7m higher than 2021 with the increase in costs largely due to the interest on the Group's new $1bn USD term loan which was raised in Q4.

Net losses on financial instruments, driven primarily by a foreign exchange loss on re-translation of debt related items, were £135.3m in the year (2021: £118.2m gain). This loss is offset by a foreign exchange gain on the translation of assets in overseas subsidiaries which is recognised in reserves and forms part of the Group's commercial hedging strategy.

Separately disclosed items

Items separately disclosed before tax for the period amount to a £218.9m charge (2021: £134.1m) and relate primarily to £116.9m of amortisation on acquired intangibles (2021: £144.2m), a £45.5m repayment of amounts received in 2021 under the UK Government furlough scheme (2021: £nil), corporate transaction costs of £23.9m (2021: £9.4m), integration and restructuring costs of £11.8m (2021: £17.3m), legal and onerous contract costs of £8.1m (2021: £26.2m) and an impairment of £7.0m on closed shops in the UK (2021: £3.3m). The Group also recorded a loss on disposal of assets of £1.0m (2021: profit of £1.9m) and incurred £5.7m on bridging loan fees used to facilitate acquisitions in the year (2021: £9.7m including fee write-off on refinancing) as well as releasing £1.0m from contingent consideration liabilities reflecting the latest estimate of the likely economic outflow (2021: £6.1m charge). In the prior year, the Group also recorded an £80.2m credit in relation to tax litigation, primarily against the Greek Tax Assessment following a court ruling in the Group's favour.

Statutory performance review continued

Separately disclosed items

	2022 £m	2021 £m
Amortisation of acquired intangibles	**(116.9)**	(144.2)
Furlough	**(45.5)**	–
Corporate transaction costs	**(23.9)**	(9.4)
Integration/restructuring costs	**(11.8)**	(17.3)
Legal and onerous contract costs	**(8.1)**	(26.2)
Impairment	**(7.0)**	(3.3)
(Loss)/profit on sale of assets	**(1.0)**	1.9
Tax litigation/one-off legislative impacts	**–**	80.2
Movement in fair value of contingent consideration	**1.0**	(6.1)
Other including issue cost write-off	**(5.7)**	(9.7)
Total	**(218.9)**	(134.1)

Profit before tax

Profit before tax and separately disclosed items was £321.8m (2021: £527.3m), a year-on-year decrease of £205.5m with the growth in underlying EBITDA[3] offset by an increase in BetMGM losses, depreciation, interest and the loss on the retranslation of debt. After charging separately disclosed items, the Group recorded a pre-tax profit from continuing operations of £102.9m (2021: £393.2m).

Taxation

The tax charge on continuing operations for the year was £70.0m (2021: £117.6m), reflecting an underlying effective tax rate pre-BetMGM losses and foreign exchange gains on external debt of 15.4% (2021: 14.2%) and a tax credit on separately disclosed items of £27.9m (2021: charge of £27.5m).

Cash flow

Year ended 31 December	2022 £m	2021 £m
Cash generated by operations	**846.9**	803.8
Corporation tax	**(106.1)**	(98.7)
Interest	**(100.6)**	(73.3)
Net cash generated from operating activities	**640.2**	631.8
Cash flows from investing activities:		
Acquisitions & disposals	**(738.6)**	(447.9)
Cash acquired/disposed	**29.9**	(31.4)
Capital expenditure	**(212.0)**	(176.2)
Dividends from associates	**3.6**	–
Investment in associates and other investments	**–**	(29.4)
Investment in Joint ventures	**(175.1)**	(164.4)
Net cash used in investing activities	**(1,092.2)**	(849.3)
Cash flows from financing activities:		
Equity issue	**–**	0.7
Net proceeds from borrowings	**838.4**	797.2
Repayment of borrowings	**(271.8)**	(566.1)
Subscription of funds from non-controlling interest	**174.3**	–
Settlement of financial instruments and other financial liabilities	**8.7**	(149.8)
Repayment of finance leases	**(83.0)**	(87.9)
Equity dividends paid	**(50.0)**	(24.5)
Net cash used in financing activities	**616.6**	(30.4)
Foreign exchange	**6.8**	(14.8)
Net increase/(decrease) in cash	**171.4**	(262.7)

During the year, the Group had a net cash inflow of £171.4m (2021: outflow of £262.7m).

Net cash generated by operations was £846.9m (2021: £803.8m) including £993.2m of underlying EBITDA[3] (2021: £881.7m). This was partially offset by separately disclosed items, excluding those relating to amortisation, depreciation and impairment, of £88.3m (2021: £26.7m income), a loss on discontinued operations of £13.4m (2021: £14.9m) and a working capital outflow of £44.7m (2021: £86.6m). Included within the working capital outflow is a £47.9m outflow for balances held with payment service providers and the German regulator as well as customer funds, which are net debt neutral (2021: £4.3m inflow).

During the year £106.1m was paid out in relation to corporate taxes (2021: £98.7m) with a further £100.6m paid out in interest (2021: £73.3m).

Net cash used in investing activities for the year was £1,092.2m (2021:£849.3m), including cash outflows for M&A activity of £738.6m (2021: £447.9m), investment in capital expenditure of £212.0m (2021: £176.2m) and an additional £175.1m invested in BetMGM (2021: £164.4m) partially offset by cash acquired of £29.9m (2021: £31.4m cash disposed) and £3.6m in dividends received from associates (2021: £nil).

During the year the group received a net £566.6m (2021: £231.1m) from financing activities. £838.4m was raised through new financing facilities (2021: £797.2m) and £271.8m of debt was repaid, including £100.0m against the Group's retail bond (2021: £566.1 term loan) and the repayment of £162.8.m (2021: £nil) of debt within the acquired SuperSport business. As part of the establishment of Entain CEE and acquisition of SuperSport, the Group received £174.3m of cash for the 25% ownership in Entain CEE of the minority interest (2021: £nil). £8.7m was received on the settlement of other financial instruments and liabilities including £41.6m of income on the partial settlement on a number of swap arrangements (2021: £19.1m cost) partially offset by £32.9m of contingent consideration on previous acquisitions (2021: £130.7m).

During the year, the Group also paid £50.0m in equity dividends (2021: £nil) with the prior year dividend payment of £24.5m to the minority holding in Crystalbet prior to the acquisition of the remaining 49% of equity in that business, and lease payments of £83.0m (2021: £87.9m) including those on non-operational shops.

Statutory performance review continued

Net debt and liquidity

As at 31 December 2022, adjusted net debt was £2,749.8m and represented an adjusted net debt to underlying EBITDA[3] ratio of 2.8x (2.6x proforma). There was no drawdown on the Group's revolving credit facility.

	Par value £m	Issue costs/ Premium £m	Total £m
Bonds	(400.0)	(4.1)	(404.1)
Term loans	(2,743.5)	40.6	(2,702.9)
Interest accrual	(7.0)	–	(7.0)
	(3,150.5)	36.5	(3,114.0)
Cash			658.5
Accounting net debt			(2,455.5)
Cash held on behalf of customers			(200.5)
Fair value of swaps held against debt instruments			(6.5)
Short term investments/deposits held			43.8
Balances held with payment service providers			149.8
Lease liabilities			(280.9)
Adjusted net debt			(2,749.8)

Going Concern

In adopting the going concern basis of preparation in the financial statements, the directors have considered the current trading performance of the Group, the financial forecasts, the post balance sheet events disclosed in note 36 and the principal risks and uncertainties. In addition, the directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios, which have been run individually and in combination, and include but are not limited to legislation changes impacting the Group's Online business and severe data privacy and cyber security breaches. These forecasts are not reliant on any refinancing occurring in the going concern assessment period.

Despite the net current liability position, given the level of the Company and Group's available cash of £0.3bn post Bet City acquisition, available financing facilities (including an undrawn revolving credit facility of £0.5bn) and the forecast covenant headroom even under the sensitised downside scenarios, the directors believe that the Group is well placed to manage the risks and uncertainties that it faces. As such, the directors have a reasonable expectation that the Company and Group will have adequate financial resources to continue in operational existence for twelve months from the date of signing this report, and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the financial statements.

Notes

1. 2022 and 2021 reported results are audited
2. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2022 exchange rates
3. EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items
4. Stated pre separately disclosed items

Statement of Directors' responsibilities in respect of the Annual Report and the Financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

The Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards and applicable law and have elected to prepare the parent Company financial statements in accordance with FRS 101 Reduced Disclosure Framework.

In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so; and
- prepare financial statements which give a true and fair view of the state of affairs of the Group and the parent Company and of the profit or loss of the Group and the parent Company for that period.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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

Rob Wood
Chief Financial Officer

9 March 2023

Chief Governance Officer's Review of Risk

At Entain, we are committed to active and effective risk management, creating and protecting value to the organisation and helping us deliver on our strategic priorities, manage threats and exploit our opportunities. We support risk taking where it is forecast to generate returns for the business, but always manage this in line with our values and ethics. We work together to use modern risk management methods as an integral part of our day-to-day decision making, across our whole organisation.

Risk management is fundamental both to good management practice and to the successful delivery of our mission and objectives.

2022 has been a year of stabilisation post the Covid-19 pandemic. As we discussed in our 2021 Annual Report, the impact of Covid-19 has been felt by all businesses and given the unprecedented nature of these events, our robust enterprise risk management programme has been imperative in helping the Group navigate the challenging last couple of years.

While there is still some uncertainty in the short-term, we have entered 2023 with good trading momentum and a strong Balance Sheet and, as such, we remain as confident as ever in Entain's longer term prospects.

Our risk function has been further enhanced in 2022 by the appointment of a Chief Risk Officer, supported by a team of 5 risk managers, who have continued to monitor and assess the risks (both threats and opportunities) at the same time as developing a new programme with an updated policy and Enterprise Risk Management ("ERM") manual.

As such, during 2022 we have continued to refine our approach to risk as well as deliver on several of our 2022 objectives.

Looking back on our achievements in 2022 and our priorities for 2023:

Key successes in 2022

- Appointment of a Chief Risk Officer to lead a dedicated risk team.
- Enhanced our divisional/functional risk registers, and developed a significant risk dashboard, allowing the business to focus on the management of its significant risks and risk mitigation activities.
- Roll-out of the Group Enterprise Risk Management processes to recent acquisitions as well as the wider Group.
- Ongoing rotation of deep dive sessions with the Board and its Committees on the Group's principal risks.

Key priorities for 2023

- Engage stakeholders at Divisional and Functional levels of risk ownership to collaborate on the new ERM programme and undertake formal training and structured risk workshops, the output being significant risk dashboards.
- Work closely with the 'second and third lines of defence' to ensure that the testing of critical controls is occurring and that they are effective in treating risks.
- Implement structured Group Risk Committee meetings in line with Board meeting cadence (6x annually). This will ensure sound governance, as well as enabling the ability to inform of risk movement, give early sight of emerging risks and any actions required to bring risks within the Entain risk appetite acceptability levels.
- Implement formal risk management reviews and gap analysis of recent and future acquisitions.
- Implement a 'testing plan' of the most critical controls around the Group's significant and principal risks. This will form a crucial objective throughout 2023 as the new ERM programme matures.
- A continued commitment to reduce risk through the introduction of new business processes where it makes commercial sense to do so.

Robert Hoskin
Chief Governance Officer

09 March 2023

> At Entain, we identify, assess, evaluate, and manage risk across our enterprise, understanding the impact to our business, and the actions required to bring that risk, whether a threat or opportunity, within our risk appetite. This is across our business in areas such as finance, operations, legal, regulatory compliance, cyber-security, data privacy and EHS."
>
> **Steve Howells**
> **Chief Risk Officer**

Risk Governance Structure

How we will access, manage and govern risk

Risk management structure and governance

Structure

The Group has developed and deployed an integrated and proactive approach to ERM with divisional management and functional specialists at the heart of our processes and governance structure. We continue to challenge ourselves to improve our ability to detect, understand and address risk whilst also continuing to strengthen our three lines defence model through improved processes and investment in resources.

Our first line is our day-to-day business operational teams and functional/divisional risk forums, who actively evaluate and manage risks as part of their day-to-day activities. The second line is our risk and regulatory oversight functions and Group Risk Committee which is chaired by the Chief Governance Officer and overseen by the Chief Risk Officer. These oversight functions provide our businesses with expert advice, challenge, and assistance in ensuring risks are appropriately identified, assessed, evaluated, managed, and mitigated in line with the Group's risk appetite.

Our third line is provided by Internal Audit, who provide independent and objective assurance over our risk management processes and the design and operating effectiveness of our risk mitigation control activities.

PLC Board
Specific risk oversight:

- Laws, regulations, licensing and regulatory compliance
- Attracting and retaining key talent
- Strategy Execution in Growth Markets
- Whilst not a principal risk, the Board also reviews the Group's litigation risk on an ongoing basis

Nomination Committee

Whilst the Board is responsible for the annual review of the principal risk of retention of key colleagues, as part of their responsibilities, the Nominations Committee continually reviews succession planning and the susceptibility of the Group to the risk of retention of key colleagues.

Audit Committee

Delegated risk oversight*

- Data Breach and Cyber security
- Failure to maintain our technology platform excellence
- Taxes
- Trading, Liability and pricing management

ESG Committee

Delegated risk oversight*

- Health, safety and well-being
- Loss of key locations
- Risks also reviewed continually under Committee ToR: Regulatory compliance and licensing, AML, safer gambling, data protection and the environment

Remuneration Committee

Whilst the Board is responsible for the annual review of the principal risk of attracting and retaining key talent, as part of their responsibilities, the Remuneration Committee continually reviews remuneration risks relating to employee retention and the mitigating actions in place.

Group Risk Committee
Meets six times annually, prior to each Board meeting

Online Division – Core, Technology & Emerging Markets

Retail Division (all regions)

Corporate Division

Functions:

Legal, Regulatory and Compliance	Trading	Customer Service
Data Privacy	Procurement	Mergers and Acquisitions
People Services and Property	HSE and Workplace	Finance
Cyber, Information Security	Internal Audit	Tax, Treasury and Insurance

*Delegated oversight and responsible for deep dive reviews of Group's principal risks.

Chief Governance Officer's Review of Risk continued

Governance

The Board recognises the benefits of ensuring its risk management processes are in line with the UK Corporate Governance Code and meet stakeholder expectations for listed companies. As part of this process, we not only assess risk but also evaluate the level of risk the Group is willing to take, also referred to as risk appetite. This process forms a key part of the ERM framework.

The ERM framework is the vehicle which defines and delivers risk management across the business and includes a standard risk scoring matrix to ensure a consistent approach to the identification, assessment, evaluation, management, and response to risk.

The Group Risk Committee is responsible for the ERM and Group Enterprise Risk Management Policy and manual. The Committee meets formally six times each year and comprises members of the Executive Committee along with key functional and divisional leaders. Whilst the Committee considers all identified risks to the business, it focuses on the principal and significant risks, as well as identifying potential new emerging risks which are showing signs of developing, as well as horizon scanning for longer term risks over 5-10 years.

The Entain Group Enterprise Risk Management Policy details how risks are managed and monitored. For each risk identified, the impact, actions required to manage, risk owner (Executive Committee member) and risk lead are identified. The risk owner and risk lead are responsible for identifying the relevant mitigating controls and remedial actions required to manage risk appropriately.

The Group Risk Committee opine on the adequacy of the business's risk mitigation with Internal Audit testing the effectiveness of the controls identified.

The Board maintains and reviews a consolidated view of key risks across all business segments and takes advice from the Group Risk Committee on the Group's risk appetite and strategy as well as the effectiveness of our risk management processes. The Board and its Committees also undertake a deep-dive review of all the Group's principal risks on rotation throughout the year.

Whilst we recognise that we have limited control over certain risks faced by the Group, such as macroeconomic events and the complex regulatory environment in which we operate, we continue to monitor developments in these areas closely and identify emerging risks through horizon scanning whilst ensuring that the Group has appropriate response plans in place.

The risk management approach is subject to continuous review and updates to reflect new and developing issues which might impact business strategy. Emerging or topical risks are examined to understand their significance to the business.

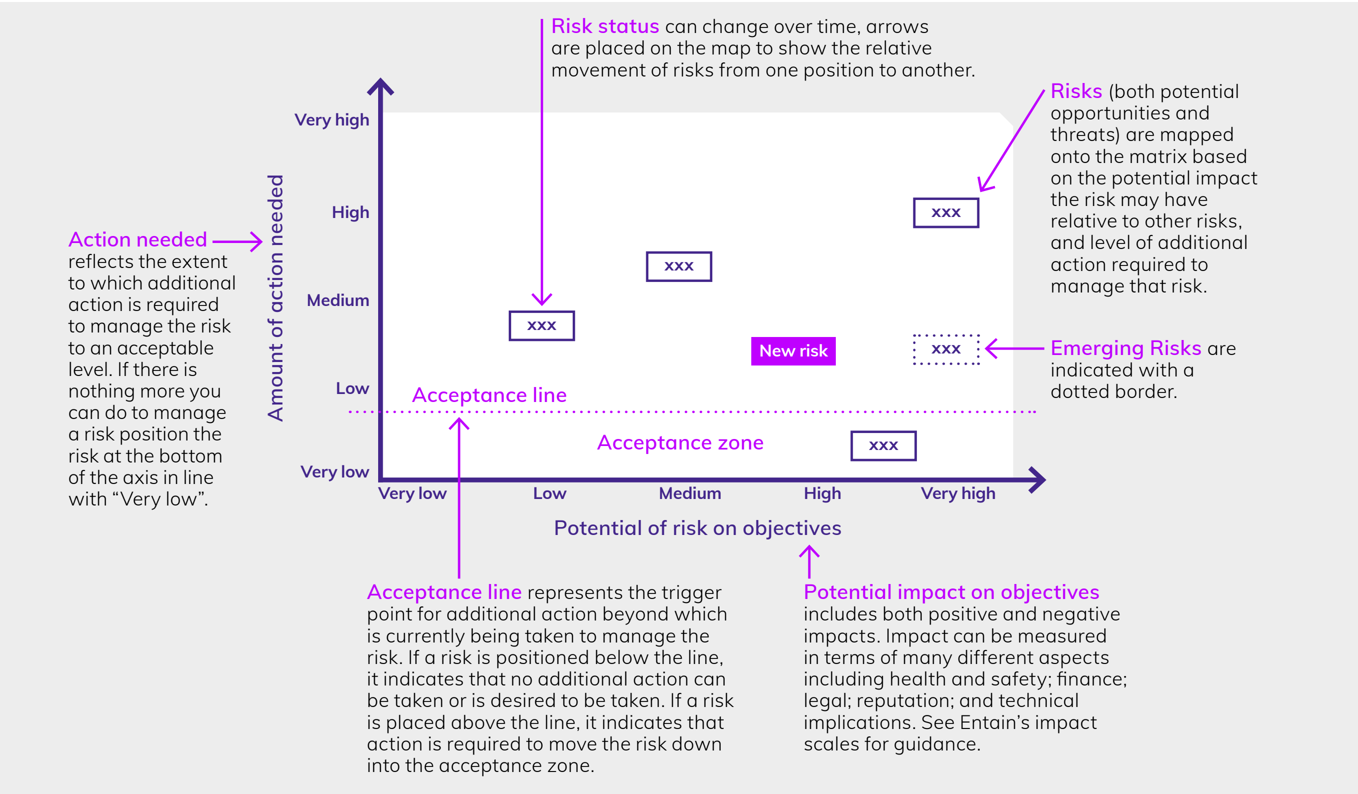
How risks are measured

As part of the ERM process, all risks identified are assessed against a defined set of criteria using an 'Impact versus Action' matrix which assesses both the impact to the business and the actions required to bring those risks within Entain's risk appetite. In assessing 'impact versus action' we assess the risk against financial performance, operational processes, legal and PR and health, safety and security.

In particular, the potential impact/consequence to the Group should the risk materialise:

- The impact of each risk is measured with reference to the financial implications (underlying EBITDA and cash), its potential operational impact (including the security of our data), the effect on the reputation of our brands and whether it affects our commitment to health, safety, security, and well-being.
- The impact is measured on a scale, from 'very low', with limited damage to a minor stakeholder, and 'very high' being severe, which may have a substantial impact on the Group affecting many key stakeholders, including customers. The action is measured from a range of no action required to many actions needed and additional resource required, also on a scale from 'very low' to 'very high' (please refer to diagram 1 below).

Risk management process and methodology



Principal Risks

Principal Risks

The principal risks and uncertainties, which are considered to have a material impact on the Group's long-term performance and achievement of strategy, are set out on the table opposite. The risks represent a snapshot at a point in time, and as the environment we operate in is constantly evolving, new risks may arise, the potential impact of known risks may increase or decrease, and our assessment of a risk may change. They do not include all those risks associated with the Group's activities and are not set out in any order of priority. This is not intended to be an exhaustive and extensive analysis of all risks which may affect the Group.

Read more on the Board's review of Principal Risks on: **page 101**

Data Breach and Cyber Security

Chief Information and Technology Officer

Risk category

- Technology
- Legal and regulatory
- Reputational
- Financial

Impact: Very High

Oversight: Audit Committee

Principal Risk/Uncertainty

The Group operations depend on the fairness of its gaming engines, the processing of customer data (protected by strict data protection and privacy laws in all jurisdictions in which the Group operates) and the ability of customers to access its services on a 24x7 basis.

The Group is exposed to the risk that the integrity of gaming, confidentiality of data or availability of its services would be compromised through a cyberattack or a breach in data security, which would impact the trust of its customers and could result in prosecutions including financial penalties.

How we manage and mitigate the risk

The Group has dedicated Cybersecurity and Data Privacy functions entrusted with protecting the security of all its operations.

The functions encapsulate the necessary in-house expertise to adapt to emerging threats. Operating under a ISO27001 Information Security Management System certification, the Cybersecurity controls and associated harmonised policies are constantly being evaluated and applied, where deemed relevant across the enlarged Group.

The Data Privacy team, led by the Group's Chief Privacy Officer is tasked with aligning the Group's data privacy strategy and governance structure, providing regular updates to the Group's ESG Committee.

Strategic relevance

Crystallisation could lead to significant reputational and operational issues that limit the Group's ability to drive Online growth.

Link to strategic objective: All objectives

Laws, Regulations, Licensing and Regulatory Compliance

Chief Governance Officer

Risk category

- Commercial
- Legal and regulatory
- Reputational
- Financial

Impact: Very High

Oversight: Board

Principal Risk/Uncertainty

Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes at short notice.

Such changes could benefit or have an adverse effect on the Group and additional costs might be incurred to comply with any new laws or regulations in multiple jurisdictions.

How we manage and mitigate the risk

The Group closely monitors regulatory, legislative, and fiscal developments in key markets, allowing the Group to assess, adapt and takes the necessary action where appropriate.

Management takes external advice, which incorporates risk evaluation of individual territories. It also engages with the relevant regulatory bodies in promoting licensing solutions that provide commercially viable opportunities for responsible online gaming operators.

Regulatory updates are provided on a weekly basis to senior management and the Board each month and discussed at every Board meeting.

Strategic relevance

Whilst changing regulatory and tax regimes offer opportunities to the Group as well as posing risks, a significant adverse change in jurisdictions in which the Group operates could have a significant impact on the Group's future profitability and cash generation.

In addition, changes in regulation may require the Group to change procedures and policies in order to adhere to its commitment of responsibility and sustainability.

Link to strategic objective: 1,2,3 & 5

Principal Risks continued

Failure to Maintain our Technology Platform Excellence

Chief Information and Technology Officer

Risk category

- Technology
- Legal and regulatory
- Reputational
- Financial

Impact: Very High

Oversight: Audit Committee

Principal Risk/Uncertainty

The Group's operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail.

Failure of online systems and servers, electronic point of sales systems/electronic displays may result in the disruption/interruption to trading/customer experience, and an inability of the technology function to effectively support product development may cause the offerings to our customers to be less market competitive.

How we manage and mitigate the risk

The Group's technology resilience levels are mature, established and supported by robust operational procedures and business continuity plans.

All critical revenue generating systems are built to mission critical and high availability standards with all operational data across the ecosystem protected, replicated, and safeguarded.

As part of the Group's technology strategy and objectives we are continuously enhancing our processes and making further improvements and, where necessary, to automate the Group's full geographical disaster recovery capability.

Strategic relevance

Significant technology failings or product outage is likely to impact the Group's ability to attract and retain the customers required to deliver the Group's growth strategy.

Link to strategic objective: All objectives – see pages 32 to 35

Taxes

Chief Financial Officer and Director of Tax, Treasury and Insurance

Risk category

- Commercial
- Legal and regulatory
- Financial

Impact: Medium

Oversight: Audit Committee

Principal Risk/Uncertainty

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. The taxes imposed upon betting and gaming companies have changed over time and continue to change. In addition to changing taxes, given the Group's geographical diversity, the nature of tax affairs can be complicated with differing legal interpretation regarding the scope and scale of taxation. Both of these factors mean the levels of taxation to which the Group is exposed to may change in the future.

How we manage and mitigate the risk

The Group's tax strategy is approved annually by the Board of Directors. Responsibility for the execution of the Group's tax strategy is delegated to the Chief Financial Officer who reports the Group's tax position to the Board on a regular basis.

In order to mitigate tax risks that arise, the Group actively identifies, evaluates, manages and monitors its tax risks and the geographies in which it operates.

The Group has an appropriately qualified and resourced tax team to manage its tax affairs.

In addition, where there is significant uncertainty or complexity in relation to a tax risk, the Group may use the services of external, expert tax advisors.

Strategic relevance

Adverse changes in the tax regimes in the jurisdictions in which the Group operates, or a significant tax assessment, may impact our profitability and cash position.

Link to strategic objective: 1,2 & 3

Strategy Execution in Growth Markets

Chief Executive Officer

Risk category

- Strategic
- Commercial
- Financial

Impact: High

Oversight: Board

Principal Risk/Uncertainty

Risk of ineffective execution of growth strategy may impact the Group's goal of leadership in key growth markets such as those in the Americas and other emerging countries, resulting in a deterioration in NGR growth opportunities in regulated and regulating territories.

How we manage and mitigate the risk

An experienced management team has been established which has extensive experience of both growth markets and the betting and gaming industry.

In addition, there is access to the specialist resources in its parent entities as well as leading professional advisers. This structure is intended to ensure that the growth strategy has every chance of success in growing markets.

Strategic relevance

Risk of ineffective execution of growth strategy may impact the Group's goal of leadership in key growth markets.

Link to strategic objective: 1

Safer Betting and Gaming

Chief Executive Officer and Chief Governance Officer

Risk category

- Operational
- Reputational
- Commercial
- Financial

Impact: High

Oversight: ESG Committee

Principal Risk/Uncertainty

Safer betting and gaming is at the centre of everything that Entain does. It is the cornerstone of our Sustainability Charter, and our most material ESG issue is to ensure the highest possible levels of player safety and protection. Failure to adequately protect our customers could impact our ability to offer products and build a sustainable business.

How we manage and mitigate the risk

We know that only a responsible business can be a sustainable one which is why we continue to invest in our Sustainability Charter as detailed on page 39 of the Report.

One of the key pillars of this charter is our Advanced Responsibility and Care™ ("ARC™") programme. ARC™ is an intelligent and innovative platform that uses behavioural insight and research, data science and analytics to assess risk in play, enabling us to identify, interact and intervene early with customers who show signs of gambling-related harm. This is coupled with a range of initiatives in the area of player protection, including a $5m academic research partnership with the Harvard Medical School, to understand the causes and consequences of problem gambling, and donating up to 1% of our GGY to the treatment of gambling related issues.

Strategic relevance

The Entain strategy is founded on having a sustainable business which provides an entertaining and safe environment for customers to enjoy our products. An inability to adequately protect our customers would fundamentally impact our ability to achieve our strategic goals. These include being the most responsible operator, taking a scientific led approach to player protection and only operating in regulated markets by the end of 2023.

Link to strategic objective: 6

Health, Safety & Wellbeing of Customers, Communities and Employees

Chief People Officer and Chief Governance Officer

Risk category

- Operational
- Reputational
- Strategic

Impact: Medium

Oversight: ESG Committee

Principal Risk/Uncertainty

Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and our responsibilities and commitments towards customers and communities could expose the Company to material civil, criminal and/ or regulatory action with the associated financial and reputational consequences.

How we manage and mitigate the risk

Entain's retail and digital businesses have numerous policies and procedures in place. Annual training and communication plans to all staff within these segments, as well as specific communications to staff across the wider Group continue to take place.

The Group's ESG Committee also oversees all aspects of Health, Safety, Security and Environmental ("HSSE") practices.

We provide a caring and supportive environment for our colleagues and take their welfare seriously.

In addition to private medical support available for many colleagues, we provide mental health support for our people via our global employee assistance programme, wellbeing app and various wellbeing initiatives run throughout the year.

As a large corporate we also recognise our impact on society and local communities and as part of the Entain Foundation we have committed to donating £100m over five years to 2025.

Strategic relevance

Breaches in the Group's HSSE policies could lead to criminal, civil and/ or regulatory sanctions, possible harm to individuals, along with significant reputational damage and negative implications on employee morale and customer goodwill.

Failure to protect our customers and employees may result in Entain not achieving our strategic aim of being a responsible operator or the best place to work. Not only will this lead to a reduction in the quality of colleagues but also our abilities to recruit and retain the talent of the future.

Link to strategic objective: 6 & 8

Principal Risks continued

Trading, Liability and Pricing Management

Chief Product Officer

Risk category

- Commercial
- Operational
- Strategic

Impact: Medium

Oversight: Audit Committee

Principal Risk/Uncertainty

The Group may experience significant losses as a result of a failure to determine accurately the odds in relation to any particular event and/or any failure of its price risk management processes.

How we manage and mitigate the risk

The Group has some of the leading expertise in trading liability management and the Group's trading team has developed the skills and systems to be able to offer a wide range of betting opportunities.

Events are priced in order to achieve an average return to the bookmaker over a large number of events and therefore, over the long term.

The Group's gross win percentage has remained fairly constant in recent years. Executive management monitor the gross win margin on a daily basis in order to ensure the long-term targets are achieved.

Strategic relevance

A run of customer favourable results or a mismanagement of the trading book could significantly impact the Group's profitability.

Link to strategic objective: 2

Loss of Key Locations

Chief Governance Officer; Chief Information and Technology Officer

Risk category

- Operational

Impact: Medium

Oversight: ESG Committee

Principal Risk/Uncertainty

Whilst the Group operates out of a number of geographical locations, there are a number of key sites which are critical to the day-to-day operations of the Group, including our offices in Central London, Gibraltar, Vienna, Hyderabad, Australia, Italy, Ireland and Manila, as well as key Data Centre locations in Dublin, Vienna, Atlantic City, Las Vegas and Gibraltar. Disruption in any of these locations could have an impact on operations.

How we manage and mitigate the risk

Business continuity plans and arrangements for off-site data storage, alternative system availability and remote working for key operational colleagues and senior management have been tested to certain extents throughout the Covid-19 pandemic and continue to be subject to ongoing review.

Strategic relevance

Loss of a key location could impact the Group's ability to offer product to its customers impacting its ability to generate revenues.

Link to strategic objective: 2

Attracting and Retaining Key Talent

Chief People Officer

Risk category

- Operational

Impact: High

Oversight: Board

Principal Risk/Uncertainty

The people who work within Entain are pivotal to the success of the Company and our failure to attract or retain key individuals may impact our ability to deliver on our strategic goals.

How we manage and mitigate the risk

Building on the successful launch of our award-winning employer brand, our people strategy focusses our efforts on securing and retaining the best talent, providing a market leading working environment and the best employee experience.

Our talent management and reward and recognition programmes are continually assessed through a number of regular colleague feedback mechanisms and external benchmarking.

Strategic relevance

A pre-requisite to achieving all of the strategic priorities is ensuring we have the right people with the right skills, deployed within the right area of the business. Failing to recruit/retain the best people could significantly impact the Group achieving all of its strategic objectives.

Link to strategic objective: 8

Viability Statement

In accordance with provision 31 of the 2018 Corporate Governance Code, the Board and Directors have completed an assessment of the prospects and viability of the Entain plc Group over a longer period than the 12 months required by the “Going Concern” provision.

The Directors have concluded that three years was an appropriate period for assessment, as this is aligned to the Group’s strategic planning process and is considered to be the period for which reliable estimates can be made for variations in both industry and customer dynamics, regulatory change, technological advancements and the economic backdrop in the betting and gaming industry taking into account the changing landscape.

The objectives of the strategic planning process are to further develop the business’ understanding of the markets in which it operates, assess the risks and opportunities facing the business and develop a Group-wide strategy and associated financial forecasts.

The Directors have utilised these strategic forecasts, the 2023 Board approved budget and the current financial position of the Group to assess the potential impact on viability of certain severe, but plausible, “risk events” arising which represent the crystallisation of the Group’s principal risks and uncertainties as identified on pages 85 to 88 of this Annual Report. The assessment conducted considered the Group’s revenue, EBITDA, operating profits, cash flows, risk management and controls, its current debt maturity and anticipated refinancing profile and mitigating actions should baseline assumptions change.

The financial impact of the identified risk events has been assessed both individually and in combination and includes:

- The impact of a change in the Group’s duty profile, including further changes in gaming taxes in key geographies
- Significant changes in the regulatory environment/further focus on AML legislation and breaches in data privacy regulations
- Cyber security failings
- Downturn in trading as a result of a failure to protect customers and/or retain key staff

The Directors have also performed reverse stress tests to assess the level of liquidity and covenant headroom in the underlying forecasts, as well as considering the broader economic landscape in forming their view on viability.

Based on the results of this analysis and the mitigating actions available to the business, the Directors confirm that they have a reasonable expectation that the Group will be able to meet its liabilities as they fall due over the three-year assessment period to December 2025.

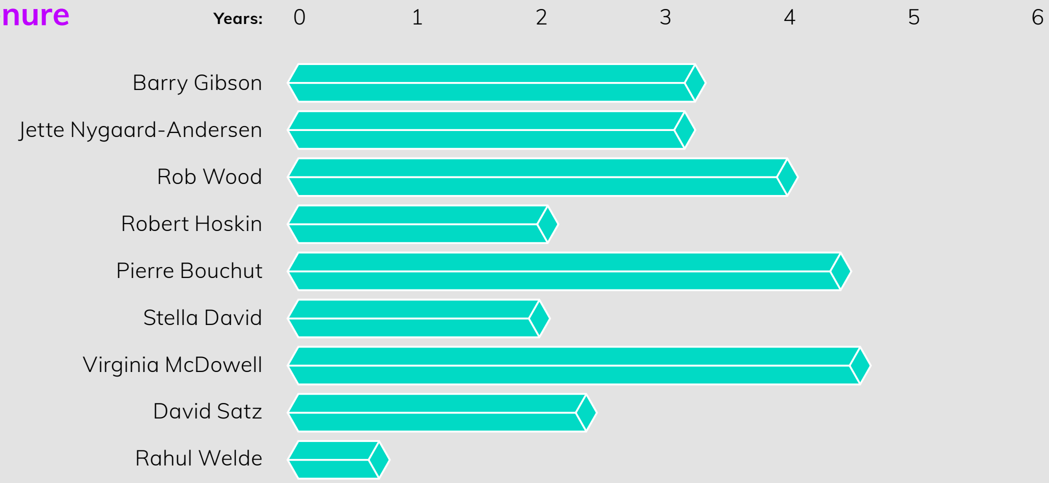
Governance

In this section

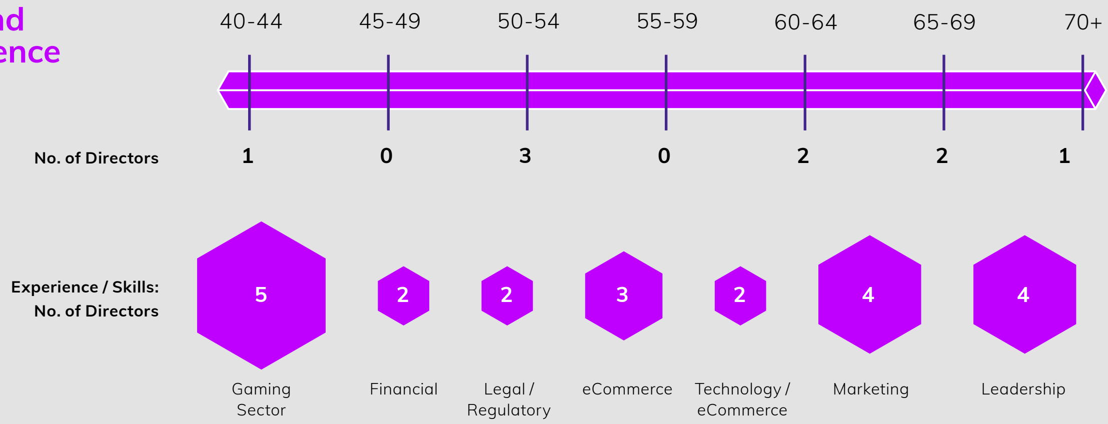
Board of Directors

(as at 9 March 2023)

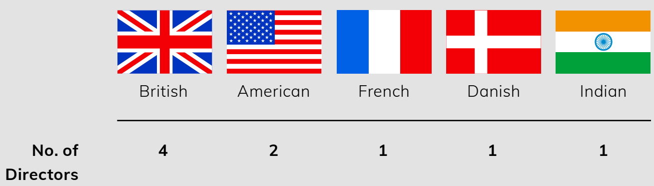
Tenure



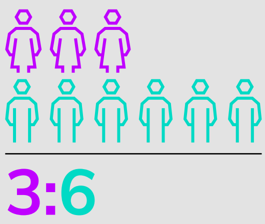
Age and experience



Diversity



Gender



Board of Directors continued

Key:

- A Audit Committee Member
- R Remuneration Committee Member
- N Nomination Committee Member
- E ESG Committee Member
- A Audit Committee Chair
- R Remuneration Committee Chair
- N Nomination Committee Chair
- E ESG Committee Chair

J M Barry Gibson
Chairman

Tenure: Appointed to the Board November 2019 and became Chairman in February 2020.

Age: 71 **Nationality:** British

Committee / attendance:
N 3/3

Biography: Barry was previously a non-executive director of William Hill plc and bwin.party digital entertainment plc, where he was the senior independent director. Other listed company experience includes roles as the chairman of HomeServe plc, non-executive directorships of Somerfield plc and National Express plc and group chief executive of Littlewoods plc. He was formerly the group retailing director at BAA plc and non-executive chairman of Harding Brothers Holdings Ltd.

Key strengths and experience:
Barry has enjoyed a distinguished business career, with deep understanding of the gaming and retail sectors. He is an experienced leader and board member with valuable insight on improving company performance and transformation programmes. Barry continues to create a Board environment of constructive challenge and oversight.

Jette Nygaard-Andersen
Chief Executive Officer

Tenure: Appointed to the Board as Non-Executive Director in December 2019. Appointed as Chief Executive Officer and Executive Director in January 2021.

Outside interests: Non-executive director of Coloplast AS (a medical technology company listed on the Copenhagen Stock Exchange) and a member of their remuneration and nomination committees.

Age: 54 **Nationality:** Danish

Biography: Jette held a number of senior leadership roles at Modern Times Group AB, a listed international entertainment group with a strong presence in Scandinavia and Central Europe. These included being chief executive of Pay TV, Broadcasting and, latterly, CEO of Digital Video Content, which had ownership in next generation digital entertainment businesses such as video gaming companies, esports and social content platforms. She also chaired the board of Astralis Group A/S, an international esports organisation.

Key strengths and experience:
Jette joined as Chief Executive on 21 January 2021, having previously spent one year on the Entain Board as a Non-Executive Director. She has over two decades of leadership experience in the media, sports and entertainment sectors, with deep experience of digital transformation and optimisation of customer experience. Jette has been instrumental in bringing a number of initiatives to promote diversity and inclusion within the workplace and to place customer focus at the heart of Entain's business.

Rob Wood
Chief Financial Officer and Deputy CEO

Tenure: Appointed to the Board as Chief Financial Officer in March 2019; the role of Deputy CEO was added to his portfolio in January 2021.

Age: 43 **Nationality:** British

Biography: Rob joined Entain in 2012 and worked in senior roles within finance, including as CFO of the Group's retail business. Prior to Entain, he was senior vice president at Cerberus Capital, overseeing the private equity firm's European portfolio companies and worked in restructuring advisory at Rothschild. Rob started his career at KPMG where he qualified as a chartered accountant and holds a degree in Mathematics and Management Studies from the University of Nottingham.

Key strengths and experience:
Rob's financial expertise and deep knowledge of Entain's business make him uniquely placed to manage his wide-ranging portfolio as CFO and Deputy CEO, providing insight to the Board on commercial and financial issues as well as merger and acquisition opportunities.

Robert Hoskin
Chief Governance Officer

Tenure: Appointed January 2021.

Age: 51 **Nationality:** British

Biography: Robert joined Entain in 2005 and served as Group Director of Legal, Regulatory and Secretariat, overseeing its corporate governance, legal and regulatory requirements across more than 20 countries in five continents and supported various M&A transactions. Prior to Entain, he headed up the Investment Company Secretariat at Aberdeen Asset Management. Robert is a chartered company secretary.

Key strengths and experience:
Robert has extensive legal, regulatory and governance experience. His career at Entain spans 18 years, giving him huge insight into the business and sector as he has overseen the Group evolve from holding two gambling licences to 135 licences in more than 30 different countries. Robert's role as Chief Governance officer has been pivotal in assisting the Board in developing and implementing a strategy to build a responsible and sustainable business.

Pierre Bouchut
Independent Non-Executive Director

Tenure: Appointed September 2018.

Age: 67 **Nationality:** French

Outside interests: Non-executive director and chairman of the audit committees at Pepco Group, Firmenich SA and GeoPost SA and a non-executive director of Central Europe Investment SA.

Committee / attendance:
A 5/5 N 3/3

Biography: Pierre was the chief operating officer for Europe at Koninklijke Aholddelhaize N.V. (2016-2018), chief financial officer at Delhaize Group Belgium (2012-2016), Carrefour SA (2009-2012), Schneider Electric Group (2005-2009) and CEO of Casino Group (1995-2003). He was also a non-executive director of Hammerson plc (2015-2021). Prior to this, Pierre worked for Citibank, Bankers Trust and as a consultant with McKinsey.

Key strengths and experience:
Pierre has had a long career in senior executive and non-executive roles across finance, retail, logistics, information systems and property. His familiarity with the management of large, internationally listed companies gives him extensive understanding of regulation, accounting standards and strategy, complementing his deep knowledge of corporate governance and audit committee practice. This broad experience makes him suited to chair Entain's Audit Committee and to act as its financial expert.

Stella David
Senior Independent Director

Tenure: Appointed March 2021.

Outside interests: Non-executive director of Domino's Pizza Group plc (where she chairs the remuneration committee) and Norwegian Cruise Line Holdings Ltd. Stella is also non-executive chair of Vue International and a non-executive director of Bacardi Ltd, both of which are privately owned businesses.

Age: 60 **Nationality:** British

Committee / attendance:
R 9/9 N 3/3 E 5/5

Appointed Chair of the Remuneration Committee in February 2023

Biography: Stella was previously CEO of William Grant & Sons, following more than 15 years with Bacardi Ltd. She was chair of C&J Clark Ltd, non-executive director and senior independent director of HomeServe plc and non-executive director and remuneration committee chair at the Nationwide Building Society.

Key strengths and experience:
Stella brings lengthy experience in management, the consumer environment and marketing to the Board. Her non-executive roles in listed and privately held companies give her a deep understanding of shareholder views and best practice standards of corporate governance, as well as enhancing the Board's ability to support and oversee the delivery of Entain's strategy.

Key:

Ⓐ Audit Committee Member
Ⓡ Remuneration Committee Member
Ⓝ Nomination Committee Member
Ⓔ ESG Committee Member
A Audit Committee Chair
R Remuneration Committee Chair
N Nomination Committee Chair
E ESG Committee Chair

Virginia McDowell

Independent Non-Executive Director
Designated Workforce Director

Tenure: Appointed June 2018.

Outside interests: Vice-president of Global Gaming Women, a non-profit organisation with a mission to support, inspire and influence the development of women in the gaming industry through education and mentoring and a trustee of St Louis University.

Age: 65 **Nationality:** American

Committee / attendance:
E 5/5 N 3/3 R 9/9

Biography: Virginia was the president and CEO of Isle of Capri Casinos, Inc. in the United States from 2011 until her retirement in 2016, and the president and COO of Isle of Capri (2007-2011). Prior to this she was the chief information officer at Trump Entertainment Resorts (2005-2007) and senior vice president of operations. Virginia was the first woman to be inducted into the Mississippi Gaming Hall of Fame and was recently inducted into the American Gaming Association's Hall of Fame.

Key strengths and experience:
Virginia's 40-year career and accomplishments in the gaming sector have been recognised by a number of prestigious awards. Virginia has actively engaged with our stakeholders in her role as Designated Workforce Director. Throughout her career she has maintained a tireless focus on developing the next generation of women leaders in the gaming industry and this understanding of the diversity and regulatory challenges of the sector has greatly assisted the Board and the ESG Committee.

David Satz

Independent Non-Executive Director

Tenure: Appointed October 2020.

Outside interests: Member of the board of a commercial gaming and hospitality entity established by the Eastern Band of Cherokee Indians (EBCI).

Age: 63 **Nationality:** American

Committee / attendance:
E 5/5 A 5/5

Biography: David was senior vice president of Government Relations and Development for Caesars Entertainment Corporation in Las Vegas, where he worked from 2002 to 2019 and had responsibility for overseeing Caesars' government activities for more than 52 properties in 15 states in the US and several other countries around the world. Prior to this he spent 16 years at the US law firm Saiber Schlesinger Satz Goldstein LLC, where he had a particular focus on the gaming industry and played a key role in numerous regulatory and legislative initiatives throughout the US.

Key strengths and experience:
David brings an exceptional perspective on the US gaming sector to the Board as well as expertise in gaming regulatory law and policy as it impacts the Group worldwide. His extensive career in regulation and legislation has allowed the Board to benefit from his insight and knowledge as Entain seeks to execute its strategy of being the leading US operator through its BetMGM joint venture. His regulatory experience has also provided insight into the many regulatory, responsible gaming and compliance issues that the Group faces.

Rahul Welde

Independent Non-Executive Director

Tenure: Appointed July 2022.

Outside interests: Chair of the Advisory Board of Migrant Leaders, a UK charity.

Age: 53 **Nationality:** Indian

Committee / attendance:
E 2/2

Appointed as a member of the Audit and Remuneration Committees in February 2023.

Biography: Rahul spent over 30 years working with Unilever PLC, most recently in a global role as the Executive Vice President of Global Digital Transformation, building capabilities across the digital spectrum, including new business models, innovation, partnerships, processes and training. Previously, Rahul was Unilever's Regional VP Media for Asia, Africa, Middle East, Turkey and Russia. Throughout his career he has worked in a diverse range of roles across functions and categories. He has been active in industry bodies, including as the Regional Vice President for The World Federation of Advertisers and Chairman of the Mobile Marketing Association, Asia.

Key strengths and experience:
Rahul brings a lifetime career of knowledge from the global fast-moving consumer goods sector. He has proven experience of leveraging digital technologies for the benefit of business. Rahul has deep expertise in media and marketing as well as in digital and transformation, leading large change programmes encompassing technology, processes and people.

Chief Governance Officer's Report

The Board

2022 was a busy year again for the Board and the Governance Team. The membership of the Board changed further, with Rahul Welde joining as an independent Non-Executive Director in July. Rahul had recently stepped down as Executive Vice President of Global Digital Transformation at Unilever plc where he drove digital strategies for the Unilever brands. He is an Indian national and brings over 30 years' experience in the global fast-moving consumer goods sector.

The membership of the Board has entirely changed since 2018, with six of the nine members appointed since November 2019 and three directors appointed since 2021. This reflects how far the Group has changed and matured over recent years, bringing in a wide spectrum of knowledge and experience beyond traditional gambling and helping the Group deliver on its sustainability strategy of adopting best governance practices.

"Membership of the Board...reflects how far the Group has changed and matured over recent years, bringing in a wide spectrum of knowledge and experience beyond traditional gambling."

Robert Hoskin
Chief Governance Officer

Summary of 2022

In my last annual report I summarised our plans for 2022 and set out below is how we actually did:

2022 Goals	2022 Result
Continue to address the recommendations in the Alvarez & Marsal ("A&M") report.	We have focused on further evolving our risk function as recommended by A&M. A Chief Risk Officer has been appointed and is overseeing an ERM programme which is described on page 83 of this Annual Report. The Board continues to keep under periodic review if a separate Board Risk Committee should be required to support the Audit and ESG Committees.
Enhance colleague governance and compliance training with further recruitment overseen by a newly recruited Group Head of Ethics & Compliance.	We rolled out an extensive 'Big Six' training programme covering the Code of Conduct, Prevention of Bribery, Corruption and Tax Evasion, Governance, Risk and Compliance (including anti-money laundering), Modern Slavery, Information Security/ Cyber Security and Data Privacy. This training is mandatory and at least 85% of global colleagues had to complete each module in order to meet the threshold for the ESG element of the annual bonus. As described in the Remuneration Report, this threshold was met.
Continue to enter new domestically licensed markets with a focus on the Americas, Africa and Eastern Europe.	We obtained a licence in Zambia and are close to securing one in Kenya. BetMGM is now live in an additional 6 states plus Ontario, Canada, where the bwin, Party and Sports Interaction brands were also successful in obtaining Ontario licenses. The Group has secured a partnership with a Mexican licensed casino owned by DRGT and is due to go live with an online offering in 2023. Brazil, Chile and Peru are in the process of rolling out regulation.
Develop and roll-out ARC™ in selected international markets.	We rolled out versions of ARC™ in Austria, Belgium, Canada, Denmark, Estonia, France, Georgia, Greece, Ireland, Italy, Latvia and Sweden as part of the ESG element of the annual bonus plan.
Continue to progress resolution of the HMRC investigation.	The Group continues to fully cooperate with the HMRC investigation into the matter relating to its legacy Turkish-facing business sold in 2017.
Hold a follow-up Entain: Sustain conference to ensure ongoing transparency and accountability around our ESG practices.	A well-attended Entain: Sustain event was successfully held in London in October 2022. A report on this conference can be found in our discussion on Board Leadership and Company Purpose on page 99.

Governance Team

There were no significant changes to my Governance Team in 2022, except in one important regard. We appointed a Chief Risk Officer, Steve Howells, who reports directly into the Chief Governance Officer. Following the 2021 Alvarez and Marsal governance and compliance review, we wanted to address their recommendation that Entain's risk function is given more weight in the organisation, that it be better resourced, a freestanding second line function with a more complete set of risk tools and capabilities and should be led by a senior person.

The Chief Risk Officer is supported by a team of five risk managers, who have continued to evaluate, assess and monitor risks, both threats and opportunities, across our enterprise ensuring our critical controls are operating effectively in line with Entain's risk appetite. An updated enterprise risk management ("ERM") programme has been developed in line with the principles of the international standard for risk management, ISO 31000. Our comprehensive ERM framework, supporting manual and policy consolidates and improves risk governance and reporting, supporting the identification of principal and significant key risks that may affect our organisation, quantify and manage them better, and implement the proper controls to eliminate or reduce the threat, whilst exploiting opportunities, enabling Entain to understand the relationship between risk and value creation.

Sadly, Emily Carey, Entain's Company Secretary is leaving us at the end of April after nearly three years to take up another career opportunity. On behalf of the Board I would like to thank Emily for her hard work and commitment and we wish her the best for the future. The Board is in the process of recruiting a successor.

Regulatory Settlement

In August 2022 it was announced that the Group had entered into a regulatory settlement with the British Gambling Commission and agreed to pay £14m in respect of Entain's digital business, and £3m in respect of its Retail business, both in lieu of a formal penalty. For the avoidance of doubt, a regulatory settlement is not a fine and Entain offered and agreed the regulatory settlements with the Commission in order to bring a two year process to a close and avoid further costly and protracted legal proceedings. We accept that certain legacy systems and processes supporting the operations of the Group's British business during the review period three years ago were not in line with the evolving regulatory expectations of the regulator in respect to aspects of social responsibility and anti-money laundering ("AML") safeguards. However, it is important to note that despite the AML issues, the Commission publicly stated that it found no evidence whatsoever of criminal spend within Entain's operations.

An action plan to address the issues identified from the 2019-2020 assessment was fully implemented before the regulatory settlement was announced.

The issues raised by the Commission related to the period between December 2019 and October 2020, which predates the many changes in the area of safer gambling and AML that Entain has introduced. For instance, in 2021 Entain launched its Advanced Responsibility and Care™ ("ARC™") programme which, using revolutionary AI technology, operates in real-time and is individually tailored for each customer.

Chief Governance Officer's Report continued

In May 2022 Entain was awarded the Advanced Safer Gambling Standard by GamCare, having evidenced the highest standards of player protection and social responsibility for its online and land-based gambling businesses in Great Britain. In addition, SBC awarded Entain Global Socially Responsible Operator of the Year 2022 and EGR North America gave Entain Safer Gambling Provider of the Year 2022.

Regulated Markets Strategy

On 12 November 2020, Entain announced a clear strategy for sustainability, growth and innovation. As part of that strategy, the Group made a commitment to only do business in countries where it had a local licence or those countries that were on a path to revise their laws and regulations which would allow us to then apply for a domestic licence in the near to mid-term. At the start of 2023 the Group accelerated this process by exiting its few remaining markets where there is no clear path to market liberalisation via domestic regulation.

Since 2020 the Group has closed its offering into more than 150 markets where we do not see the prospect of regulation allowing us to obtain a licence or find a land-based licensed operator to partner with on attractive commercial terms. We have also doubled the number of countries where we hold a licence and currently hold domestic licences in 30 countries and now hold licences in 25 US States. We remain active in only a small number of markets where we do not currently hold a domestic licence, but we see changes in regulation and partnerships with locally licensed operators that will enable the Group to obtain domestic licence entry in due course.

More specifically in 2022 we obtained a licence in Zambia and are close to securing one in Kenya. We are also pursuing licence options in a number of other countries in Africa. In Canada we were successful in getting licences in Ontario for our bwin, Party, Sports interaction and BetMGM brands. In Germany we were awarded slots and poker licences, whilst also successfully renewing our sports betting licences. Through our acquisitions of Totolotek, BetCity and SuperSport we also now have licences in Poland, the Netherlands and Croatia respectively. Turning to Latin America, we have partnered with a land-based casino in Mexico and expect to launch bwin online once the licence consents have been issued later this year. Brazil, Chile and Peru are all in the process of rolling out licence regimes in the next 12 to 18 months, albeit the timelines have been disrupted by varying degrees by domestic political developments.

2023

For 2023 the key areas of focus are:

- Undertake a follow-up independent audit of the Group's governance and compliance processes, following on from the 2021 Alvarez & Marsal review.
- Continue to embed the evolved risk management programme throughout the business.
- Further develop the global Compliance and AML team structures, with further recruitment where required, and the alignment of acquired businesses with the Group's policies, procedures and risk appetite.
- Recruit a new Company Secretary.
- Finalise a new strategy for ARC™ which provides a path of development for the next three years.
- Progress the HMRC investigation towards a conclusion.
- Hold an Entain: Sustain update interaction in Q4.

Robert Hoskin
Chief Governance Officer

9 March 2023

Governance framework

Remuneration Committee
Responsibilities
- Recommends the Remuneration Policy
- Determines remuneration packages of the Chairman, Executive Directors, ExCo members and Company Secretary
- Monitors alignment of pay and incentives for the wider workforce
- Maintains dialogue with shareholders and workforce on remuneration
- Reports on implementation of the Remuneration Policy

Audit Committee
Responsibilities
- Oversight of financial reporting processes
- Integrity of financial statements
- Reviews audit effectiveness including internal controls
- Supports the Board on risk management
- Advice on external auditor

ESG Committee
Responsibilities
- Reviews ESG policies and controls for managing the Group's relationships with stakeholders
- Monitors the Group's ESG performance, including against KPIs and ensures the ESG strategy remains fit for purpose

Entain plc Board

Nomination Committee
Responsibilities
- Reviews composition of the Board and its Committees
- Leads Board appointments process
- Maintains strong NED pipeline
- Reviews independence and outside commitments of NEDs
- Reviews Board diversity policy

Chairman's Committee
Responsibilities
- Reviews structure and effectiveness of the Group's organisation and management
- Reviews executive succession and performance

CEO

Executive Committee (ExCo)
Responsibilities
- Advisory Committee to support the CEO on management of the Group's operational and financial performance

Entain Leadership Team
- Business Leaders who own delivery of business strategy and communications across the Group

Group Compliance Committee → Regional Compliance Committees

Group Payment Processing Committee

Group Risk Committee → Divisional Risk Forum; Functional Risk Forum

ESG Steering Group → Net Zero Group

Chief Governance Officer's Report continued

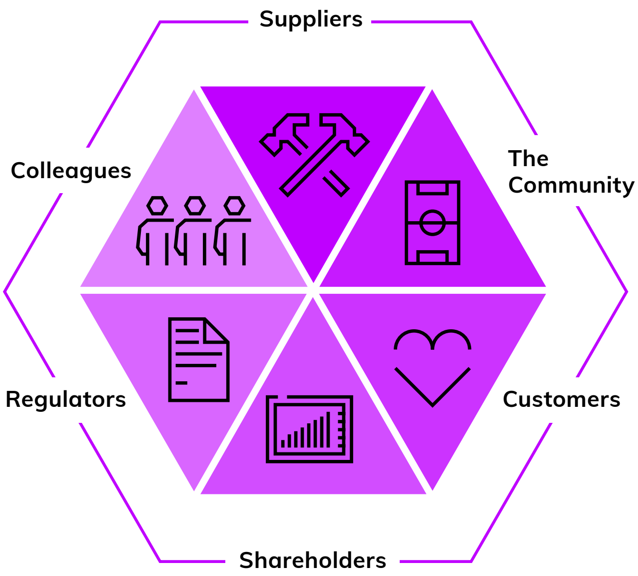
Board Leadership and Company Purpose

Entain's purpose is to bring moments of excitement into people's lives. Over the year the Board sought to promote our purpose and strategy and made decisions in the interests of all stakeholders, having considered the matters set out in s172 of the Companies Act 2006 (UK).

Stakeholders

The Board has responsibility for leading the Group's stakeholder engagement and considering the implications of key decisions on the Company and its stakeholders. The Board recognises that effective engagement with our stakeholders will drive long-term value creation, making Entain a company that people want to invest in, buy from, partner with and work for.

Entain has identified six stakeholder categories and our report on 'Board activities' provides an overview of how the Group's key stakeholders are considered in Board discussions and deliberations on strategy.



During the year, the Board gave regard to the differing needs of its stakeholders in its decision making, recognising that the global pandemic had impacted their interests and views – supporting our people, suppliers, customers and communities.

Colleagues

Employee forums exist in many of the locations in which we operate. The forums enable our people to discuss and agree how their teams connect with the Company purpose, strategy and values, as well as discussing topics that impact them and their colleagues. Our Employee forums form a key part of our employee listening and engagement strategy. In 2022 discussions were held regarding reward, in particular the level of pay within Retail. Local forums shared their feedback and management ensured this was incorporated into the decision-making process.

Each forum meets on a quarterly basis, with an AGM held with all forums and the Board on an annual basis. In addition, an annual Global Conference is held where locations without an employee forum have the chance to engage with the Board.

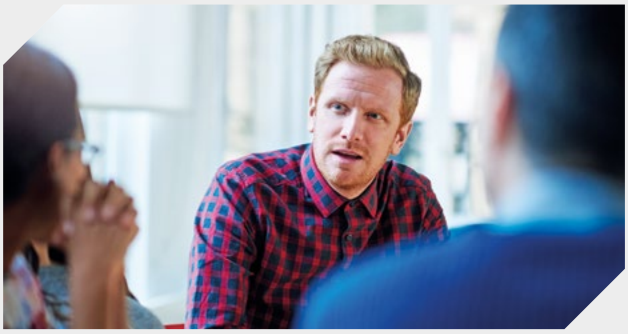
Virginia McDowell, in her capacity as Designated Workforce Director, remains a regular attendee at Employee Forums, enabling her to provide the Board (and its Committees) with informed feedback and insight into the realities of everyday working life at Entain. Mark Gregory (former independent Non-Executive Director and Chair of the Remuneration Committee) and Stella David (Senior Independent Director) attended the AGM and Annual Conference respectively.

Employee Forum Global Conference

Entain's Global Conference was attended by two Board directors, Virginia McDowell and Senior Independent Director, Stella David, together with 40 employees representing 19 countries.

The Conference considered a wide range of topics including business strategy and performance, regulatory/safer gambling, staff retention, global mobility of employees, M&A strategy, Retail, Sustainability, Diversity, Equality and Inclusion and Well-being, and the steps being taken by the business to support employees through the prevailing difficult economic environment. The Conference generated a number of take-aways for management to consider, particularly regarding Entain's ESG strategy, our products, and employee development and retention.

A video recording of the Global Conference was posted on the Company's intranet to ensure that all employees have an opportunity to watch the discussion.



Employee Forum AGM

The Employee Forum AGM provides an opportunity for representatives from each of our five Employee Forums to present their highlights and key achievements of the past year and their key aims for 2023. It facilitates a two-way dialogue between the employees and the representatives of the Board. Virginia McDowell attended the Employee Forum AGM together with Mark Gregory, a former Non-Executive Director and Chair of the Remuneration Committee. The AGM was attended by 70 employees.

The presentations from each Employee Forum shone a light on the effectiveness of the Employee Forums as a means of raising key issues and implementing initiatives to drive positive change within the business. The presentations were followed by a Q&A session during which topics such as employee well-being, training and development, HR reporting systems, employee benefits, the Group Policy Framework and Entain's People Strategy were discussed. A number of proposals were taken away by the representatives of the Board for further consideration.

These events enable the Board to:

- Understand how the business strategy has been translated and implemented into everyday working practices.
- Gauge the degree in which the Group's values have been culturally embedded.
- Understand what really matters to our colleagues.
- Engage with our colleagues in open, honest and candid conversations.

Shareholders

The Board receives feedback on shareholder views in different ways, including through the Chairman and executive management who meet regularly with shareholders throughout the year, as well as an investor study compiled by an independent third party. Board members listen in to results and trading updates held by the Group for analysts and institutional investors and can hear directly the questions and comments on Company performance.

During the year, the Remuneration Committee consulted with institutional shareholders on proposals for a new Remuneration Policy. A consultation letter was sent to our forty largest shareholders, plus the main proxy advisors and feedback was received from 17 institutions. The Chair of the Remuneration Committee, Senior Independent Director and members of the Remuneration Committee attended consultation meetings with investors and proxy advisors and the feedback from these meetings was shared with the wider Board.

In October 2022, we held the second sustainability showcase, Entain: Sustain, attended by shareholders, regulators, legislators, media, as well as industry stakeholders and partners. This demonstrated our commitment to ESG and we announced the roll-out of our award-winning safer gaming programme ARC™ to 22 of our global markets. The event was attended by our Chief Executive Jette Nygaard-Andersen, ESG Committee Chair Virginia McDowell, Chief Governance Officer Robert Hoskin and Senior Independent Director Stella David.

AGM

All resolutions put to the 2022 Annual General Meeting received overwhelming support of those investors who voted, being approximately 77% of our shareholder base (the same voting level as 2021). The results of the voting at all general meetings are published on our website: www.entaingroup.com.

Composition, Succession and Evaluation

Director meeting attendance for 2022

The Board had six scheduled meetings in 2022 and a further three ad-hoc meetings.

	Meetings attended	Meetings eligible to attend	Independent
Chairman			
Barry Gibson	7[A]	9	Independent upon appointment
Executive Directors			
Jette Nygaard-Andersen	9	9	
Robert Hoskin	9	9	
Rob Wood	9	9	
Non-Executive Directors			
Pierre Bouchut	9	9	✓
Stella David	9	9	✓
Mark Gregory	8[B]	9	✓
Peter Isola (resigned 21 March 2022)	1	1	✓
Vicky Jarman	9	9	✓
Virginia McDowell	9	9	✓
David Satz	9	9	✓
Rahul Welde (appointed 1 July 2022)	5	5	✓

A Missed one ad-hoc call due to travel delay and one scheduled meeting due to illness.
B Missed one scheduled meeting due to a trip rescheduled by Covid.

Board activities

The Board has responsibility for establishing the Group's purpose, values and strategy, as well as overseeing the conduct of its business and promoting the long-term sustainable success of the Group, generating value for shareholders and contributing to wider society.

The Board had six scheduled in-person meetings in 2022. In addition there were a further three telephone meetings arranged during the year concerning urgent matters such as potential M&A activity.

Board meetings are a key mechanism for Directors to discharge their duties, notably under Section 172 of the Companies Act 2006 (UK). An overview of the Board's discussions and how these considered the Group's key stakeholders is set out below.

As an Isle of Man incorporated company, Entain is not subject to the reporting obligations under Section 172 of the Companies Act 2006 (UK). Nevertheless, the Board recognises the importance of effective governance and intends to operate in line with the UK reporting regulations.

During 2022 the Group complied with the principles and provisions of the 2018 UK Corporate Governance Code. The Code can be found on the FRC's website at www.frc.org.uk

Key to stakeholder groups:

S Shareholders
C Customers
Su Suppliers
Cu Customers
Com The Community
R Regulators

Strategy

Evolving and embedding the Group's strategy

S C Su Cu Com R

- Considered customer profile and product development in key markets and its impact on the Group's strategy.
- Teach-in on Entain's Innovation Lab.
- Discussions on the customer experience and development of the Customer Charter.
- Two-day strategy session, looking at growth in core and new markets, competitor analysis and technology opportunities.
- Reflection on Entain's safer gambling commitments within the context of our strategy.

M&A activity

S C Su C R

- Received regular updates on potential M&A opportunities.
- Discussed regional M&A strategy, including Central and Eastern Europe and Australia.
- Reviewed and approved M&A projects recommended by management.

Financial Plan

S C Su C

- Discussed and approved the 3 Year plan.

Performance

Business updates
S C R

- Undertook segment reviews of the Retail and digital businesses.
- Monitored the performance of the BetMGM joint venture in the US.

Financial updates
S C Su

- Monitored and debated the wider macroeconomic and geopolitical environment and its potential impact on our business.
- Received monthly financial performance updates.
- Reviewed and approved the 2023 budget.

Regulatory updates
S C Cu Su R

- Received regular regulatory and legal updates from the Chief Governance Officer.
- Part of the distribution for weekly email updates on safer gambling and regulatory affairs which goes out to senior management.
- Held deep dives on regulatory developments in the Group's key markets and reflected on their potential impact on the Group's strategy.

Risk
S C Su Cu Com R

- As required under the UK Corporate Governance Code, the Board carried out a robust assessment of the Group's Emerging and Principal Risks.
- Following this assessment, the Board reviewed and approved the framework for the oversight of Principal Risks by the Board and its Committees.
- Held deep dive reviews of the Principal Risks of Increased Cost of Product, Recruitment and Retention of Key Employees, BetMGM and US strategy and laws, regulation, licencing and regulatory compliance.
- Reviewed and agreed the Principal Risks for 2023 and their allocation for monitoring between the Board, Audit and ESG Committees.
- Reviewed and agreed the Group's annual long-term viability statement.

People
C S Com

- Monitored the company's initiatives to support colleagues impacted by the pandemic.
- Held a Board meeting on People issues, including senior management succession, culture, diversity, equity and inclusion, leadership and talent development and a review of our Principal Risk of recruitment and retention of key employees.
- Reflected on the Group's working policies in a post-Covid environment.

Responsible Gambling
Cu C Com R

- Received regular updates on the Group's safer gambling activities, including our Advanced Responsibility & Care ("ARC™") programme.
- Received updates from the ESG Committee monitoring the performance of the responsible gambling remuneration metric.
- Reviewed the work and strategy of the Entain Foundation.

Governance

Reviewed updates to the market
S C Com R

- Full Year and Interim Results
- Entain Sustain (ESG sustainability showcase)
- Updates on BetMGM and Enlabs

Investor feedback
S

- Received feedback on investor meetings from the Chairman, Remuneration Committee Chair, Executive Directors and Chief IR & Communications Officer.
- Considered external reviews of investor feedback on Entain's performance and governance.

Board governance
S C R

- Reviewed and updated the Schedule of Matters Reserved for the Board.
- Held a Board evaluation covering the effectiveness of the Board, its Committees and the performance of the Chairman and individual directors.

Conflicts of Interest policy
S C Su Cu R

- Reviewed and approved the Board's Conflicts of Interest Register.

Board succession
S C R

- Discussed and approved a Non-Executive appointment.

Regulatory disclosures
S C R

- Approved the Notice of Meeting for the AGM.
- Following the Audit Committee's recommendation, reviewed and approved the Annual Report and Accounts and the Interim and Full Year results.

Roles and responsibilities of the Entain Board

Entain plc Board

- Responsible for the long-term success of the Group
- Establishes strategy and monitors its implementation
- Has regard to the interests of stakeholders in its decision making
- Leads and directs the Group's values, culture and purpose
- Responsible for risk oversight
- Sets the standards of integrity, ethics and conduct within the Group
- Responsible for the overall financial performance of the Group
- Responsible for the Group's corporate governance

Non-Executive

Chair

- Leads the Board and is responsible for its overall effectiveness
- Ensures the Board as a whole develops and determines the Group's strategy and objectives
- Acts as guardian of the Board's decision making
- Oversees the effective engagement with stakeholders
- Responsible for succession planning, director development and evaluation

Senior Independent Director

- Supports the Chairman in his role
- Leads the Non-Executive Directors in evaluating the performance of the Chairman
- Acts as intermediary for other Non-Executive Directors when required
- Be available to shareholders if they have concerns which have failed to be resolved by the Chairman, CEO or CFO
- Leads an orderly succession process for the Chairman
- Chairs the Board in the absence of the Chairman

Non-Executive Director

- Constructively challenges and contributes to the development of the strategy
- Monitors the Group's performance
- Ensures that financial information is accurate and that both controls and the system of risk management are effective and robust
- Responsible for determining Executive Director remuneration and overseeing succession planning of Executive management

Executive

CEO

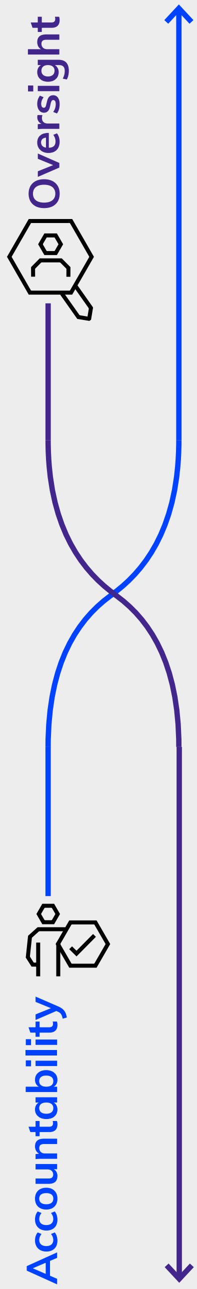
- Leads the Group
- Articulates and acts as a role model for our values, culture and purpose
- Proposes and implements strategy
- Manages the Executive Committee ("ExCo")
- Responsible, with the ExCo, for implementing the decisions of the Board and its Committees
- Promotes and conducts the highest standards of integrity within the Group
- Engages with stakeholders
- Responsible for the Group's performance

CFO and Deputy CEO

- Oversees our financial operations, including accounting, financial reporting, tax, control and treasury
- Directs the Group's financial objectives and budget
- Funds, enables and executes the Group's strategy
- Provides insight and analysis to support the CEO and ExCo
- Responsible for M&A activity
- Responsible for Retail operations

Chief Governance Officer

- Oversees the Group's governance framework
- Oversees the Legal and Compliance function
- Oversees government and regulatory affairs
- Chairs the Executive ESG Steering Group
- Chairs the Group Risk Committee
- Chairs the Group Compliance and Group Payment Processing Committees



Board Commitment, Balance and Independence

Each Non-Executive Director ("NED") must be able to devote sufficient time to the role in order to discharge his or her responsibilities effectively and the Board is satisfied that the Chairman and each of the NEDs devotes sufficient time to their duties. The Chairman, Senior Independent Director and other NEDs each have letters of appointment and do not serve in an executive capacity.

Excluding the Chairman, of the remaining eight Directors, five are independent NEDs. The Nomination Committee, having considered the matter carefully, is of the opinion that all the current NEDs remain independent. The composition of all Board Committees complies with the 2018 Code recommendations.

During the year, the Board considered requests for additional external appointments by Non-Executive Directors. In opining on these requests, the Board took into account the likely time commitment and any conflicts of interest these external appointments might raise. The Board agreed requests for Mr Satz and Ms David to take on additional roles outside Entain.

Conflicts of Interest policy

The Board has a Conflicts of Interest policy and an annual conflicts authorisation process, whereby the Board reviews and approves Entain's Conflicts of Interest Register and seeks confirmation from each Director of any changes or updates to their position.

This authorisation process informs the Nomination Committee's assessment of a Non-Executive Director's independence when proposing that Director for re-election at the AGM.

Director Induction, Training and Development

The Chairman is assisted by the Company Secretary in providing all new Directors with a comprehensive induction programme on joining the Board. The induction programme provides new Directors with an understanding of their duties as Directors, the Group, its businesses and the markets and regulatory environments in which it operates. This includes meeting with senior executives and their direct reports. The programme also provides an overview of the Group's governance practices. Non-Executive Directors will have further content tailored to the Board Committees that they will join.

Rahul Welde joined the Board in July 2022 and received a tailored induction following his appointment. This included one to one meetings with our Executive Committee, segment and functional leaders and our Internal and External Auditors. Rahul also visited our Retail estate and attended externally facilitated safer gambling training with Entain colleagues.

The Chairman has overall responsibility for ensuring that Directors receive suitable training to enable them to carry out their duties. Training is also provided by way of reports and presentations prepared for each Board meeting, as well as meetings with Group employees and external advisers. During the year the Board received face to face training on the Criminal Finance Act and Anti-Bribery and Corruption legislation and on developments in climate change reporting, including TCFD.

The Directors have access to independent professional advice at the Group's expense, as well as the advice and services of the Company Secretary, who advises the Board on regulatory and corporate governance matters.

Board Evaluation and Effectiveness

The 2022 Board evaluation was undertaken through online questionnaires facilitated by Lintstock, an external evaluation provider. Lintstock reviewed and summarised the questionnaire responses, sharing these with the Chairman and Committee Chairs before discussions were held at the Board and Committees on the themes arising from the evaluation. In parallel, the Senior Independent Director facilitated the performance review of the Chairman, holding a discussion with the Board (without the Chairman present) where the results were reviewed and considered. The Senior Independent Director discussed the results directly with the Chairman.

The Chairman held reviews of each Director's performance through the use of individual questionnaires and one-to-one interviews.

The 2022 Board review concluded that performance was effective during the year. Areas of priority for 2023 included agenda management, in particular to allow for more time to review the Group's progress on implementing strategy; other actions identified include continued monitoring of succession planning and maintaining focus on technology.

The 2021 evaluation action plan was addressed in the following way:

Theme	How it was addressed
Alignment on remuneration	The Board held an externally facilitated workshop to consider and reflect on remuneration practices ahead of work to design the proposed Remuneration Policy.
Strengthening the Board's knowledge and experience in data and technology	The Board received briefings on technology and data and considered external benchmarking when reviewing the organisational structure of Entain's technology function in the context of the Group's strategic needs and the appointment of a new Chief Information and Technology Officer.
Greater insight into customers	The Board discussed the changing demographic of Entain's customer base by market and product and reviewed the Customer Charter which was rolled out during the year. The Board discussed the development of a customer metric for inclusion in the Group's annual bonus and was kept apprised of the role creation and hiring of a new Chief Customer Officer.
Risk oversight	In addition to its regular briefings on risk management, the Board considered and approved proposals for the appointment of a new Chief Risk Officer and received briefings on the roll out of developments to the risk management programme.

Nomination Committee Report

> The Committee focused on ensuring that the Board has the appropriate skillsets and experience to support the implementation of the Company's strategy and challenges facing the business."

J M Barry Gibson
Chair of the Nomination Committee

I am pleased to introduce the Nomination Committee report for the year.

Following a period of Board change, this year the Committee focused on embedding recently appointed directors and ensuring that the Board has the appropriate skillsets and experience to support the implementation of the Company's strategy and challenges facing the business with wider macroeconomic and geopolitical uncertainty.

In July we appointed Rahul Welde to the Board as a Non-Executive Director. The Committee provided input on Rahul's induction programme using the feedback from our Non-Executive Directors appointed the previous year.

In February 2023, Mark Gregory stepped down from the Nomination Committee and the Board. I want to thank Mark for his hard work and support during his tenure.

Diversity and inclusion remains a core consideration for the Committee. Following Rahul's appointment, we are now fully compliant with the Parker Review's target to appoint at least one Board member from an ethnic minority background. We remained compliant with the external target laid out in the FTSE Women Leaders Review (formerly the Hampton-Alexander Review) of a 33% female Board, however we fell short of our own internal goal of 40% female representation at the Board (as laid out in our Board Diversity Policy). During 2023 we intend to revisit Board composition and diversity in recognition of the importance the Board places on all forms of diversity and its commitment to further progress in this area.

J M Barry Gibson
Chair of the Nomination Committee

9 March 2023

The role of the Committee

The Committee actively reviews the composition and diversity of the Board and senior management and leads its succession process. It monitors the independence and time commitment of the Group's Non-Executive Directors and ensures that a rigorous evaluation of the Board's effectiveness and performance is undertaken at least annually.

Key responsibilities of the Committee

- Ensuring that there is a formal, rigorous and transparent procedure for appointments to the Board.
- Leading the process for appointments and make recommendations to the Board.
- Assisting the Board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the Board as a whole, so that it is effective and able to operate in the best interests of shareholders.
- Ensuring plans are in place for orderly succession to positions on the Board, the Executive Committee and where appropriate, senior management, including the Company Secretary.
- Overseeing the development of a diverse pipeline for succession.
- Working and liaising with other Board Committees, as appropriate, including the Remuneration Committee in respect of any remuneration package to be offered to any new appointee of the Board.

The Committee's terms of reference were reviewed, updated and approved by the Board during the year. These can be found on the Company's website at **www.entaingroup.com.**

Committee membership and attendance

The Committee's membership consists of the Senior Independent Director and the chairs of each of the Board Committees.

The Committee had three meetings during the year.

Member	Number of meetings attended	Number of meetings eligible to attend
Barry Gibson (Chair)	3	3
Pierre Bouchut	3	3
Stella David	3	3
Mark Gregory	3	3
Virginia McDowell	3	3

Nomination Committee Report continued

Activities

Board appointments

The Committee engaged Russell Reynolds Associates for the search for a new Non-Executive Director. A short list of candidates was put forward by Russell Reynolds Associates and these candidates met members of the Committee, the Chief Executive and Chief Governance Officer. The Committee concluded that Rahul Welde would be an excellent addition to the Board, with valuable customer service and digital transformation insight, and therefore recommended Rahul's appointment to the Board. Rahul Welde was appointed to the Board on 1 July 2022.

Russell Reynolds Associates have no other connection with the Company or individual Directors and are accredited under the enhanced voluntary code of conduct for Executive search firms.

Board composition and Board Committees

To assist in succession planning for Non-Executive Director appointments and Committee membership, the Committee considered the skills, experience and tenure of current Non-Executive Directors and reflected on how this skillset enabled the Board to execute the Group's strategy, fulfil the tasks and activities of its Committees and meet future business and regulatory challenges.

The Committee assessed the appointment of Rahul Welde as a Non-Executive Director and recommended that he join the ESG Committee.

During the year the Committee considered membership of each Board Committee in light of Board changes over the past two years and focused on succession planning for the chairs and membership of each Committee as this had been an action arising from the 2020 and 2021 Board and Committee evaluation. The Committee agreed an immediate successor for each Committee chair from the current Non-Executive Directors and discussed longer term succession planning.

Independence

The Committee considered the independence of each Non-Executive Director as part of its recommendation to the Board for Director re-election. In making this recommendation, the Committee also considered the time commitment and performance evaluation of each Director standing for appointment.

Diversity

The Committee continued to appraise appointments to the Board from the perspective of its commitment to diversity, particularly with respect to gender and ethnicity, in its composition and succession plans. The proportion of women on the Board at 31 December 2022 remained at 36%. Further information on gender balance amongst the Group's senior management can be found on page 53 of the Strategic Report.

Following Rahul Welde's appointment, as at 31 December 2022 the Board meets the Parker Review's target of at least one Director from an ethnic minority background.

The Committee reviewed and recommended the Board Diversity Policy which was subsequently approved by the Board. This can be found on our website at **www.entaingroup.com.**

Committee evaluation

An annual review of the Committee's performance and effectiveness was undertaken using a questionnaire facilitated by an external board review firm (Lintstock).

The evaluation concluded that the Committee was working effectively. Actions for 2023 included a continued focus on succession planning and how to optimise the Board's engagement on Diversity, Equity and Inclusion topics.

The Committee remains focused on the main action from both the 2020 and 2021 Board and Committee evaluations to ensure that succession planning remains a key area of focus. During 2022 succession planning has been reviewed at the Board (for senior executive management), the Chairman's Committee (for Executive Directors), the Nomination Committee (for Non-Executive Directors and the Committees) and at the Audit Committee (for the finance leadership of the Group).

Chairman's Committee report

The Chairman's Committee is the forum for the Non-Executive Directors and Chairman to meet in executive session.
Three Committee meetings were held during 2022. Topics discussed included succession planning for the Executive Directors, business performance and strategy.

Audit Committee Report

Introduction

As Chair of the Audit Committee, I am pleased to present our report for the year ended 31 December 2022, setting out how the responsibilities delegated to the Audit Committee by the Board were discharged over the course of the year and the key topics we considered.

Over the year, the Committee spent time considering the further development of the Group's Enterprise Risk Management Framework, receiving presentations from the newly appointed Chief Risk Officer on proposals to evolve the Group's risk structures, frameworks and approach. In parallel the Committee undertook deep dive reviews of the Principal Risks relating to Data Breach and Cyber Security, Technology Failure, Taxes and Trading, Liability and Pricing Management.

The Audit Committee has a key role in providing independent challenge and oversight across financial reporting and controls for the Group. The Committee continued to challenge management and the external auditors across a number of topics, including key accounting judgements and control matters. The Committee worked closely with the ESG Committee when considering non-financial reporting and disclosure, including reviewing forthcoming changes to ESG reporting, notably around TCFD.

In February 2023, Mark Gregory and Vicky Jarman stepped down from the Audit Committee. I want to thank Mark and Vicky for their work, engagement and valuable insight. Rahul Welde has subsequently joined the Committee as a new member and will undertake a Committee induction programme in the first half of the year.

The Audit Committee continues to have a strong mix of financial, accounting, risk and sector experience amongst its members, which we utilise to undertake our duties effectively.

Pierre Bouchut
Chair of the Audit Committee

"Over the year, the Committee spent time considering the further development of the Group's Enterprise Risk Management Framework."

Pierre Bouchut
Chair of the Audit Committee

Audit Committee Report continued

The role of the Audit Committee

The Audit Committee oversees the effectiveness of the Group's financial reporting, systems of internal control and risk management and the integrity of external and internal audit processes.

Key responsibilities of the Audit Committee

- Monitor the integrity of Entain plc's financial statements and any formal announcements relating to the Company's financial performance and reviews, and challenge, where necessary, the significant financial reporting issues and judgements in relation to the half-year and annual financial statements before these are submitted to the Board for final approval.
- Make recommendations to the Board concerning any proposed, new or amended accounting policies.
- Assess the effectiveness of the Group's external auditor including reviewing the annual external audit plan and audit findings.
- Recommend the audit fee to the Board and set the Group's policy on the provision of non-audit services by the external auditor.
- Review and monitor the external auditor's independence and objectivity, and the effectiveness of the audit process.
- Review and monitor the internal audit programme and its effectiveness.
- Review and monitor Entain's systems of internal control, financial reporting and risk management.
- Review internal audit reports covering the various areas and activities of the business and ensure the business responds to the recommendations made.
- Assess and report on the Group's viability prior to being submitted to the Board for approval.

The Audit Committee Terms of Reference can be found on the Company's website at **www.entaingroup.com.**

Audit Committee membership and attendance

As at 31 December 2022 the Audit Committee comprised four members, all of whom are independent Non-Executive Directors. Pierre Bouchut is Chair of the Committee. He has a strong financial background, having been chief financial officer at Schneider Electric, Carrefour and Delhaize and extensive experience as an audit committee chair, currently serving at Pepco Group, Firmenich S.A. and GeoPost S.A. in this role. The Board is satisfied that he is the Audit Committee member with recent and relevant financial experience, as outlined in the UK Corporate Governance Code, and competence in accounting and auditing as required by the FCA's Corporate Governance Rules in DTR7.

The Board has confirmed that it is satisfied that the Audit Committee as a whole has an appropriate level of independence and experience and relevant financial and commercial experience across various industries, including the gaming sector, to assess the issues it is required to consider.

Committee members are given specific sector training to ensure competence relevant to the business, in addition to the other skills they bring to the Board and Committees.

Regular attendees at the meetings include the Chief Financial Officer & Deputy CEO, Director of Financial Control, Chief Governance Officer, Director of Internal Audit, the external auditor and the Chair of the ESG Committee. During the year the Audit Committee met for private discussions with the external auditor and the Director of Internal Audit.

The Committee had five meetings during 2022.

Member	Number of meetings attended	Number of meetings eligible to attend
Pierre Bouchut (Chair)	5	5
Mark Gregory[A]	4	5
Vicky Jarmen	5	5
David Satz	5	5

A Missed one scheduled meeting due to a trip rescheduled due to Covid.

In February 2023, Mark Gregory and Vicky Jarman stepped down from the Committee and the Board. Rahul Welde joined the Committee on 23 February 2023.

Responsibility for Entain's financial statements: Fair, Balanced and Understandable

The Board is ultimately responsible for presenting a fair, balanced and understandable assessment of Entain's position and prospects, which extends to the half-year and annual financial statements and Annual Report.

Delegation

Entain's finance department, led by the CFO & Deputy CEO, prepares and reviews the financial statements.

Management coordinates with the CEO, CFO & Deputy CEO and Chairman on the preparation of any business model and strategy.

The Company Secretary with the Chairman of the Board, the CGO and the Chair person of the various Board Committees, prepares the corporate governance statements and all Board Committee reports.

External Review

Entain's external auditors audit the Annual Report and financial statements and review the half-year accounts. A report to the Audit Committee is prepared.

Committees' Review

The Audit Committee reviews the Annual Report, draft financial statements and accompanying statements and meets with the external auditors to review their report. The Audit Committee proposes amendments and makes recommendations to the Board and also approves the Audit Committee's Report.

For the annual report the Remuneration Committee, Nomination Committee and ESG Committee respectively review the Directors' Remuneration Report, Nomination Committee Report and ESG Report, propose changes and make recommendations to the Board.

Board Review

The Board reviews the Annual Report and financial statements, accompanying reports and recommendations from its Committees and makes changes to the disclosure where appropriate.

Auditor Reporting To The Board

The External auditors prepare their final report (Annual Report) or review report (half-year results).

Audit/Board Approval And Publish

The Board and auditors approves the Annual Report, year-end financial statements and disclosures and the half-year report and these are then released to the stock exchange and published on Entain's website on receipt of the final audit report.

In respect of the financial statements and accompanying reports for the year ended 31 December 2022, the Company has followed the process detailed above. In doing so the Directors confirm that they have reviewed the complete 2022 Annual Report and consider that taken as a whole, the report is fair, balanced and understandable and provides the information necessary for Entain's shareholders to assess the Group's performance, business model and strategy.

Audit Committee Report continued

Activities

Financial disclosure

The Audit Committee reviewed the full and half-year financial statements with management before proposing them to the Board for approval. In undertaking its review, the Audit Committee received reports from management and the external auditor outlining significant financial judgements and estimates, including the appropriateness of Group's revenue from online operations and recoverability of the carrying value of the investment in the Parent Company. In undertaking its review, the Committee focused on the integrity of the Group's financial reporting process, the clarity of disclosure and compliance with relevant reporting standards.

The Audit Committee reviewed the assessment and reporting of longer-term viability, systems of risk management and internal control, including the reporting and classification of risk across the Group and the examination of what might constitute a significant failing or weakness in the system of internal control. It examined the Group's modelling for stress testing different financial and operational events and considered whether the period covered by the Group's viability statement was appropriate.

The Committee gave consideration and challenge to the appropriateness of adopting the going concern assumption in preparing the financial statements. The Committee agree with the conclusions reached and the going concern statement for the year ended 31 December 2022 is set out on page 80.

In considering the Annual Report and Accounts, the Committee assessed whether the report was fair, balanced and understandable. The process undertaken is outlined on page 109. The Committee reviewed the consistency of the narrative disclosures and financial statements with climate risks and opportunities. It received a report from management on the verification process undertaken in respect of the annual report, including TCFD disclosures. The Committee then made a recommendation to the Board, which in turn reviewed the report as a whole, confirmed the assessment and approved the report's publication.

Risk

During the year the Committee received briefings on the evolution of Entain's risk structures, frameworks and approach from the newly appointed Chief Risk Officer. The Committee considered best practice in terms of Enterprise Risk management design and reporting and the practical implementation of risk management rather than theoretical tools. During 2023 it will continue to monitor the further development and rollout of Entain's risk management programme.

The Committee is responsible for the oversight of the Principal Risks relating to Cyber Security, Technology Failure, Taxes and Trading, Liability and Pricing Management. Throughout the course of 2022, the Audit Committee has performed detailed reviews by seeking assurances from management that they have suitable measures in place to monitor, manage and mitigate the relevant risks.

External audit

The 2022 financial year-end is KPMG LLP's fifth financial reporting period as the Group's external auditor, following the external audit tender process in 2018, with Mark Flanagan undertaking his second year as lead audit partner. The Audit Committee reviews the fee structure, resourcing and terms of engagement for the external auditor annually; it further considers the reappointment of the external auditor each year before making a recommendation to the Board.

It is anticipated that a retender for audit services will be completed by 2028 or sooner, in line with relevant guidelines. The Committee believes that the anticipated timeline for the retender of audit services is in the best interests of shareholders. It provides an appropriate balance of factors such as the auditor's knowledge of controls and risks, maintaining audit quality, independence and objectivity, and providing value for money.

The Group is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation Order 2014.

Effectiveness of the external audit

As part of its assessment of audit effectiveness, the Audit Committee considers reports from the external auditor and management on the audit process and quality procedures, together with private meetings between the Committee and the external auditor and between the Committee Chair and the lead audit partner. In addition a survey of senior finance colleagues was undertaken which focused on the following areas of audit effectiveness:

- Safeguards against independence threats being sufficient and comprehensive.
- Quality and transparency of communications being timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive.
- The exercise of professional scepticism and the willingness of the auditor to challenge management's assumptions.
- The quality of the audit engagement team – including the continuity of appropriate industry, sector and technical expertise or where there have been new areas of activity and changes in regulation or professional standards.

The review concluded that the external audit process had been effective and noted the improvements made to the audit process during the year.

Non-audit services

The Audit Committee is responsible for the Group's policy on non-audit services and the approval of non-audit services. The policy states that in the Company's financial year, the total fees for non-audit services provided by the external auditors, excluding non-audit fees for due diligence for acquisitions and other specific matters noted below, should not exceed 70% of the average of the total fees for audit services they provided in the preceding three-year period.

The policy is kept under annual review and the Audit Committee receives regular reports on non-audit services provided by KPMG and other audit firms. In the year ended 31 December 2022, the total non-audit fees as a percentage of the audit fees paid to the external auditors was 2.8%. In addition to their statutory duties, KPMG LLP is also employed where, as a result of their position as auditors or for their specific expertise, they either must, or the Audit Committee accepts they are best placed to, perform the work in question. This is primarily work in relation to matters such as shareholder circulars, Group borrowings, regulatory filings and certain business acquisitions and disposals. In such circumstances the Audit Committee will separately review the specific service requirements and consider any impact on objectivity and independence of the auditors and any appropriate safeguards to this. As such the Audit Committee believes it appropriate for these non-audit services to be excluded from the 70% cap set out above. In the year ended 31 December 2022 the fees paid in respect of due diligence for acquisitions to the external auditors was £nil.

Internal Audit

Internal Audit provides assurance to the Board, through the Audit Committee, that effective and efficient control processes are in place to identify and manage business risks that may prevent the business from achieving its objectives and strategy. The Director of Internal Audit attends meetings of the Committee.

The Audit Committee received regular reports on Internal Audit's findings, including their assessment of issues raised in previous reports. The work completed by Internal Audit during the year focused on key areas of the Group (disclosed on pages 85 to 88 under Principal Risks), which included:

- Reviews of anti-money laundering and safer gambling processes across various jurisdictions and businesses.
- Digital Fraud Management.
- Recruitment, Talent Resilience and Retention practices.
- High-risk customer management.
- Environmental Sustainability Operations.
- Data retention management.
- Safer gambling interactions management.
- IT governance.
- Review of the Group's compliance with the UK Modern Slavery Act and adequacy of provisions to mitigate risks of slavery.
- Ongoing reviews of key financial controls' operating effectiveness.

The Board, with the support of the Audit Committee, completed its annual review of the effectiveness of the system of internal control, including the effectiveness of internal audit and consideration of whether it had the appropriate level of independence and its importance in assessing the Company's culture. The Board concluded that it was satisfied that the system of internal control remains robust and have selected areas on a risk basis for inclusion in the 2023 Internal Audit Plan.

Effectiveness of Internal Audit

The Audit Committee continued to monitor and review the effectiveness and capability of the Internal Audit function over the year. In assessing and determining effectiveness, the Committee met privately with the Director of Internal Audit, considered and approved the Internal Audit annual plan and surveyed management on their view of the effectiveness of Internal Audit.

The Committee concluded that Internal Audit had unrestricted scope and access to information and sufficient resources to fulfil its annual work plan. This conclusion was strengthened by management's positive feedback on the quality of the work performed and the additional assurance provided to management by the scope of Internal Audit's processes.

Whistleblowing policy

The Group has a formal whistleblowing procedure by which employees can, in confidence, raise concerns about possible improprieties in financial or other matters. This is set out in the Group's Code of Conduct and is approved by the Audit Committee. The policy sets out the type of disclosure which is protected and also specifies to whom disclosures should be made and the process that will be followed. The Group actively encourages individuals, where they believe that malpractice has taken place, to make protected disclosures either internally to the Audit Committee or externally through an outsourced service provider.

The Audit Committee is satisfied that robust and appropriate arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Committee evaluation

The Committee undertook a review of its effectiveness through an online questionnaire administered by an external facilitator (Lintstock). Feedback from the review confirmed that the Committee had performed effectively during the year. It was agreed that the Committee would maintain its focus on risk in 2023 as the Group's Enterprise Risk Management framework continues to evolve.

Audit Committee Report continued

Accounting and key areas of judgement and estimate

Throughout the course of the year, the Audit Committee determined the following areas of the financial statements were of significant interest. These issues were discussed with management and the external auditors to ensure that the required level of disclosure has been provided and that appropriate rigour has been applied where any judgement may be exercised.

Matter considered		Action
Separately disclosed items and Alternative Performance Measures		
The Group separately discloses certain items in order to allow a clearer understanding of the underlying trading performance of the business. In 2022, the Group has recorded a net charge in respect of items which have been separately disclosed of £218.9m in the Income Statement.	→	As part of their assessment that the treatment of separately disclosed items in the financial statements is appropriate, the Audit Committee has considered each of the items disclosed and challenged, where necessary, the treatment adopted by management. The Audit Committee has also considered the conclusions reached by KPMG as part of its audit in this area and are satisfied with the treatment and disclosure adopted.
In addition, non-GAAP measures have been provided within the Annual Report and Accounts to assist in the articulation of the underlying business performance. Non-GAAP measures relate to industry standard KPIs which are commonly used by the Group's peers and market analysts.	→	Management's use of non-GAAP measures in explaining the underlying business performance has been considered by the Audit Committee, along with the views of KPMG on their use and prominence. Whilst the Committee understands the challenges associated with the use of non-GAAP measures, they are satisfied with the balance of the disclosure provided.
IFRS 3 fair value of business combinations		
During the year, the Group completed a number of acquisitions as detailed in Note 32 to the financial statements. Included within the IFRS 3 fair value exercise undertaken are a number of estimates including the value of acquired intangibles (£566.9m) and goodwill (£622.3m).	→	The Audit Committee has reviewed the estimates made in connection with the accounting treatment for business combinations, to determine whether the assets and liabilities recognised in the financial statements are carried at an appropriate fair value. In assessing the valuations, the Audit Committee has reviewed the working papers provided by management and it's has assessed the assumptions used and conclusions reached. The Committee has also considered the conclusions reached by KPMG and has concluded that the treatment within the financial statements is appropriate.

ESG Committee report

Introduction

During 2022, the ESG Committee continued to monitor and provide focus, support and challenge on environmental, social and governance issues. We remained guided by Entain's Sustainability Charter which outlines our ESG leadership ambitions across four pillars of Regulation, Responsibility, Governance and People & Communities. The Charter remains an important part of our ESG leadership position within the gaming sector.

The Committee continued to monitor the management and mitigation of the Principal Risks allocated to it by the Board. We hold a deep dive on each of the Principal Risks – Safer Betting and Gaming, Health, Safety & Wellbeing of Customers, Communities and Employees and Loss of Key Locations – and ensure that our observations are fed back to the Board.

A key area of focus for the Committee this year was on environmental performance and the implementation of our Net Zero ambition. We received regular updates on the work being undertaken on TCFD reporting, including the output of workshops and scenario planning and how this might impact our strategy.

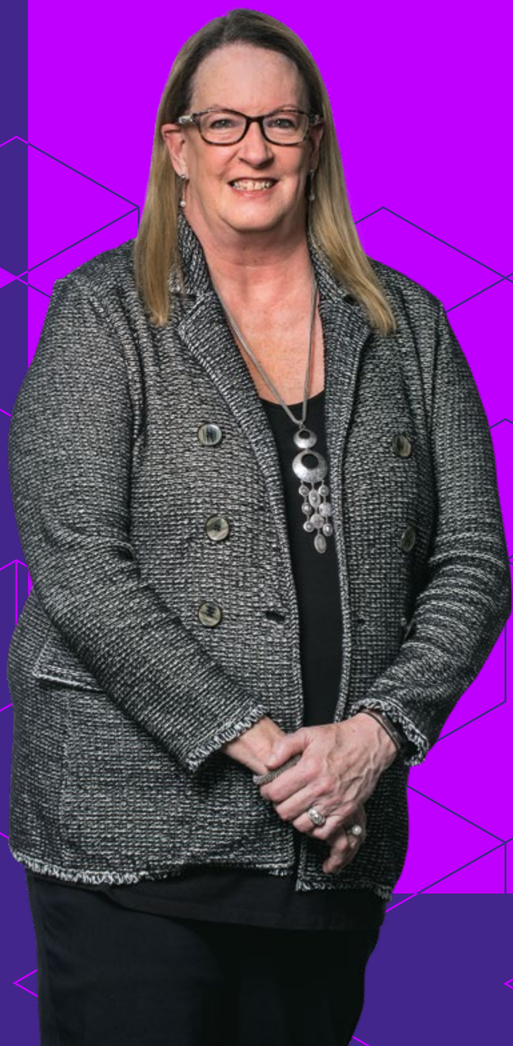
In July we were joined by Rahul Welde. The Committee has already benefited from Rahul's insight, following an executive career in consumer goods, digital transformation and e-commerce. My thanks go to Peter Isola for his valuable service to the Committee, having stepped down from the Board and the ESG Committee in March 2022.

Virginia McDowell
Chair of the ESG Committee

9 March 2023

"The Committee remained guided by Entain's Sustainability Charter which outlines our ESG leadership ambitions across four pillars of Regulation, Responsibility, Governance and People & Communities."

Virginia McDowell
Chair of the ESG Committee



ESG Committee Report continued

The role of the Committee

The Committee provides oversight of the Company's Environmental, Social and Governance (ESG) programme, overseeing the effective management of the Company's ongoing relationship and engagement with a wide spectrum of stakeholders. It monitors progress against internal key performance indicators and external ESG index results.

Key responsibilities of the Committee

- Review the framework of ESG policies and controls for managing the Group's relationships with stakeholders.
- Ensure that sufficient focus and resource is given to implementing, monitoring and managing the Group's ESG policies and processes and that these remain effective.
- Consider the appointment of third parties to advise on ESG policies and practices and/or audit the Group's ESG policies.
- Liaise and work with the Board's other Committees to ensure the Board's duties and responsibilities are carried out effectively.
- Prepare an ESG report for inclusion in the Annual Report and Accounts and oversee that any public disclosures on ESG issues made by the Group accurately reflect the Group's policies and processes.

The Committee's terms of reference were reviewed and updated and approved by the Board during the year. These can be found on the Company's website at **www.entaingroup.com.**

Committee membership and attendance

During the year, the Committee had four members. Peter Isola stepped down from the Committee on 21 March 2022 upon leaving the Board. Rahul Welde joined the Committee on 1 July 2022 upon his appointment to the Board.

Regular attendees at the meetings include the Chief Governance Officer, Director of Internal Audit, Group General Counsel, Chief People Officer and heads of the compliance teams.

The Committee had five meetings during the year.

Member	Number of meetings attended	Number of meetings eligible to attend
Virginia McDowell (Chair)	5	5
Stella David	5	5
Peter Isola[A]	1	1
David Satz	5	5
Rahul Welde[B]	2	2

A Resigned from the Committee on 21 March 2022.
B Joined the Committee on 1 July 2022.

Activities

Responsible betting and gaming

The Committee received regular updates on the Group's responsible betting and gaming programme, including the continued development and impact of the ARC™ programme. Briefings were held on ARC™, including on how academic insight from the Harvard Medical School Faculty had shaped the customer solutions offered by ARC™.

A deep dive review of the Principal Risk: Safer Betting & Gaming was undertaken, where the Committee considered potential developments in technology and regulatory guidance in key areas such as affordability and vulnerable customers.

The Committee undertook a half-year and full-year review of the delivery of safer betting and gaming project metrics as part of the responsible gaming element of the Group-wide annual bonus structure which has a 15% weighting. This review included an external assessment by EPIC Risk Management on the Company's performance against targets. At its year-end assessment the Committee determined it was satisfied that these metrics had been met and made a positive recommendation to the Remuneration Committee as part of its assessment.

Further information on the responsible betting and gaming remuneration metric is outlined on page 147 of the Directors' Remuneration Report.

Gaming licence compliance

The Committee considered key elements of the Group's gaming licence compliance programme, including the development and update of Entain's Sports Betting Integrity Policy.

Compliance governance

The Committee received quarterly reports on international, UK, Retail and digital compliance developments and monitoring of the Group's compliance management. It reviewed the impact of M&A activity on the Group's compliance programme and the regulatory risks associated with new market entry.

Code of Conduct

The Committee reviewed the Group's Code of Conduct and the programme of training and communication to raise awareness and understanding throughout the organisation. Committee members took eLearning modules developed for the Code and were briefed on the roll out of attestation of compliance with the Code during the year. Deep dives on the Group's anti-money laundering and anti-bribery and corruption programmes were held during the year.

Privacy and data protection

Regular updates on data privacy and protection were given to the Committee, including legal and regulatory developments across the Group's different jurisdictions and the input from the Data Privacy team to innovative safer gambling solutions such as ARC™ and Single Customer View.

The Committee held its annual review of the Group Data Retention Policy and Group Data Protection Policy. It further considered the Group's Artificial Intelligence Charter.

Health, Safety, Security and the Environment ("HSSE")

The Committee discussed the Group's environmental strategy and our commitment to being carbon net zero by 2035. HSSE performance was monitored by the Committee through regular updates on the Group's HSSE performance indicators and initiatives. The Committee reviewed and approved the proposed HSSE strategy for 2023 as well as agreeing the Group's HSSE KPIs for the forthcoming year.

The Group's progression on TCFD continued to be actively monitored by the Committee and this was supplemented by training on ESG reporting for the Board.

The Committee undertook deep dive reviews on two Principal Risks allocated to it for monitoring: health, safety and the wellbeing of customers and employees and loss of key locations.

Diversity and inclusion

The Committee received quarterly reports on the Group's diversity and inclusion performance and employment data. During the year deeper briefings were held on People initiatives within the Company, including employee engagement, a revised learning offering for colleagues and apprenticeships.

Modern Slavery Act statement review

The Committee reviewed the Group's Modern Slavery and Human Trafficking Statement, noting the progress made in corporate governance, supply chain process enhancements and training. Entain continued to partner with Unseen, a UK's anti-slavery charity, who undertook a comprehensive gap analysis of our current modern slavery approach. This informed our continuous improvement efforts, including the development of supplier screening tools and employee onboarding checks.

The Modern Slavery statement can be viewed on our website at **www.entaingroup.com/sustainability/modern-slavery-statement**

Other reviews

The Committee oversaw the annual ESG report, reviewing the content and giving feedback to management on its content.

Committee evaluation

The Committee undertook a review of its effectiveness through an online questionnaire administered by an external facilitator (Lintstock). Feedback from the review was that the Committee had performed strongly, with a particularly high rating for the Committee Chair. Areas of focus for 2023 included developing a longer-term strategy for the Committee with clear objectives and consideration of how best to focus the wide remit and agendas of the Committee.

Directors' Remuneration Report

In this section

2022 Group performance

2022 has seen another year of strong financial, operational and strategic performance for Entain. We have expanded our global footprint and broadened our appeal, while providing a safe environment for our customers.

Key performance highlights in 2022 include:

- Group NGR up 12% (10% at constant currency).
- Retail NGR up 66% at constant currency and on a like-for-like basis, with volumes ahead of pre-Covid levels.
- Number of active customers up 7% year-on-year.
- Group underlying EBITDA up 13% at £993m.
- Our joint venture in the US, BetMGM, continues to perform strongly and is now live in 26 markets, with NGR up 71% year-on-year.
- Completion of five acquisitions, including SuperSport in Croatia, driving further growth and geographic diversity.
- Launch of unikrn's esports betting and skill-based wagering products in Brazil and Canada.
- Continued progress on responsibility and sustainability; we are the only global operator with 100% of our revenue derived from regulated or regulating markets and our Advance Responsibility & Care™ ("ARC™") programme has now been rolled out across 22 markets.

"Following another strong year for Entain, the Committee's remuneration decisions reflect the alignment of compensation with the Group's performance culture."

Stella David
Chair of the Remuneration Committee

Annual Statement from the Remuneration Committee Chair

On behalf of the Board, I am pleased to present the Directors' Remuneration Report (the "Report") for the year ended 31 December 2022.

This is my first Report as Chair of the Remuneration Committee. I would like to take this opportunity to thank my predecessor, Mark Gregory, for his huge contribution as Chair and Vicky Jarman for her significant commitment to the work of the Committee. Further, I would like to welcome Rahul Welde, who joined the Committee in February 2023, when Mark and Vicky stepped down.

This year we will be asking shareholders to vote on two remuneration resolutions at our 2023 AGM:

- Our Remuneration Policy (the "Policy"), which outlines the remuneration framework that will apply to our Executive Directors, Non-Executive Directors and the Chairman of the Board following approval; and
- Our Annual Report on Remuneration, which presents remuneration outcomes for 2022 and explains how we intend to apply the Policy in 2023.

Directors' Remuneration Report continued

2023 Remuneration Policy changes

Our previous Policy was approved by shareholders at the 2020 AGM. During 2022, the Committee undertook a rigorous review of the remuneration framework at Entain with a view to ensuring that it remains effective and continues to engage, motivate and retain the talented colleagues who are critical to the future success of the business.

As part of this we have considered a number of internal and external reference points and consulted extensively with shareholders and their representative bodies in order to listen to and reflect on their views on remuneration at Entain. I would like to thank shareholders for their input during this process, which was fed back to and discussed in full by the Committee, and which helped shape the output of the Policy review.

Business context

As set out in more detail in the Chief Executive's Review on pages 12 to 21, Entain's vision is to be the world leader in sports betting, gaming and interactive entertainment. We operate in over 40 domestically regulated or regulating markets across the world and have ambitious growth plans, including in the rapidly expanding US market. Our businesses outside the UK currently represent more than 70% of our online revenues, a proportion which is expected to increase further going forward. Similarly, from a people perspective, more than 85% of colleagues who support our online operations are based outside the UK, while our leadership team is increasingly international with the majority of our Executive Committee based in non-UK locations.

In addition, the Committee recognises that we operate in a sector in which the market for talent has been intense for several years, a situation that we expect to continue for the foreseeable future. Individuals who can demonstrate a proven track record for delivery are in strong demand and our people are often targeted by firms outside our traditional competitor base, particularly US gaming operators looking to strengthen their teams with digital gaming experience. We have first-hand experience with recent departures from our senior team, which are disruptive to the business and jeopardise Entain's ability to deliver on its ambitious growth plans.

To maximise value for stakeholders, the Company needs to be able to hire and retain the best people globally. The UK market continues to represent one important reference point for talent, and our previous Policy is closely aligned with the UK-listed environment, including from a governance and best practice perspective. Nevertheless, as we move from a pure-play betting and gaming company to a technology and entertainment business based in multiple markets across the world, we are competing against a broader range of organisations. From this angle, our experience is that the existing Policy does not always provide the scope necessary to attract and retain the people we need to deliver the exceptional performance we know Entain has the potential to achieve. We are having to pay more to hire and retain talent at one or two levels below Executive Committee and Executive Director level and as a result are experiencing significant compression in remuneration for our most senior people. This is supported by relevant market data, which highlights that pay levels in global firms, against which our business regularly competes for talent, often materially exceed our current offering.

New Policy

As such, the Remuneration Committee is proposing a revised Policy which is intended to address these issues and ensure that we remain competitive within our key markets.

1. Increase in maximum LTIP opportunity with additional performance stretch

The Committee's preference is to make the package more competitive from a global context by increasing LTIP award levels. While a range of approaches were considered during the Policy review, including a greater focus on fixed and/or short-term pay, ultimately it was felt that increasing the focus on our long-term incentive was the most appropriate and robust route:

- It most effectively aligns with the interests of our shareholders, ensuring any additional remuneration is performance-tested, focused on the long term and delivered in shares.
- While we recognise that these levels are towards the upper end of the UK market, they remain at the lower end when viewed through a US competitor lens.
- It also allows us to respond to market pressures on LTIP award levels in our broader management population, mitigating current issues with internal compression.

The new maximum LTIP award levels will be:

- CEO – 450% of salary (from 300%), and
- Other Executive Directors – 400% of salary (from 250%)

The Committee recognises the importance of any additional remuneration being subject to the delivery of stretching performance goals.

As such, for the CEO, the level of vesting at threshold performance will be reduced from 25% to 16.7% if an award is made at the new maximum level of 450%, so that the CEO's remuneration at threshold performance is broadly unchanged. For award levels between the current opportunity of 300% and 450%, the level of threshold vesting will be scaled back on a pro-rata basis. A similar approach will be taken to the threshold vesting level for awards made to the other Executive Directors, between their current and new opportunities of 250% and 400% respectively.

Similarly, the level of Total Shareholder Return ("TSR") performance required for maximum vesting will increase from the 75th percentile, on a pro-rata basis, to the 85th percentile for awards made at the new maximum levels (450% for the CEO and 400% for other Executive Directors).

TSR performance for the 2023 LTIP grant, will continue to be assessed against two equally weighted comparator groups, namely the FTSE 100 and a bespoke group of sectoral peers.

2. Increase in shareholding requirements

It is proposed that shareholding requirements for our Executive Directors are increased materially to reflect higher LTIP awards, as and when these are made. The CEO's requirement will increase proportionately from 400% to 450% of salary, while that of other Executive Directors will increase proportionately from 200% to 350% of salary, in line with the level of LTIP awards actually granted.

3. Introduction of a cash allowance in lieu of pension provision

Finally, we are making an administrative change to our pension provision to allow Executive Directors to opt to receive a cash allowance in lieu of participating in Entain's pension plans. The level of pension plan contribution is already aligned with that available to the wider workforce in the relevant jurisdiction, and the value of the cash allowance will likewise be aligned with that level of contribution.

The full Remuneration Policy can be found on pages 135 to 145.

Wider workforce

The Committee is very mindful of Entain's responsibility as an employer, particularly in the current circumstances. On behalf of the Committee, I would like to thank all our colleagues for their continued outstanding efforts during difficult economic times. The resilience shown is a testament to the strength of talent that we have at Entain and the determination of our teams to deliver the very best for Entain and our customers.

From a pay perspective, we have taken several steps to try to most effectively support our colleagues at this time:

- The salary review for 2023 has been structured such that our lower-paid employees typically receive higher percentage increases than those at more senior/higher-paid levels.
- We put in place a specific support package for our UK Retail and Stadia colleagues, with all colleagues receiving a £300 one-off payment in October 2022 (with the Company meeting the tax liability to ensure that colleagues received the full amount).
- From 1 January 2023, the minimum hourly pay rate for our UK Retail and Stadia colleagues has been increased by 9% to £10.90.

2022 incentive outcomes

2022 annual bonus

60% of the annual bonus for 2022 was based on Group operating profit. In assessing the underlying Group operating profit outcome, the Committee was mindful that there were several factors that were not included in the budget when the targets were set, which impacted performance both positively and negatively during 2022. In particular, the Committee excluded the net benefit of acquisitions during the year as well as the impact of unbudgeted changes in regulation that have affected several of our markets during 2022. These adjustments led to a formulaic outcome for this metric of 48% of maximum.

Our online NGR performance for 2022, which represented 20% of the annual bonus, failed to meet the threshold level of the very stretching performance condition that had been set, and so no payout will be made against this metric.

The remaining 20% of our annual bonus for 2022 was based on non-financial metrics; 15% relating to safer betting and gaming and 5% to our customer. The Committee is pleased that excellent progress continued to be made in both of these areas, resulting in a full payout on both of these metrics.

The Committee is delighted with the commitment and hard work shown by all our colleagues this year, and considers that the final outcome of 48.8% of maximum for the Executive Directors is fair and reflective of Entain's overall performance during 2022. Further details can be found on page 147.

2020 LTIP

During 2022, our performance continued the strong trajectory which we have shown over the last few years. Robust EPS growth over the period 2020–22, coupled with significant TSR outperformance of the FTSE 51-150 comparator group, and strong TSR performance relative to our industry peers led to the vesting of the 2020 LTIP award at 80.7% of maximum.

In considering the outcome of the EPS element of the 2020 LTIP, the Committee noted several items that impacted EPS over the performance period, both positively and negatively, that were not foreseen when targets were set. In assessing the EPS outcome, the Committee excluded the net benefit of acquisitions, furlough payments and the impact of unbudgeted changes in regulation. A de minimis limit was applied to the latter to ensure that only material unbudgeted headwinds were considered.

Finally, the Committee considered whether the formulaic outcome was appropriate in the wider business context over the three-year performance period.

The Committee acknowledged the settlement that was reached with the UK Gambling Commission in August 2022 and that this related to a period of time covered by the performance period of the LTIP. As a consequence, the Committee felt it was appropriate to exercise discretion over the level of vesting of the LTIP and so reduced the formulaic outcome by five percentage points.

The Committee also reviewed the 2020 LTIP to ascertain whether participants would benefit from windfall gains. Given the circumstances and share price at the time the award was granted, the Committee was comfortable that this was not the case.

The Committee considers that the adjusted outcome of 80.7% of maximum is a fair reflection of Entain's performance over the three years ended 31 December 2022. More detail on the LTIP outturn can be found on page 148.

Directors' Remuneration Report continued

Looking ahead to 2023

Directors' salaries

The Committee reviewed the salaries of the Executive Directors in December 2022 and approved increases of 3%. In line with the approach taken throughout the organisation, these increases were below the overall salary review budget of 4% for the UK and Gibraltar (excluding the 9% increase awarded to our UK Retail colleagues), which was targeted towards our lower paid employees. As a result of this review, the salaries for the Executive Directors from 1 January 2023 will be:

CEO: £844,600

CFO: £554,300

CGO: £422,300

Annual bonus

The Committee has reviewed the structure and metrics for the annual bonus and concluded that these remain fit for purpose, subject to one amendment. In order to reflect the importance of our US joint venture and our Retail business to the future value of Entain, the current online NGR metric will be updated to be Group NGR including the NGR performance of BetMGM. No other changes are proposed for 2023.

Long-Term Incentive Plan

Awards are expected to be made shortly after the 2023 AGM, at the increased opportunities available under the new Policy.

The Committee considers that relative TSR remains the most appropriate performance metric for the 2023 award given the fast-changing external environment in which Entain operates, and ensures a fundamental alignment with the interests of our shareholders. The comparator groups will remain unchanged (FTSE 100 and a bespoke peer group) as they continue to represent the most appropriate market reference points.

Conclusion

Entain responded strongly to the ongoing challenging external circumstances in 2022 and continued to perform strongly, delivering robust and sustainable performance. The Committee considers that the decisions it has made during the year align with our principles of fairness and transparency, while continuing to support the Group's ambitious growth strategy.

I hope that you find the report clear and informative and look forward to your support at the forthcoming AGM.

Stella David
Chair of the Remuneration Committee

9 March 2023

The Remuneration Committee

Role of the Committee

The Committee oversees the Company's overall remuneration strategy to ensure it is aligned to the Company's purpose and values and is linked to the successful delivery of the Company's long-term strategy. The Committee has delegated responsibility for designing and determining remuneration for the Chair of the Board, the Executive Directors and senior executive management. It also reviews the remuneration of the wider workforce and related policies and the alignment of incentives and rewards with culture, taking these factors into account when setting the remuneration policy for the executive team.

Committee membership and attendance during 2022

Member	Number of meetings attended	Number of meetings eligible to attend
Mark Gregory[1]	9	9
Stella David	9	9
Vicky Jarman[2]	9	9
Virginia McDowell	9	9

1. Mark Gregory was Chair of the Committee until he resigned from the Board on 17 February 2023.
2. Vicky Jarman resigned from the Board on 17 February 2023.

During the year, there were six scheduled Committee meetings and three ad-hoc meetings. There will be six scheduled meetings in 2023, with ad-hoc meetings as required.

None of the Committee members or attendees are involved in any Committee decisions from which they may financially benefit personally (other than as shareholders) in the decisions made by the Committee. The Chairman, Chief Executive Officer, Chief Financial Officer & Deputy CEO, Chief People Officer and Director of Reward may attend meetings at the invitation of the Committee but are not present when their own remuneration is being discussed. The Company Secretary acts as the secretary to the Committee.

Key responsibilities

- Recommending to the Board the Remuneration Policy for Executive Directors and senior management.
- Setting the remuneration packages for each Executive Director and other members of the Executive Committee.
- Setting the remuneration package for the Chairman of the Board.
- Overseeing the Remuneration Policy for all colleagues.

The Committee's terms of reference can be found on the Company's website at **www.entaingroup.com.**

Key areas of Remuneration Committee focus in 2022

A summary of the matters considered during the year is set out below.

Our workforce

- Remuneration discussion with Employee Forum representatives
- Receiving updates on all-colleague remuneration arrangements throughout the Group
- Review and approval of the 2021 UK Gender Pay Gap Report
- Approval of the launch of the 2022 ShareSave

Executive and senior management remuneration

- Determination of the payouts from the 2021 annual bonus plan and the 2019 LTIP award
- Approval of the 2022 annual bonus plan and 2022 LTIP award and their associated performance metrics and targets
- Review of salaries and remuneration packages for senior executives and fees for the Chairman
- Review of performance metrics for the 2023 annual bonus plan and 2023 LTIP

Committee governance

- Approval of the 2021 Directors' Remuneration Report
- Receiving updates on external market developments in remuneration and governance, including international compensation practices
- Evaluation of the Remuneration Committee, its advisers and the Committee's Terms of Reference
- Review of shareholder feedback received in relation to Directors' remuneration following the 2022 AGM
- Review of the existing Directors' Remuneration Policy including conducting a consultation with our largest shareholders

Directors’ Remuneration Report continued

Remuneration Committee evaluation

The performance of the Remuneration Committee was assessed as a part of the Board Review, which this year was undertaken through online surveys administered and reviewed by external facilitator Linstock.

As well as addressing core aspects of Committee performance, the exercise had a particular focus on the following areas:

- The alignment of Remuneration Policy with the expectations of shareholders, and with Entain’s strategic objectives, including the financial and non-financial metrics used to determine variable pay.
- The process to review and shape a new Remuneration Policy.
- The level of focus on wider workforce pay policy, especially when determining executive remuneration.

The review concluded that the Committee had worked effectively during the year, with positive feedback for the performance of the Committee Chairman. The Committee discussed the results of the evaluation in private session and agreed that it would continue to focus on the remuneration strategy for the wider workforce and how remuneration structures could enable Entain to attract and retain global talent.

Advice to the Committee

Advisers are appointed independently by the Remuneration Committee, which reviews its selection periodically and is satisfied that the advice it receives is independent, objective and free from conflicts of interest. The total fees paid to the Committee’s adviser, Deloitte, in respect of 2022 were £132,350 (2021: £141,500). These were charged on a time and materials basis. Deloitte’s advice included provision of market data, advice on the remuneration aspects of Board appointments and general guidance on market and best practice.

Deloitte LLP also provided a range of tax and advisory services to Entain during the year, support in certain technology areas and support for the Group’s internal audit function.

Deloitte is a founding member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. Further details can be found at www.remunerationconsultantsgroup.com.

Management’s advice to the Committee was also supported by the provision of market data from Willis Towers Watson and legal advice from Freshfields.

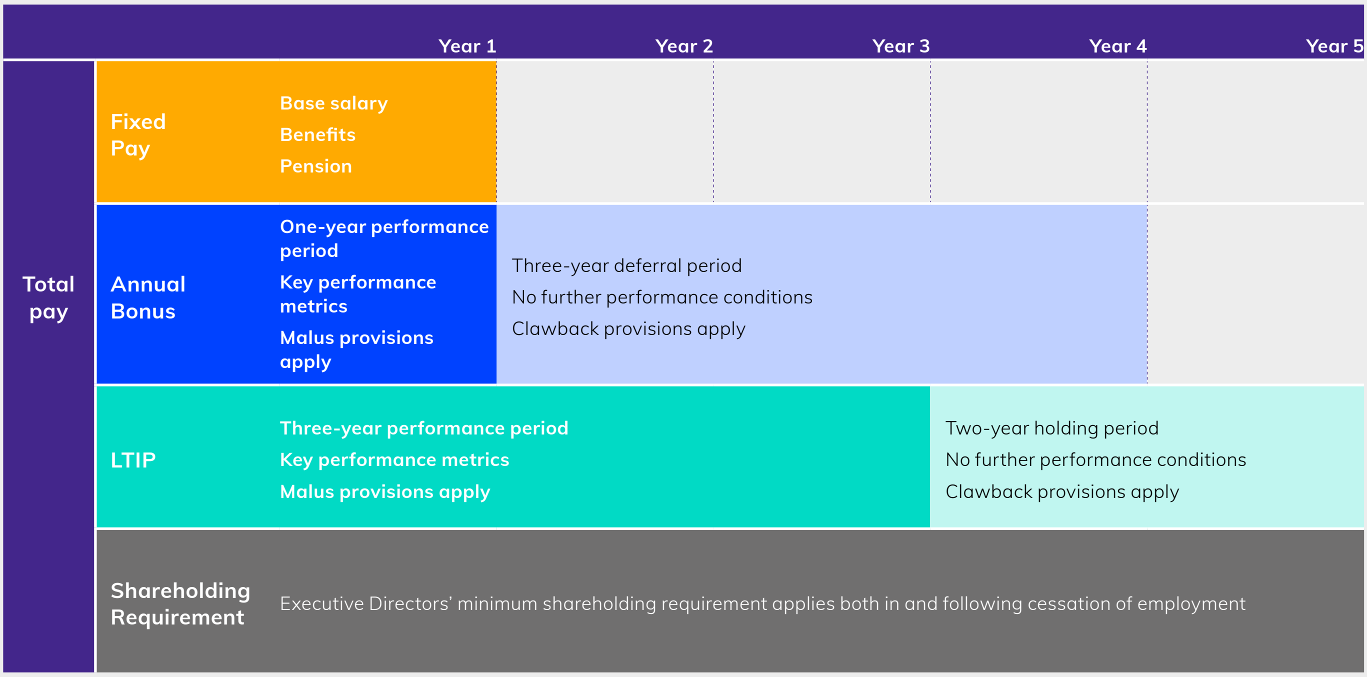
Shareholder voting and consideration of shareholder views

The 2021 Annual Statement from the Remuneration Committee Chair and the Annual Report on Remuneration were subject to an advisory vote at the AGM on 24 June 2022. Our Remuneration Policy was last approved by shareholders on 24 June 2020.

Resolution	Date	Votes for	% of votes for	Votes against	% of votes against	Votes withheld
Annual Report on Remuneration	24 June 2022	444,888,475	98.5%	6,914,494	1.5%	4,335,764
Remuneration Policy	24 June 2020	458,789,615	95.0%	24,425,820	5.0%	596,332

Executive remuneration at Entain

The remuneration framework for Executive Directors at Entain is intended to incentivise them to execute the Company's strategy and create long-term sustainable value for shareholders. It is simple, focused and aligned with key financial and strategic business goals.



2022 – Executive Directors' remuneration

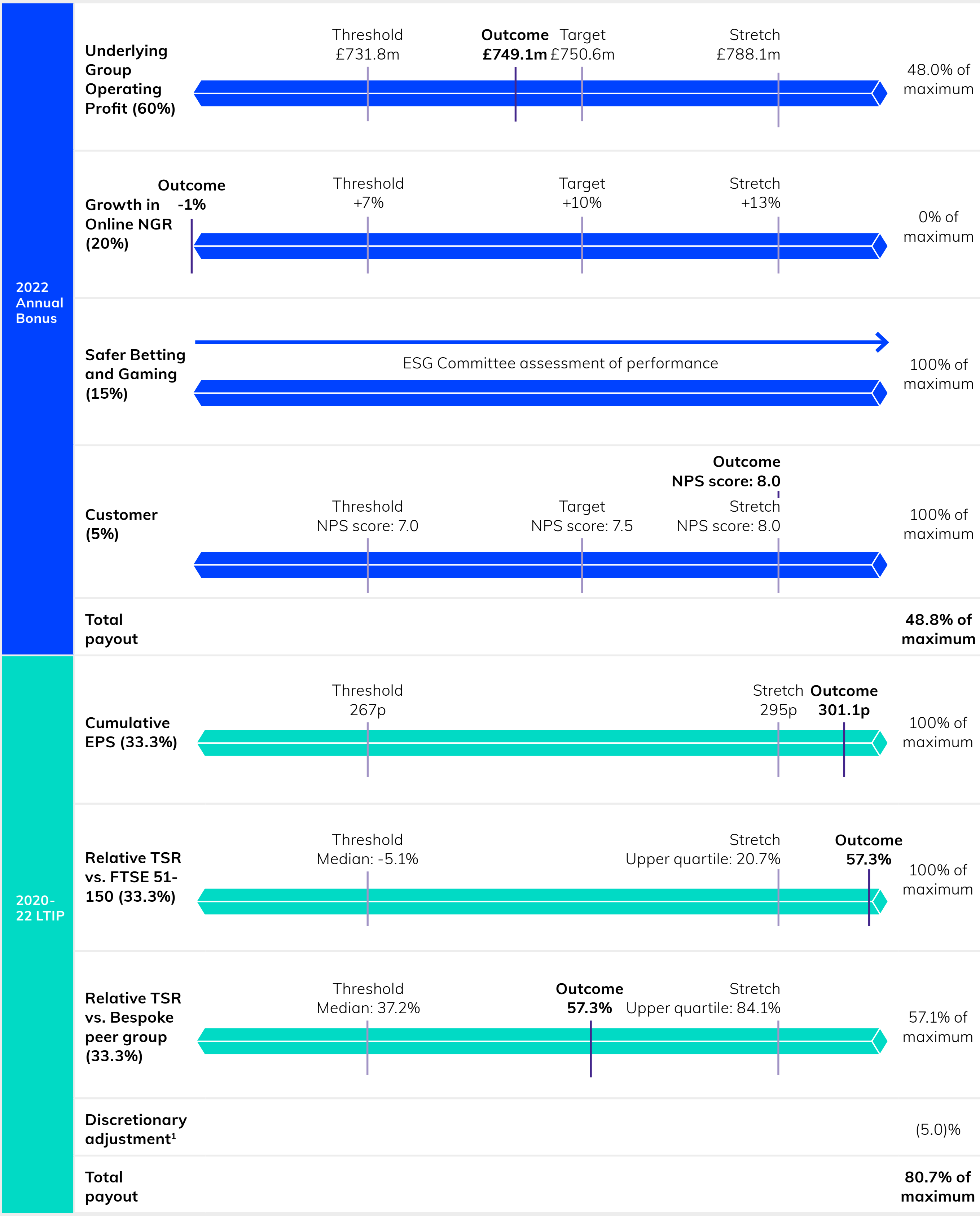
The full explanatory notes for each element of remuneration are detailed on pages 146 to 149 in the Annual Report on Remuneration.

£000s	Base Salary	Benefits	Pension	Annual Bonus	LTIP	Total
Jette Nygaard-Andersen (CEO)	820	36	49	1,000	–	1,905
Rob Wood (CFO & Deputy CEO)	538	15	25	525	1,432	2,535
Robert Hoskin (Chief Governance Officer)	410	5	–	400	1,247	2,062

Directors' Remuneration Report continued

2022 Incentive outcomes

The full explanatory notes for the annual bonus and LTIP outcomes are detailed on pages 147 to 149 in the Annual Report on Remuneration.



1. Relating to the settlement with the UK Gambling Commission – see page 148 for details.

Implementation of the Remuneration Policy for Executive Directors

The tables below illustrate the balance of pay and time period of each element of the Policy for Executive Directors and summarise how the Committee applied the Policy in 2022, together with details of how the Committee intends to implement the new Policy in 2023.

Element	Operation	How we implemented the Policy in 2022	How we plan to implement the Policy in 2023
Salary To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role Fixed pay Y1 Y2 Y3 Y4 Y5	• Salaries for Executive Directors are reviewed annually by the Committee and any increases normally take effect from 1 January. To the extent that increases are awarded, these will ordinarily be in line with the typical level of increase across the wider workforce	• Executive Directors' salaries from 1 January 2022: – CEO – £820,000 – CFO & Deputy CEO – £538,125 – CGO – £410,000	• Salary increases of 3% for the Executive Directors • From 1 January 2023, Executive Director salaries will be: – CEO – £844,600 – CFO & Deputy CEO – £554,300 – CGO – £422,300
Benefits To provide competitive benefits and to attract and retain high calibre employees Fixed pay Y1 Y2 Y3 Y4 Y5	• The value of benefits is based on the cost to the Group and there is no pre-determined maximum limit • Executive Directors receive standard benefits such as medical and life insurance and car allowance	• Normal company benefit provision	• Normal company benefit provision
Pension To provide an opportunity for retirement planning Fixed pay Y1 Y2 Y3 Y4 Y5	• Executive Directors have the opportunity to participate in a company provided pension, which is in line with that available to other employees, or may receive a cash allowance in lieu of a company contribution	• CEO – 6% of salary cash allowance[1] • CFO & Deputy CEO – 4.5% of salary company contribution[2] • CGO – Opted out of the plan	• Executive Directors may receive a cash allowance in lieu of contributions to the pension plan
Annual Bonus To incentivise the achievement of key financial and non-financial performance targets in line with corporate strategy over a one-year period 50% cash Y1 Y2 Y3 Y4 Y5 50% shares Y1 Y2 Y3 Y4 Y5	• Maximum annual incentive opportunity of 250% of salary for the CEO and 200% of salary for other Executive Directors. No payment will be made for below threshold performance. 50% of the maximum opportunity is payable for target performance • 50% of any bonus award will be deferred into shares for three years • Dividend equivalents are payable on deferred shares • Malus and clawback provisions apply	• Maximum opportunities: – CEO – 250% – Other Executive Directors – 200% • Performance metrics (as a percentage of total): – Underlying Group Operating Profit (pre US joint venture) (60%) – Growth in Online NGR (25%) – Safer Betting and Gaming (15%) – Customer (5%) • Executive Directors awarded bonuses of 48.8% of their maximum opportunity. See page 147 for further information	• No change to the maximum bonus opportunity or payment mechanisms of bonuses • Performance metrics (as a percentage of total): – Underlying Group Operating Profit (pre US joint venture) (60%) – Growth in NGR (including US joint venture) (20%) – Safer Betting and Gaming (15%) – Customer (5%) • Targets are considered commercially sensitive, but will be disclosed in the 2023 Directors' Remuneration Report

1. A cash allowance was approved by the Remuneration Committee for the CEO as she is a Danish tax resident and therefore not able to participate in any of the Group's existing pension arrangements. The quantum is aligned to the maximum company pension contribution available to employees in the UK.
2. The CFO is a member of the UK employee pension plan on the same basis as other employees, and has elected to participate at the level that provides a Company contribution of 4.5% of salary.

Directors’ Remuneration Report continued

Element	Operation	How we implemented the Policy in 2022	How we plan to implement the Policy in 2023
LTIP To incentivise the execution of the long-term business plan and the delivery of long-term sustainable value for shareholders Up to 450% of salary Y1 Y2 Y3 Y4 Y5 Two-year holding period Y1 Y2 Y3 Y4 Y5	• Maximum award of 450% of base salary for the CEO and 400% of base salary for other Executive Directors • Threshold performance results in 16.7% of the award vesting where maximum award levels are granted • Vesting is on a straight-line basis between threshold and maximum • Awards are granted annually and are subject to a three-year performance period • A two-year holding period will apply following the vesting period • Dividend equivalents are payable on vested awards • Malus and clawback provisions apply	• Grant levels for 2022 awards: – CEO – 300% – Other Executive Directors – 250% • Performance conditions: – Relative TSR vs. the FTSE 100 (50%) – Relative TSR vs. a bespoke group of sectoral peers (50%) • The performance period for the 2020 LTIP ended in the year and 80.7% of this award will vest. See page 148 for further information	• Maximum LTIP opportunities increased to: – CEO – 450% – Other Executive Directors – 400% • Performance conditions: – Relative TSR vs. the FTSE 100 (50%) – Relative TSR vs. a bespoke group of sectoral peers (50%) • See page 128 for details on LTIP awards to be granted in 2023
Shareholding Guidelines To ensure that Executive Directors’ interests are aligned with those of shareholders over a longer time horizon Executive Directors’ share ownership Y1 Y2 Y3 Y4 Y5	• Executive Directors are required to retain 50% of the post-tax number of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained • Executive Directors are required to maintain 100% of their guideline (or their actual holding if lower) for two years following cessation of employment	• Shareholding guidelines: – CEO – 400% – Other Executive Directors – 200% • The Executive Directors’ share interests as at 31 December 2022 are detailed on page 150	• Shareholding guidelines increased to a maximum of: – CEO – 450% – Other Executive Directors – 350% on a proportionate basis as and when LTIP awards are granted at increased levels under the new Policy

Performance metrics and link to strategy

The table below demonstrates how each element of our reward package links to our two strategic pillars of Growth and Sustainability. More information about our strategic pillars is set out in the Chief Executive's Review on pages 12 to 21.

Element of reward	Link to reward	Strategic pillars: Growth	Strategic pillars: Sustainability
Bonus	Underlying Group operating profit	⬢	⬢
	Growth in NGR	⬢	
	Safer betting and gaming	⬢	⬢
	Customer	⬢	⬢
	Deferral of bonus into shares		⬢
LTIP	Total shareholder return	⬢	⬢
	Holding periods for Executive Directors		⬢
Bonus and LTIP	Malus and clawback provisions apply		⬢
	Shareholding requirements for Executive Directors		⬢
Benefits	ShareSave for all employees	⬢	⬢
	Free-share award made in June 2022	⬢	⬢
	Market-related benefits package		⬢
	Employee recognition		⬢
	Learning and development opportunities	⬢	⬢

Directors' Remuneration Report continued

2023 Incentive plan metrics

Annual bonus

What ESG-related metrics will be included in the annual bonus for 2023?

The Committee is mindful of the ongoing focus on ESG performance and is pleased with the continued evolution of our annual bonus metrics which highlight how we are working to embed sustainability across all aspects of the business. As for 2022, we will continue to include two non-financial metrics in our annual bonus. 15% of the bonus will be based on a safer betting and gaming metric and 5% on a customer metric.

Why does the Committee think it is important to include a customer and a safer betting and gaming metric in the annual bonus?

In order to have a sustainable business, we have to put the customer at the heart of everything we do. This starts with continuously enhancing and personalising the protection of our customers but also requires us to provide great products and customer service. Including these metrics in our annual bonus provides balance and reinforces the importance of these to all our colleagues.

How will the customer metric work?

We will again use Net Promoter Score ("NPS") to measure performance across our brands with the final outcome assessed at Group level. NPS is a customer loyalty and satisfaction metric that companies use to track promoters and detractors, producing a clear measure of an organisation's performance through its customers' eyes.

As a metric it is easily understood by both external stakeholders and employees. It aligns with our strategic direction and the results will enable us to take appropriate actions to improve our customers' experience.

How will the safer betting and gaming metric work for 2023?

We are keen to continue the evolution of the safer betting and gaming metric by further enhancing our systems and processes, continuing to improve the detection and prevention of problematic play. For 2023:

- Half of the total will relate to the UK market. We will target the usage of our active account management tools amongst risk assessed online customers and the implementation of our Advanced Responsibility and Care™ ("ARC™") model into our UK Retail business.
- The other half will relate to markets outside the UK. Here we will target the deployment of ARC™ across further markets.
- In addition, to reach the threshold level for payout under this metric, minimum levels of completion of safer betting and gaming and other relevant compulsory training modules must be achieved by our colleagues globally.

More information on the 2022 target and outturn of the safer betting and gaming metric can be found on page 147.

How will we ensure that the safer betting and gaming metric will be robustly measured, reviewed and reflect underlying performance?

To provide the Committee and shareholders with comfort that the outcome for the safer betting and gaming metric is robust and appropriate, the ESG Committee will again have oversight of the safer betting and gaming metric and will receive input from EPIC Risk Management – the leading independent gambling harm minimisation consultancy – when reviewing and evaluating the delivery against targets, prior to recommending the outcome to the Committee.

How will the rest of the 2023 annual bonus be determined?

The remaining 80% of the annual bonus will be based on financial metrics that will be split between underlying Group operating profit (60%) and growth in NGR (20%). These weightings are the same as for the 2022 plan. To reflect the importance of our US joint venture and Retail business to the future value of Entain, the online NGR metric has been updated to be Group NGR including the NGR of BetMGM.

The targets and respective outcomes of the 2023 metrics will be reported in next year's Directors' Remuneration Report.

2023 LTIP

What metrics will be used for the 2023 LTIP?

In determining the LTIP performance metrics for the 2023 award, the Committee has again considered the difficulty in setting appropriately stretching but incentivising financial targets, given the fast-changing external environment in which we currently operate. The Committee has concluded that it remains appropriate to continue to base our 2023 LTIP award entirely on relative TSR metrics. This aligns management's interests closely with the experience of investors and incentivises actions which enhance long-term value creation.

For 2023, 50% of the LTIP awards will be based on TSR performance relative to the FTSE 100 and 50% on performance relative to an unchanged industry peer group of the following companies:

888 Holdings, Aristocrat, Betsson, Caesars Entertainment, DraftKings, Evolution Gaming Group, Flutter Entertainment, International Game Tech, Kindred Group, MGM Resorts, Playtech, PointsBet, Rank Group, Rush Street Interactive and Sands LV.

What are the targets for the 2023 LTIP?

The targets and vesting schedule for the 2023 LTIP awards, assuming these are granted at the maximum available under the new Policy, are set out below.

Metric	Weighting	Threshold[1] (16.7% vesting)	Maximum[1] (100% vesting)
TSR vs. FTSE 100	50%	Median	85th percentile
TSR vs. peer group	50%	Median	85th percentile

1. Straight-line vesting between threshold and maximum.

If lower levels of LTIP awards are granted, then the percentage of vesting at threshold, and the performance required for maximum vesting, will be revised on a proportionate basis. For awards made at the level available under the existing Policy, in line with current practice, threshold vesting will be at 25% of maximum and maximum vesting will require performance at the 75th percentile.

The Committee will assess the value of the 2023 LTIP awards at vesting and will ensure that the final outturn reflects all relevant factors, including consideration of underlying performance.

Remuneration in context

Committed to good governance

When considering executive remuneration, the Committee takes into account a wide range of factors including legal and regulatory requirements, associated guidance, and the views of shareholders and their representative bodies. How the Committee addresses the following principles, taken from the 2018 UK Corporate Governance Code, is set out below.

Clarity

- Our remuneration framework is structured to support the financial and strategic objectives of the Group, aligning the interests of our Executive Directors with those of shareholders.
- We are committed to transparent communication with all our stakeholders, including shareholders – page 63 sets out more details of how we engage with shareholders.

Simplicity

- We operate a simple, but effective remuneration framework.
- The annual bonus and LTIP reward performance against key indicators of success for the business.
- There is clear line of sight for management and shareholders.

Risk

- Our incentives are structured to align with the Group's risk management framework.
- Three-year deferral under the annual bonus and the two-year holding period on LTIP awards create long-term alignment, as do our within- and post-employment shareholding guidelines.
- Both incentives also incorporate robust performance targets, malus and clawback provisions, and overarching Committee discretion to adjust formulaic outcomes.

Predictability

- The Remuneration Policy clearly sets out the possible future value of remuneration that Executive Directors could receive, including the impact of share price appreciation of 50%.

Proportionality

- There is clear alignment between the performance of the Company and the rewards available to Executive Directors.
- Incentive elements are closely aligned to our strategic goals, transparent and robustly assessed, with the Committee having full discretion to adjust outcomes to ensure they align with overall Entain performance.

Alignment to culture

- We are committed to effective stakeholder and colleague engagement, part of which is ensuring that the Committee sees all relevant data relating to pay and conditions in the wider workforce.
- Operating responsibly towards our customers is fundamental to the way in which Entain operates and remuneration outcomes are reviewed in the light of actions taken in support of our safer betting and gaming agenda.
- To reflect the importance of our safer betting and gaming activity and our customers to the sustainability of Entain, metrics relating to both are included in our annual bonus plan. This demonstrates a clear link between remuneration and our culture. The Committee will also take broader ESG considerations into account and may apply discretion if necessary when assessing the appropriateness of incentive outcomes.

Directors' Remuneration Report continued

Understanding our colleague reward framework

Our people are vital to our business. At Entain, we believe in fairness throughout the Company. The Group operates a number of general principles applied to all levels.

- We will provide a competitive package compared to the relevant market for each colleague.
- We will ensure colleagues can share in the success of the business, where appropriate, through performance-based variable remuneration and opportunity to acquire Entain shares.
- We aim for transparency and a fair cascade of remuneration throughout the Group.

The Remuneration Committee considers a range of factors when deciding upon the remuneration for Executive Directors, one of which is the alignment with pay practices across the wider workforce. The table below summarises the remuneration structure for employees below the Board.

Element	Wider workforce	Executive Directors and senior management
Base salary	• Our base salary is the basis for a competitive total reward package for all employees, and we review these annually. • The review takes into account a number of factors such as country budget, relevant market comparators, the skills, knowledge and experience of each individual, relativity to peers within the Company and local legislative requirements. • In setting the salary review budget each year, we consider affordability as well as assessing how employee base salaries are positioned relative to market rates, forecasts of any further market increases and attrition rates.	• The base salary of our Executive Directors and senior management forms the basis of their total remuneration and we review their salaries annually.
Benefits and pension	• We offer market-aligned benefits packages reflecting market practice in each country in which we operate. • Where appropriate, we offer elements of personal benefit choice to our employees.	• The benefits packages of our Executive Directors and senior management are aligned with the wider workforce of the country in which they are employed. • Subject to local legislation, Executive Directors are eligible to participate in the pension arrangement in their country of employment on the same basis as local employees.
Short-term incentives	• Many of our global workforce participate in the Group annual bonus, with metrics typically aligned to those of the Executive Directors and senior management, although depending on role, greater emphasis may be placed on business unit performance. • We operate local incentive arrangements where appropriate to align with market practice.	• The Executive Directors and senior management participate in the same Group annual bonus plan as eligible members of the global workforce. • Half of any award to an Executive Director is subject to deferral into shares for three years. • Malus and clawback provisions apply.
Long-term incentives	• A proportion of this population is eligible to be considered for LTIP or Restricted Stock Awards, which vest after three years. • Malus and clawback provisions apply. • Employees have the chance to participate in the Group's all-employee ShareSave plan. • An award of free shares was made to all eligible employees in 2022, in recognition of the Group's strong performance in 2021.	• We operate an LTIP with a three-year performance period for Executive Directors and senior management, and vesting is subject to Group performance outcomes. • Awards made to Executive Directors are subject to a two-year holding period following vesting. • Malus and clawback provisions apply.

Read more about the Committee's work in 2022: page 121

Consideration of colleague and stakeholder views

The Committee supports and aims for fairness and transparency of remuneration arrangements across the Group, with consistent principles underlying both pay for the Executive Directors and that for our wider colleague population. To support this, the Committee receives regular updates on Group-wide all-colleague remuneration arrangements. During the year, this included briefings on the programme of support for UK Retail colleagues, our ShareSave plan and the project to implement a global job architecture framework.

We have several colleague forums within Entain. These play an important role in providing our people with a voice and allow them to provide the business with valuable insight and feedback on a range of topics, including remuneration. In addition, Virginia McDowell, in her role as Designated Workforce Director, provides the Committee with updates on colleague views on remuneration. Through the Board the Committee receives valuable insight as to general colleague views on remuneration, via the results of our Global "Your voice" Survey, including those related to pay and benefits. See pages 98 to 99 for more detail on our Board Engagement activities.

Mark Gregory, the former Remuneration Committee Chair, participated in Entain's Employee Forum AGM, held virtually in January 2023. This event brought together colleague representatives from across the Group, and gave them the opportunity to engage with Virginia and Mark on a wide range of topics. As with the similar meeting held last year, an open dialogue was had and our colleague representatives provided very informative input on their experiences and suggestions. The Committee members are grateful for the active participation of these colleagues and the insights received and thank them for their input.

All employee remuneration and actions in response to cost-of-living pressures

The Committee is mindful of Entain's responsibility as an employer and the focus on this is heightened in the current difficult economic environment which is being experienced by our colleagues all over the world. The Committee was pleased that we were able to implement a number of all-colleague remuneration initiatives during 2022:

- Budgets were set for our 2023 annual salary review taking into account the current inflationary context being experienced by our colleagues globally. Acknowledging that the impact of inflation disproportionately impacts the lower paid, these budgets were directed towards providing greater percentage increases to our lower paid colleagues.
- For our colleagues in UK Retail and Stadia, further specific actions were taken. Firstly, in October, all colleagues received a £300 one-off payment (with the company meeting the tax liability to ensure that colleagues received the full amount). Secondly, with effect from 1 January 2023, our minimum hourly rate of pay has been increased to £10.90 (from £10.00) which is in line with that recommended by the Real Living Wage Foundation.
- All of our colleagues have the opportunity to share in the value they create. A second cycle of our all-employee ShareSave plan was launched in April 2022 to colleagues in 23 countries. 14% of our people elected to participate, giving them the opportunity to purchase Entain shares at an option price of £13.33. We intend to offer ShareSave again in 2023.
- In June 2022, a free share award of £300 of Entain shares was made to all eligible employees. This included colleagues across the entire Group, including those working in our recent acquisitions.

All of these initiatives acknowledge the importance of our colleagues in delivering the Group's objectives and the Committee looks forward to continuing the dialogue with our people in the coming year.

Directors' Remuneration Report continued

CEO Pay Ratio (Unaudited)

The first table below sets out the ratio at median, 25th and 75th percentile of the total remuneration received by our CEO compared to the total remuneration received by our UK colleagues, while the second provides further information on the total colleague pay figure at each quartile, and the salary component within this. Our CEO's 2022 pay was 87 times the median (50th percentile). This is a fall from 2021 which is largely attributable to the lower pay of the CEO in respect of 2022. Our UK employee population is predominantly made up of colleagues working in our retail estate and the Committee considers that this ratio is not out of line with that at other retail organisations.

	Method	25th percentile	50th percentile	75th percentile
2022	Option A	101	87	73
2021	Option A	139	122	98
2020	Option A	106	95	75
2019	Option A	278	229	170

UK colleagues – pay element	25th percentile	50th percentile	75th percentile
Salary	15,752	16,990	18,382
Total remuneration	18,917	21,988	26,208

We would highlight the following in terms of the approach taken:

- Option A was chosen as it is considered to be the most accurate way of identifying colleagues at P25, P50 and P75, and is aligned with investor expectations. Under this approach we calculate total remuneration for all of our UK colleagues and rank them accordingly on this basis.
- The lower quartile, median and upper quartile colleagues were calculated based on full-time equivalent data as at 31 December 2022. Salary excludes any statutory payments such as maternity and sick pay; these items are reflected in the Total remuneration figures.
- In reviewing the colleague pay data, the Committee is comfortable that the P25, P50 and P75 individuals identified appropriately reflect the colleague pay profile at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies for UK colleagues.

The Committee notes that Entain has in place a number of initiatives to ensure that the pay and conditions for our wider colleague population are fair and reasonable and receives regular updates on reward practices throughout the Group.

We aim to provide a market competitive remuneration package in each of the countries in which we operate. This includes benefits appropriate to the local market and the ability for many colleagues to share in the success of Entain via annual incentive programmes. We successfully launched the second cycle of our all-employee ShareSave plan in 2022 and another cycle will be offered in April 2023. In June 2022, we also made an award of free shares with a value of £300 to all employees. These shares vest in June 2024, subject to continued employment.

Structures are in place to support salary progression and regular market analysis by geography and role function is carried out, with action taken as appropriate.

Salaries are typically reviewed in January each year. However, the implementation date of the Group-wide review due in January 2022 was brought forward to 1 October 2021, excluding Executive Directors and Executive Committee members. For 2023, our salary review reverted to the normal cycle and was implemented on 1 January 2023.

Relative Importance of the Spend on Pay

The table below sets out the overall spend on pay for all colleagues compared with the returns distributed to shareholders.

Significant distributions	2022	2021	% change
Staff costs (£m)[1]	**654.5**	579.3	13%
Distributions to shareholders (£m)[2]	**50.0**	–	n/a

1. The increase in staff costs is due to increased employee numbers in 2022 as a result of acquisitions, the introduction of our Free Share plan, the extension of our ShareSave plan and no receipt of furlough payments during 2022, which partially offset the charge in 2021.
2. No dividends were paid during 2021.

Gender pay gap reporting

2022 is the fifth year in which we have published our UK gender pay gap results. Our median hourly pay difference between male and female colleagues in the UK is 3.2% (2021: 5.3%), which compares favourably with the UK median pay gap for all employees of 14.9% (source: Office for National Statistics, October 2022). Our median bonus pay gap is 38.7% (2021: 59.6%).

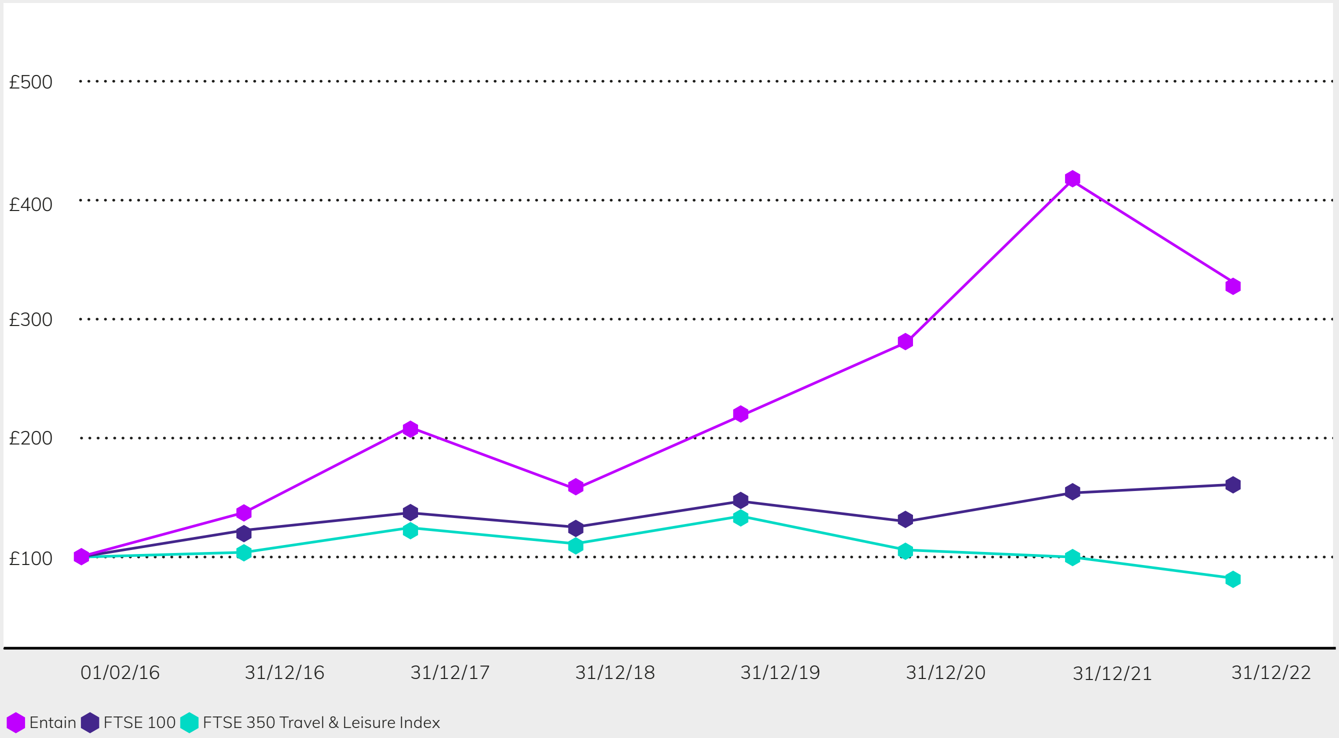
From further analysis it is clear that these gaps largely remain a function of lower numbers of women at senior levels. We are committed to making Entain an inclusive place to work and we are continuing to invest in initiatives to create greater diversity at senior levels. Further information on these initiatives is provided in the investing in people and communities section on page 52. Our gender pay gap report for the year ended 5 April 2022, together with contextual information and more detail on the initiatives we have underway to close our gender pay gap, can be viewed on the Company's website at **www.entaingroup.com.**

Summary of performance

The chart below shows the value of £100 invested in Entain since obtaining Main Market listing on 1 February 2016, compared with the value of £100 invested in the FTSE 100 Index and the FTSE 350 Travel and Leisure Index. The FTSE 100 has been chosen on the basis that this is the index in which Entain was a constituent of at the end of 2022.

£100 invested in Entain on 1 February 2016 would have been worth £329 at 31 December 2022 compared with £161 if invested in the FTSE 100 and £82 if invested in the FTSE 350 Travel and Leisure Index.

Over the three-year period 1 January 2020 to 31 December 2022 (the period covered by the 2020 LTIP) the total shareholder return ("TSR") of Entain shares was +50% compared with +10% for the FTSE 100 and -39% for the FTSE 350 Travel and Leisure Index.



Source: Datastream

Directors’ Remuneration Report continued

Summary of CEO remuneration outcomes: 2015–2022

Year	2022	2021		2020		2019	2018	2017	2016	2015
CEO	J Nygaard-Andersen	J Nygaard-Andersen[1]	S Segev[2]	S Segev[2]	K Alexander[3]	K Alexander	K Alexander	K Alexander	K Alexander	K Alexander
Single figure of total remuneration[4]	£1.91m	£2.53m	£0.04m	£0.30m	£1.68m	£5.23m	£19.10m	£18.21m	£17.83m	£3.41m
Annual bonus payout[5] (% of maximum)	48.8%	100%	–	–	–	100%	92%	100%	–	–
LTIP vesting (% of maximum)	–	–	–	–	89.8%	91.1%	–	–	–	–
Legacy award vesting (% of maximum)	–	–	–	–	–	–	100%	100%	100%	100%

1. Jette Nygaard-Andersen was appointed CEO on 21 January 2021.
2. Shay Segev was appointed CEO on 17 July 2020 and stepped down from the Board on 21 January 2021. Shay’s 2018 and 2019 LTIP awards lapsed when he left employment and he was not entitled to any bonus payment in respect of 2021.
3. Kenneth Alexander retired from the role of CEO on 17 July 2020.
4. Figures for 2015, 2016 and 2017 were previously reported in Euros and have been converted into GBP using an average rate for the relevant year.
5. The Executive Directors waived any entitlement to bonus for 2020 due to the Covid-19 pandemic.

Change in Directors’ pay for the year in comparison to all Entain colleagues

The table below shows the year-on-year change in salary, benefits and annual bonus earned from 2020 to 2022, building to a five-year history, for all Executive and Non-Executive Directors and the Chairman of the Board, compared to that for Entain’s UK colleagues. The comparison is not able to be shown for those individuals who were not in role for the full 12 months of either year.

	2022			2021			2020		
	Base salary/ fees	Benefits	Annual bonus	Base salary/ fees	Benefits	Annual bonus	Base salary/ fees	Benefits	Annual bonus
Executive Directors									
J Nygaard-Andersen[1]	–	–	–	–	–	–	–	–	–
R Wood[2]	3.6%	1.4%	(49.5)%	27.2%	2.2%	n/a	–	–	–
R Hoskin[3]	2.5%	(15.1)%	(50.0)%	–	–	–	–	–	–
Non-Executive Directors[4]									
B Gibson[5,6]	0%	–	–	5.3%	–	–	–	–	–
P Bouchut[6,7]	(1.2)%	–	–	1.9%	–	–	(3.8)%	–	–
S David[8]	–	–	–	–	–	–	–	–	–
M Gregory[8]	–	–	–	–	–	–	–	–	–
V Jarman[8]	–	–	–	–	–	–	–	–	–
V McDowell[6]	0%	–	–	5.4%	–	–	(8.5)%	–	–
D Satz[9]	11.3%	–	–	–	–	–	–	–	–
R Welde[10]	–	–	–	–	–	–	–	–	–
All colleagues[11]	(0.1)%	(16.5)%	(50.8)%	0.1%	1.9%	132.4%	3.5%	(1.4)%	(53.1)%

1. Jette Nygaard-Andersen joined the Board in November 2019 and was appointed CEO on 21 January 2021. As she was not in either role for a full 12 months in either 2020 or 2021, no comparison is shown.
2. Rob Wood joined the Board during 2019. As he was not in role for the full 12 months of 2019, no comparison is shown in respect of 2020. In 2020, as an Executive Director, Rob was subject to a 20% reduction in salary for three months and he waived his entitlement to receive a bonus under the 2020 Group annual bonus plan. In 2021, Rob’s salary was increased from £430,000 to £525,000, effective 21 January 2021, upon taking on additional responsibility as Deputy CEO.
3. Robert Hoskin joined the Board on 1 January 2021, therefore no comparison is shown for 2020 or 2021.
4. Non-Executive Directors receive fees only and do not receive any additional benefits or participate in a bonus arrangement. There were no increases to Non-Executive Directors’ fees in 2022.
5. Barry Gibson joined the Board during 2019. As he was not in role for the full 12 months of 2019, no comparison is shown for 2020.
6. In 2020, Barry Gibson, Pierre Bouchut and Virginia McDowell were all subject to a 20% reduction in fees for three months.
7. The fees for Pierre Bouchut are denominated in Euros and the percentage change in fees shown for him for 2022 is as a result of foreign exchange movements.
8. Stella David, Mark Gregory and Vicky Jarman joined the Board during 2021, therefore no comparisons are shown.
9. David Satz joined the Board in 2020, therefore no comparison is shown for 2020 or 2021. David’s fees are denominated in US Dollars and the percentage change in fees shown for him for 2022 is as a result of foreign exchange movements.
10. Rahul Welde joined the Board during 2022, therefore no comparisons are shown.
11. The all-colleague data is comprised of that used to calculate the CEO pay ratio. To eliminate the impact of changes in colleague numbers year-on-year this has been based on average base salary, benefits and annual bonus data for 2019/20, 2020/21 and 2021/22. The fall in bonus for 2022 reflects an overall outturn of around target compared to payout at maximum in respect of 2021.

Directors' Remuneration Policy

The following section sets out our Directors' Remuneration Policy. This Policy will be submitted as an advisory vote to shareholders at the 2023 AGM and will apply to payments made on or after 25 April 2023.

As an Isle of Man incorporated company, Entain is not subject to the UK remuneration reporting regulations which apply to UK-incorporated companies. Nevertheless, the Committee recognises the importance of effective corporate governance and is firmly committed to UK best practice. The Remuneration Policy has therefore been prepared in accordance with the provisions of the UK's Companies Act 2006 and Schedule 8 of the Large and Medium Sized Companies Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"), the Listing Rules of the UK Financial Conduct Authority and the UK Corporate Governance Code.

Changes from previous policy

The significant changes from the previous policy are summarised on the right. The rationale for these is set out in the Chair's Annual Statement on page 118.

- Increase in the maximum annual LTIP opportunities as follows:
  - CEO: 450% (from 300%)
  - Other Executive Directors: 400% (from 250%).
- Reduction in the proportion of LTIP awards that vest for threshold performance to 16.7% (from 25%), where awards are made at the new maximum levels.
- Increase in shareholding requirements, where awards are made at the new maximum levels, to:
  - CEO: 450% (from 400%)
  - Other Executive Directors: 350% (from 200%).
- Introduction of a cash allowance in lieu of pension provision.
- Provision for our Executive Directors to participate in our all-employee share plans on the same terms as other eligible employees.

In designing the new Policy, the Committee followed a robust process which included discussions on the content of the Policy at five Remuneration Committee meetings. The Committee considered input from management and our independent advisers and carried out an extensive consultation exercise to gather the views of the Company's major shareholders.

Directors' Remuneration Policy

Salary	
Element and strategic link	To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role.
Operation	An Executive Director's basic salary is set on appointment and is generally reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Committee considers: • remuneration practices within the Group including salary budgets; • the general performance of the Group; • salaries paid by companies of a similar size and complexity and those operating in similar markets; • any change in scope, role and responsibilities; • the experience of the individual; and • the economic environment.
Maximum	There is no maximum level of salary increase. Nevertheless, salary increases for Executive Directors will ordinarily be no higher than the typical level of increase across the wider workforce. Higher increases may be made under certain circumstances such as: • an increase in the scope and/or responsibility of the individual's role on either a permanent or temporary basis; • the development of the individual within their role; or • where an Executive Director has been appointed to the Board at a lower than typical level of salary, for example to reflect a lower level of experience, larger increases may be awarded to move them closer to the market rate as their experience develops.
Performance targets and recovery provisions	A broad assessment of individual and business performance is used as part of the salary review. No recovery provisions apply.

Directors' Remuneration Report continued

Benefits	
Element and strategic link	To provide competitive benefits and to attract and retain high calibre employees.
Operation	The Executive Directors may receive benefits including, but not limited to, private health insurance, life insurance and car and accommodation allowances. Executive Directors may also participate in any all-employee share plans that may be operated by the Group from time to time on the same terms as other employees. The Committee recognises the need to maintain suitable flexibility in the benefits provided to ensure it is able to support the objective of attracting and retaining personnel in order to deliver the Group strategy. Additional benefits such as relocation allowances on recruitment may therefore be offered.
Maximum	The maximum is the cost of providing the relevant benefits. The maximum award under any all-employee share plan is in line with the maximum within the relevant plan rules and as applicable to other participants. Awards would also be subject to any prevailing statutory limits.
Performance targets and recovery provisions	No performance or recovery provisions apply.

Pensions	
Element and strategic link	To provide an opportunity for retirement planning.
Operation	Executive Directors are eligible to participate in the Company provided pension arrangement in place in their country of employment, on the same basis as other eligible employees and in line with local statutory requirements. If adversely impacted by local tax legislation, an individual may receive a cash allowance instead of the company contribution into the pension plan.
Maximum	The maximum Company contribution is currently 6% of salary in the UK and Gibraltar (where our current Executive Directors are employed). This may be reviewed if required to meet any changes in statutory requirements, or in line with changes to contribution rates for other employees.
Performance targets and recovery provisions	No performance or recovery provisions apply.

Annual and Deferred Bonus Plan (the "ADBP")	
Element and strategic link	To incentivise the achievement of key financial and non-financial performance targets in line with corporate strategy over a one-year period.
Operation	Awards made annually based on the achievement of a combination of financial and non-financial performance metrics. 50% of the bonus will be paid in cash following the end of the financial year. 50% of the bonus will be deferred into shares which will vest at the end of three years subject to continued employment. Participants may be entitled to dividends or dividend equivalents representing the dividends paid during the deferral period on the deferred shares.
Maximum	Maximum annual incentive opportunity of 250% of salary for the CEO and 200% of salary for other Executive Directors. Threshold performance is equal to 25% of maximum opportunity. Target performance is equal to 50% of the maximum opportunity.
Performance targets and recovery provisions	Performance metrics and targets will be set by the Committee annually based on a range of financial and non-financial metrics. The specific metrics, targets and weightings may vary from year to year in order to align with the Company's strategy over each year. However, at least 50% of the bonus will be linked to financial metrics. Operational, strategic and personal objectives, where measurement is qualitative, will be limited to a maximum weighting of 30%. The Committee is of the opinion that, given the commercial sensitivity arising in relation to the detailed financial targets used for the bonus, disclosing precise targets for the Plan in advance would not be in shareholder interests. Except in circumstances where elements remain commercially sensitive, targets, performance achieved and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any payouts. The Committee retains full discretion to: • change the performance metrics and targets and the weighting attached to these part-way through a performance year if there is a significant and material event which causes the Committee to believe the original metrics, weightings and targets are no longer appropriate; and • make downward or upward adjustments to the amount of bonus earned resulting from the application of the performance conditions, if the Committee believes that the bonus outcomes are not appropriate. The use of and rationale for any application of discretion by the Committee will be fully disclosed in the following year's Remuneration Report. Malus and clawback provisions apply. See further details on page 140.

Directors' Remuneration Report continued

Long Term Incentive Plan (the "LTIP")	
Element and strategic link	To incentivise the execution of the long-term business plan and the delivery of long-term sustainable value for shareholders.
Operation	Annual awards of performance shares in the form of conditional awards or nil-cost options. Awards typically vest three years from the date of grant subject to the achievement of performance conditions. A two-year holding period will apply following the three-year vesting period for awards granted to the Executive Directors. Upon vesting, sufficient shares can be sold to pay tax. Participants may be entitled to dividends or dividend equivalents representing the dividends paid during the performance period on vested awards.
Maximum	Maximum opportunity of 450% of base salary for the CEO and 400% of base salary for other Executive Directors. Threshold performance results in 16.7% of the award vesting, where awards are made at the maximum levels. Where awards are made at the maximum level under the previous Policy (300% for the CEO and 250% for other Executive Directors), 25% of the award will vest at threshold performance. Where awards are made between these levels, threshold vesting will be set at an appropriate level so that remuneration at threshold performance is broadly unchanged. Below threshold performance results in zero vesting.
Performance targets and recovery provisions	Awards vest based on performance against stretching targets, measured over a three-year performance period. The Committee will review weightings and targets for each grant to ensure they remain appropriate. The Committee may change the balance of the metrics, or use different metrics for subsequent awards, as appropriate. In exceptional circumstances the Committee retains the discretion to: • change the performance metrics and targets and the weighting attached to these part-way through a performance period if there is a significant and material event which causes the Committee to believe the original metrics, weightings and targets are no longer appropriate; • make downward or upward adjustments to the level of vesting resulting from the application of the performance conditions, if the Committee believes that the vesting outcomes are not appropriate. The use and rationale for any application of discretion by the Committee will be fully disclosed in the following year's Remuneration Report. Malus and clawback provisions apply. See further details on page 140.

Shareholding Guidelines (within employment)	
Element and strategic link	To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon.
Operation	Formal shareholding requirements that encourage the Executive Directors to build up, over a five-year period, and then subsequently hold, a shareholding equivalent to a percentage of base salary. Adherence to these guidelines is a condition of continued participation in the equity incentive arrangements. Executive Directors will be required to retain 50% of the post-tax amount of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained. The Committee retains discretion to increase the minimum shareholding requirement.
Maximum	In line with the level of LTIP awards actually granted, the shareholding guidelines will increase proportionately: • for the CEO from 400% to 450% of salary • for other Executive Directors from 200% to 350% of salary.
Performance targets and recovery provisions	Not applicable.

Shareholding Guidelines (post-employment)	
Element and strategic link	To ensure long-term alignment between the interests of the Executive Directors and those of shareholders through the operation of post-employment shareholding guidelines.
Operation	Executive Directors are normally expected to maintain a shareholding of 100% of their guideline (or their actual shareholding at departure if lower) for two years following cessation of employment. Shares purchased by the Executive Directors out of their own funds will not count towards these guidelines. To support the implementation of this policy the Committee may require leavers to deposit the requisite number of shares into a trust or nominee arrangement. In the case of good leavers, future vestings may be made subject to adherence to the shareholding requirement.
Maximum	Not applicable.
Performance targets and recovery provisions	Not applicable.

Directors' Remuneration Report continued

Chairman and Non-Executive Director fees	
Element and strategic link	To ensure we are able to attract high calibre individuals and compensate appropriately for their experience and knowledge.
Operation	Non-Executive Directors are paid an annual fee and additional fees for chairing a committee. They may also be paid an additional fee, for example, for membership of committees although the Chairman would not receive any additional fees for membership of committees. Fees are generally reviewed annually based on equivalent roles in companies of a similar size and complexity and those operating in similar markets. The Company may provide the Chairman and Non-Executive Directors with tax advice and will pay reasonable expenses incurred by them in carrying out their duties. The Company may settle any tax due in relation to these items. Non-Executive Directors do not participate in any variable remuneration or benefit arrangements.
Maximum	There is no maximum level of fee increase. However, the level of fee increase for the Non-Executive Directors and the Chairman will normally be set taking account of any change in responsibility and the level of increases across the wider workforce.
Performance targets and recovery provisions	Not applicable.

Discretion within the Directors' Remuneration Policy

The Committee has discretion in several areas of Policy as set out in this report. In particular the Committee has unfettered discretion under the terms of our incentive plans to adjust, upward or downward, the formulaic outcome, where it considers that:

- the outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period;
- the outcome is not appropriate in the context of circumstances that were unexpected or unforeseen at the award date or when performance targets were set; and/or
- there exists any other reason why an adjustment is appropriate.

In any case where discretion were applied, the Committee would set out the rationale behind its decision at the relevant time.

The Committee may also exercise operational and administrative discretions under relevant plan rules as set out in those rules. In addition, for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation, the Committee has the discretion to make minor amendments to the Policy without obtaining shareholder approval.

Malus and Clawback

Malus and clawback provisions apply to awards under the ADBP and the LTIP. Trigger events include:

- discovery of a material misstatement resulting in an adjustment in the audited consolidated accounts of the Company or the audited accounts of any Group Member; and/or
- the assessment of any performance metric or target in respect of a payment that was based on error, or inaccurate or misleading information; and/or
- the discovery that any information used to determine the payment was based on error, or inaccurate or misleading information; and/or
- action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct; and/or
- events or behaviour of a participant have led to the censure of a Group Member by a regulatory authority or have had a significant detrimental impact on the reputation of any Group Member provided that the Committee is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him; and/or
- a material corporate failure in any Group Member.

Malus will operate throughout the vesting periods. Clawback will apply for two years following the vesting of nil cost options or conditional awards.

The Committee believes that it has the necessary powers under the rules of the LTIP and ADBP to enforce these provisions.

Application of policy

As an Isle of Man incorporated company, Entain does not have the benefit of the statutory protections afforded by the UK Companies Act 2006 in relation to the remuneration reporting regime. Accordingly, if there is any inconsistency between the Policy (as approved by shareholders) and any contractual entitlement or other right as a Director, the Company may be obliged to honour that existing entitlement or right.

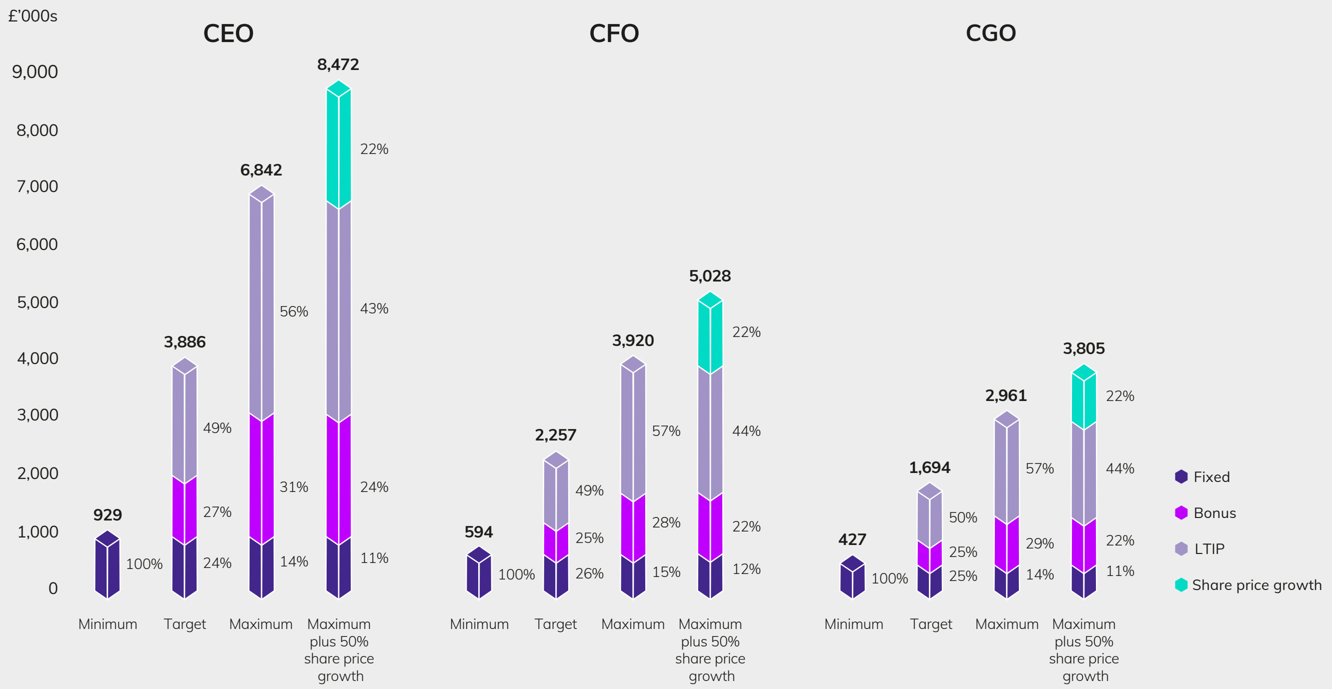
Comparison with other employees

All employees receive base salary and benefits appropriate to their local market. For employees below Group Board level, Entain operates discretionary bonus arrangements with opportunity levels linked to seniority and role. Performance metrics under these arrangements are broadly aligned with those for the Executive Directors, although depending on role, there may be a greater emphasis on business unit rather than group performance. The LTIP is extended to a limited number of senior executives with performance metrics and targets set in line with the Policy table above. To assist in the retention of senior talent, awards of Restricted Shares are made to a further select group of senior employees. To facilitate wider share ownership among our employees, we offer an all-employee share plan ("ShareSave") to the majority of our employees (where it is logistically viable to do so) and made an award of free shares to all employees in June 2022. Any differences in an individual's reward package is reflective of their location, seniority, role and level of responsibility.

Further details of how the Committee considers remuneration arrangements for our Executive Directors in the context of pay and conditions for our wider employees is provided on pages 130 to 132.

Reward scenarios

The charts below show an estimate of the remuneration that could be received by Executive Directors under the Policy set out in this report.



Assumptions used in determining the level of payout under given scenarios are as follows:

Element	Minimum	On-Target	Maximum
Fixed Elements	Base salary for 2023 Benefits and pension paid in 2022		
Annual Bonus Plan	Nil	50% of maximum payout: • CEO – 125% of salary • CFO/CGO – 100% of salary	100% of maximum payout: • CEO – 250% of salary • CFO/CGO – 200% of salary
LTIP	Nil	50% of maximum vesting: • CEO – 225% of salary • CFO/CGO – 200% of salary	100% of maximum vesting: • CEO – 450% of salary • CFO/CGO – 400% of salary

The maximum plus share price growth column shows the additional value that could payout if the LTIP vests at maximum and share price increases by 50%.

Directors’ Remuneration Report continued

Approach to recruitment and promotions

When setting the remuneration for a new Executive Director, the Committee will consider the candidate’s existing remuneration, the market rate for the role, and the need to pay no more than necessary to facilitate the recruitment. The remuneration package will generally be set in line with the remuneration policy for existing Executive Directors. Full details are set out below.

Remuneration element	Recruitment policy
Salary, benefits and pension	These will be set in line with the policy for existing Executive Directors. Where the new Executive Director is required to relocate, the Company may provide relocation support in accordance with its normal relocation package for other senior employees. The level of the relocation package will be assessed on a case by case basis but may include, for example, a housing allowance and school fees and reflect cost of living differences.
Annual bonus	The appointed Executive Director will be eligible to earn a discretionary annual bonus in accordance with the rules and terms of the ADBP. The maximum opportunity will be 250% of salary for a new CEO and 200% of salary for any other Executive Director.
Long-term incentives	The appointed Executive Director will be eligible for performance-based equity awards in accordance with the rules and terms of the LTIP. The maximum opportunity will be 450% of base salary for a new CEO and 400% of salary for any other Executive Director.
Maximum variable remuneration	The maximum variable remuneration which may be granted is 700% of salary for a new CEO or 600% of salary for any other Executive Director.
Buy-out awards	Where the Committee determines that the individual circumstances of recruitment justify the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director’s previous employment (“lapsed value”) will be calculated taking into account the following: • the proportion of the performance period completed on the date of the Executive Director’s cessation of employment; • the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and • any other terms and conditions having a material effect on their value. The Committee may then make a grant up to the value of the lapsed value, where possible, under the Company’s incentive plans. To the extent that it is not possible or practical to provide the buyout within the terms of the Company’s existing incentive plans, a bespoke arrangement may be used.

Where an existing employee is promoted to the Board, the Policy set out above will apply from the date of promotion. Any existing remuneration arrangements which fall outside of the Policy would be honoured and form part of the ongoing remuneration of the employee.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy that applies to current Non-Executive Directors.

Service contracts & letters of appointment

The Company's policy is that Executive Directors have rolling contracts which are terminable by either party giving the other 12 months' notice. The Chairman and Non-Executive Directors do not have service contracts but are engaged under letters of appointment. Non-Executive Directors are appointed for an initial three-year term but are subject to annual re-election at the Company's AGM. All service contracts and letters of appointment are available for viewing at the Company's registered office and at the AGM.

Director	Date appointed	Arrangement	Notice period
J Nygaard-Andersen	21 January 2021	Service contract	12 months
R Wood	5 March 2019	Service contract	12 months
R Hoskin	1 January 2022	Service contract	12 months
B Gibson	4 November 2019	Letter of appointment	3 months
P Bouchut	13 September 2018	Letter of appointment	3 months
S David	4 March 2021	Letter of appointment	3 months
V McDowell	6 June 2018	Letter of appointment	3 months
D Satz	22 October 2020	Letter of appointment	3 months
R Welde	1 July 2022	Letter of appointment	3 months

Subject to Board approval, Executive Directors are able to accept appropriate outside Non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services.

Payment for loss of office

When determining any loss of office payment for a departing Executive Director, the Committee will always seek to minimise the cost to the Company while complying with the contractual terms and seeking to reflect the circumstances of the departure. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid. Service contracts do not contain liquidated damages clauses.

When determining the treatment of Company incentive plans upon cessation of employment, the Committee will consider the rationale for the departure. An individual may be treated as a "good leaver" for these purposes if they leave by way of the following circumstances – (i) death, (ii) injury, ill-health or disability, (iii) redundancy, (iv) retirement, (v) the employing company ceasing to be a Group company, (vi) transfer of employment to a company which is not a Group company, and/or (vii) any other circumstances as determined by the Committee.

A summary of the treatment of the various elements of remuneration on termination of employment is set out in the table below. The treatment for a leaver who does not fall into the definition of a good leaver is described under the "Other leavers" sections. Where discretion is available under the Policy, the Committee would consider exercising this only after taking into account the particular circumstances of the departure and any other relevant business rationale. The Committee will explain any discretion used to shareholders in the following Directors' Remuneration Report.

Directors' Remuneration Report continued

Incentive plan	Treatment on Cessation of Employment	Treatment on Change of Control
Salary, Benefits and Pension	• These will be paid over the notice period. • The Company has discretion to make a lump sum payment in lieu of notice and to apply mitigation if considered appropriate. • The Company also has discretion to place an individual on garden leave for all or a portion of their notice period.	
Annual Bonus Plan	**Good leavers** • May be entitled to receive an annual bonus for the year of departure. • Performance conditions will typically be assessed at the end of the financial year, with the bonus being paid on the normal payment date. • Any bonus will normally be pro-rated for the period worked during the financial year. • The Committee would decide whether to make part payment of the bonus in shares or pay it fully in cash. **Other leavers** • Typically, no bonus payable for year of cessation. **Discretion** The Committee has the following discretion available: • to determine that an individual is a good leaver; and • to determine whether to pro-rate the bonus for time – the default position is that any bonus award will be pro-rated for time.	Any bonus for the year will normally be pro-rated to the date of the change of control and paid immediately prior to the date of the change of control. Performance conditions will be measured at the date of the change of control. **Discretion** The Committee has discretion to determine whether to pro-rate the bonus for time – the default position is that any bonus award will be pro-rated for time.
Deferred Bonus Plan	**Good leavers** • All unvested deferred shares will be preserved, and typically vest on the normal vesting date. **Other leavers** • All unvested deferred shares will be forfeited on cessation of employment. **Discretion** The Committee has the following discretion available: • to determine that an individual is a good leaver; • to determine whether to pro-rate deferred shares for good leavers – the Committee's normal policy is that it will not pro-rate; • to vest deferred shares for good leavers at the end of the original deferral period or at the date of cessation – the default position (for good leaver scenarios other than death) is that they will vest on the original vesting date.	Any unvested deferred shares will vest immediately prior to a change of control.

Incentive plan	Treatment on Cessation of Employment	Treatment on Change of Control
LTIP	**Good leavers** Unvested awards will typically vest on the normal vesting date subject to: • the extent any applicable performance conditions have been satisfied; and • pro-rating to reflect the period of time elapsed between grant and cessation of employment as a proportion of the normal vesting period. The two-year holding period will normally continue to apply. **Other leavers** All unvested awards will be forfeited on cessation of employment. **Discretion** The Committee has the following discretion available: • to determine that an individual is a good leaver; • to measure performance over the original performance period or at the date of cessation – the default position for leaver scenarios other than death is that the assessment will be performed at the end of the original performance period; • to determine whether awards should vest on the normal vesting date or the date of cessation – the default position, other than death, is that awards will vest on the original vesting date; • to determine whether to pro-rate for time – the default position is that awards will be pro-rated from the date of grant to the date of cessation; and • to determine that no holding period will apply following vesting – the default position, other than death, is that the holding period will continue to apply.	Any unvested awards will normally vest immediately prior to a change of control subject to: • the extent to which any applicable performance conditions have been satisfied at the date of change of control; and • pro-rating to reflect the period of time elapsed between grant and change of control as a proportion of the normal vesting period. **Discretion** The Committee has discretion available to determine whether to pro-rate awards for time – the default position is that they will be pro-rated for time.

Consideration of shareholders' views

The Committee has an open relationship with shareholders on remuneration matters. It welcomes dialogue and seeks to engage with significant shareholders and representative bodies at the earliest opportunity on material changes to remuneration policy or structure. During development of this Policy, the Committee Chair consulted with shareholders to get their input and views on remuneration at Entain. The feedback received was presented to, and discussed by, the Committee and was taken into account to inform the final Policy design.

Annual Report on Remuneration

The 2022 Annual Report on Remuneration contains details of the remuneration paid and awarded to Directors during the financial year ended 31 December 2022. As an Isle of Man incorporated company, Entain is not subject to the UK remuneration reporting regulations which apply to UK-incorporated companies, nevertheless, this report has been prepared in accordance with the provisions of the Companies Act 2016, Schedule 8 of the Large and Medium Sized Companies Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "Regulations"), the Listing Rules of the UK Financial Conduct Authority and the UK Corporate Governance Code. An advisory resolution to approve the Annual Report on Remuneration and the Annual Statement will be put to shareholders at the 2023 AGM.

Single figure of remuneration table (audited)

The remuneration of Executive Directors, showing the breakdown between components with comparative figures for the prior financial year, is shown below. Figures provided have been calculated in accordance with the Regulations. Further information on the component elements is provided in subsequent sections.

Executive Directors		Base salary	Benefits	Pension	Annual bonus	Long-term incentive[1]	Total	Total fixed remuneration	Total variable remuneration
		£000	£000	£000	£000	£000	£000	£000	£000
Jette Nygaard-Andersen[2]	2022	820	36	49	1,000	–	1,905	905	1,000
	2021	708	25	28	1,769	–	2,530	761	1,769
Rob Wood[3]	2022	538	15	25	525	1,432	2,535	578	1,957
	2021	520	15	23	1,039	3,343	4,940	558	4,382
Robert Hoskin	2022	410	5	–	400	1,247	2,062	415	1,647
	2021	400	5	–	800	3,069	4,274	405	3,869

1. An assumed share price of 1,289p has been used to calculate the value of the 2020 LTIP awards shown in respect of 2022. This represents the average share price over the final quarter of the 2022 financial year. The proportion of the value of the 2020 LTIP that is attributable to share price appreciation is 39.9%. The values shown also include the value of dividend equivalents to 31 December 2022.
2. Jette Nygaard-Andersen was appointed CEO on 21 January 2021, having joined the Board as a Non-Executive Director in 2019. Fees paid during 2021 for her role as a Non-Executive Director are shown on page 151.
3. The amounts shown in last year's report for Rob Wood and Robert Hoskin in respect of the 2019 LTIP were calculated based on an assumed share price of 1,890p. The actual share price at vesting on 28 March 2022 was 1,643.5p. The amounts shown for 2021 have been updated to reflect this change and the value of dividend equivalents payable. The proportion of the value of the 2019 LTIP that was attributable to share price appreciation is 69.2%.

Further information on the single figure of remuneration table

Base salary

Salaries are normally reviewed on 1 January each year.

Following the review that took effect 1 January 2022, the salaries of the Executive Directors were:

- Jette Nygaard-Andersen: £820,000
- Rob Wood: £538,125
- Robert Hoskin: £410,000

Benefits and pension

Executive Directors may receive taxable benefits such as private medical, life insurance and car allowance.

Jette Nygaard-Andersen received a car allowance of £25,000 and an allowance in lieu of an employer pension contribution equal to 6% of her base salary. A cash allowance was approved by the Remuneration Committee as Jette is a Danish tax resident and therefore not able to participate in any of the Group's existing employee pension arrangements. The quantum is aligned to the maximum company contribution available to employees in the UK. She also received reimbursement of certain travel expenses incurred in undertaking her duties as a Director. The table above includes these expenses and the related tax.

Rob Wood received a car allowance of £10,700 and participated in the defined contribution pension arrangements which are available on the same basis as for other colleagues, receiving a company contribution of 4.5% of his base salary.

Robert Hoskin opted out of the pension plan.

2022 annual bonus

The Executive Directors were eligible to participate in the annual bonus for 2022.

The annual bonus framework for 2022 was based on performance against four key metrics for Entain, underlying Group operating profit, pre US joint venture (60%), growth in online NGR (20%), safer betting and gaming (15%) and customer (5%). At the start of the year the Committee set stretching goals for these metrics, was satisfied that these represented challenging but realistic targets, and that significant outperformance would be required to achieve a maximum payout.

The targets set for the financial and customer metrics, the performance achieved against all metrics, and the resulting payout are set out in the table below.

Metric	Weighting	Threshold	Target	Stretch	Actual	Payout as a % of maximum for each metric	Payout as a % of maximum bonus opportunity
Underlying Group operating profit	60%	£731.8m	£750.6m	£788.1m	£749.1m	48%	28.8%
Growth in online NGR	20%	7% growth	10% growth	13% growth	-1% growth	0%	0%
Safer betting and gaming	15%		See below			100%	15.0%
Customer (Net Promoter Score)	5%	7.0	7.5	8.0	8.0	100%	5.0%
						Total as a % of maximum opportunity	48.8%

In assessing the underlying Group operating profit outcome, the Committee was mindful that there were several factors that were not included in the budget when the targets were set, which impacted performance both positively and negatively during 2022. In particular, in determining the outcome above the Committee excluded the net benefit of acquisitions during the year as well as the impact of unbudgeted changes in regulation that have affected several of our markets during 2022. (The actual figure shown above is stated after these adjustments.) As shown, these adjustments led to a formulaic outcome for this metric of 48% of maximum.

The safer betting and gaming metric comprised of two equally weighted parts of 7.5% each (15% in total). In summary:

- UK market – based on the usage of our active account management tools amongst risk assessed online customers. Through our ARC™ platform, we are able to monitor and categorise player behaviour and interact with the customer to effectively influence behaviour, thereby providing a more positive and safer experience.
- Markets outside the UK – the deployment of ARC™'s advanced models and technologies tailored to each country's regulatory requirements, culture and maturity, gives an opportunity to offer the same targeted interactions and overall experiences to a large number of our players around the globe.

In addition, a minimum level of completion of safer betting and gaming and other relevant training modules had to be achieved.

EPIC Risk Management, the leading gambling harm minimisation consultancy, independently reviewed the work carried out and provided advice to the ESG Committee which has enabled it to make the recommendation to the Committee that the stretch target had been achieved and so a full payout of this metric was appropriate. More detail on can be found in the safer betting and gaming section on page 43.

A customer metric was included in the annual bonus for the first time in 2022. This was based on the achievement of a Net Promoter Score ("NPS") target across our core brands. A three-month rolling average NPS at December 2022 of 8.0 was achieved which met the stretch target, resulting in maximum payout for this metric.

In line with the provisions of the UK Corporate Governance Code, the Committee carefully considered whether the proposed outcome could be justified in the context of Entain's overall performance. In doing so, it considered:

- Business performance during 2022, including progress against financial, operational, and strategic targets;
- The quality of underlying earnings and whether any significant one-off factors influenced the results;
- Our risk and reputational performance;
- The individual performance of the Executive Directors; and
- Entain's share price performance and the experience of our shareholders over the year.

The Committee noted the Group's operational and financial progress during the year, as set out in the 2022 Group performance highlights in the Chair's letter on page 117.

Taking all the above factors into account, the Committee considered that the outcome under the annual bonus was justifiable and a fair reflection of overall Entain performance during the year, and therefore concluded no further discretionary adjustments were necessary.

Annual Report on Remuneration continued

The table below sets out the final outcome and annual bonus payable to each Executive Director for 2022.

	J Nygaard-Andersen	R Wood	R Hoskin
Bonus opportunity (% of salary)	250%	200%	200%
Salary eligible for 2022 bonus	£820,000	£538,125	£410,000
Outcome:			
– As % of maximum bonus	48.8%	48.8%	48.8%
– As % of salary	122.0%	97.6%	97.6%
– As £ amount	£1,000,400	£525,210	£400,160

Half of the total bonus is paid in cash following the year-end, while half is deferred into shares under the Annual and Deferred Bonus Plan. These shares will vest after three years, subject to continued employment.

2020 Long-Term Incentive Plan

The Long-Term Incentive Plan values shown in the single figure table for 2022 relate to the vesting of LTIP awards made in 2020. The targets attached to the 2020 LTIP awards and the performance outcome against these are set out below.

Metric	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Entain performance	Vesting as a % of maximum for each metric	Vesting
Relative TSR vs. FTSE 51-150	One-third	Median: -5.1%	Upper quartile: 20.7%	57.3%	100%	33.3%
Relative TSR vs. bespoke peer group[1]	One-third	Median: 37.2%	Upper quartile: 84.1%	57.3%	57.1%	19.1%
Cumulative adjusted EPS	One-third	267p	295p	301.1p	100%	33.3%
Discretionary adjustment – see detail below						(5.0)%
					Total as a % of maximum opportunity	80.7%

1. The bespoke peer group comprises the following companies: 888 Holdings, Betsson, Evolution Gaming Group, Flutter Entertainment, Gamesys, International Game Technology, Kindred Group, Playtech, Rank Group, TabCorp Holdings, The Stars Group and William Hill.

In considering the outcome of the EPS element of the 2020 LTIP, the Committee reviewed several items that impacted EPS, both positive and negative, during the performance period. The benefit of furlough payments received during 2020 and 2021 has been excluded, as have the net benefit of acquisitions and the impact of changes in regulation in Germany, the Netherlands and the UK. None of these items were reflected in the original EPS targets and a de minimis limit was applied to ensure that only material unbudgeted headwinds were considered. The EPS outcome after adjusting for these items (as shown in the table above) results in a vesting of 100% of maximum for this metric.

As an additional check, the Committee assessed whether Entain's overall performance over the three years justified the formulaic vesting level of 85.7%. In doing so, they took into account the Group's financial and operational achievements over this period, our share price performance, and other considerations such as the progress we have made with our safer betting and gaming and sustainability programmes. The Committee found it particularly reassuring that over the period:

- We have seen continued growth into new markets, for example, with the completion of the acquisition of SuperSport Group and the establishment of Entain CEE to drive our expansion in Central and Eastern Europe.
- 100% of our revenue is now derived from regulated or regulating markets, and the ARC programme has now been rolled out in 22 markets.
- BetMGM, our joint venture in the US, is now live in 26 jurisdictions, and is on track to deliver positive EBITDA in H2 of 2023.
- Entain's share price had increased by 44% from 1 January 2020 to 31 December 2022.

Nevertheless, the Committee acknowledged the settlement that was reached with the UK Gambling Commission in August 2022, and that this related to a period of time covered by the performance period of the 2020 LTIP. As a consequence, the Committee felt it was appropriate to exercise discretion over the level of vesting of the LTIP and so reduced the formulaic outcome by five percentage points.

Finally, the Committee considered whether participants could be considered to have benefited from a windfall gain from the vesting of the 2020 award. When making grants in 2020, the Committee was mindful of the significant fall in share price that Entain experienced in March 2020 (when awards would typically be made) as a result of the Covid-19 pandemic – a low of £3.29 was reached on 19 March 2020 compared to an average share price of £8.79 between 1 January and 5 March 2020 (when our 2019 results were announced). The decision was therefore taken to delay the LTIP award in 2020 until the share price had largely recovered. The 2020 awards were made on 10 June 2020, when the share price had returned to c.90% of the value before the impact of Covid-19 (the awards were made based on a share price of £7.86). Given this, the Committee does not consider that participants in the 2020 LTIP award are benefiting from a windfall gain.

Taking all of these factors into account gave the Committee comfort that a vesting outcome of 80.7% of maximum was fair and reasonable, and appropriately reflected Entain's performance and value delivered to shareholders over the period.

The LTIP awards granted in 2020 are due to vest on 10 June 2023 (three years from the date of grant). Therefore, the reported value has been based on the average share price in the last three months of the financial year, which was 1,289p. The maximum value of the awards, the value of the awards included in the single figure of remuneration table and the value attributable to share price movement are set out below.

Name	LTIP shares under award	Maximum value of award achievable	% vesting	LTIP shares vesting	Value of shares vesting	Value of dividend equivalents due[1]	Total value of LTIP (single figure)	Value attributable to share price movement
R Wood	136,803	£1,763,391	80.7%	110,400	£1,423,056	£9,165	£1,432,221	£371,998
R Hoskin	119,160	£1,535,972	80.7%	96.162	£1,239,528	£7,979	£1,247,507	£324,017

1. Based on dividends paid in the period since the date of grant to 31 December 2022.

2022 Share plan awards

Share awards granted during 2022 (audited)

The table below sets out share awards granted to the Executive Directors during 2022 under the LTIP and Annual and Deferred Bonus Plan ("ADBP").

Name	Award type	Grant date	Face value of award	Shares awarded[1,2]	% vesting at threshold performance	% vesting at maximum performance	Performance conditions
J Nygaard-Andersen	LTIP	18 March 2022	£2,460,000	149,090	25%	100%	See below
	ADBP	18 March 2022	£884,616	46,805	n/a	n/a	None
R Wood	LTIP	18 March 2022	£1,345,313	81,534	25%	100%	See below
	ADBP	18 March 2022	£519,641	27,494	n/a	n/a	None
R Hoskin	LTIP	18 March 2022	£1,025,000	62,121	25%	100%	See below
	ADBP	18 March 2022	£400,000	21,164	n/a	n/a	None

1. The LTIP awards were calculated, in line with the Plan rules, based on a share price of 1,650p (the closing share price on the day prior to grant).
2. Consistent with the Directors' Remuneration Policy, 50% of an Executive Director's annual bonus is deferred into shares under the ADBP. The awards shown above were granted in respect of annual bonuses for the 2021 financial year. These awards will normally vest on 18 March 2025, the third anniversary of the grant, subject to continued employment. The number of shares granted was calculated, in line with the plan rules, based on a share price of 1,890p (the average price over the period 1 October to 31 December 2021).

For the 2022 LTIP, the Committee considered the difficulty in setting appropriately stretching but incentivising EPS targets, given the fast-changing external environment in which we operate. The Committee concluded that this could be addressed by basing our 2022 LTIP award entirely on relative TSR metrics. This aligns management's interests closely with the experience of investors and incentivises actions which enhance long-term value creation.

50% of the LTIP awards are based on TSR performance relative to the FTSE 100 and 50% on performance relative to an industry peer group. Performance for these awards will be measured over the period 1 January 2022 to 31 December 2024. The target ranges are set out below.

Metric	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative TSR vs. FTSE 100	50%	Median	Upper quartile
Relative TSR vs. bespoke peer group[1]	50%		
		Straight-line vesting between threshold and maximum	

1. The bespoke peer group for the 2022 awards comprises the following companies: 888 Holdings, Aristocrat, Betsson, Caesars Entertainment, DraftKings, Evolution Gaming Group, Flutter Entertainment, International Game Technology, Kindred Group, MGM Resorts, Playtech, PointsBet, Rank Group, Rush Street Interactive and Sands LV.

The terms of the 2022 awards provide the Committee with the ability to review the outcome at vesting and to make appropriate adjustments if it concludes that participants have benefited from windfall gains over the performance period. The Committee also retains the ability, under the terms of the Policy, to exercise discretion to override the formulaic outcomes if it believes that the formulaic outturn is not appropriate.

Shareholdings and share interests

Shareholding guidelines

Executive Directors are required to maintain a shareholding as determined by the Committee and retain this for a period following cessation of employment. Executive Directors are expected to build up their shareholding over a period of five years from the date of appointment as an Executive Director (or, if later, from the date of any change to the terms of the shareholding requirement). Shares that count towards the requirement are those that are beneficially owned, any vested share awards subject to a holding period and unvested deferred bonus shares (on an after-tax basis). The current shareholding requirements are:

- CEO – 400% of base salary.
- Other Executive Directors – 200% of base salary.

Annual Report on Remuneration continued

In line with the provisions of the UK Corporate Governance Code, the Committee has implemented post-employment shareholding requirements for the Executive Directors to ensure that they remain aligned with shareholders for a period after they step down from the Board. The Committee expects Executive Directors to maintain 100% of their guideline (or their actual holding if lower) for two years following departure. Shares purchased by the Executive Directors out of their own funds will not count towards these guidelines. To assist in the implementation of the post-employment shareholding guideline our policy includes the potential to require leavers to deposit the requisite number of shares into a trust or nominee arrangement. In the case of good leavers, future vestings may be made subject to adherence to the shareholding requirement.

Share interests (audited)

As at 31 December 2022, the value of Jette Nygaard-Andersen, Rob Wood and Robert Hoskin's shareholdings were £0.5m, £2.4m and £3.7m respectively. Following her appointment to the Board in 2021, Jette Nygaard-Andersen continues to build up her holdings in Entain shares.

Executive Directors' share interests as at 31 December 2022 are set out below.

Name	Number of beneficially owned shares[1]	Share interests subject to performance conditions[2]		Share interests not subject to performance conditions[3]		Total interests at 31 December 2022	Value of shares held as % of base salary[4]	Shareholding requirement met?
		Share awards	Share options	Share awards	Share options			
J Nygaard-Andersen	9,900	296,630	–	46,805	–	353,335	56%	N
R Wood	144,675	304,402	–	66,561	–	515,638	442%	Y
R Hoskin	256,160	–	246,854	–	21,164	524,178	894%	Y

1. Beneficially owned shares include shares held directly or indirectly by connected persons. There were no changes in the number of beneficially owned shares for any Executive Director between 31 December 2022 and the date this report was signed.
2. Share interests subject to performance conditions are those made under the LTIP. Awards to Jette Nygaard-Andersen and Rob Wood are granted in the form of conditional awards and those to Robert Hoskin are granted as nil-cost options.
3. Share interests not subject to performance conditions are those made under the ADBP. Awards to Jette Nygaard-Andersen and Rob Wood are granted in the form of conditional awards and those to Robert Hoskin are granted as nil-cost options.
4. In line with our shareholding policy, the value of shares held as a percentage of base salary includes shares owned by the Executive Directors and the after-tax shares held under the ADBP. The values of £0.5m, £2.4m and £3.7m for Jette Nygaard-Andersen, Rob Wood and Robert Hoskin respectively are based on the closing share price at 30 December 2022 (1,321.5p).

Executive Directors' service contracts and external appointments

Executive Directors have rolling contracts, terminable by either party giving the appropriate notice.

Director	Date appointed	Arrangement	Notice period
J Nygaard-Andersen	21 January 2021	Service contract	12 months
R Wood	5 March 2019	Service contract	12 months
R Hoskin	1 January 2021	Service contract	12 months

Subject to Board approval, Executive Directors are able to accept appropriate outside Non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services. Jette Nygaard-Andersen is a Non-Executive Director of Coloplast A/S and in 2022 she was paid fees of 600,000 DKK which she retained. The other Executive Directors do not currently hold any external appointments.

Payments for loss of office (audited)

No payments for loss of office were made during the year.

Payments to past Directors (audited)

Kenneth Alexander retired as CEO on 17 July 2020 and full details of his leaving arrangements can be found in the 2020 Directors' Remuneration Report. This includes the requirement, under the Policy, to maintain a shareholding of 400% of salary for two years following his departure. This requirement expired on 17 July 2022. The table below sets out details of the ABDP and LTIP awards, made in 2019, which were both released on the ordinary vesting date of 26 March 2022. The 2019 LTIP award was pro-rated for time served during the performance period as well as the outcome of the performance conditions. Dividend equivalents were also received on all of the vested shares.

Award	End of performance period	Number of shares
2019 LTIP	31 December 2021	143,471
2019 ADBP	26 March 2022	109,293

Chairman and Non-Executive Directors

Single figure of remuneration table (audited)

The remuneration of the Non-Executive Directors is shown below.

Non-Executive Directors		Fees[1] £000	Benefits £000	Annual bonus £000	Long-term incentives £000	Pension £000	Total £000	Total fixed remuneration	Total variable remuneration
Barry Gibson	2022	450	–	–	–	–	450	450	–
	2021	450	–	–	–	–	450	450	–
Pierre Bouchut[2]	2022	106	–	–	–	–	106	106	–
	2021	108	–	–	–	–	108	108	–
Stella David	2022	155	–	–	–	–	155	155	–
	2021	128	–	–	–	–	128	128	–
Mark Gregory[3]	2022	106	–	–	–	–	106	106	–
	2021	88	–	–	–	–	88	88	–
Peter Isola[4]	2022	42	–	–	–	–	42	42	–
	2021	85	–	–	–	–	85	85	–
Vicky Jarman[3]	2022	85	–	–	–	–	85	85	–
	2021	70	–	–	–	–	70	70	–
Virginia McDowell	2022	106	–	–	–	–	106	106	–
	2021	106	–	–	–	–	106	106	–
David Satz[5]	2022	95	–	–	–	–	95	95	–
	2021	85	–	–	–	–	85	85	–
Rahul Welde[6]	2022	42	–	–	–	–	42	42	–
	2021	–	–	–	–	–	–	–	–
Former Non-Executive Directors[7]	2022	–	–	–	–	–	–	–	–
	2021	35	–	–	–	–	35	35	–

1. Non-Executive Directors receive fees only and do not receive any additional benefits or participate in any incentive arrangements.
2. Pierre Bouchut's fees are denominated in Euros. The change in fee received in 2022 compared to 2021 reflects foreign exchange rate movements.
3. Mark Gregory and Vicky Jarman resigned from the Board on 17 February 2023.
4. Peter Isola resigned from the Board on 21 March 2022. His fees for 2022 include payment of three months in lieu of notice.
5. David Satz's fees are denominated in US Dollars. The change in fee received in 2022 compared to 2021 reflects foreign exchange rate movements.
6. Rahul Welde joined the Board on 1 July 2022.
7. Fees totalling £35,000 were paid to Non-Executive Directors in 2021 who either stood down from the Board during that year or, in the case of Jette Nygaard-Andersen, became an Executive Director, and received no Non-Executive Director fees in relation to 2022.

Annual Report on Remuneration continued

Fee structure

The table below sets out the fee structure for 2023 for the Non-Executive Directors and the Chairman of the Board. These are unchanged from those in 2022. In early 2020, the Non-Executive Directors were given the one-off choice to have their fees denominated in either GBP or Euros, and subsequently an equivalent USD fee level was established.

	As at 1 January 2023
Chairman of the Board	£450,000
Senior Independent Non-Executive Director	£155,000
Board member	€100,000 or £85,000 or $117,000
Chair of Audit, Remuneration or ESG Committee	€25,000 or £21,000

Letters of appointment

Non-Executive Directors are appointed under letters of appointment and as such do not have service contracts. Apart from the Chairman of the Board, each Non-Executive Director is subject to an initial three-year term subject to annual re-election at the Company's AGM.

All letters of appointment are available for viewing at the Company's registered office and at the AGM.

Director	Date appointed	Arrangement	Notice period
B Gibson	4 November 2019	Letter of appointment	3 months
P Bouchut	13 September 2018	Letter of appointment	3 months
S David	4 March 2021	Letter of appointment	3 months
V McDowell	6 June 2018	Letter of appointment	3 months
D Satz	22 October 2020	Letter of appointment	3 months
R Welde	1 July 2022	Letter of appointment	3 months

Share interests (audited)

Non-Executive Directors' share interests as at 31 December 2022 are set out below. With the exception of Vicky Jarman who joined the Board in March 2021 and Rahul Welde who joined the Board in July 2022, all Non-Executive Directors held shares with a value in excess of 75% of their annual fee at 31 December 2022.

Director	Number of beneficially owned shares[1]
B Gibson	68,437
P Bouchut	38,500
S David	8,873
M Gregory[2]	7,446
P Isola[3]	43,035
V Jarman[2]	1,700
V McDowell	15,000
D Satz	7,500
R Welde	–

1. Beneficially owned shares include shares held directly or indirectly by connected persons. There were no changes in the number of shares owned outright for any Non-Executive Director between 31 December 2022 and the date this report was signed.
2. Mark Gregory and Vicky Jarman resigned from the Board on 17 February 2023.
3. Peter Isola resigned from the Board on 21 March 2022. The beneficially owned shares shown for him reflect the position on that date.

Stella David
Chair of the Remuneration Committee

9 March 2023

Directors' Report

Principal activity

Entain plc (the "Company") and its subsidiaries (together the "Group") is a major international sports-betting and gaming company operating both online and in the retail sector.

The Company is registered as a public limited company under the Isle of Man Companies Act 2006 and is listed in the Premium category on the Main Market of the London Stock Exchange.

Results and future performance

A review of the Group's results and activities is covered within the Strategic Report on pages 8 to 89. This incorporates the Chairman's statement, Chief Executive and Chief Financial Officer's review, which include an indication of likely future developments.

Key performance indicators

Key performance indicators in relation to the Group's activities are continually reviewed by senior management and are presented on page 35.

Dividends

On 11 August 2022 the Group announced that it would implement a new dividend policy. The Board recognises the importance of dividends to shareholders, the strength of the operational performance of the business and our future prospects and is proposing a progressive dividend, starting with a total dividend of £100m for the Financial Year to 31 December 2022, to be paid to shareholders in equal instalments in respect of the Interim and Full Year results.

Corporate Governance

The Directors recognise the importance of corporate governance and their associated report is set out on pages 90 to 154. The information in that section is deemed to form part of this Report and so fulfils the requirements of the corporate governance statement for the purposes of DTR 7.2.1.

As a company quoted on the Premium Main Market of the London Stock Exchange, the Company has adopted the 2018 UK Corporate Governance Code ("Code"), as amended from time to time, and will seek to comply with premium listed company norms to the extent appropriate for the size and nature of the Company.

Engagement with Employee Statements

This is discussed in the s172 Statement on page 62 and on pages 98 to 99 and page 131.

Engagement with Stakeholder Statements

This is discussed in the s172 Statement on pages 62 to 65 and on pages 98 to 99.

Research and development

The Group's research and development is focused on the development and maintenance of the Entain platform, the production of its product portfolio, including ARC™, and the Group's ongoing investment in its New Opportunities segment. The Group will continue to invest in research and development to ensure it remains well positioned to deliver sustainable growth.

For further details on the Group's strategic priorities, see the Strategic Report.

Customer and creditor payment policy

The Group is committed to prompt payment of customer cash-out requests and maintains adequate cash reserves to cover customer withdrawals and balances.

Normally payments will be made to customers within seven days of receiving a customer instruction.

In the case of other creditors, it is the Group's policy to agree terms at the outset of a transaction and ensure compliance with such agreed terms. In the event that an invoice is contested then the Group informs the supplier without delay and seeks to settle the dispute quickly.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

Directors

The Directors of the Company who were in office during the year, are disclosed on page 91.

The Company's Articles of Association provide that any new Director appointed by the Board during the year, having not been previously elected by shareholders, may hold office only until the next AGM, when that Director must retire and stand for election at the meeting. The Articles also require one third of the Directors not newly appointed since the last AGM to seek re-election.

In compliance with the recommendation of the Code, all Directors will seek reappointment at the 2023 AGM, as they did in 2022.

Directors' remuneration

The Executive Directors have Service Agreements and all the Non-Executive Directors have Letters of Appointment and the details of their key terms are set out in the Directors' Remuneration Report. Details of remuneration of each Director are provided in the Remuneration Report on pages 116 to 152.

Powers of directors

Subject to company law and the Company's articles, the Directors may exercise all of the powers of the Company and may delegate their power and discretion to Committees. The articles give the Directors power to appoint and replace Directors.

Directors' interests

This is reported in the Directors' Remuneration Report on pages 150 and 152 and provides details of the interests of each Director, including details of current incentive schemes and long-term incentive schemes, the interests of Directors in the share capital of the Company and details of their share interests as at 31 December 2022.

Directors' Report continued

Conflicts of interest

On appointment, each Director must notify the Company of their external board appointments, other significant commitments and any actual or potential conflicts of interest. Each Director is required to disclose actual or potential conflicts of interests to the Board and where actual or potential conflicts of interest arise, the relevant Director does not receive Board papers and is excluded from discussions and voting on the subject matter that gives rise to the conflict. The Board has a policy to identify and manage Directors' conflicts or potential conflicts of interest.

Directors' Indemnities

The Company has entered into deeds of indemnity with each of the Directors, which comply with the Isle of Man Companies Act 2006; these remain in force as at the date of this report.

Share capital

Details of the Company's authorised and issued share capital, together with details of the movement therein, are set out in Note 28 to the financial statements. This includes the rights and obligations attaching to shares and restrictions on the transfer of shares.

Substantial shareholdings – Interests in voting rights

As at 1 March 2023, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules of the following interests in the Company's Shares:

Shareholder	Number of Shares	% of Issued Share Capital & Total Voting rights[1]
The Capital Group Companies	101,635,351	17.26%
BlackRock Inc.	41,289,971	7.01%
Dodge & Cox	34,944,958	5.93%
Sands Capital Management	27,861,650	4.73%
Janus Henderson Group plc	25,039,202	4.25%
The Vanguard Group, Inc	24,647,166	4.19%

1. The Company had 588,850,427 ordinary shares in issue on 1 March 2023.

Use of financial instruments

The risk management objectives and policies of the Group are set out within Note 25 of the financial statements.

Political donations

The Company did not make any political donations or incur any political expenditure during 2022 (2021: Nil).

Insurance

The Company maintains a directors and officers' liability insurance policy in respect of any legal costs that may be incurred against the Directors in dealing with any legal claims or investigations.

Annual General Meeting

The Company's Annual General Meeting will be held on 25 April 2023 at etc. venues, 200 Aldersgate, London, EC1A 4HD.

Independent Auditors

KPMG LLP ("KPMG") has expressed its willingness to continue in office as auditor and a resolution to re-appoint KPMG will be proposed at the forthcoming AGM.

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board:

J M Barry Gibson
Chairman

9 March 2023

Financial statements

Financial statements

KPMG LLP's Independent Auditor's Report To the members of Entain plc

1. Our opinion is unmodified

In our opinion:

- the financial statements of Entain plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022, and of the Group's and of the Company's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Entain plc ("the Company") for the year ended 31 December 2022 (FY22) included in the Annual Report, which comprise:

Group	Parent Company (Entain plc)
• Consolidated income statement	• Company income statement
• Consolidated statement of comprehensive income	• Company balance sheet
• Consolidated balance sheet	• Company statement of changes in equity
• Consolidated statement of changes in equity	Notes 1 to 18 to the Parent Company financial statements, including the accounting policies in note 3.
• Consolidated statement of cash flows	
Notes 1 to 36 to the Group financial statements, including the accounting policies in note 4.	

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee ("AC").

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

Having taken due consideration of the current economic environment, we have identified the same key audit matters for Entain plc as in prior year. We consider the level of risk relating to revenue recognition from online operations has increased compared to FY21 due to high revenue growth in overseas markets.

The Group's reliance on complex IT systems for the processing of revenue transactions relating to online operations could result in incorrect reporting of revenue from aggregated systematic calculation errors. In addition, we identified a fraud risk related to possible manipulation of revenue by manual journals.

Recoverability of investments in subsidiaries and receivables due from Group entities remains our biggest focus in the audit of the parent Company, Entain plc, due to their materiality in the context of the parent Company financial statements.

Key Audit Matters	Vs FY21	Item
Revenue recognition from online operations	↑	4.1
Recoverability of parent Company's investments in subsidiaries and receivables due from Group entities	↔	4.2

Independent Auditor’s report continued

Audit committee interaction

Recoverability of investments in subsidiaries and receivables due from Group entities remains our biggest focus in the audit of the parent Company, Entain plc, due to their materiality in the context of the parent Company financial statements.

The matters included in the Audit Committee Chair’s report on page 107 are materially consistent with our observations of those meetings.

Our independence

We have fulfilled our ethical responsibilities and remain independent of the Group in accordance with UK ethical requirements, including the FRC Ethical Standard as applied to listed public interest entities.

Apart from the matters noted below, we have not performed any non-audit services during the year ended 31 December 2022 or subsequently which are prohibited by the FRC Ethical Standard.

During 2023, we identified that a KPMG member firm had assisted with the preparation of local GAAP financial statements over the period 2019 to 2022 to entities which were part of residual components and therefore not in scope for the group audit. The services, which have been terminated, were administrative in nature and did not involve any management decision-making or bookkeeping. The work was undertaken after the group audit opinion was signed by KPMG LLP for each of the impacted financial years and had no direct or indirect effect on Entain plc’s consolidated financial statements.

In our professional judgment, we confirm that based on our assessment of the breach, our integrity and objectivity as auditor has not been compromised and we believe that an objective, reasonable and informed third party would conclude that the provision of this service would not impair our integrity or objectivity for any of the impacted financial years. The audit committee have concurred with this view.

We were first appointed as auditor by the shareholders for the year ended 31 December 2018. The period of total uninterrupted engagement is for the 5 financial years ended 31 December 2022. These are the second set of the Group’s financial statements signed by Mark Flanagan. Previously Mark was a Key Partner involved in the engagement, and therefore, he is required to rotate off after 7 years of his involvement in the engagement. Therefore, Mark will be required to rotate off after the FY24 audit.

The average tenure of partners responsible for component audits as set out in section 7 below is 1.6 years, with the shortest being 1 and the longest being 2.

Total audit fee	£3.2m
Audit related fees (including interim review)	£0.4m
Other services	£0.1m
Non-audit fee as a % of total audit and audit related fee %	2.8%
Date first appointed	6 June 2018
Uninterrupted audit tenure	5 years
Next financial period which requires a tender	2028
Tenure of Group engagement partner	2 years
Average tenure of component signing partners	1.6 years

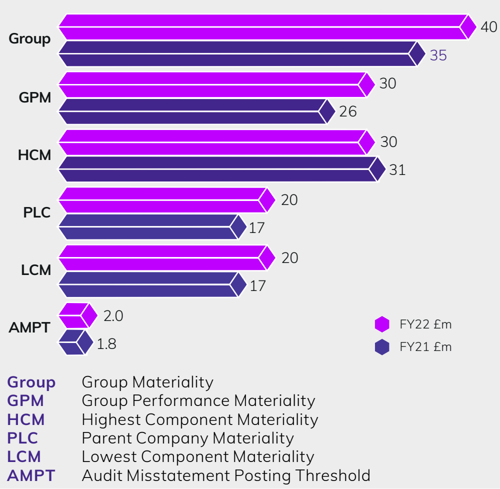
Materiality (item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Group financial statements as a whole at £40m (FY21: £35m) and for the Parent Company financial statements as a whole at £20m (FY21: £17.5m).

Consistent with FY21, we determined that revenue remains the benchmark for the Group as Group revenue provides a more stable measure year on year than Group profit before tax. As such, we based our Group materiality on revenue, of which it represents 0.9% (FY21: 0.9%).

Materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company total assets of which it represents 0.4% (FY21: 0.3%).



Group scope (item 7 below)

We have performed risk assessment and planning procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, the type of procedures to be performed at these components and the extent of involvement required from our component auditors around the world.

Of the group's eleven (FY21: ten) reporting components, we subjected five (FY21: three) to full scope audits for group purposes and none (FY21: one) to specified risk-focused audit procedures. We have subjected two additional components to full scope audits in the current year – one due to being considered financially significant as a result of the component's contribution to revenue increasing in the financial year as a proportion of the whole Group performance, and another due to being considered significant due to risk.

The group operates a centralised IT function that supports IT processes for certain components. The IT function is geographically spread across Hyderabad (India), Gibraltar, Stratford (UK) and Vienna (Austria). The transactions processed by these IT systems are included in the financial information of the reporting components it services and therefore it is not a separate reporting component. This service centre is subject to specified risk-focused audit procedures, predominantly the testing of the relevant general IT control environment ("GITCs") and automated IT application controls.

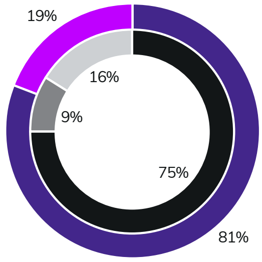
The components within the scope of our work accounted for the percentages illustrated opposite.

In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

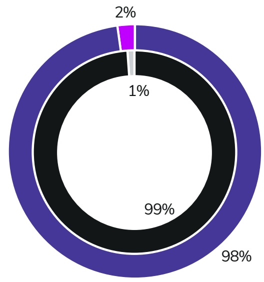
We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

- 2021 Full scope audits
- 2021 Specified risk-focused audit procedures
- 2021 Remaining components
- 2022 Full scope audits
- 2022 Remaining components

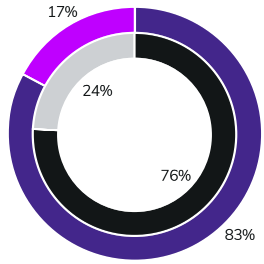
(1) Calculated by adding the Group's share of revenue from its joint ventures to the Group's revenue figure.



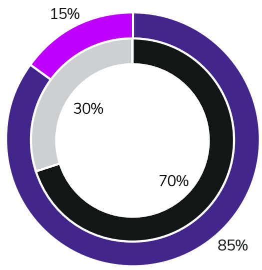
Total profits and losses that made up group profit before tax



Net assets



Revenue



Revenue including share of revenue from joint ventures[1]

The impact of climate change on our audit

We have considered the potential impacts of climate change on the financial statements as part of our planning of the audit. The Group has set out its commitment to the carbon net zero by 2035 including a reduction in scope 1, 2 and 3 emissions by 2027. The Group's business model does not include high polluting activities that significantly contribute to climate change and further information about the Group's identified climate risks is provided in the "Task Force for Climate-related Financial Disclosure Statement".

As part of our risk assessment, KPMG have inquired with the Group's head of ESG to understand the climate change risks to the Group and what they have assessed the impact of these are on the financial statements. We have also read meeting minutes of the Group's ESG committee and applied our knowledge of the Group and sector in which it operates to understand the extent of the potential impact of climate change risks on the Group's financial statements. Considering the nature of the Group's assets and liabilities, and taking account of the headroom on goodwill and indefinite life intangibles impairment testing, there was no significant impact on our key audit matters or other key areas of our audit.

We have read the Group's Task Force for Climate-Related Financial Disclosures in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

Independent Auditor's report continued

3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Going concern

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and/or metrics relevant to debt covenants over this period were:

- The impact of a significant change in the Group's gaming tax profile, including changes in key geographies;
- The impact of significant changes in the regulatory environment affecting the Group's ability to operate in certain territories; and
- The impact of a cyber security failings affecting the Group's operating systems for a significant portion of the going concern period.

We also considered less predictable but realistic second order impacts, such as the impact of the political or tax policy changes, which could result in a rapid reduction of available financial resources

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We assessed the completeness and accuracy of the going concern disclosure.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the consolidated financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable; and

Disclosures of emerging and principal risks and longer-term viability	Our responsibility	Our reporting
	We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge. Based on those procedures, we have nothing material to add or draw attention to in relation to: • the directors' confirmation within the Viability Statement on page 89 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; • the Principal Risks disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and • the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.	We have nothing material to add or draw attention to in relation to these disclosures. We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

Independent Auditor's report continued

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on:

- the overall audit strategy;
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Revenue from online operations (group)	**Financial Statement Elements**	**Our assessment of risk vs FY21**	**Our findings**
		FY22 | FY21 Revenue from online operations | **£2,995.5m** | £3,010.2m	We consider the level of risk relating to revenue from online operations has increased compared to FY21 due to the to the high revenue growth in overseas markets.	**FY22: Our testing identified no errors in the recording of revenue transactions from Online operations** FY21: No errors identified

4.1 Revenue from online operations (group) continued

Description of the Key Audit Matter

Risk of data processing error

Revenue streams are computed and recorded on highly complex IT systems that process a high volume of low value transactions, with the gaming and betting platforms and customer wallets (together "platform") being the key elements. Aggregated systematic errors in calculations could result in incorrect reporting of revenue from online operations.

Risk of fraud

We have identified a fraud risk that revenue from online operations could be manipulated through manual journals in order to inflate results or reach bonus incentives.

Our response to the risk

As a result of our risk assessment, we increased the number of components where we performed full scope audits.
Our procedures included:

Controls: For the Group's in-house systems we utilised our own IT auditors to assess the relevant IT systems and controls by:

- Understanding the data flow in the online betting environment by observing bets placed from the customer-facing systems and tracing the transactions to the platform, and then from the data warehouse (storage) to the financial information systems (accounting records) to assess whether the information is passed appropriately from one system to another;
- Testing operating effectiveness of relevant general IT controls ("GITCs") including access to programs and data and program change – specifically evaluating account set-up and termination of users, password restrictions, users with privileged access and program change controls;
- Assessing the impact of GITCs deficiencies and performing additional audit procedures as needed, for example where unauthorised users were identified, we tested whether those users had inappropriately accessed the system;
- Testing automated controls around wallet deposits/withdrawals, placing and settlement of bets, and calculation of revenue through placing test bets.

Tests of details (tracing and vouching): We assessed the appropriateness of revenue recognised by:

- To address the identified risks, including the fraud risk, comparing the cash movements in the customer wallets in aggregate to revenue recognised from online operations throughout the period. As part of this comparison, for the cash movements relating to the Payment Service Provider receivable, we obtained a summary of movements for the year and agreed a sample of non-customer cash movements to external documentation, for example funding, settlements and charges to either PSP or bank statements. For other material reconciling items between the cash movements and the revenue recognised, we critically assessed the appropriateness of these items and, where relevant, obtained supporting documentation.
- Comparing the amounts of revenue from online operations recorded in the accounting records against the amounts reported in the platform or by third parties, as applicable.

Communications with the Entain plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of revenue from Online operations including details of our planned substantive procedures and the extent of our control reliance;
- The increase in our scope in the current year to extend the key audit matter to additional in-scope components;
- Discussions on the effectiveness of the general IT environment.

Areas of particular auditor judgement

We did not identify any areas of particular auditor judgement in relation to this key audit matter.

Our findings

We assessed the impact of identified control deficiencies and considered the effect on our substantive testing. Based on this assessment, we were not required to significantly expand the extent of our planned detailed testing. Our testing identified no errors in the recording of revenue transactions for the revenues from online operations (FY21: No errors identified).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 107 for details on how the Audit Committee considered the revenue from online operations.

Independent Auditor's report continued

4.2 Recoverability of parent company's investments in subsidiaries and receivables due from group entities (parent company)

Financial Statement Elements

	FY22	FY21
Investments in subsidiaries	**£4,845.6m**	£4,372.1m
Receivables due from Group entities	**£770.3m**	£742.6m

Our assessment of risk vs FY21

↔ We have not identified any significant changes to our assessment of the level of risk relating to recoverability of parent company's investments in subsidiaries and receivables due from Group entities compared to FY21.

Our findings

FY22: Balanced

FY21: Balanced

Description of the Key Audit Matter

Low risk, high value

The carrying amount of the parent Company's investments in subsidiaries and of the receivables due from group entities together represents 99% (FY21: 99%) of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.

Our response to the risk

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balances is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- **Historical comparisons:** We assessed the reasonableness of the budgets by considering the historical accuracy of the previous forecasts.
- **Comparing valuations:** We compared the carrying value of the parent Company's investments in subsidiaries and receivables due from Group entities to the value in use calculations for the relevant CGUs and to the market capitalisation of the Group.

Communications with the Entain plc's Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of investments in subsidiaries and receivables due from group entities, including details of our planned substantive procedures, and that we would not seek to place reliance on controls.
- Our conclusion on the recoverability of the investments in subsidiaries and receivables due from Group entities with an indication of where the Group's estimated recoverable amount lay within our reasonable range.

Areas of particular auditor judgement

We did not identify any areas of particular auditor judgement in relation to this key audit matter.

Our findings

We found the company's conclusion that there is no impairment of investments in subsidiaries and receivables due from group entities to be balanced. (FY21: balanced).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 107 for details on how the Audit Committee considered the recoverability of parent company's investments in subsidiaries and receivables due from group entities.

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud	
Fraud risk assessment	To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: • Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud. • Reading Board, audit committee, and remuneration committee minutes. • Considering remuneration incentive schemes and performance targets for directors and how these are impacted by separately disclosed items. • Using analytical procedures to identify any unusual or unexpected relationships. • Our forensic specialists assisted us in identifying key fraud risks. This included holding a discussion with the engagement partner and team and assisting with designing relevant audit procedures to respond to the identified fraud risks.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.
Fraud risks	As required by auditing standards, and taking into account possible pressures to meet profit targets and bonus incentives, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue from the Group's online operations is at risk of being overstated due to manual manipulation, that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as accounting for acquisitions and the recognition of intangible assets, provisions for impairment and pension assumptions. We did not identify any additional fraud risks.
Link to KAMS	Further detail in respect of online revenue recognition is set out in the key audit matter disclosure in section 4.1 of this report.
Procedures to address fraud risks	We also performed procedures including: • Identifying journal entries and other adjustments to test for all full scope components based on high risk criteria for each component and comparing the identified entries to supporting documentation. These included: unusual revenue pairings and unusual journals with a credit or debit to entry to cash. • Evaluated the business purpose of significant unusual transactions. • Assessing whether significant accounting estimates are indicative of a potential bias.

Independent Auditor's report continued

Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations	
Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, inspection of industry publications and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.
Direct laws context and link to audit	The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items
Most significant indirect law/ regulation areas	Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect: anti-bribery and corruption, recognising the nature of the Group's operations, betting and gaming regulation and responsible gaming legislation across all of the territories where the Group generates material revenues. For the matters discussed in note 33 we assessed disclosures against our understanding from inspection of correspondence received by the entity and inquiries with external legal counsel. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context	
Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£40m

(FY21: £35m)

Materiality for the group financial statements as a whole

What we mean

A quantitative reference for the purpose of planning and performing our audit.

Basis for determining materiality and judgements applied

Materiality for the Group financial statements as a whole was set at £40m (FY21: £35m). This was determined with reference to a benchmark of Group revenue.

Consistent with FY21, we determined that Group revenue remains the main benchmark for the Group as Group revenue provides a more stable measure year on year than Group profit before tax from continuing operations.

Our Group materiality of £40m was determined by applying a percentage to the Group revenue. When using a benchmark of revenue to determine overall materiality, KPMG's approach for listed entities considers a guideline range 0.5% – 1.0 % of the measure. In setting overall Group materiality, we applied a percentage of 0.9% (FY21: 0.9%) to the benchmark.

Materiality for the Parent Company financial statements as a whole was set at £20m (FY21: £17.5m), determined with reference to a benchmark of Parent Company total assets, of which it represents 0.4% (FY21: 0.3%).

£30m

(FY21: £26.25m)

Performance materiality

What we mean

Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Basis for determining performance materiality and judgements applied

We have considered performance materiality at a level of 75% (FY21: 75%) of materiality for Entain plc Group financial statements as a whole to be appropriate.

The Parent Company performance materiality was set at £15m (FY21: £13m), which equates to 75% (FY21: 75%) of materiality for the Parent Company financial statements as a whole.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

£2.0m

(FY21: £1.8m)

Audit misstatement posting threshold

What we mean

This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to Entain plc's Audit Committee.

Basis for determining the audit misstatement posting threshold and judgements applied

We set our audit misstatement posting threshold at 5% (FY21: 5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £40m (FY21: £35m) compares to the below amounts as follows:

	Total Group Revenue		Group profit before tax		Total Group Assets	
	FY22	FY21	FY22	FY21	FY22	FY21
Amount	**£4,296.9m**	£3,830.0m	**£102.9m**	£393.2m	**£8,739.9m**	£7,252.0m
Group Materiality as % of amount	**0.9%**	0.9%	**38.9%**	8.9%	**0.5%**	0.5%

Independent Auditor's report continued

7. The scope of our audit

Group scope

What we mean

How the Group audit team determined the procedures to be performed across the Group.

Of the group's eleven (FY21: ten) reporting components, we subjected five (FY21: three) to full scope audits for group purposes and none (FY21: one) to specified risk-focused audit procedures. In order to determine the work performed at the reporting component level, we identified those components which we considered to be of individual financial significance, those which were significant due to risk and those remaining components on which we required procedures to be performed to provide us with the evidence we required in order to conclude on the group financial statements as a whole.

We determined individually financially significant components as those contributing at least 10% (2021: 10%) of total profits and losses that made up group profit before tax from continuing operations or group revenue. We selected profit before tax from continuing operations and revenue because these are the most representative of the relative size of the components. We identified 4 (2021: 3) components as individually financially significant components and performed full scope audits on these components. The increase in the current year in such components is due to one component's contribution to revenue increasing in the financial year as a proportion of the whole Group performance.

We have also considered 1 component, which is a joint venture, to be significant due to significant risk of material misstatement affecting the group financial statements and performed a full scope audit of this component (2021: specific risk-focussed audit procedures). Whilst it does not contribute to the Group's revenue metrics, its revenues are considered to be of significant importance to the Group therefore we considered it to be significant due to significant risk of material misstatement in the current year.

The group operates a centralised IT function that supports IT processes for certain components. The IT function is geographically spread across Hyderabad (India), Gibraltar, Stratford (UK) and Vienna (Austria). The transactions processed by these IT system are included in the financial information of the reporting components it services and therefore it is not a separate reporting component. This service centre is subject to specified risk-focused audit procedures, predominantly the testing of the relevant general IT control environment ("GITCs") and automated IT application controls.

Scope	Number of components	Range of materiality applied
Full scope audit	5 (2021: 3)	£20m – £30m (2021: £17m – £31m)
Specified audit procedures over revenue, costs of sales and compliance with laws and regulations	0 (2021: 1)	Not applicable (2021: £17m)

The components within the scope of our work accounted for the following percentages of the group's results: 83% group revenue (FY21: 76%), 85% Revenue including share of revenue from joint ventures (FY21: 75%), 81% total profits and losses that made up group profit before tax from continuing operations (FY21: 84%) and 98% group net assets (FY21: 97%).

The Group team instructed component auditors on the scope of their work including specifying minimum procedures to perform in their audit of revenue and management override of controls. The Group team approved the component materialities, as detailed in the table above, having regard to the mix of size and risk profile of the Group across the components.

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team has also performed audit procedures on the following areas of behalf of the components:

- Items excluded from underlying Group PBTCO;
- Direct tax for UK and Gibraltar;
- Right of use assets and liabilities;
- Share based payments; and
- Defined benefit pension schemes.

These items were audited by the Group team because they are managed centrally by the Group finance team.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

The parent company audit was completed by the Group audit team. All of the other components subject to a full scope audit were completed by component audit teams.

Group audit team oversight	**What we mean** The extent of the Group audit team's involvement in component audits. In working with component auditors, we: • Held planning calls with component audit teams to discuss the significant areas of the audit relevant to the components, including the key audit matter in respect of revenue from online operations. • Issued group audit instructions to component auditors on the scope of their work, including specifying the minimum procedures to perform in their audit of revenue and management override of controls. • Visited five components in-person as the audit progressed to understand and challenge the audit approach and organised video conferences with the partners and directors of the Group and component audit teams throughout the key audit stages. At these visits and video conferences, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component audit teams. • Inspected component audit teams' key workpapers, with a particular focus on the component's work on revenue from online operations and risk of management override of controls to ensure appropriateness of documentation and conclusions reached.

Independent Auditor's report continued

8. Other information in the annual report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information	
Our responsibility	**Our reporting**
Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.	Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Directors' remuneration report	
Our responsibility	**Our reporting**
In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the Directors have decided to prepare as if the Company was required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.	In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006, as if those requirements applied to the Company.
Under the terms of our engagement, we are also required to report to you if, in our opinion, the part of the Directors' Remuneration Report which we were engaged to audit is not in agreement with the accounting records and returns.	We have nothing to report in these respects.

Corporate governance disclosures	
Our responsibility	**Our reporting**
We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: • the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; • the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and • the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.	Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 81, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Section 80(c) of the Isle of Man Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Flanagan
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants and Recognised Auditors
EastWest
Tollhouse Hill
Nottingham
NG1 5FS

9 March 2023

Consolidated income statement

for the year ended 31 December 2022

	Notes	2022 Underlying items £m	2022 Separately disclosed Items (note 6) £m	2022 Total £m	2021 Underlying items £m	2021 Separately disclosed items (note 6) £m	2021 Total £m
Net Gaming Revenue		4,348.9	–	4,348.9	3,886.3	–	3,886.3
VAT/GST		(52.0)	–	(52.0)	(56.3)	–	(56.3)
Revenue	5	4,296.9	–	4,296.9	3,830.0	–	3,830.0
Cost of sales	7	(1,582.2)	–	(1,582.2)	(1,394.2)	–	(1,394.2)
Gross profit		2,714.7	–	2,714.7	2,435.8	–	2,435.8
Administrative costs	7	(1,978.8)	(213.2)	(2,192.0)	(1,789.2)	(128.3)	(1,917.5)
Contribution		2,128.9	–	2,128.9	1,851.5	–	1,851.5
Administrative costs excluding marketing		(1,393.0)	(213.2)	(1,606.2)	(1,204.9)	(128.3)	(1,333.2)
Group operating profit/(loss) before share of results from joint ventures and associates		735.9	(213.2)	522.7	646.6	(128.3)	518.3
Share of results from joint ventures and associates	16,17	(194.1)	–	(194.1)	(162.5)	–	(162.5)
Group operating profit/(loss)		541.8	(213.2)	328.6	484.1	(128.3)	355.8
Finance expense	8	(89.0)	(5.7)	(94.7)	(77.1)	(5.8)	(82.9)
Finance income	8	4.3	–	4.3	2.1	–	2.1
(Losses)/gains arising from change in fair value of financial instruments	8	(23.1)	–	(23.1)	62.0	–	62.0
(Losses)/gains arising from foreign exchange on debt instruments	8	(112.2)	–	(112.2)	56.2	–	56.2
Profit/(loss) before tax		321.8	(218.9)	102.9	527.3	(134.1)	393.2
Income tax	10	(97.9)	27.9	(70.0)	(90.1)	(27.5)	(117.6)
Profit/(loss) from continuing operations		223.9	(191.0)	32.9	437.2	(161.6)	275.6
Loss for the year from discontinued operations after tax	21	–	(13.4)	(13.4)	(5.6)	(9.3)	(14.9)
Profit/(loss) for the year		223.9	(204.4)	19.5	431.6	(170.9)	260.7
Attributable to:							
Equity holders of the parent		225.6	(201.4)	24.2	420.2	(170.9)	249.3
Non-controlling interests		(1.7)	(3.0)	(4.7)	11.4	–	11.4
		223.9	(204.4)	19.5	431.6	(170.9)	260.7
Earnings per share on profit for the year from continuing operations		60.9p[1]		6.4p	54.3p[1]		45.1p
From profit for the year	12	60.9p[1]		4.1p	53.3p[1]		42.6p
Diluted earnings per share on profit for the year from continuing operations		60.5p[1]		6.3p	53.8p[1]		44.7p
From profit for the year	12	60.5p[1]		4.1p	52.8p[1]		42.2p

Memo							
EBITDAR[2]		1,008.5	(89.3)	919.2	898.8	19.2	918.0
Rent and associated costs[3]		(15.3)	–	(15.3)	(17.1)	–	(17.1)
EBITDA		993.2	(89.3)	903.9	881.7	19.2	900.9
Share-based payments		(19.2)	–	(19.2)	(12.3)	–	(12.3)
Depreciation, amortisation and impairment		(238.1)	(123.9)	(362.0)	(222.8)	(147.5)	(370.3)
Share of results from joint ventures and associates		(194.1)	–	(194.1)	(162.5)	–	(162.5)
Group operating profit/(loss)		541.8	(213.2)	328.6	484.1	(128.3)	355.8

1. The calculation of underlying earnings per share has been adjusted for separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments as it provides a better understanding of the underlying performance of the Group. See note 12 for further details.
2. Included within the Income Statement and Memo above are certain non-statutory measures. The use of these items and the reconciliation to their statutory equivalents is provided above and on page 71 of the report.
3. Rent and associated costs include VAT and rent not captured by IFRS 16. These are predominantly driven by VAT on rental charges not being recoverable and held over leases.

The notes on pages 177 to 225 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Profit for the year		**19.5**	260.7
Other comprehensive income/(expense):			
Items that may be reclassified to profit or loss:			
Currency differences on translation of foreign operations		**182.9**	(128.3)
Total items that may be reclassified to profit or loss		**182.9**	(128.3)
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit pension scheme	30	**(24.7)**	31.2
Tax on re-measurement of defined benefit pension scheme	10	**8.6**	(10.9)
Deficit on revaluation of other investment	17	**(2.6)**	–
Total items that will not be reclassified to profit or loss		**(18.7)**	20.3
Other comprehensive income/(expense) for the year, net of tax		**164.2**	(108.0)
Total comprehensive income for the year		**183.7**	152.7
Attributable to:			
Equity holders of the parent		**182.3**	141.3
Non-controlling interests		**1.4**	11.4

The notes on pages 177 to 225 form an integral part of these consolidated financial statements.

Consolidated balance sheet

(Company number 4685V)

At 31 December 2022

	Notes	2022 £m	2021 £m
Assets			
Non-current assets			
Goodwill	13	**3,979.2**	3,217.0
Intangible assets	13	**2,677.7**	2,152.5
Property, plant and equipment	15	**507.2**	467.2
Interest in joint venture	16	**–**	9.7
Interest in associates and other investments	17	**53.5**	58.4
Trade and other receivables	18	**38.6**	3.0
Other financial assets	26	**0.2**	0.3
Deferred tax assets	10	**157.3**	141.4
Retirement benefit asset	30	**63.8**	95.1
		7,477.5	6,144.6
Current assets			
Trade and other receivables	18	**500.3**	539.8
Income and other taxes recoverable		**30.7**	23.1
Derivative financial instruments	26	**72.9**	57.4
Cash and cash equivalents	19	**658.5**	487.1
		1,262.4	1,107.4
Total assets		**8,739.9**	7,252.0
Liabilities			
Current liabilities			
Trade and other payables	20	**(719.8)**	(695.8)
Balances with customers	27	**(200.5)**	(205.9)
Lease liabilities	22	**(65.1)**	(78.2)
Interest bearing loans and borrowings	23	**(424.9)**	(121.1)
Corporate tax liabilities		**(45.3)**	(59.1)
Provisions	24	**(20.6)**	(43.5)
Derivative financial instruments	26	**(79.2)**	–
Other financial liabilities	26	**(208.8)**	(36.1)
		(1,764.2)	(1,239.7)
Non-current liabilities			
Interest bearing loans and borrowings	23	**(2,689.1)**	(2,161.3)
Lease liabilities	22	**(215.8)**	(215.5)
Deferred tax liabilities	10	**(495.4)**	(408.0)
Provisions	24	**(5.4)**	(6.4)
Other financial liabilities	26	**(253.4)**	(52.6)
		(3,659.1)	(2,843.8)
Total liabilities		**(5,423.3)**	(4,083.5)
Net assets		**3,316.6**	3,168.5
Equity			
Issued share capital	28	**4.8**	4.8
Share premium		**1,207.3**	1,207.3
Merger reserve		**2,527.4**	2,527.4
Translation reserve		**240.2**	63.4
Retained earnings		**(846.9)**	(635.8)
Equity shareholders' funds		**3,132.8**	3,167.1
Non-controlling interests	35	**183.8**	1.4
Total shareholders' equity		**3,316.6**	3,168.5

The financial statements on pages 172 to 225 were approved by the Board of Directors on 9 March 2023 and signed on its behalf by

J Nygaard-Andersen
Chief Executive Officer

R Wood
Deputy Chief Executive Officer/Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2022

	Issued share capital £m	Share premium £m	Merger Reserve £m	Translation reserve[1] £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling Interests (note 35) £m	Total Shareholders' equity £m
At 1 January 2021	4.8	1,206.6	2,527.4	191.7	(901.3)	3,029.2	52.3	3,081.5
Profit for the year	–	–	–	–	249.3	249.3	11.4	260.7
Other comprehensive income	–	–	–	(128.3)	20.3	(108.0)	–	(108.0)
Total comprehensive income	–	–	–	(128.3)	269.6	141.3	11.4	152.7
Share options exercised	–	0.7	–	–	–	0.7	–	0.7
Share-based payments charge	–	–	–	–	6.9	6.9	–	6.9
Business combinations (note 32)	–	–	–	–	(50.0)	(50.0)	14.2	(35.8)
Purchase of non-controlling interests (note 35)	–	–	–	–	39.0	39.0	(52.0)	(13.0)
Equity dividends (note 11)	–	–	–	–	–	–	(24.5)	(24.5)
At 31 December 2021	4.8	1,207.3	2,527.4	63.4	(635.8)	3,167.1	1.4	3,168.5
At 1 January 2022	**4.8**	**1,207.3**	**2,527.4**	**63.4**	**(635.8)**	**3,167.1**	**1.4**	**3,168.5**
Profit for the year	**–**	**–**	**–**	**–**	**24.2**	**24.2**	**(4.7)**	**19.5**
Other comprehensive income	**–**	**–**	**–**	**176.8**	**(18.7)**	**158.1**	**6.1**	**164.2**
Total comprehensive income	**–**	**–**	**–**	**176.8**	**5.5**	**182.3**	**1.4**	**183.7**
Share-based payments charge	**–**	**–**	**–**	**–**	**18.3**	**18.3**	**–**	**18.3**
Business combinations (note 32)	**–**	**–**	**–**	**–**	**–**	**–**	**178.9**	**178.9**
Recognition of put liability	**–**	**–**	**–**	**–**	**(181.2)**	**(181.2)**	**–**	**(181.2)**
Purchase of non-controlling interests (note 35)	**–**	**–**	**–**	**–**	**(3.7)**	**(3.7)**	**2.1**	**(1.6)**
Equity dividends (note 11)	**–**	**–**	**–**	**–**	**(50.0)**	**(50.0)**	**–**	**(50.0)**
At 31 December 2022	**4.8**	**1,207.3**	**2,527.4**	**240.2**	**(846.9)**	**3,132.8**	**183.8**	**3,316.6**

1. The translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries with non-sterling functional currencies.

The notes on pages 177 to 225 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Cash generated by operations	29	**846.9**	803.8
Income taxes paid		**(106.1)**	(98.7)
Net finance expense paid		**(100.6)**	(73.3)
Net cash generated from operating activities		**640.2**	631.8
Cash flows from investing activities:			
Acquisitions[1]		**(738.6)**	(449.8)
Cash acquired on business combinations		**29.9**	22.3
Cash disposed on sale of business		**–**	(53.7)
Dividends received from associates		**3.6**	–
Purchase of intangible assets		**(129.9)**	(106.4)
Purchase of property, plant and equipment		**(82.1)**	(69.8)
Proceeds from the sale of property, plant and equipment including disposal of shops		**–**	1.9
Purchase of investments in associates and other investments		**–**	(29.4)
Investment in joint ventures		**(175.1)**	(164.4)
Net cash used in investing activities		**(1,092.2)**	(849.3)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		**–**	0.7
Net proceeds from borrowings		**838.4**	797.2
Repayment of borrowings		**(109.0)**	(566.1)
Repayment of borrowings on acquisition		**(162.8)**	–
Subscription of funds from non-controlling interests		**174.3**	–
Settlement of derivative financial instruments		**41.6**	(19.1)
Settlement of other financial liabilities		**(32.9)**	(130.7)
Payment of lease liabilities		**(83.0)**	(87.9)
Dividend paid to shareholders		**(50.0)**	–
Dividend paid to non-controlling interests		**–**	(24.5)
Net cash used in financing activities		**616.6**	(30.4)
Net increase/(decrease) in cash and cash equivalents		**164.6**	(247.9)
Effect of changes in foreign exchange rates		**6.8**	(14.8)
Cash and cash equivalents at beginning of the year		**487.1**	749.8
Cash and cash equivalents at end of the year[2]		**658.5**	487.1

1. Included within cash flows from acquisitions is £1.7m (2021: £nil) relating to the purchase of minority holdings in Scout Gaming AB and Global Gaming Limited.

The notes on pages 177 to 225 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2022

1 Corporate information

Entain plc (the Company) is a company incorporated and domiciled in the Isle of Man on 5 January 2010 whose shares are traded publicly on the London Stock Exchange. The principal activities of the Company and its subsidiaries ("the Group") are described in the strategic report. The consolidated financial statements of the Group for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 9 March 2023.

The nature of the Group's operations and its principal activities are set out in note 5.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and with the Isle of Man Companies Act 2006 applicable to companies reporting under IFRSs. The accounting policies set out in this section as detailed have been applied consistently year on year other than for the changes in accounting policies set out in note 3.

Going concern

In adopting the going concern basis of preparation in the financial statements, the directors have considered the current trading performance of the Group, the financial forecasts, the post balance sheet events disclosed in note 35 and the principal risks and uncertainties. In addition, the directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios, which have been run individually and in combination, and include but are not limited to legislation changes impacting the Group's Online business and severe data privacy and cyber security breaches. These forecasts are not reliant on any refinancing occurring in the going concern assessment period.

Despite the net current liability position, given the level of the Company and Group's available cash of £0.3bn post Bet City acquisition, available financing facilities (including an undrawn revolving credit facility of £0.5bn) and the forecast covenant headroom even under the sensitised downside scenarios, the directors believe that the Group is well placed to manage the risks and uncertainties that it faces. As such, the directors have a reasonable expectation that the Company and Group will have adequate financial resources to continue in operational existence for twelve months from the date of signing this report and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the financial statements.

The consolidated financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated. The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

3 Changes in accounting policies

From 1 January 2022 the Group has applied, for the first time, certain standards, interpretations and amendments. The adoption of the following standards and amendments to standards did not have a material impact on the current period or any prior period upon transition:

- IAS 15 Property, Plant and Equipment; amendments to the definition of sales proceeds and related costs;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets; amendments to the definition of costs to fulfil an onerous contract;
- IAS 41 Agriculture: amendments to the measurement techniques for biological assets;
- IFRS 3 Business Combinations; updating a reference to the Conceptual Framework.

4 Summary of significant accounting policies

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group at 31 December each year. The consolidation has been performed using the results to 31 December for all subsidiaries, using consistent accounting policies. With the exception of a small number of immaterial subsidiaries, the financial statements of those subsidiaries are prepared to 31 December. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee.

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries are consolidated, using the acquisition method of accounting, from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred from the Group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition. Any excess of the cost of acquisition over the fair values of the separately identifiable net assets acquired is recognised as goodwill. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

4.2 Critical accounting estimates and judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

4 Summary of significant accounting policies (continued)

4.2 Critical accounting estimates and judgements (continued)

Judgements

Management believes that the areas where judgement has been applied are:

- separately disclosed items (note 6).

Separately disclosed items

To assist in understanding the underlying performance of the Group, management applies judgement to identify those items that are deemed to warrant separate disclosure due to either their nature or size. Whilst not limited to, the following items of pre-tax income and expense are generally disclosed separately:

- amortisation of acquired intangibles resulting from IFRS 3 “Business Combinations” fair value exercises;
- profits or losses on disposal, closure, or impairment of non-current assets or businesses;
- corporate transaction and restructuring costs;
- legal, regulatory and tax litigation;
- changes in the fair value of contingent consideration; and
- the related tax effect of these items.

Any other non-recurring items are considered individually for classification as separately disclosed by virtue of their nature or size. During 2022 the Group separately disclosed a net charge on continuing operations of £218.9m including £116.9m of amortisation of acquired intangibles resulting from IFRS 3.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

4.3 Other accounting policies

Estimates

Included within the financial statements are a number of areas where estimation is required.

Management believes that the area where this is most notable within the financial statements is the accounting for business combinations (note 32).

Business combinations

For business combinations, the Group estimates the fair value of the consideration transferred, which can include assumptions about the future business performance of the business acquired and an appropriate discount rate to determine the fair value of any contingent consideration.

The Group then estimates the fair value of assets acquired and liabilities assumed in the business combination. The area of most notable estimation within the fair value exercise relates to separately identifiable intangible assets including brands, customer lists, and licences. These estimates also require inputs and assumptions to be applied within the relief from royalty calculation of fair values with the more significant assumptions relating to future earnings, customer attrition rates and discount rates. The Group engages external experts to support the valuation process, where appropriate. IFRS 3 ‘Business Combinations’ allows the Group to recognise provisional fair values if the initial accounting for the business combination is incomplete.

The fair value of contingent consideration recognised in business combinations is reassessed at each reporting date, using updated inputs and assumptions based on the latest financial forecasts for the relevant business. Fair value movements and the unwinding of the discounting is recognised within the income statement as a separately disclosed item. See note 6 and note 32 for further details.

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities at the date of acquisition in accordance with IFRS 3 Business Combinations. Goodwill is not amortised but reviewed for impairment at the first reporting period after acquisition and then annually thereafter. As such it is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal. On the current year acquisitions, any non-controlling interests where put options are in place are recognised using the present access method where the Group assesses that the non-controlling shareholder has present access to the returns associated with their equity interests.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

'Put' options over the equity of subsidiary companies

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amounts that may become payable under the option on exercise are initially recognised at the present value of the expected gross obligation with the corresponding entry being recognised in retained earnings. Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The present value of the expected gross obligation is reassessed at the end of each reporting period and any changes are recorded in the income statement. In the event that an option expires unexercised, the liability is derecognised with a corresponding adjustment to retained earnings.

Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other expenditure is charged in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Indefinite lived assets are not amortised and are subject to an annual impairment review from the year of acquisition. Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated income statement through the 'operating expenses, depreciation and amortisation' line item.

A summary of the policies applied to the Group's intangible assets is as follows:

Licences	Lower of 15 years, or duration of licence
Software – purchased & internally capitalised costs	2-15 years
Trademarks & brand names	10-15 years, or indefinite life
Customer relationships	3-15 years

The useful lives of all intangible assets are reviewed at each financial period end. Impairment testing is performed annually for intangible assets which are not subject to systematic amortisation and where an indicator of impairment exists for all other intangible assets.

An intangible asset is derecognised on disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Pensions and other post-employment benefits

The Group's defined benefit pension plan holds assets separately from the Group. The pension cost relating to the plan is assessed in accordance with the advice of independent qualified actuaries using the projected unit credit method.

Actuarial gains or losses are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Any past service cost is recognised immediately. The retirement benefit asset recognised in the balance sheet represents the fair value of scheme assets less the value of the defined benefit obligations.

In accounting for the Group's defined benefit pension plan, it is necessary for management to make a number of estimates and assumptions each year. These include the discount rates, inflation rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in other comprehensive income. Refer to note 30 for details of the values of assets and obligations and key assumptions used. Although the Group anticipates that plan surpluses will be utilised during the life of the plans to address member benefits, the Group recognises its pension surplus in full on the basis that there are no substantive restrictions on the return of residual plan assets in the event of a winding up of the plan after all member obligations have been met.

The Group's contributions to defined contribution scheme are charged to the consolidated income statement in the period to which the contributions relate.

There is a degree of estimation involved in predicting the ultimate benefits payable under defined benefit pension arrangements. The pension scheme liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of this plan, such estimates are subject to uncertainty. See note 30 for details on sensitivity analysis performed around these estimates.

The Gala Coral Pension Plan has a net asset position when measured on an IAS 19 basis. Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet. The Ladbrokes Pension Plan was bought-out in 2021. Further details are given in note 30.

Impairment

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Impairment (continued)

An impairment review is performed for goodwill and other indefinite life assets on at least an annual basis. For all other non-current assets an impairment review is performed where there are indicators of impairment. This requires an estimation of the recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from each cash generating unit and to discount cash flows by a suitable discount rate in order to calculate the present value of those cash flows. Estimating an asset's fair value less costs to sell is determined using future cash flow and profit projections as well as industry observed multiples and publicly observed share prices for similar betting and gaming companies. See note 14 for details on sensitivity analysis performed around these estimates.

Within UK and European Retail, the cash generating units are generally an individual Licenced Betting Office ("LBO") and therefore, impairment is first assessed at this level for licences, right of use ("ROU") assets and property, plant and equipment, with any impairment arising booked to licences and property, plant and equipment on a pro-rata basis.

Impairment losses are recognised in the consolidated income statement.

Investments in joint ventures

A joint venture is an entity in which the Group holds an interest on a long-term basis, and which is jointly controlled by the Group and one or more other venturers under a contractual agreement.

Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

The Group's share of results of joint ventures is included in the Group consolidated income statement using the equity method of accounting. Investments in joint ventures are carried in the Group consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in joint ventures includes acquired goodwill.

If the Group's share of losses in the joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has obligations to continue to provide financial support to the joint venture.

Investments in associates

Associates are those businesses in which the Group has a long-term interest and is able to exercise significant influence over the financial and operational policies but does not have control or joint control over those policies.

The Group's share of results of associates is included in the Group's consolidated income statement using the equity method of accounting. Investments in associates are carried in the Group's consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in associates includes acquired goodwill. If the Group's share of losses in the associate equals or exceed its investments in the associate, the Group does not recognise further losses, unless it has obligations to continue to provide financial support to the associate.

Property, plant and equipment

Land is stated at cost less any impairment in value.

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is applied using the straight-line method to specific classes of asset to reduce them to their residual value over their estimated useful economic lives.

Land and buildings	Lower of 50 years, or estimated useful life of the building, or lease. Indefinite lives are attached to any freehold land held and therefore it is not depreciated
Plant and equipment	3-5 years
Fixtures and fittings	3-10 years

Right of Use ("ROU") assets arising under lease contracts are depreciated over the lease term (as defined in IFRS 16) being the period to the expiry date of the lease, unless it is expected that a break clause will be exercised when the lease term is the period to the date of the break.

The carrying values of property, plant and equipment are reviewed for impairment where an indicator of impairment exists, being events or changes in circumstances indicating that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Leases

The Group has applied IFRS 16 only to those contracts that were previously identified as a lease under IAS 17 Leases; any contracts not previously identified as leases have not been reassessed for the purposes of adopting IFRS 16. Accordingly, the definition of a lease under IFRS 16 has only been applied to contracts entered into on or after 1 January 2019.

Leases, other than those with a lease period of less than one year at inception, or where the original cost of the asset acquired would be a negligible amount (see note 22), are capitalised at inception at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

ROU assets are included within property, plant and equipment at cost and depreciated over their estimated useful lives, which normally equates to the lives of the leases, after considering anticipated residual values.

ROU assets which are sub-leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of usage to the lessee. All other sub-leases are classified as operating leases. When assets are subject to finance leases, the present value of the sub-lease is recognised as a receivable, net of allowances for expected credit losses and the related ROU asset is derecognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income. Finance lease interest income is recognised over the term of the lease using the net investment method (before tax) so as to give a constant rate of return on the net investment in sub-leases. Operating lease rental income is recognised on a straight-line basis over the life of the lease.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, short-term deposits (and customer balances).

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them. The Group classifies financial assets at inception as financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, financial assets at amortised cost are measured at fair value net of transaction costs.

Trade receivables are generally accounted for at amortised cost. Expected credit losses are recognised for financial assets recorded at amortised cost, including trade receivables. Expected credit losses are calculated by using an appropriate probability of default, taking accounts of a range of possible future scenarios and applying this to the estimated exposure of the Group at the point of default.

Financial assets at fair value through profit or loss include derivative financial instruments. Financial assets through profit or loss are measured initially at fair value with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated income statement.

Financial assets at fair value through other comprehensive income comprise equity investments that are designated as such on acquisition. These investments are measured initially at fair value. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated statement of comprehensive income.

Financial liabilities

Financial liabilities comprise trade and other payables, interest bearing loans and borrowings, contingent consideration, ante-post bets, guarantees and derivative financial instruments. On initial recognition, financial liabilities are measured at fair value net of transaction costs where they are not categorised as financial liabilities at fair value. Financial liabilities measured at fair value include contingent consideration, derivative financial instruments, ante-post bets and guarantees.

Financial liabilities at fair value are measured initially at fair value, with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the consolidated income statement.

Trade and other payables are held at amortised cost and include amounts due to clients representing customer deposits and winnings, which are matched by an equal and opposite amount within cash and cash equivalents.

All interest-bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps, foreign exchange swaps and interest rate swaps, to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on remeasurement are taken to the consolidated income statement.

Derivative financial instruments are classified as assets where their fair value is positive, or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

Foreign currency translation

The presentational currency of Entain plc and the functional currencies of its UK subsidiaries are Pounds Sterling (£).

Other than Sterling the main functional currencies of subsidiaries are the Euro (€), the US Dollar ($) and the Australian Dollar (A$). At the reporting date, the assets and liabilities of non-sterling subsidiaries are translated into Pounds Sterling (£) at the rate of exchange ruling at the balance sheet date and their cash flows are translated at the weighted average exchange rates for the year. The post-tax exchange differences arising on the retranslation are taken directly to other comprehensive income.

Transactions in foreign currencies are initially recorded in the subsidiary's functional currency and translated at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the consolidated income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

On disposal of a foreign entity, the deferred cumulative retranslation differences previously recognised in equity relating to that particular foreign entity are recognised in the consolidated income statement as part of the profit or loss on disposal.

The following exchange rates were used in 2022 and 2021:

		2022		2021
Currency	Average	Year end	Average	Year end
Euro (€)	**1.175**	**1.128**	1.159	1.190
US Dollar ($)	**1.245**	**1.208**	1.375	1.354
Australian Dollar (A$)	**1.788**	**1.775**	1.832	1.862

Income tax

Deferred tax is provided on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except:

- on the initial recognition of goodwill;
- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the tax profit; and
- associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Interest or penalties payable and receivable in relation to income tax are recognised as an income tax expense or credit in the consolidated income statement.

Income tax expenses are recognised within profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity.

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry within which the Group operates, the tax and regulatory regimes are continuously changing and, as such, the Group is exposed to a small number of uncertain tax positions. Judgement is applied to adequately provide for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise. In particular, during 2022 judgement has been applied in the Group's accounting for Greek tax and further disclosure is given in note 33.

Equity instruments and dividends

Equity instruments issued by the Company are recorded at the fair value of proceeds received net of direct issue costs.

Final dividends proposed by the Board of Directors and unpaid at the year-end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

Revenue

The Group reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Revenue is net of VAT/GST. The Group considers betting and gaming revenue to be out of the scope of IFRS 15 Revenue, and accounts for those revenues within the scope of IFRS 9 Financial Instruments.

For licensed betting offices ("LBOs"), on course betting, Core Telephone Betting, mobile betting, Digital businesses (including sportsbook, betting exchange, casino, games, other number bets), revenue represents gains and losses, being the amounts staked and fees received, less total payouts recognised on the settlement of the sporting event or casino gaming machine roulette or slots spin. Open betting positions ("ante-post") are carried at fair value and gains and losses arising on these positions are recognised in revenue. See note 26 for details of ante-post positions at the year end.

The following forms of revenue, which are not significant in the context of Group revenue, are accounted for within the scope of IFRS 15 Revenue. Revenue from the online poker business reflects the net income (rake) earned from poker hands completed by the year end. In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the year, including broadcasting rights, and sales of refreshments, net of VAT. Given the nature of these revenue streams they are not considered to be subject to judgement over the performance obligations, amount received or timing of recognition.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the consolidated income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

Share-based payment transactions

Certain employees (including directors) of the Group receive remuneration in the form of equity settled share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Share-based payment transactions (continued)

The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. Further details of which are given in note 31. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Entain plc (market conditions).

The cost of equity settled transactions is recognised in the consolidated income statement, with a corresponding credit in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as shown in note 12.

4.4 Future accounting developments

The standards and interpretations that are issued, but not yet effective, excluding those relating to annual improvements, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. None of these are expected to have a significant effect on the consolidated financial statements of the Group as set out below:

IAS 1	Presentation of Financial Statements	Presentation of Financial Statements and IFRS Practice Statement 2	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	1 January 2023
IAS 12	Income Taxes	Deferred Tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Insurance Contracts	Original issue	1 January 2023
IFRS 16	Leases	Lease liability in a sale and leaseback transaction	1 January 2024
IAS 1	Presentation of Financial Statements	Classification of liabilities as current or non-current Non-current liabilities regarding long-term debt with covenants	1 January 2024
IFRS 10	Consolidated Financial Statements	Sale or contribution of assets between an investor and its associate or joint venture	Date deferred
IAS 28	Investments in Associates and Joint Ventures	Sale or contribution of assets between an investor and its associate or joint venture	Date deferred

5 Segment information

The Group's operating segments are based on the reports reviewed by the Executive Management Team (which is collectively considered to be the Chief Operating Decision Maker ("CODM")) to make strategic decisions, and allocate resources.

IFRS 8 requires segment information to be presented on the same basis as that used by the CODM for assessing performance and allocating resources. The Group's operating segments are now aggregated into the five reportable segments as detailed below.

- Online: comprises betting and gaming activities from online and mobile operations. Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Sportingbet, SuperSport, and Sport Interaction; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino, Optibet, and Ninja;
- Retail: comprises betting and retail activities in the shop estates in Great Britain, Northern Ireland, Jersey, Republic of Ireland, Belgium, Italy, and Croatia;
- New opportunities: unikrn and innovation spend;
- Corporate: includes costs associated with Group functions including Group executive, legal, Group finance, US joint venture, tax and treasury; and
- Other segments: includes activities primarily related to telephone betting, Stadia and on course pitches.

5 Segment information (continued)

The Executive Management Team of the Group has chosen to assess the performance of operating segments based on a measure of net NGR, EBITDAR, EBITDA, and operating profit with finance costs and taxation considered for the Group as a whole. See page 71 of this annual report for further considerations of the use of Non-GAAP measures. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

The segment results for the year ended 31 December were as follows:

2022	Online £m	Retail £m	All other segments £m	New opportunities £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR[1]	3,050.5	1,277.8	25.1	–	–	(4.5)	4,348.9
VAT/GST	(52.0)	–	–	–	–	–	(52.0)
Revenue	2,998.5	1,277.8	25.1	–	–	(4.5)	4,296.9
Gross profit	1,829.6	860.0	25.1	–	–	–	2,714.7
Contribution[2]	1,254.2	852.1	25.0	(2.4)	–	–	2,128.9
Operating costs excluding marketing costs	(425.0)	(558.4)	(20.0)	(26.5)	(90.5)	–	(1,120.4)
Underlying EBITDAR before separately disclosed items	829.2	293.7	5.0	(28.9)	(90.5)	–	1,008.5
Rental costs	(1.0)	(13.5)	(0.1)	(0.2)	(0.5)	–	(15.3)
Underlying EBITDA before separately disclosed items	828.2	280.2	4.9	(29.1)	(91.0)	–	993.2
Share based payments	(7.8)	(2.3)	–	(0.3)	(8.8)	–	(19.2)
Depreciation and amortisation	(118.3)	(112.4)	(2.7)	(4.5)	(0.2)	–	(238.1)
Share of joint ventures and associates	(0.2)	–	0.4	(0.4)	(193.9)	–	(194.1)
Operating profit/(loss) before separately disclosed items	701.9	165.5	2.6	(34.3)	(293.9)	–	541.8
Separately disclosed items (note 6)	(114.0)	(57.4)	(0.7)	–	(41.1)	–	(213.2)
Group operating profit/(loss)	587.9	108.1	1.9	(34.3)	(335.0)	–	328.6
Net finance expense							(225.7)
Profit before tax							102.9
Income tax							(70.0)
Profit for the year from continuing operations							32.9
Loss for the year from discontinued operations after tax (note 21)							(13.4)
Profit for the year after discontinued operations							19.5

1. Included within NGR are amounts of £65.6m (2021: £82.6m) in relation to online poker services and £25.1m (2021: £20.5m) arising from the operation of greyhound stadia recognised under IFRS 15 Revenue.
2. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

5 Segment information (continued)

2021	Online £m	Retail £m	All other segments £m	New opportunities £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	3,066.5	791.1	32.8	–	–	(4.1)	3,886.3
VAT/GST	(56.3)	–	–	–	–	–	(56.3)
Revenue	3,010.2	791.1	32.8	–	–	(4.1)	3,830.0
Gross profit	1,871.5	535.8	28.5	–	–	–	2,435.8
Contribution[1]	1,294.7	529.0	27.8	–	–	–	1,851.5
Operating costs excluding marketing costs	(393.7)	(447.5)	(22.1)	(8.8)	(80.6)	–	(952.7)
Underlying EBITDAR before separately disclosed items	901.0	81.5	5.7	(8.8)	(80.6)	–	898.8
Rental costs	(2.0)	(14.6)	(0.1)	–	(0.4)	–	(17.1)
Underlying EBITDA before separately disclosed items	899.0	66.9	5.6	(8.8)	(81.0)	–	881.7
Share based payments	(5.3)	(1.9)	(0.1)	–	(5.0)	–	(12.3)
Depreciation and amortisation	(116.7)	(102.4)	(2.9)	(0.4)	(0.4)	–	(222.8)
Share of joint ventures and associates	(1.0)	–	0.4	–	(161.9)	–	(162.5)
Operating profit/(loss) before separately disclosed items	776.0	(37.4)	3.0	(9.2)	(248.3)	–	484.1
Separately disclosed items (note 6)	(154.0)	1.4	(1.7)	–	26.0	–	(128.3)
Group operating profit/(loss)	622.0	(36.0)	1.3	(9.2)	(222.3)	–	355.8
Net finance income							37.4
Profit before tax							393.2
Income tax							(117.6)
Profit for the year from continuing operations							275.6
Loss for the year from discontinued operations after tax (note 21)							(14.9)
Profit for the year after discontinued operations							260.7

1. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.

Geographical information

Revenue by destination and non-current assets on a geographical basis for the Group, are as follows:

	2022		2021	
	Revenue £m	**Non-current assets[3] £m**	Revenue £m	Non-current assets[3] £m
United Kingdom	**2,032.7**	**3,022.3**	1,754.5	3,007.2
Australia	**463.0**	**528.8**	416.7	507.0
Italy	**472.6**	**523.3**	392.4	483.0
Rest of Europe[1]	**968.7**	**2,922.3**	1,006.3	1,807.0
Rest of the world[2]	**359.9**	**259.5**	260.1	103.6
Total	**4,296.9**	**7,256.2**	3,830.0	5,907.8

1. Rest of Europe is predominantly driven by markets in Germany, Belgium and Georgia.
2. Rest of the world is predominantly driven by the market in Brazil and Canada.
3. Non-current assets excluding other financial assets, deferred tax assets and retirement benefit assets.

6 Separately disclosed items

	2022 £m	2022 Tax Impact £m	2021 £m	2021 Tax Impact £m
Amortisation of acquired intangibles[1]	**116.9**	**(16.5)**	144.2	(24.6)
Furlough[2]	**45.5**	**(8.6)**	–	–
Corporate transaction costs[3]	**23.9**	**(0.6)**	9.4	(0.1)
Restructuring costs[4]	**11.8**	**(1.4)**	–	–
Legal and onerous contract provisions[5]	**8.1**	**(0.8)**	26.2	(2.1)
Impairment loss[6]	**7.0**	**–**	3.3	–
Bridging loan fees/issue costs write-off[7]	**5.7**	**–**	5.8	(1.0)
Loss/(profit) on disposal of property, plant and equipment[8]	**1.0**	**–**	(1.9)	1.0
Movement in fair value of contingent consideration[9]	**(1.0)**	**–**	6.1	–
Integration costs[10]	**–**	**–**	17.3	(1.9)
Tax litigation/one-off legislative impacts[11]	**–**	**–**	(80.2)	7.8
Other one-off items[12]	**–**	**–**	3.9	1.3
Change of deferred tax rate in intangible assets	**–**	**–**	–	47.1
Separately disclosed items for the year from continuing operations	**218.9**	**(27.9)**	134.1	27.5
Separately disclosed items for the year from discontinued operations (note 21)	**13.4**	**–**	9.3	–
Total before tax	**232.3**	**(27.9)**	143.4	27.5
Separately disclosed items for the year after discontinued operations	**204.4**		170.9	

1. Amortisation charges in relation to acquired intangible assets arising from the various acquisitions made by the Group in recent years, including Ladbrokes Coral, Crystalbet, Neds, Enlabs, Avid, and SuperSport.
2. Voluntary repayment of certain amounts received by the Group under the Government Coronavirus Job Retention Scheme ("Furlough Scheme").
3. Transaction costs associated with the M&A activity including the acquisition of SuperSport, Avid and Klondaika (see note 32).
4. Costs associated with the Group's restructuring program Evolve.
5. Relates primarily to costs associated with certain litigation and legal claims and regulatory settlements involving the Entain Group.
6. Non-cash impairment charge against closed shops in its retail estates.
7. Fees incurred in respect of acquisition bridging loan which was subsequently refinanced. Prior year relates to issue costs written off on the refinancing of term loans and the Group's revolving credit facility.
8. Loss on the disposal of certain assets and subsidiaries.
9. Income reflecting a change in the estimated likely payments under contingent consideration arrangements net of discount unwind.
10. During the prior year, the Group incurred final costs associated with the integration of the Ladbrokes Coral Group and the legacy Entain businesses.
11. During the prior year, the Group recognised a credit in respect of the 2010/11 Greek tax case following a ruling by the Athens Administrative Court of Appeal in favour of the Group (see note 33 for more details).
12. During the prior year, the Group incurred a number of one-off costs associated with Covid-19.

The items above reflect incomes and expenditures which are either exceptional in nature or size or are associated with the amortisation of acquired intangibles. The Directors believe that each of these items warrants separate disclosure as they do not form part of the day to day underlying trade of the Group and are not expected to persist beyond the short term (excluding the amortisation of acquired intangibles).

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

7 Administrative costs

Profit before tax, net finance expense and separately disclosed items has been arrived at after charging:

	2022 £m	2021 £m
Betting and gaming taxes and duties	**909.8**	837.3
Revenue share arrangements (including content providers)	**555.6**	440.3
Software royalties	**113.3**	116.1
Other cost of sales	**3.5**	0.5
Cost of sales	**1,582.2**	1,394.2
Salaries and payroll-related expenses (note 9)	**652.0**	575.4
Property expenses	**80.0**	63.1
Content and levy expenses	**176.6**	137.5
Marketing expenses	**585.8**	584.3
Depreciation and amortisation – owned assets	**173.1**	169.0
Depreciation and amortisation – leased assets	**65.0**	53.8
Other operating expenses	**246.3**	206.1
Administrative costs	**1,978.8**	1,789.2
Separately disclosed items before tax and finance expense (note 6)	**213.2**	128.3
Total	**3,774.2**	3,311.7

During 2021 the Group benefited from £48.7m of government support in the form of furlough receipts across the various countries in which the Group operates, predominantly the UK and the Republic of Ireland. No government support was received in 2022.

Fees payable to KPMG were as follows:

	2022 £m	2021 £m
Audit and audit-related services:		
Audit of the parent Company and Group financial statements	**0.6**	0.6
Audit of the Company's subsidiaries	**2.6**	1.9
Audit-related assurance services	**0.5**	0.5
Total fees	**3.7**	3.0

8 Finance expense and income

	2022 £m	2021 £m
Interest on term loans, bonds and bank facilities	**(76.2)**	(63.3)
Interest on lease liabilities[1]	**(12.8)**	(13.8)
Bridging loan fees/issue costs write off (note 6)	**(5.7)**	(5.8)
Total finance expense	**(94.7)**	(82.9)
Interest receivable	**4.3**	2.1
(Losses)/gains arising on financial derivatives	**(23.1)**	62.0
(Losses)/gains arising on foreign exchange on debt instruments	**(112.2)**	56.2
Net finance (expense)/income	**(225.7)**	37.4

1. Interest on lease liabilities of £12.8m (2021: £13.8) is net of £0.2m of sub-let interest receivable (2021: £0.2m).

9 Employee staff costs

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Online	11,868	8,929
Retail	14,184	14,363
Other	390	428
Corporate	1,012	918
	27,454	24,638

The number of people employed by the Group at 31 December 2022 was 28,940 (2021: 25,554).

	2022 £m	2021 £m
Wages and salaries	560.6	503.1
Redundancy costs[1]	6.2	6.0
Social security costs	49.9	41.6
Other pension costs (note 30)[2]	18.6	16.3
Share-based payments (note 31)	19.2	12.3
	654.5	579.3

1. Included within redundancy costs are £2.5m (2021: £3.4m) which are included within separately disclosed items.
2. Included within other pension costs are £nil (2021: £0.5m) which are included within separately disclosed items.

In addition to salary, employees may qualify for various benefit schemes operated by the Group. Eligibility for benefits is normally determined according to an employee's length of service and level of responsibility.

Benefits may include insured benefits that can cover private healthcare for the employee and their immediate family, long-term disability, personal accident and death in service cover. Company cars, including fuel benefits, are provided predominantly to meet job requirements but also to certain executives.

Staff costs for 2021 are stated net of furlough receipts as discussed in note 7.

10 Income tax

Analysis of expense for the year:

	2022 £m	2021 £m
Current income tax:		
– current tax charge	91.4	97.4
– adjustments in respect of previous years	(7.9)	(6.8)
Deferred tax:		
– relating to origination and reversal of temporary differences	(17.5)	32.3
– adjustments in respect of previous years	4.0	(5.3)
Income tax expense reported in the income statement	70.0	117.6
Income tax expense is attributable to:		
Profit from continuing operations	70.0	117.6
Loss from discontinued operations	–	–
	70.0	117.6
Deferred tax (credited)/charged directly to other comprehensive income	(8.6)	10.9

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

10 Income tax (continued)

A reconciliation of income tax expense applicable to profit (2021: profit) before tax at the UK statutory income tax rate to the income tax expense for the years ended 31 December 2022 and 31 December 2021 is as follows:

	2022			2021		
	Underlying £m	Separately disclosed (note 6) £m	Total £m	Underlying £m	Separately disclosed (note 6) £m	Total £m
Profit from continuing operations before income tax	321.8	(218.9)	102.9	527.3	(134.1)	393.2
Loss from discontinued operations before tax	–	(13.4)	(13.4)	(5.6)	(9.3)	(14.9)
Profit before tax	321.8	(232.3)	89.5	521.7	(143.4)	378.3
Corporation tax expense thereon at 19.00%	61.1	(44.1)	17.0	99.1	(27.2)	71.9
Adjusted for the effects of:						
– Higher/(lower) effective tax rates on overseas earnings	4.6	6.8	11.4	(13.3)	2.6	(10.7)
– Non-deductible expenses	25.9	9.3	35.2	2.5	4.5	7.0
– Fair value adjustment to contingent consideration	–	(0.6)	(0.6)	–	1.2	1.2
– Impact of additional 50% deduction for marketing expenditure in Gibraltar	(20.3)	–	(20.3)	(18.4)	–	(18.4)
– Increase in unrecognised tax losses relating to US joint venture	40.7	–	40.7	34.0	–	34.0
– Increase/(decrease) in other unrecognised tax losses	(12.1)	1.0	(11.1)	16.1	0.4	16.5
– Increase/(decrease) in unrecognised deferred interest	0.4	–	0.4	(0.4)	–	(0.4)
– Revaluation of deferred tax balances following increase in UK and Overseas tax rates	–	–	–	(18.8)	47.1	28.3
– Difference in current and deferred tax rates	0.7	0.5	1.2	0.4	(0.1)	0.3
Adjustments in respect of prior years:						
– Deferred tax	4.8	(0.8)	4.0	(4.3)	(1.0)	(5.3)
– Current tax	(7.9)	–	(7.9)	(6.8)	–	(6.8)
Income tax expense	97.9	(27.9)	70.0	(6.8)	27.5	117.6

Deferred tax

Deferred tax at 31 December relates to the following:

	Deferred tax liabilities		Deferred tax assets	
	2022 £m	2021 £m	2022 £m	2021 £m
Property, plant and equipment	–	–	(45.1)	(62.3)
Intangible assets	410.6	333.0	(25.1)	(27.3)
Retirement benefit assets	22.3	33.3	–	–
Losses	–	–	(56.9)	(27.0)
Other temporary difference[1]	62.5	41.7	(30.2)	(24.8)
Deferred tax liabilities/(assets)[2]	495.4	408.0	(157.3)	(141.4)

1. The deferred tax liability comprises a provision for tax on unremitted earnings from overseas subsidiaries of £61.8m (2021: £40.8m) and other temporary differences of £0.7m (2021: £0.9m). The deferred tax asset comprises deferred interest relief of £22.9m (2021: £20.9m) and other temporary differences of £7.3m (2021: 3.9m).
2. Deferred tax assets and liabilities have been offset only where there is a legally enforceable right to do so, and the assets and liabilities relate to the same taxable entity or tax grouping.

10 Income tax (continued)

Movements in deferred tax during the year ended 31 December 2022 were recognised as follows:

Net deferred tax liabilities/(assets)

	Property, plant and equipment £m	Intangible assets £m	Retirement benefit assets £m	Losses £m	Other temporary differences £m	Total £m
At 31 December 2020	(56.2)	262.5	22.6	(27.2)	0.2	201.9
Income statement	(6.9)	24.2	(0.2)	(0.9)	10.8	27.0
Other comprehensive income	–	–	10.9	–	–	10.9
Arising on business combinations (note 32)	–	25.0	–	–	7.2	32.2
Exchange adjustment	0.8	(6.0)	–	1.1	(1.3)	(5.4)
At 31 December 2021	(62.3)	305.7	33.3	(27.0)	16.9	266.6
Income statement	17.7	(14.5)	0.1	(28.7)	11.9	(13.5)
Other comprehensive income	–	–	(8.6)	–	–	(8.6)
Arising on business combinations (note 32)	–	85.4	–	–	0.5	85.9
Settlement of tax on pension asset	–	–	(2.5)	–	–	(2.5)
Exchange adjustment	(0.5)	8.9	–	(1.2)	3.0	10.2
At 31 December 2022	**(45.1)**	**385.5**	**22.3**	**(56.9)**	**32.3**	**338.1**

Amounts presented on the consolidated balance sheet:

	2022 £m	2021 £m
Deferred tax liabilities	**495.4**	408.0
Deferred tax assets	**(157.3)**	(141.4)
Net deferred tax liability	**338.1**	266.6

The standard rate of UK corporation tax throughout the period was 19.0%.

The deferred tax assets and liabilities are measured at the tax rates of the respective territories which are expected to apply in the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets have been recognised based on the ability of future offset against deferred tax liabilities or against future taxable profits, to the extent they relate to the same taxable entity. The assessment of future taxable profits is based on forecasts and assumptions consistent with those used for impairment testing as set out in note 14.

As at 31 December 2022, the Group had £1,764.6m (2021: £1,621.6m) of gross unrecognised deferred tax assets. This unrecognised deferred tax asset consists of £213.3m of capital losses (2021: £213.3m), £1,538.3m of income losses (2021: £1,408.7m), £13.0m of deferred interest relief (2021: £nil) and no amount of other deferred tax assets (2021: £0.4m). These assets arise in entities that do not have deferred tax liabilities they can be set against, and where there are either no forecast future taxable profits, or the potential future profits are not sufficiently certain to support the deferred tax asset recognition.

There are no significant unrecognised taxable temporary differences associated with investments in subsidiaries.

In the UK Budget on 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax would be increased from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. The 25% rate has therefore been used in measuring the UK deferred tax items at the date of this Report. Deferred tax on retirement benefit assets is provided at 35%, which is the rate applicable to refunds.

In the Gibraltar Budget on 20 July 2021, the Chief Minister announced a temporary enhanced tax deduction for qualifying business marketing and promotion costs, which applied for the years ended 31 December 2021 and 31 December 2022. This was substantively enacted on 30 July 2021. The impact of this temporary measure in this Report is a credit of £20.3m (2021: credit of £18.4m) to the tax charge. In a subsequent Gibraltar Budget on 28 June 2022, the Chief Minister unexpectedly announced the retrospective removal of this enhanced deduction, except in very limited circumstances. This change had not been substantively enacted by the balance sheet date and so is not reflected in the tax charge for the year.

The Group's future tax charge, and effective tax rate, could be affected by a number of factors including the geographic mix of profits, changes to statutory corporate tax rates and the impact of continuing global tax reforms.

The Group continues to monitor the ongoing work of the OECD on the taxation of the digital economy and specifically the minimum level of taxation for multinational groups ("Pillar Two"). Each country is at a different stage in their process for adopting these rules. The UK has issued initial legislation in draft form and the EU adopted a Pillar Two Directive on 22 December 2022, which is expected to be transposed into legislation by each of the member states during 2023. Once implemented, we anticipate the rules will apply to the Group from the year ended 31 December 2024. The Group expects this to increase in the future Effective Tax Rate on Underlying items, the extent of which will depend on how the rules are ultimately implemented.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

11 Dividends

Pence per share	2022 pence	2021 pence	2022 Shares in issue number	2021 Shares in issue number
Interim dividend paid	8.5	–	588.8	n/a

A second interim dividend of 8.5 pence (2021: nil pence) per share, amounting to £50.0m (2021: £nil) in respect of the year ended 31 December 2022 was proposed by the Directors on 9 March 2023. The estimated total amount payable in respect of the final dividend is based on the expected number of shares in issue on 9 March 2023. There are no income tax implications for the Group and Company arising from the proposed second interim dividend. The 2022 interim dividend of 8.5 pence per share (£50.0m) was paid on 16 September 2022.

No dividends were paid out to non-controlling interests (2021: £24.5m).

12 Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to shareholders of the Company of £24.2m (2021: £249.3m) by the weighted average number of shares in issue during the year of 588.2m (2021: 585.7m).

At 31 December 2022, there were 588.2m €0.01 ordinary shares in issue.

The calculation of adjusted earnings per share which removes separately disclosed items and foreign exchange gains and losses arising on financial instruments has also been disclosed as it provides a better understanding of the underlying performance of the Group. Separately disclosed items are defined in note 4 and disclosed in note 6.

Total earnings per share

Weighted average number of shares (millions)	2022	2021
Shares for basic earnings per share	588.2	585.7
Potentially dilutive share options and contingently issuable shares	4.5	5.4
Shares for diluted earnings per share	592.7	591.1

Total profit	2022 £m	2021 £m
Profit attributable to shareholders	24.2	249.3
– from continuing operations	37.6	264.2
– from discontinued operations	(13.4)	(14.9)
Losses/(gains) arising from financial instruments	23.1	(62.0)
Losses/(gains) arising from foreign exchange debt instruments	112.2	(56.2)
Associated tax charge on gains arising from financial instruments and foreign exchange debt instruments	(2.4)	9.9
Separately disclosed items net of tax (note 6)	201.4	170.9
Adjusted profit attributable to shareholders	358.5	311.9
– from continuing operations	358.5	317.5
– from discontinued operations	–	(5.6)

	Standard earnings per share		Adjusted earnings per share	
Earnings per share (pence)	2022	2021	2022	2021
Basic earnings per share				
– from continuing operations	6.4	45.1	60.9	54.3
– from discontinued operations	(2.3)	(2.5)	–	(1.0)
From profit for the period	4.1	42.6	60.9	53.3
Diluted earnings per share				
– from continuing operations	6.3	44.7	60.5	53.8
– from discontinued operations	(2.2)	(2.5)	–	(1.0)
From profit for the period	4.1	42.2	60.5	52.8

The earnings per share presented above is inclusive of the performance from the US joint venture BetMGM. Adjusting for the removal of the BetMGM performance would result in a basic adjusted earnings per share of 93.9p (2021: 81.9p) and a diluted adjusted earnings per share of 93.2p (2021: 81.1p) from continuing operations.

13 Goodwill and intangible assets

	Goodwill £m	Licences £m	Software £m	Customer relationships £m	Trade-marks & brand names £m	Total £m
Cost						
At 1 January 2021	3,352.2	15.7	539.3	948.6	1,954.0	6,809.8
Exchange adjustment	(132.8)	(0.3)	(28.0)	(22.5)	(32.7)	(216.3)
Additions	–	12.8	96.7	–	–	109.5
Additions from business combinations	273.1	22.3	21.1	78.9	96.2	491.6
Disposals	–	(0.8)	(8.2)	–	–	(9.0)
Reclassification	–	–	1.1	–	–	1.1
At 31 December 2021	3,492.5	49.7	622.0	1,005.0	2,017.5	7,186.7
Exchange adjustment	**153.6**	**7.1**	**28.3**	**34.1**	**44.9**	**268.0**
Additions	**–**	**–**	**129.9**	**–**	**–**	**129.9**
Additions from business combinations (note 32)	**622.3**	**147.6**	**7.4**	**205.9**	**206.0**	**1,189.2**
Disposals	**–**	**(0.5)**	**(13.9)**	**–**	**–**	**(14.4)**
Reclassification	**–**	**–**	**(1.0)**	**–**	**–**	**(1.0)**
At 31 December 2022	**4,268.4**	**203.9**	**772.7**	**1,245.0**	**2,268.4**	**8,758.4**
Accumulated amortisation and impairment						
At 1 January 2021	291.1	7.4	332.0	871.6	141.2	1,643.3
Exchange adjustment	(15.6)	(0.1)	(22.3)	(19.4)	(8.6)	(66.0)
Amortisation charge	–	6.8	102.7	89.8	48.0	247.3
Impairment charge	–	–	1.6	–	–	1.6
Disposals	–	(0.8)	(8.2)	–	–	(9.0)
At 31 December 2021	275.5	13.3	405.8	942.0	180.6	1,817.2
Exchange adjustment	**13.7**	**0.3**	**19.8**	**23.6**	**11.7**	**69.1**
Amortisation charge	**–**	**12.7**	**109.1**	**52.4**	**54.9**	**229.1**
Impairment charge	**–**	**0.5**	**–**	**–**	**–**	**0.5**
Disposals	**–**	**(0.5)**	**(13.9)**	**–**	**–**	**(14.4)**
At 31 December 2022	**289.2**	**26.3**	**520.8**	**1,018.0**	**247.2**	**2,101.5**
Net book value						
At 31 December 2021	3,217.0	36.4	216.2	63.0	1,836.9	5,369.5
At 31 December 2022	**3,979.2**	**177.6**	**251.9**	**227.0**	**2,021.2**	**6,656.9**

At 31 December 2022, the Group had not entered into contractual commitments for the acquisition of any intangible assets (2021: £nil).

Included within trade-marks and brand names are £1,398.4m (2021: £1,398.4m) of intangible assets considered to have indefinite lives. These assets relate to the UK Ladbrokes and Coral brands which are considered to have indefinite durability that can be demonstrated, and their value can be readily measured. The brands operate in longstanding and profitable market sectors. The Group has a strong position in the market and there are barriers to entry due to the requirement to demonstrate that the applicant is a fit and proper person with the "know-how" required to run such operations.

Goodwill reflects the value by which consideration exceeds the fair value of net assets acquired as part of a business combination including the deferred tax liability arising on acquisitions.

Licences comprise the cost of acquired betting shop and online licences.

Software relates to the cost of acquired software, through purchase or business combination, and the capitalisation of internally developed software. Additions of £128.8m (2021: £96.7m) include £58.0m of internally capitalised costs (2021: £46.0m).

Customer relationships, trade-marks and brand names relate to the fair value of customer lists, trade-marks and brand names acquired as part of business combinations, primarily relating to the bwin, Ladbrokes Coral Group plc, Enlabs, Sport Interaction and SuperSport businesses.

Notes to the consolidated financial statements continued

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14 Impairment testing of goodwill and indefinite life intangible assets

An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Within UK and European Retail, the cash generating units ("CGUs") are generally an individual Licenced Betting Office ("LBO") and, therefore, impairment is first assessed at this level for licences (intangibles) and property, plant and equipment, with any impairment arising booked to licences and property, plant and equipment on a pro-rata basis. Since goodwill and brand names have not been historically allocated to individual LBOs, a secondary assessment is then made to compare the carrying value of the segment against the recoverable amount with any additional impairment then taken against goodwill first.

For Online the CGU is the relevant geographical location or business unit, for example Australia, European digital (defined as websites hosted by proprietary platforms based in European constituent countries), Digital (defined as websites hosted by Entain proprietary platforms) etc. and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment. The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

For both tangible and intangible assets, the future cash flows are based on the forecasts and budgets of the CGU or business discounted to reflect time value of money. The key assumptions within the UK and European Retail budgets are OTC wagers (customer visits and spend per visit), the average number of machines per shop, gross win per shop per week, salary increases, the potential impact of the shop closures and the fixed costs of the LBOs. The key assumptions within the budgets for Online are the number of active customers, net revenue per head, win percentage, marketing spend, revenue shares and operating costs.

The value-in-use calculations use cash flows based on detailed, board approved, financial budgets prepared by management covering a three-year period. These forecasts have been extrapolated over years 4 to 8 representing a declining growth curve from year 3 until the long-term forecast growth rate is reached. The growth rates used from years 4-8 range from 0% to 16%. From year 9 onwards long-term growth rates used are between 0% and 2% (2021: between 0% and 2%) and are based on the long-term GDP growth rate of the countries in which the relevant CGUs operate or the relevant outlook for the business. An eight-year horizon is considered appropriate based on the Group's history of underlying profit as well as ensuring there is an appropriate decline to long-term growth rates from those growth rates currently observed in our key markets. A 0% growth rate has been used for the UK Retail operating segment. All key assumptions used in the value-in-use calculations reflect the Group's past experience unless a relevant external source of information is available.

The discount rate calculation is based on the specific circumstances with reference to the WACC and risk factors expected in the industry in which the Group operates.

The pre-tax discount rates used, which have increased year-on-year due to increasing interest rates, and the associated carrying value of goodwill by CGU is as follows:

Goodwill	2022 %	2021 %	2022 £m	2021 £m
Digital	**12.6**	10.9	**2,146.5**	2,121.5
UK Retail	**12.6**	10.9	**76.4**	76.4
Australia	**13.5**	11.7	**347.5**	331.2
European Retail	**9.5 – 13.3**	9.3 – 11.5	**161.5**	153.0
European Digital	**9.5 – 13.3**	10.9 – 11.5	**350.4**	332.0
Enlabs	**11.8**	12.7	**209.6**	187.7
Avid	**12.9**	n/a	**84.2**	n/a
SuperSport	**11.8**	n/a	**536.7**	n/a
All other segments	**12.4**	10.9	**66.4**	15.2
			3,979.2	3,217.0

It is not practical or material to disclose the carrying value of individual licences by LBO.

Impairment recognised during the year

Impairments of intangible assets and property, plant and equipment are recognised as separately disclosed items within operating expenses.

During the current year, the Group recorded a non-cash impairment charge of £7.0m (2021: £3.3m) primarily on closed retail shops.

Sensitivity analysis

A reduction to 0% for the terminal growth rate applied to the cash flows (with other assumptions remaining constant) would not result in a material impairment to any CGU.

A 5% decrease in all cash flows, which could be represented by an increase in the cost base from changing behaviour and the impact of group commitment around ESG amongst others, used in the discounted cash flow model for the value in use calculation (with other assumptions remaining constant) would not result in a material impairment to any CGU.

A 0.5pp increase in discount rates used in the discounted cash flow model for the value in use calculation (with all other assumptions remaining constant) would not result in a material impairment to any CGU.

No other reasonably possible change in assumptions to the CGUs would cause any additional impairment.

14 Impairment testing of goodwill and indefinite life intangible assets (continued)

Impairment testing across the business

<table>
<tr><th></th><th>Licences/ Franchisees</th><th>PPE & Software</th><th>Customer relationships</th><th>Goodwill</th><th>Brand name</th></tr>
<tr><td>UK Digital</td><td colspan="4">Digital Impairment review</td><td rowspan="2">Combined Digital/ UK Retail Impairment review</td></tr>
<tr><td>UK Retail</td><td colspan="2">UK Retail site by site Impairment review</td><td colspan="2">UK Retail Impairment review</td></tr>
<tr><td>ROI</td><td colspan="5">ROI Impairment review</td></tr>
<tr><td>Eurobet Digital</td><td colspan="4">Eurobet Digital Impairment review</td><td rowspan="2">Eurobet Impairment review</td></tr>
<tr><td>Eurobet Retail</td><td colspan="4">Eurobet Retail Impairment review</td></tr>
<tr><td>Belgium Digital</td><td colspan="4">Belgium Digital Impairment review</td><td rowspan="2">Belgium Impairment review</td></tr>
<tr><td>Belgium Retail</td><td colspan="4">Belgium Retail Impairment review</td></tr>
<tr><td>Australia</td><td colspan="5">Australia Impairment review</td></tr>
<tr><td>Enlabs</td><td colspan="5">Enlabs Impairment review</td></tr>
<tr><td>Avid</td><td colspan="5">Avid Impairment review</td></tr>
<tr><td>SuperSport</td><td colspan="5">SuperSport Impairment review</td></tr>
</table>

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

15 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Leased assets £m	Total £m
Cost					
At 1 January 2021	26.5	89.4	181.8	529.5	827.2
Exchange adjustment	(0.6)	(2.7)	(12.0)	(5.6)	(20.9)
Additions	14.9	16.8	38.1	52.0	121.8
Additions from business combinations	0.2	2.0	0.2	0.9	3.3
Disposals	(14.2)	(1.9)	(19.8)	(4.5)	(40.4)
Reclassification	–	(1.1)	–	–	(1.1)
At 31 December 2021	26.8	102.5	188.3	572.3	889.9
Exchange adjustment	**0.7**	**3.2**	**7.0**	**5.2**	**16.1**
Additions	**24.9**	**50.6**	**11.1**	**61.8**	**148.4**
Additions from business combinations (note 32)	**0.2**	**3.2**	**4.4**	**9.5**	**17.3**
Disposals	**(10.4)**	**(20.2)**	**(16.1)**	**(3.5)**	**(50.2)**
Reclassification	**(1.6)**	**1.9**	**42.9**	**(42.2)**	**1.0**
At 31 December 2022	**40.6**	**141.2**	**237.6**	**603.1**	**1,022.5**
Accumulated depreciation					
At 1 January 2021	14.5	25.4	53.9	263.2	357.0
Exchange adjustment	(0.6)	(2.1)	(10.6)	(2.0)	(15.3)
Depreciation charge	11.6	16.9	28.7	62.5	119.7
Impairment	–	–	–	1.7	1.7
Disposals	(14.2)	(1.9)	(19.8)	(4.5)	(40.4)
At 31 December 2021	11.3	38.3	52.2	320.9	422.7
Exchange adjustment	**0.5**	**2.7**	**2.0**	**4.2**	**9.4**
Depreciation charge	**11.4**	**23.5**	**26.0**	**65.0**	**125.9**
Impairment	**–**	**0.1**	**1.9**	**4.5**	**6.5**
Disposals	**(10.3)**	**(20.0)**	**(16.1)**	**(2.8)**	**(49.2)**
Reclassification	**–**	**–**	**21.7**	**(21.7)**	**–**
At 31 December 2022	**12.9**	**44.6**	**87.7**	**370.1**	**515.3**
Net book value					
At 31 December 2021	15.5	64.2	136.1	251.4	467.2
At 31 December 2022	**27.7**	**96.6**	**149.9**	**233.0**	**507.2**

At 31 December 2022, the Group had not entered into contractual commitments for the acquisition of any property, plant and equipment (2021: £nil).

Included within fixtures, fittings and equipment are assets in the course of construction which are not being depreciated of £10.6m (2021: £8.3m), relating predominantly to self-service betting terminals and the new point of sale system in UK Retail.

An impairment charge of £6.5m (2021: £1.7m) has been made against closed retail shops and office buildings included within leased assets in the year. See notes 6 and 14 for further details.

During the year, the Group reclassified certain leased assets following their outright purchase.

15 Property, plant and equipment (continued)

Analysis of leased assets:

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2021	476.2	53.3	529.5
Exchange adjustment	(5.5)	(0.1)	(5.6)
Additions	51.1	0.9	52.0
Additions from business combinations	0.9	–	0.9
Disposals	(2.0)	(2.5)	(4.5)
At 31 December 2021	520.7	51.6	572.3
Exchange adjustment	**5.0**	**0.2**	**5.2**
Additions	**60.0**	**1.8**	**61.8**
Additions from business combinations	**9.5**	**–**	**9.5**
Disposals	**(2.0)**	**(1.5)**	**(3.5)**
Reclassification	**–**	**(42.2)**	**(42.2)**
At 31 December 2022	**593.2**	**9.9**	**603.1**
Accumulated depreciation			
At 1 January 2021	249.8	13.4	263.2
Exchange adjustment	(1.9)	(0.1)	(2.0)
Depreciation charge	52.2	10.3	62.5
Impairment	1.7	–	1.7
Disposals	(2.0)	(2.5)	(4.5)
At 31 December 2021	299.8	21.1	320.9
Exchange adjustment	**4.1**	**0.1**	**4.2**
Depreciation charge	**55.1**	**9.9**	**65.0**
Impairment	**4.5**	**–**	**4.5**
Disposals	**(2.0)**	**(0.8)**	**(2.8)**
Reclassification	**–**	**(21.7)**	**(21.7)**
At 31 December 2022	**361.5**	**8.6**	**370.1**
Net book value			
At 31 December 2021	220.9	30.5	251.4
At 31 December 2022	**231.7**	**1.3**	**233.0**

16 Interest in joint venture

	Share of joint venture's net assets £m
Cost	
At 1 January 2021	6.2
Additions	164.4
Exchange adjustment	1.0
Share of loss after tax	(161.9)
At 31 December 2021	9.7
Additions	**175.1**
Exchange adjustment	**3.7**
Share of loss after tax	**(193.9)**
Share of other comprehensive loss	**(0.4)**
Contributions to be made	**5.8**
At 31 December 2022	**–**

The joint venture represents the Group's investment in BetMGM set up in the US in which a 50% stake is held.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

16 Interest in joint venture (continued)

The Group has committed to further investment in BetMGM over the course of 2023, with $75,0m additional contributions expected ($150.0m split between both joint venture partners). This will take the Group's total investment to $630.0m ($1.26bn across both joint venture partners).

Given the net liability position of the joint venture, the Group has recorded £5.8m of these future contributions as a liability at the year end.

Summarised financial information in respect of the Group's joint venture's net assets is set out below:

	2022 £m	2021 £m
Non-current assets	148.6	103.5
Cash and cash equivalents	308.7	208.1
Other current assets	92.4	67.8
Current assets	401.1	275.9
Balances with customers	(234.4)	(132.6)
Other current liabilities	(310.0)	(227.4)
Current liabilities	(544.4)	(360.0)
Non-current liabilities	(17.0)	–
Net (liabilities)/assets	(11.7)	19.4
Group's share of net (liabilities)/assets	(5.8)	9.7

Summarised statement of comprehensive income	2022 £m	2021 £m
Revenue	1,174.8	617.9
Depreciation and amortisation	(28.5)	(12.0)
Other operating expenses	(1,534.1)	(929.7)
Income tax	–	–
Loss for the year	(387.8)	(323.8)
Group's share of loss	(193.9)	(161.9)

There are no contingent liabilities relating to the Group's interest in the joint venture (2021: £nil).

The risks associated with the Group's interest in joint ventures are aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

17 Interest in associates and other investments

	Share of associates' net assets £m	Other investments £m	Total £m
Cost			
At 1 January 2021	19.3	10.1	29.4
Revaluation loss	–	(2.3)	(2.3)
Arising on business combinations (note 32)	–	2.9	2.9
Additions	25.6	3.8	29.4
Share of loss after tax	(0.6)	–	(0.6)
Foreign exchange	(0.1)	(0.3)	(0.4)
At 31 December 2021	44.2	14.2	58.4
Revaluation loss	–	(5.1)	(5.1)
Arising on business combinations (note 32)	–	4.9	4.9
Dividends received	(3.6)	–	(3.6)
Share of loss after tax	(0.2)	–	(0.2)
Foreign exchange	(0.9)	–	(0.9)
At 31 December 2022	**39.5**	**14.0**	**53.5**

Revaluation loss includes £2.6m (2021: £nil) recognised through other comprehensive income with the remaining loss of £2.5m (2021: £2.3m) recognised through profit or loss.

17 Interest in associates and other investments (continued)

Associates

Summarised financial information in respect of the associates is set out below:

	2022 £m	2021 £m
Non-current assets	52.0	43.3
Current assets	132.4	132.9
Non-current liabilities	(2.5)	–
Current liabilities	(90.1)	(72.7)
Net assets	91.8	103.5
Group's share of net assets	39.5	44.2
Revenue for the year	337.1	193.5
Profit for the year	0.1	0.3
Other comprehensive expense	–	(1.2)
Total comprehensive income/(expense)	0.1	(0.9)
Group's share of total comprehensive expense	(0.2)	(0.6)

Further details of the Group's associates are listed in note 34.

The financial year end of Sports Information Services (Holdings) Limited (SIS), an associate of the Group, is 31 March. The Group has included the results for SIS for the 12 months ended 31 December 2022.

In 2021 the Group acquired four new associates; Gran Casino Dinant SA, Infiniti Casino Oostende NV, Leaderbet NV and Draw & Code Limited. All associates are private companies and there are no quoted market prices available for their shares.

The risks associated with associate investments are considered to be aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

Other investments of £14.0m (2021: £14.2m) consist of investments which have no fixed maturity date or coupon rate.

18 Trade and other receivables

	2022 £m	2021 £m
Trade receivables	34.1	22.5
Other receivables	430.8	461.6
Finance lease receivable	3.5	4.1
Prepayments	70.5	54.6
	538.9	542.8

Trade and other receivables are presented on the Balance Sheet as follows:

	2022 £m	2021 £m
Current	500.3	539.8
Non-current	38.6	3.0
Total	538.9	542.8

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. Trade and other receivables are reviewed for impairment on an ongoing basis, taking account of the ageing of outstanding amounts and the credit profile of customers. Impaired receivables, including all trade receivables that are a year old, are provided for in an allowance account. Impaired receivables are derecognised when they are assessed as irrecoverable. The expected credit losses arising from receivables are not considered to be significant.

The balance of other receivables consists of the receivable for Greek tax of €34.9m (2021: €227.5m), amounts receivable from payment service providers of £149.8m (2021: £130.8m), and other smaller items such as regulatory deposits, security deposits, rent deposits and balances due from affiliates and partners. The Group does not perceive there to be a material credit risk against these items.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

19 Cash and cash equivalents

	2022 £m	2021 £m
Cash and short-term deposits	**658.5**	487.1

Cash and cash equivalents in the consolidated statement of cash flows comprises cash at bank, overdrafts net of short-term investments and includes £52.1m (2021: £69.4m) restricted in respect of customers.

20 Trade and other payables

Current trade and other payables comprise:

	2022 £m	2021 £m
Trade payables	**64.4**	66.7
Other payables	**135.2**	112.7
Social security and other taxes	**181.0**	208.1
Accruals	**339.2**	308.3
	719.8	695.8

21 Discontinued operations

During 2021, the Group disposed of its interest in its spread betting business recognising a further loss on disposal of £13.4m in 2022. Inclusive of the loss on disposal, the results for the year for the discontinued operation were:

	2022 £m	2021 £m
Revenue	**–**	11.0
Cost of sales	**–**	(6.9)
Gross profit	**–**	4.1
Administrative costs	**–**	(9.7)
Operating loss	**–**	(5.6)
Separately disclosed items	**(13.4)**	(9.3)
Loss before tax	**(13.4)**	(14.9)
Income tax (charge)/credit	**–**	–
Loss for the year from discontinued operations after tax	**(13.4)**	(14.9)

Separately disclosed items consist of £13.4m (2021: provision of £9.3m) relate to ongoing costs of disposal of the Intertrader business and the settlement of various associated legal matters.

22 Lease liabilities

	2022 £m	2021 £m
Current		
Lease liabilities	**65.1**	78.2
Non-current		
Lease liabilities	**215.8**	215.5
Total lease liabilities	**280.9**	293.7

The Group's leasing activity consists of leases on property, cars, self-service betting terminals and office equipment. The majority of those relate to the leasing of LBOs within the Retail estates and office buildings.

Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments on gaming machines based on a percentage of revenue) are excluded from the measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 15).

Leases of vehicles and IT equipment are generally limited to a new lease term of 3 to 5 years. Leases of property generally have a lease term ranging from 5 to 10 years, with some legacy leases extending out to 20 years and beyond. Most new leases of property are now generally expected to be limited to no more than 10 years, with a break option after no more than 5 years, except in special circumstances.

22 Lease liabilities (continued)

The maturity analysis of lease liabilities at 31 December 2022 is as follows:

	Minimum lease payments due				
	Within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
2022					
Net present value	**65.1**	**56.2**	**106.5**	**53.1**	**280.9**
2021					
Net present value	78.2	52.4	103.6	59.5	293.7

The Group secures the use of its retail premises primarily through taking out leases for these premises. Typically, the leases are for a duration between 5 and 10 years. In respect of the UK property portfolio there is commonly a right to negotiate replacement leases on expiry, by virtue of the Landlord and Tenant Act 1954. Details of undiscounted amounts payable under leases are set out in note 25.

Certain lease payments are not recognised as a liability. This arises when the Group continues to pay rents and occupy properties after the lease has expired. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments and irrecoverable VAT are not permitted to be recognised as lease liabilities and are expensed as incurred.

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

Amounts paid for short-term and low value leases not included within the lease liability are immaterial.

The Group incurs no expense in relation to variable lease payments (2021: £nil).

Details of total cash outflow relating to leases, are disclosed in the Consolidated Statement of Cash Flows.

Group as lessor:

Finance lease receivables are included in the statement of financial position within trade and other receivables and are as follows:

	2022 £m	2021 £m
Current	**1.0**	1.1
Non-current	**2.5**	3.0

The maturity analysis of lease receivables, including the undiscounted lease payments to be received, are as follows:

	Minimum lease payments due				
	Within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
2022					
Lease payments receivable	**1.1**	**0.9**	**1.1**	**0.9**	**4.0**
Interest	**(0.1)**	**(0.1)**	**(0.2)**	**(0.1)**	**(0.5)**
Present value of lease payments receivable	**1.0**	**0.8**	**0.9**	**0.8**	**3.5**
2021					
Lease payments receivable	1.2	1.7	0.7	1.1	4.7
Interest	(0.1)	(0.2)	(0.1)	(0.2)	(0.6)
Present value of lease payments receivable	1.1	1.5	0.6	0.9	4.1

Operating lease commitments – Group as lessor

A number of the sublease agreements for unutilised space in the UK shop estate are not classified as finance leases within IFRS 16. These non-cancellable leases have remaining lease terms of between one and six years. The future minimum rentals receivable under these non-cancellable operating leases at 31 December are as follows:

	2022 £m	2021 £m
Within one year	**0.6**	0.5
After one year but not more than five years	**1.0**	0.7
After five years	**0.1**	0.1
	1.7	1.3

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

23 Interest bearing loans and borrowings

	2022 £m	2021 £m
Current		
Euro denominated loans	**0.9**	7.2
USD denominated loans	**17.7**	8.1
Sterling denominated loans	**406.3**	105.8
	424.9	121.1
Non-current		
Euro denominated loans	**994.7**	945.1
USD denominated loans	**1,694.4**	810.7
Sterling denominated loans	**–**	405.5
	2,689.1	2,161.3

As at 31 December 2022 there were £515.0m (2021: £515.0m) of committed bank facilities of which £nil (2021: £nil) were drawn down and £52.1m (2021: £75.0m) of facilities which have been utilised for letters of credit.

On 31 October 2022 the Group entered into a new $1,000m term loan which has a maturity date in October 2029. Following the issuance of the new debt the Group entered into hedging transactions to swap the USD debt position into EUR. This new term loan replaced the bridging loan agreement which was put in place to fund the Group's acquisition of SuperSport (which completed in November 2022) and financed the acquisition of BetCity in January 2023.

The Group's senior facilities agreement contains a single financial covenant: a springing leverage covenant (subject to customary cure rights) and solely for the benefit of the lenders under the revolving credit facility (RCF). The financial covenant is tested only in respect of a quarter-end date where the aggregate outstanding principal amount of all loans under the RCF (excluding utilisations of the RCF by way of letters of credit or bank guarantees) exceeds 40 per cent of the total RCF commitments as at that date. The financial covenant requires that leverage (as defined in the senior facilities agreement) does not exceed 6.0 for quarters ending before July 2023, then 5.5 for quarters ending before July 2025, then 5.0 thereafter.

24 Provisions

	Property provisions[1] £m	Restructuring provisions[2] £m	Litigation and regulation provisions[3] £m	Total £m
At 1 January 2021	14.8	3.3	50.8	68.9
Provided	8.0	3.7	32.5	44.2
Utilised	(9.4)	(6.2)	(34.3)	(49.9)
Released	(4.7)	–	(8.1)	(12.8)
Exchange adjustment	–	–	(3.2)	(3.2)
Reclassification	0.4	–	2.3	2.7
At 31 December 2021	9.1	0.8	40.0	49.9
Provided	**10.1**	**1.8**	**33.6**	**45.5**
Utilised	**(7.5)**	**(2.0)**	**(35.9)**	**(45.4)**
Released	**(4.5)**	**(0.6)**	**(1.9)**	**(7.0)**
Reclassification	**–**	**–**	**(17.0)**	**(17.0)**
At 31 December 2022	**7.2**	**–**	**18.8**	**26.0**

1. The Group is party to a number of leasehold property contracts. Provision has been made against the unavoidable non-rent costs on those leases where the property is now vacant. Provisions have been based on management's best estimate of the minimum future cash flows to settle the Group's obligations, considering the risks associated with each obligation, discounted at a risk-free interest rate of 3.5%. The periods of vacant property commitments range from 1 to 13 years (2021: 1 to 14 years). A result of the implementation of IFRS 16, the rental elements of certain property provisions are now included within lease liabilities.
2. Restructuring provisions relate to redundancy costs provided in association with ongoing merger and acquisition activities.

Of the total provisions at 31 December 2022, £20.6m (2021: £43.5m) is current and £5.4m (2021: £6.4m) is non-current. Provisions expected to be settled in greater than one year are discounted at the risk free rate.

25 Financial risk management objectives and policies

The Group's treasury function provides a centralised service for the provision of finance and the management and control of liquidity, foreign exchange rates and interest rates. The function operates as a cost centre and manages the Group's treasury exposures to reduce risk in accordance with policies approved by the Board.

The Group's principal financial instruments comprise term loans, bank facilities, overdrafts, loan notes, bonds, financial guarantee contracts, and cash and short-term deposits, together with certain derivative financial instruments. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables, trade payables and accruals that arise directly from its operations. Details of derivatives are set out in note 26.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken other than betting and gaming transactions and in preceding years for the purposes of currency trading as part of the discontinued Intertrader business (note 21). Activity of this nature is only undertaken by the customer and is not speculative activity of the Group. The Group's exposure to ante-post betting and gaming transactions is not significant.

The main financial risks for the Group are exchange rate risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

Interest rate risk

The Group is exposed to interest rate risk on certain of its interest-bearing loans and borrowings and on cash and cash equivalents.

The Group uses derivative financial instruments such as interest rate swaps and caps to hedge its interest rate risk. At 31 December 2022, 50% (2021: 34%) of the Group's post-swap debt (excluding leases) was at fixed interest rates. Following the completion of the refinancing of the Group's €1,125m term loans on 10/11 January 2023 and associated hedging, this proportion increased to 82% (70% excluding the £400m bonds which are due to be repaid in September 2023).

Interest on financial instruments at floating rates is repriced at intervals of less than six months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument.

The table below demonstrates the sensitivity to reasonably possible changes in interest rates on income for the year when this movement is applied to the carrying value of financial liabilities:

	Profit before tax	
Effect on:	**2022**	2021
25 basis points increase	**4.1**	3.8
100 basis points increase	**16.3**	15.2

At 31 December 2022, the Group had a number of financial instruments which would have been affected by the expected cessation of USD LIBOR on 30 June 2023. The Group has taken proactive steps to eliminate any exposure to the reform of interest rate benchmarks. In early March 2023, the Group successfully obtained consent from its lenders to change the reference rate for loans denominated in USD – under the revolving credit facility and under the term loan facility issued in July 2021 – from USD LIBOR to a Term SOFR benchmark rate. The Group also has one interest rate cap for which the reference rate is USD LIBOR – under the fallback protocol the reference rate will change to a SOFR benchmark rate. These changes are not expected to have a significant impact on the Group's interest charge going forward compared to the position if the benchmark transition had not been required.

Foreign currency risk

Given the multi-national nature of the business, the Group is exposed to foreign exchange gains and losses on its trading activities, the net assets of its overseas subsidiaries and its non-GBP denominated financing facilities. The primary currencies that the Group is exposed to fluctuations in are the Euro, Australian Dollar and US Dollar.

Whilst the Group does not actively hedge the foreign exposure on its trading cash flows, it continuously monitors exposures to individual currencies, taking remediating actions as necessary to manage any significant risks as they arise. In the event that the Group anticipates large transactions in currencies other than GBP, forward exchange contracts are taken out to manage the potential foreign exchange exposure.

The Group's exposure to the translation of net assets on foreign currency subsidiaries into its reporting currency is partially offset by the opposite exposure on the Group's financing facilities providing a natural economic hedge, even though the Group does not apply hedge accounting. The Group's policy on borrowings is broadly aligned to the underlying cash flows of the business.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

25 Financial risk management objectives and policies (continued)

The Group has financing facilities in GBP, Euro and US Dollars. As the Group's overseas subsidiaries largely report in Euros, the Group has taken out swap contracts to hedge the US dollar debt into Euros in order to align the foreign currency exposure on the Group's financing facilities with that on the net assets of its subsidiaries.

A 5% weakening in the Euro would reduce Group operating profit by £27.7m (2021: £29.5m) and net assets by £0.8m (2021: £3.1m) when applied to the results of year in question.

A 5% weakening in the Australian Dollar would reduce Group operating profit by £4.6m (2021: £5.6m) and net assets by £19.0m (2021: £27.9m) when applied to the results of year in question.

Credit risk

The Group is not subject to significant concentration of credit risk, with exposure spread across a large number of counterparties and customers.

Receivable balances are monitored on an ongoing basis. Any changes to credit terms are assessed and authorised by senior management on an individual basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a primary exposure equal to the carrying amount of these instruments. Credit risk in respect of cash and cash equivalents is managed by restricting those transactions to banks that have a defined minimum credit rating and by setting an exposure ceiling per bank.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. The Group's policy on liquidity is to ensure that there are sufficient medium-term and long-term committed borrowing facilities to meet the medium-term funding requirements. At 31 December 2022, there were undrawn committed borrowing facilities of £515.0m (2021: £515.0m). Total committed facilities had an average maturity of 3.7 years (2021: 3.2 years).

The total gross contractual undiscounted cash flows of financial liabilities, including interest payments, fall due as follows. Cash flows in respect of financial guarantee contracts reflect the probability weighted cash flows.

2022	On demand or within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Interest bearing loans and borrowings	548.4	1,310.6	1,131.2	914.5	3,904.7
Other financial liabilities	210.7	56.5	205.5	1.7	474.4
Trade and other payables	538.8	–	–	–	538.8
Lease liabilities	72.4	61.6	116.6	59.8	310.4
Total	1,370.3	1,428.7	1,453.3	976.0	5,228.3

2021	On demand or within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
Interest bearing loans and borrowings	199.5	1,471.9	73.9	794.1	2,539.4
Other financial liabilities	37.9	0.4	90.6	1.4	130.3
Trade and other payables	487.7	–	–	–	487.7
Lease liabilities	87.8	59.7	115.9	67.1	330.5
Total	812.9	1,532.0	280.4	862.6	3,487.9

Details of discounted contractual cash flows of leasing liabilities are set out in note 22.

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a credit quality that enables the Group to raise funds at an economic interest rate and to maintain healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, adjust borrowings, return capital to shareholders or issue new shares.

The Group monitors capital using an adjusted net debt to underlying EBITDA ratio. The ratio at 31 December 2022 was 2.8 times (2021: 2.4 times). See note 27 for further details.

The Group's funding policy is to raise funds centrally to meet the Group's anticipated requirements. These are planned so as to mature at different stages in order to reduce refinancing risk. The Board reviews the Group's capital structure and liquidity periodically.

26 Financial instruments and fair value disclosures

The table below analyses the Group's financial instruments into their relevant categories:

31 December 2022	Amortised cost £m	Assets/ (liabilities) at fair value through profit and loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments (note 17)	1.3	6.6	6.1	14.0
Other financial assets	0.2	–	–	0.2
Current:				
Trade and other receivables	464.9	–	–	464.9
Derivative financial instruments	–	72.9	–	72.9
Cash and short-term investments (including customer funds)	658.5	–	–	658.5
Total	1,124.9	79.5	6.1	1,210.5
Liabilities				
Current:				
Customer balances	(200.5)	–	–	(200.5)
Interest bearing loans and borrowings[1]	(424.9)	–	–	(424.9)
Trade and other payables	(538.8)	–	–	(538.8)
Derivative financial instruments	–	(79.2)	–	(79.2)
Other financial liabilities[2]	–	(208.8)	–	(208.8)
Lease liabilities (note 22)	(65.1)	–	–	(65.1)
Non-current:				
Interest bearing loans and borrowings	(2,689.1)	–	–	(2,689.1)
Other financial liabilities[2]	(183.3)	(70.1)	–	(253.4)
Lease liabilities (note 22)	(215.8)	–	–	(215.8)
Total	(4,317.5)	(358.1)	–	(4,675.6)
Net financial (liabilities)/assets	(3,192.6)	(278.6)	6.1	(3,465.1)

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

26 Financial instruments and fair value disclosures (continued)

31 December 2021	Amortised cost £m	Assets/(liabilities) at fair value through profit and loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments	2.0	3.3	8.9	14.2
Other financial assets	0.3	–	–	0.3
Current:				
Trade and other receivables	484.1	–	–	484.1
Derivative financial instruments	–	57.4	–	57.4
Cash and short-term investments (including customer funds)	487.1	–	–	487.1
Total	973.5	60.7	8.9	1,043.1
Liabilities				
Current:				
Customer balances	(205.9)	–	–	(205.9)
Interest bearing loans and borrowings[1]	(121.1)	–	–	(121.1)
Trade and other payables	(487.7)	–	–	(487.7)
Other financial liabilities[2]	–	(36.1)	–	(36.1)
Lease liabilities (note 22)	(78.2)	–	–	(78.2)
Non-current:				
Interest bearing loans and borrowings	(2,161.3)	–	–	(2,161.3)
Other financial liabilities[2]	(2.6)	(50.0)	–	(52.6)
Lease liabilities (note 22)	(215.5)	–	–	(215.5)
Total	(3,272.3)	(86.1)	–	(3,358.4)
Net financial (liabilities)/assets	(2,298.8)	(25.4)	8.9	(2,315.3)

1. The fair value of interest bearing loans and borrowings at 31 December 2022 and 31 December 2021 is not materially different to their original costs.
2. Other financial liabilities include £261.7m deferred and contingent consideration (2021: £70.8m), a put liability of £180.4m (2021: £nil), £2.9m of financial guarantees (2021: £2.6m) and £17.2m of ante-post liabilities (2021: £15.3m).

Fair value hierarchy

IFRS 13 requires financial assets and liabilities recorded at fair value to be categorised in three levels according to the inputs used in the calculation of their fair value:

- Level 1 – uses quoted prices as the input to fair value calculations
- Level 2 – uses inputs other than quoted prices, that are observable either directly or indirectly
- Level 3 – uses inputs that are not observable

The following tables illustrate the Group's financial assets and liabilities measured at fair value after initial recognition at 31 December 2022 and 31 December 2021:

	Level 1 £m	Level 2 £m	Level 3 £m	2022 Total £m
Assets measured at fair value				
Derivative financial instruments	–	72.9	–	72.9
Other investments	5.5	1.8	5.4	12.7
	5.5	74.7	5.4	85.6
Liabilities measured at fair value				
Derivative financial instruments	–	(79.2)	–	(79.2)
Other financial liabilities	–	–	(278.9)	(278.9)
	–	(79.2)	(278.9)	(358.1)
Net assets/(liabilities) measured at fair value	5.5	(4.5)	(273.5)	(272.5)

26 Financial instruments and fair value disclosures (continued)

	Level 1 £m	Level 2 £m	Level 3 £m	2021 Total £m
Assets measured at fair value				
Derivative financial instruments	–	57.4	–	57.4
Other investments	–	2.2	10.0	12.2
	–	59.6	10.0	69.6
Liabilities measured at fair value				
Other financial liabilities	–	–	(86.1)	(86.1)
Net assets/(liabilities) measured at fair value	–	59.6	(76.1)	(16.5)

There have been no transfers of assets or liabilities recorded at fair value between the levels of the fair value hierarchy.

Included within other financial assets and derivative financial instruments measured at fair value are: the Group's currency swaps held against debt instruments as an asset of £72.9m (2021: asset of £57.4m) and a liability of £79.2m (2021: £nil), investments in Hui 10 and R&S Technology, designated as fair value through other comprehensive income, of £5.1m (2021: £5.1m), £1.0m (2021: £3.8m) respectively, an investment in Scout Gaming of £0.3m (2021: £1.1m), a convertible equity instrument with Visa Inc. for £1.8m (2021: £2.2m) and an investment fund of £4.9m (2021: £nil), all designated as fair value through profit and loss. The fair value of the investments at 31 December 2022 and 31 December 2021 is not materially different to their original cost.

Contingent consideration

Contingent consideration arises through business combinations, the fair value for which is reassessed at each reporting date using updated inputs and assumptions based on the latest financial forecasts of each respective business. As at 31 December 2022 contingent consideration included within other financial liabilities was £254.9m (2021: £70.8m) arising from the Group's in-year acquisitions of SuperSport and Totolotek, and the historical transactions involving the Group's operations in Africa. Included in contingent consideration is £223.4m relating to the SuperSport acquisition, payments which are contingent on future financial performance through to 2024. The valuation of the contingent consideration is subject to estimation uncertainty as the amount payable is based on future profitability. Based on the current profit forecast and reasonable upside and downside sensitivities, the range of potential valuations is not expected to be materially different from that provided for in the financial statements.

Put option liability

The amortised costs of the put option liability recognised is not materially different to fair value.

Ante-post

Ante-post liabilities are valued using methods and inputs that are not based upon observable market data. The principal assumptions relate to anticipated gross win margins on unsettled bets. There are no reasonably probable changes to assumptions or inputs that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

27 Net debt

The components of the Group's adjusted net debt are as follows:

	2022 £m	2021 £m
Current assets		
Cash and short-term deposits	658.5	487.1
Current liabilities		
Interest bearing loans and borrowings	(424.9)	(121.1)
Non-current liabilities		
Interest bearing loans and borrowings	(2,689.1)	(2,161.3)
Accounting net debt	(2,455.5)	(1,795.3)
Cash held on behalf of customers	(200.5)	(205.9)
Fair value swaps held against debt instruments (derivative financial (liability)/asset)	(6.5)	57.4
Deposits	43.8	20.3
Balances held with payment service providers	149.8	130.8
Sub-total	(2,468.9)	(1,792.7)
Lease liabilities	(280.9)	(293.7)
Adjusted net debt including lease liabilities	(2,749.8)	(2,086.4)

Cash held on behalf of customers represents the outstanding balance due to customers in respect of their online gaming wallets.

28 Share capital

	Number of €0.01 ordinary shares	Total €m	Total £m
Authorised:			
At 31 December 2021 and 31 December 2022	773,000,000	7.7	6.4
Issued and fully paid:			
At 1 January 2021	585,077,647	5.9	4.8
Exercise of share options	1,472,572	–	–
At 31 December 2021	586,550,219	5.9	4.8
Exercise of share options	2,296,623	–	–
At 31 December 2022	588,846,842	5.9	4.8

The Company's share capital consists entirely of ordinary shares, accordingly all shares rank pari passu in all respects.

See note 31 for further information on terms and amounts of shares reserved for issue under options.

29 Notes to the statement of cash flows

29.1 Reconciliation of profit/(loss) to net cash inflow from operating activities:

	2022 £m	2021 £m
Profit before tax from continuing operations	102.9	393.2
Net finance expense/(income)	225.7	(37.4)
Profit before tax and net finance expense from continuing operations	328.6	355.8
Loss before tax and net finance expense from discontinued operations	(13.4)	(14.9)
Profit before tax and net finance expense including discontinued operations	315.2	340.9
Adjustments for:		
Impairment	7.0	3.3
Loss on disposal	1.0	7.3
Depreciation of property, plant and equipment	125.9	120.0
Amortisation of intangible assets	229.1	247.3
Share based payments charge	19.2	12.3
Decrease/(increase) in trade and other receivables	44.7	(73.7)
Increase in other financial liabilities	2.2	3.5
(Decrease)/increase in trade and other payables	(85.9)	1.9
Decrease in provisions	(6.9)	(18.5)
Share of results from joint venture and associate	194.1	162.5
Pension settlement	7.0	–
Other	(5.7)	(3.0)
Cash generated by operations	846.9	803.8

29.2 Cash flows arising from discontinued operations:

	2022 £m	2021 £m
Cash used in operating activities	(13.4)	(5.3)
Cash used in investing activities[1]	–	(27.5)
Net cash outflow arising from discontinued operations	(13.4)	(32.8)

1. Prior year included within cash used in investing activities is £23.3m of cash disposed with business.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

29 Notes to the statement of cash flows (continued)

29.3 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2022			2021		
	Other loans and borrowings £m	Lease liabilities £m	Total £m	Other loans and borrowings £m	Lease liabilities £m	Total £m
Balance at 1 January	2,282.4	293.7	2,576.1	2,099.8	338.0	2,437.8
Changes from financing cash flows						
Proceeds from borrowings, net of issue costs	838.4	–	838.4	797.2	–	797.2
Repayment of borrowings	(109.0)	–	(109.0)	(566.1)	–	(566.1)
Repayment of borrowings on acquisition	(162.8)	–	(162.8)			
Repayment of lease liabilities[1]	–	(83.0)	(83.0)	–	(88.1)	(88.1)
Total changes from financing cash flows	566.6	(83.0)	483.6	231.1	(88.1)	143.0
Other changes						
Interest expense	76.2	13.0	89.2	63.3	14.0	77.3
Interest paid[2]	(91.9)	(13.0)	(104.9)	(61.4)	(14.0)	(75.4)
New lease liabilities	–	61.8	61.8	–	52.0	52.0
Finance fees	5.7	–	5.7	5.8	–	5.8
Remeasurement adjustments	–	(5.0)	(5.0)	–	(5.5)	(5.5)
Total other changes	(10.0)	56.8	46.8	7.7	46.5	54.2
Arising through business combinations	162.8	9.5	172.3	–	0.9	0.9
The effect of changes in foreign exchange	112.2	3.9	116.1	(56.2)	(3.6)	(59.8)
Balance at 31 December	3,114.0	280.9	3,394.9	2,282.4	293.7	2,576.1

1. In addition to the above, the Group received £0.2m (2021: £0.2m) in respect of lease receivables resulting in a net repayment of finance leases of £82.8m (2021: £87.9m).
2. In addition to the above, the Group received £4.3m (2021: £2.1m) of interest income resulting in a net finance expense paid of £100.6m (2021: £73.3m).

Non-cash movements include amounts acquired as a result of business combinations and the amortisation of issue costs incurred in respect of debt instruments.

30 Retirement benefit schemes

Defined contribution schemes

During the year the Group charged £18.9m of contributions (2021: £16.0m) to the consolidated income statement in relation to the defined contribution pension schemes.

Defined benefit plans

Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that are recognised in the consolidated balance sheet.

Following the buy-out of the Ladbrokes Pension Plan, the Group now only has one pension scheme, the Gala Coral Pension Plan, which is a final salary pension plan for UK employees and closed to new employees and future accrual.

At retirement each member's pension is related to their 'career average earnings' for the Gala Coral Pension Plan. The weighted average duration of the expected benefit payments from the Plan is around 15 years (2021: 18 years).

The Plan's assets are held separately from this of the Group. The Plan is approved by HMRC for tax purposes, and is managed by independent Trustees. The Plan is subject to UK regulations, which require the Group and Trustees to agree a funding strategy and contribution schedule at least every three years. Under the current contribution schedule in place, the Group does not pay contributions to Gala Coral Pension Plan but is paying the administrative costs.

There is a risk to the Group that adverse circumstances, such as a disconnect between changes in asset investment values and required funding obligations, could lead to a requirement for the Group to make additional contributions to fund any deficit that arises. As at the date of signing the financial statements no such event has arisen.

The results of the latest formal actuarial valuation 30 June 2022 for the Gala Coral Pension Plan was updated to 31 December 2022 by an independent qualified actuary in accordance with IAS 19 (Revised) Employee Benefits. The value of the defined benefit obligation and current service cost has been measured using the projected unit credit method, as required by IAS 19 (Revised). Actuarial gains and losses are recognised immediately through other comprehensive income.

In 2021, the Group finalised the buy-out of the Ladbrokes pension scheme with the assets and liabilities of the scheme passed to a third party. As the Group has extinguished its obligations to the IAS 19 liabilities, only the residual assets remaining in the scheme were recorded at 31 December 2021. These assets were subsequently refunded to the Group in 2022.

30 Retirement benefit schemes (continued)

The amounts recognised in the balance sheet are as follows:

	2022 (Coral) £m	2022 (Ladbrokes) £m	2022 Total £m	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m
Present value of funded obligations	(259.4)	–	(259.4)	(430.5)	–	(430.5)
Fair value of plan assets	323.2	–	323.2	518.6	7.0	525.6
Net asset	63.8	–	63.8	88.1	7.0	95.1
Disclosed in the balance sheet as: Retirement benefit asset	63.8	–	63.8	88.1	7.0	95.1

The Group has considered the appropriate accounting treatment in respect of the pension plan surplus, considering the current agreement with the Trustees, and concluded the recognition of the surplus is appropriate. Whilst the trustees have discretionary rights over the use of any surplus, the nature of the plan means that any surplus that exists once all liabilities have been settled is for the benefit of the Group.

The amounts recognised in the income statement are as follows:

	2022 (Coral) £m	2022 (Ladbrokes) £m	2022 Total £m	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m
Analysis of amounts charged to the income statement						
Separately disclosed items	–	–	–	–	0.5	0.5
Other administrative expenses	1.3	–	1.3	0.6	–	0.6
Net interest on net asset	(1.6)	–	(1.6)	(0.7)	(0.1)	(0.8)
Total charge/(credit) recognised in the income statement	(0.3)	–	(0.3)	(0.1)	0.4	0.3

The actual return on plan assets including interest over the year was a £183.4m loss (2021: gain of £23.1m).

The amounts recognised in the statement of comprehensive income are as follows:

	2022 (Coral) £m	2022 (Ladbrokes) £m	2022 Total £m	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m
Actual return on assets less interest on plan assets	(192.6)	(0.1)	(192.7)	21.4	(7.0)	14.4
Actuarial gains on defined benefit obligation due to changes in demographic assumptions	6.0	–	6.0	–	–	–
Actuarial gains/(losses) on defined benefit obligation due to changes in financial assumptions	175.0	–	175.0	15.4	6.1	21.5
Experience adjustments on benefit obligation	(13.0)	–	(13.0)	(5.6)	0.9	(4.7)
Actuarial gains/(losses) recognised in the statement of comprehensive income	(24.6)	(0.1)	(24.7)	31.2	–	31.2

Changes in the present value of the defined benefit obligation are as follows:

	2022 (Coral) £m	2022 (Ladbrokes) £m	2022 Total £m	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m
At 1 January	(430.5)	–	(430.5)	(450.1)	(385.1)	(835.2)
Interest on obligation	(7.7)	–	(7.7)	(5.3)	(2.6)	(7.9)
Actuarial gains due to changes in demographic assumptions	6.0	–	6.0	–	–	–
Actuarial gains due to changes in financial assumptions	175.0	–	175.0	15.4	6.1	21.5
Experience adjustments on obligations	(13.0)	–	(13.0)	(5.6)	0.9	(4.7)
Scheme buy-out	–	–	–	–	368.4	368.4
Benefits paid	10.8	–	10.8	15.1	12.3	27.4
At 31 December	(259.4)	–	(259.4)	(430.5)	–	(430.5)

Notes to the consolidated financial statements continued

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30 Retirement benefit schemes (continued)

Changes in the fair value of plan assets are as follows:

	2022 (Coral) £m	2022 (Ladbrokes) £m	2022 Total £m	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m
At 1 January	518.6	7.0	525.6	506.9	392.5	899.4
Interest on plan assets	9.3	–	9.3	6.0	2.7	8.7
Administrative expenses	(1.3)	–	(1.3)	(0.6)	(0.5)	(1.1)
Actual return less interest on plan assets	(192.6)	(0.1)	(192.7)	21.4	(7.0)	14.4
Scheme buy-out	–	(6.9)	(6.9)	–	(368.4)	(368.4)
Benefits paid	(10.8)	–	(10.8)	(15.1)	(12.3)	(27.4)
At 31 December	323.2	–	323.2	518.6	7.0	525.6

The Group does not expect to contribute to the plan in 2023. The Group will however continue to meet the administrative expenses of the Gala Coral Pension Plan scheme.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2022 (Coral) %	2022 (Ladbrokes) %	2021 (Coral) %	2021 (Ladbrokes) %
Equities	6.0	–	14.0	–
Diversified growth funds	16.0	–	11.2	–
Liability driven investment	36.0	–	38.3	–
Multi-asset credit	12.0	–	10.0	–
Corporate bonds	22.0	–	21.0	–
Private credit	8.0	–	5.1	–
Cash and cash equivalents	–	–	0.4	100.0
	100.0	–	100.0	100.0

The Plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of the holdings in a private credit asset. At 31 December 2022 these represented c8.0% (2021: c.5.1%) of the Plan's total assets.

The Plan does not invest directly in property occupied by the Group or in financial securities issued by the Group. Although, as the Plan holds pooled investment vehicles, there may at times be indirect employer related investment. At 31 December 2022 these represented less than 0.1% (2021: 0.1%) of the Plan's total assets.

The investment strategy is set by the Trustees of the Plans in consultation with the Group. For the Gala Coral Plan the current long-term strategy is to invest in a low-risk matching bond portfolio with a relatively small investment in return seeking funds.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages where appropriate):

		2022 (Coral) % p.a.	2022 (Ladbrokes) % p.a.	2021 (Coral) % p.a.	2021 (Ladbrokes) % p.a.
Discount rate		4.8	n/a	1.8	n/a
Price inflation (CPI)		2.2	n/a	2.3	n/a
Price inflation (RPI)		3.2	n/a	3.3	n/a
Future pension increases	– LPI 5% (CPI)	3.1	n/a	3.2	n/a
	– LPI 2.5% (CPI)	2.1	n/a	2.2	n/a

Post-retirement mortality assumed for most members is based on the standard SAPS mortality table with the CMI 2018 projections which considers future improvements, adjusted to reflect plan specific experience.

The assumption used implies that the expected lifetime of members for the two schemes is:

	2022 (Coral)	2022 (Ladbrokes)	2021 (Coral)	2021 (Ladbrokes)
Male aged 45 for year ended	87.4	n/a	87.9	n/a
Female aged 45 for year ended	89.9	n/a	90.1	n/a
Male aged 65 for year ended	86.2	n/a	86.5	n/a
Female aged 65 for year ended	88.5	n/a	88.6	n/a

30 Retirement benefit schemes (continued)

Changes to the assumptions will impact the amounts recognised in the consolidated balance sheet and the consolidated statement of comprehensive income in respect of the Plan. For the significant assumptions, the following sensitivity analysis provides an indication of the impact on the defined benefit obligation for the year ended 31 December 2022:

	2022 (Coral) %	2022 (Ladbrokes) %	2021 (Coral) %	2021 (Ladbrokes) %
– 0.5% p.a. decrease in the discount rate	7.4	–	9.8	–
– 0.5% p.a. increase in price inflation	5.0	–	6.9	–
– One year increase in life expectancy	3.3	–	4.6	–

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Plan.

31 Share-based payments

The following options to purchase €0.01 Ordinary Shares in the Group were granted, exercised, forfeited or existing at the year-end:

Date of grant	Exercise price	Existing at 1 January 2022	Granted in the year	Cancelled or forfeited in the year	Exercised in the year	Existing at 31 December 2022	Exercisable at 31 December 2022	Vesting criteria
16 Dec 2016	422p	454,138	–	–	(102,800)	351,338	351,338	Note a
28 Dec 2017	0p	25,817	–	–	(22,425)	3,392	3,392	Note b
19 Sep 2018	0p	39,944	–	–	(39,944)	–	–	Note c
26 Mar 2019	0p	2,056,720	–	(97,194)	(1,892,338)	67,188	67,188	Note d
10 Jun 2020	0p	1,511,185	–	(267,628)	–	1,243,557	–	Note e
24 Mar 2021	0p	1,122,325	–	(213,395)	–	908,930	–	Note f
04 May 2021	1264p	957,613	–	(290,382)	–	667,231	–	Note g
18 Mar 2022	0p	–	1,293,110	(84,596)	–	1,208,514	–	Note h
26 Apr 2022	1333p	–	678,029	(49,666)	–	628,363	–	Note i
28 Jun 2022	0p	–	496,980	(13,948)	–	483,032	–	Note j
Total Schemes		6,167,742	2,468,119	(1,016,809)	(2,057,507)	5,561,545	421,918	

Note a: 2016 MIP Plan – These equity settled awards were issued on completion of the acquisition of bwin.party. The options vest and became exercisable, subject to the satisfaction of a performance condition, over 30 months, with one-ninth vesting six months after the date of grant and a further ninth vesting at each subsequent quarter. The options lapse, if not exercised, on 2 February 2026. The performance condition is comparator total shareholder return ("TSR") of the Group against the FTSE 250. Each ninth of the shares will have its TSR condition reviewed from the date of grant until the relevant testing date. To the extent the TSR is not met at that time, it is tested again the following quarter and, if necessary, at the end of the 30-month vesting period. In order to vest, the TSR of the Group must rank at median or above against the FTSE 250.

Note b: 2017 LTIP Plan – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative Earnings Per Share ("EPS") exceeding 180 euro cents, with a pro-rata increase in the amount vesting between 180 cents and 214 cents, and TSR performance conditions being met which are split with equal weighting.

Note c: 2018 LTIP Plan – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards that vested was conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 191p, with a pro-rata increase in the amount vesting between 191p and 224p, and TSR performance conditions being met which are split with equal weighting.

Note d: 2019 LTIP Plan – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards that vested was conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 184p, with a pro-rata increase in the amount vesting between 184p and 214p, and TSR performance conditions being met which are split with equal weighting.

Note e: 2020 LTIP Plan – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 267p, with a pro-rata increase in the amount vesting between 267p and 295p, and certain TSR performance conditions being met which are split with the weighting of one third based on EPS and two thirds relating to TSR conditions. There were also a number of restricted share plan shares issued during 2020 against which service conditions apply.

Note f: 2021 LTIP Plan – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 255p, with a pro-rata increase in the amount vesting between 255p and 296p, and certain TSR performance conditions being met which are split with the weighting of one third based on EPS and two thirds relating to TSR conditions.

Note g: 2021 Employee Sharesave Plan – During 2021 the Group set up an Employee Sharesave plan. Under this plan employees of the Group are able to subscribe up to a maximum of £100 a month to invest in share purchases a price representing a discount of 20% from the share price at the commencement of the plan. The vesting period is three years. The shares will vest conditional upon continued employment at the end of the three years.

Note h: 2022 LTIP Plan – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on certain TSR performance conditions being met.

Note i: 2022 Employee Sharesave Plan – During 2022 the Group set up an Employee Sharesave plan. Under this plan employees of the Group are able to subscribe to a maximum of £100 a month to invest in share purchases at a price representing a discount of 20% from the share price at the commencement of the plan. The vesting period is three years. The shares will vest conditional upon continued employment at the end of the three years.

Note j: 2022 Employee Free Share Plan – During 2022 the Group set up an Employee Free Share plan. Under this plan each employee of the Group has been granted 22 free shares for a vesting period of two years. The shares will vest conditional upon continued employment at the end of the two years.

The charge to share-based payments within the consolidated income statement in respect of these options in 2022 was £19.2m (2021: £12.3m) which related entirely to equity settled options.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

31 Share-based payments (continued)

Weighted average exercise price of options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 31 December 2022	Number of options 31 December 2022	Weighted average exercise price 31 December 2021	Number of options 31 December 2021
Outstanding at the beginning of the year	**31p**	**6,167,742**	52p	6,219,114
Granted during the year	**366p**	**2,468,119**	570p	2,082,233
Exercised during the year	**21p**	**(2,057,507)**	70p	(1,371,996)
Cancelled or forfeited in the year	**426p**	**(1,016,809)**	0p	(761,609)
Outstanding at the end of the year	**329p**	**5,561,545**	31p	6,167,742
Exercisable at the end of the year	**351p**	**421,918**	369p	519,899

The options outstanding at 31 December 2022 have a weighted average contractual life of 1.4 years (31 December 2021: 1.2 years).

Valuation of options

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The Group engaged third-party valuation specialists to provide a fair value for the options.

All LTIP plans are valued using both a Black Scholes valuation model and Monte Carlo valuation for the cumulative EPS and TSR conditions respectively.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant (£)	Exercise price (£)	Expected volatility %	Exercise multiple	Expected dividend yield	Risk free rate %	Fair value at measurement date (£)
Dec 16	6.48	4.22	28%-30%	n/a	n/a	–	1.43 – 1.94
Dec 17	9.34	–	26.6%	n/a	n/a	0.40%	7.39 – 9.34
Sep 18	9.14	–	33.7%	n/a	n/a	1.00%	4.58 – 9.14
Mar 19	4.96	–	31.5%	n/a	n/a	0.70%	1.90 – 4.96
Jun 20	7.86	–	33.2%	n/a	n/a	0.30%	3.54 – 7.86
Mar 21	15.25	–	52.8%	n/a	2.0%	0.01%	10.03 – 11.27
May 21	16.46	12.64	51.3%	n/a	2.0%	0.02%	6.75
Mar 22	16.66	–	51.5%	n/a	1.2%	1.4%	10.77 – 12.35
Apr 22	14.74	13.33	50.1%	n/a	1.3%	1.6%	5.66
Jun 22	13.04	–	n/a	n/a	n/a	n/a	13.04

32 Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities acquired, and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The identification and valuation of intangible assets arising on business combinations is subject to a degree of estimation. We engaged independent third parties, including Kroll, to assist with the identification and valuation process. This was performed in accordance with the Group's policies. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired is recorded as goodwill. Costs related to the acquisition are expensed as incurred; see note 6 for details.

Summary of acquisitions:

SuperSport

During the year, the Group set up a new subsidiary Entain Holdings (CEE) Limited which the Group holds 75% of the equity in. On 22 November 2022, Entain Holdings (CEE) Limited acquired 100% of EMMA GAMMA Adriatic d.o.o. EMMA GAMMA owns SuperSport, a leading online and retail sports betting and gaming brand in Croatia, which provides the Group access to the Central and Eastern Europe (CEE) region.

Entain Holdings (CEE) Limited paid €623.7m including working capital adjustments, with further amounts payable in 2023 representing a multiple of 2022 EBITDA and contingent payments in 2024 and 2025 based on future financial performance.

Given the proximity of the acquisition to the period end and as permitted by IFRS 3 'Business Combinations', the fair value of the acquired identifiable assets and liabilities has been presented on a provisional basis. Fair values were determined on the basis of an initial assessment performed by an independent professional expert.

32 Business combinations (continued)

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Provisional fair value £m
Intangible assets (excluding goodwill)	465.6
Property, plant and equipment	10.1
Trade and other receivables	18.2
Cash and cash equivalents	11.8
Deferred tax liability	(83.7)
Loans and borrowings	(162.8)
Trade and other payables	(24.2)
Lease liabilities	(6.6)
Total	**228.4**
Net assets acquired	228.4
Goodwill[1]	518.8
Total net assets acquired	**747.2**
Consideration:	
Cash	534.4
Contingent consideration	212.8
Total consideration	**747.2**

As part of the incorporation of Entain Holdings (CEE) Limited and the acquisition of SuperSport, the Group recognised £174.3m of non-controlling interest in Entain Holdings (CEE) Limited representing the subscription of funds by the non-controlling entity in Entain Holdings (CEE) Limited as their share of the cash consideration and their contribution to the repayment of SuperSport external debt.

The share purchase agreement provides the Group with the opportunity to purchase (and the non-controlling interest to sell (a put option)) the 25% of the share capital of Entain Holdings (CEE) Limited currently owned by the non-controlling interset, from 22 November 2025.

Within the Group balance sheet as at 31 December 2022 is €202.4m of net assets is associated with the non-controlling interests in Entain Holdings (CEE) Limited.

Included in the valuation of goodwill is the value attributed to acquired workforce, and the benefit of future trading potential including synergies arising as part of the acquisition.

Avid

On 7 February, the Group acquired 100% of the share capital of Avid International Ltd. Avid owns Sports Interaction, a leading online sports betting brand in Canada, which provides the Group with access to Canada's highly attractive and fast growing sports betting and gaming. In accordance with IFRS 3, as control has been obtained, the business has been consolidated from the point of acquisition. Consideration amounted to €211.3m.

Klondaika

On 31 January, the Group acquired 100% of the share capital of SIA Klondaika, a largely online betting and gaming operator in Latvia. In accordance with IFRS 3, as control has been obtained, the business has been consolidated from this point forward. Consideration amounted to €24.6m, including €1.6m in relation to working capital on acquisition. Of the €24.6m consideration €4.6m is deferred.

Totolotek

On 16 May, the Group acquired 100% of Totolotek S.A. (renamed to bwin Poland S.A.), an online sports betting operator in Poland. In accordance with IFRS 3, as control has been obtained, the business has been consolidated from this point forward. Consideration amounted to €6.1m, including €1.1m in relation of working capital on acquisition.

Full House Group

On 16 September 2022, the Group acquired 33% of the share capital of Full House Group Pty Limited ("FHG") in Australia for AUD $4.0m. Whilst the group only owns 33% of the issued equity, it controls the board through its voting rights and therefore controls FHG. In line with IFRS 3, as the group controls the acquired entity, it is to be consolidated from the date of acquisition. Given the acquisition of the 33% share reflected an open market transaction, consideration for the purposes of IFRS 3 is deemed to be AUD £$12.0m.

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

32 Business combinations (continued)

M3

In July 2022, the Group purchased a small number of shops in Italy via the acquisition of 100% of shares in Agenzia M3 S.r.l. The acquisition enabled the Group to develop its franchisee network in the Puglia region.

Details of the purchase consideration, the net assets acquired and goodwill of all other business combinations are as follows:

	Fair value £m
Intangible assets (excluding goodwill)	101.3
Property, plant and equipment	7.2
Investments	4.9
Trade and other receivables	6.0
Cash and cash equivalents	18.1
Deferred tax liability	(2.2)
Trade and other payables	(24.9)
Lease liabilities	(2.9)
Total	**107.5**
Net assets acquired	107.5
Goodwill[1]	103.5
Total net assets acquired	**211.0**
Consideration:	
Cash	202.5
Non-controlling interests	4.6
Deferred consideration	3.9
Total consideration	**211.0**

1. Goodwill acquired on business combinations is not tax deductible.

All of the acquired businesses contributed revenues of £46.9m and profit before tax of £13.9m.

Had the acquisitions occurred on the first day of the financial year the revenue for the group would have been £4,497.9m with a profit before tax of £189.0m.

Non-controlling interests have been stated at their fair value on acquisition, which has been determined by reference to the amount paid for the Group's controlling interest.

Included in the valuation of goodwill is the value attributed to acquired workforce, and the benefit of future trading potential including synergies arising as part of the acquisition.

33 Commitments and contingencies

Contingent liabilities

Guarantees have been given in the ordinary course of business in respect of loans and derivative contracts granted to subsidiaries amounting to £400.0m (31 December 2021: £500.0m).

HMRC investigation

On 28 November 2019, one of our UK subsidiaries, Entain Holdings (UK) Limited, received a production order from HM Revenue & Customs ("HMRC") requiring it to provide information relating to the Group's former Turkish facing online betting and gaming business, sold in 2017. At that time, the group understood that HMRC's investigation was directed at a number of former third-party suppliers, relating to the processing of payments for online betting and gaming in Turkey. On 21 July 2020, GVC Holdings Plc announced that HMRC was widening the scope of its investigation and was examining potential corporate offending by the GVC group. It had previously been understood that no group company was a subject of HMRC's investigation. Through ongoing engagement with HMRC we understand that the group remains a corporate suspect and that the offences under investigation include, but are not limited to, offences under sections 1 and 7 of the Bribery Act 2010. The group continues to co-operate fully with HMRC's enquiries, which are ongoing.

Greek tax

In November 2021, the Athens Administrative Court of Appeal ruled in favour of the Group's appeal against the tax assessment raised by the Greek tax authorities in respect of 2010 and 2011. In February 2022, the Greek tax authorities appealed against the judgements to the Greek Supreme Administrative Court. While the Group expects to be successful in defending the appeal by the Greek authorities, should the Greek Supreme Administrative Court rule in favour of the Greek tax authorities, then the Group could become liable for the full 2010-2011 assessment plus interest, an estimated total of €267m at 31 December 2022.

33 Commitments and contingencies (continued)

In addition to the items discussed above, the Group is subject to a number of other potential litigation claims that arise as part of the normal course of business and continue to arise throughout 2023. Provision has not been made against these claims as they are not considered likely to result in an economic outflow. Consistent with any claims of this nature there can be uncertainty with the final outcome.

34 Related party disclosures

Other than its associates and joint venture, the related parties of the Group are the executive directors, non-executive directors and members of the Executive Committee of the Group.

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 associates and joint venture and other related parties are disclosed below.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	2022 £m	2021 £m
Equity investment		
– Joint venture[1]	175.1	164.4
Sundry expenditure		
– Associates[2]	(55.5)	(59.3)

1. Equity investment in BetMGM.
2. Payments in the normal course of business made to Sports Information Services (Holdings) Limited, bwin eK Neugersdorf, Gran Casino Dinant SA, Infiniti Casino Oostende NV, and Leaderbet NV.

Details of related party outstanding balances

	2022 £m	2021 £m
Other amounts outstanding		
– Joint venture receivable	87.8	22.1
– Associates receivables	4.4	–
– Associates payables	(0.3)	(0.1)

Terms and conditions of transactions with related parties

Sales to, and purchases from, related parties are made at market prices and in the ordinary course of business. Outstanding balances at 31 December 2022 are unsecured and settlement occurs in cash. For the year ended 31 December 2022, the Group has not raised any provision (2021: £nil) for doubtful debts relating to amounts owed by related parties as the payment history has been good. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with directors and key management personnel of the Group

For details of directors' remuneration please refer to the directors' remuneration table included on pages 146 to 152 of this report.

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key management personnel comprise executive directors and members of the Executive management team. Further information about the remuneration of individual directors is provided in the directors' remuneration report.

	2022 £m	2021 £m
Short-term employee benefits	7.9	9.7
Pension-related costs	0.1	–
Share-based payments	7.6	5.2
Total compensation paid to key management personnel	15.6	14.9

Peter Isola, who was a non-executive director of Entain plc until 21 March 2022, is a director of Europort (International) Holdings Limited, a property firm in Gibraltar which charged rental expenses of £0.5m to the Group during the year (2021: £2.6m).

The consolidated financial statements include the financial statements of Entain PLC and its subsidiaries. The companies listed below are those which were part of the Group at 31 December and therefore the results, cash flows and balance sheets of all subsidiaries listed are consolidated into the Group financial statements, furthermore the results of joint ventures and associates are accounted for in accordance with the policy set out in note 4.

Notes to the consolidated financial statements continued

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34 Related party disclosures (continued)

Subsidiaries based in the United Kingdom

		% equity interest	
Registered address	Company	2022	2021
3rd Floor, One New Change, London, United Kingdom, EC4M 9AF	Arthur Prince (Turf Accountants) Limited[5]	100.0	100.0
	Bartletts Limited[5]	100.0	100.0
	Birchgree Limited[4]	100.0	100.0
	Bloxhams Bookmakers Limited[5]	100.0	100.0
	Brickagent Limited[5]	100.0	100.0
	Cashcade Limited	100.0	100.0
	CE Acquisition 1 Limited[4,6]	100.0	100.0
	Chas Kendall (Turf Accountant) Limited[5]	100.0	100.0
	Choicebet Limited[5]	100.0	100.0
	C L Jennings (1995) Limited[5]	100.0	100.0
	Competition Management Services Co. Limited[5]	97.5	97.5
	Coral (Holdings) Limited[4,6]	100.0	100.0
	Coral (Stoke) Limited[5]	100.0	100.0
	Coral Estates Limited[6]	100.0	100.0
	Coral Eurobet Limited[6]	100.0	100.0
	Coral Eurobet Holdings Limited[4,6]	100.0	100.0
	Coral Group Limited[4,6]	100.0	100.0
	Coral Group Trading Limited[4,6]	100.0	100.0
	Coral Limited[4,6]	100.0	100.0
	Coral Racing Limited[6]	100.0	100.0
	Coral Stadia Limited[4,5]	100.0	100.0
	E.F. Politt & Son Limited[5]	100.0	100.0
	Electraworks Maple Limited[5]	100.0	100.0
	Entain Holdings (UK) Limited[1,2,4]	100.0	100.0
	Entain Marketing (UK) Limited[4]	100.0	100.0
	Entain Services Limited[5]	100.0	100.0
	Entain Wave Limited[5]	100.0	100.0
	Forster's (Bookmakers) Limited[5]	100.0	100.0
	Gable House Estates Limited[5]	100.0	100.0
	Ganton House Investments Limited[6]	100.0	100.0
	Greatmark Limited[5]	100.0	100.0
	Hillford Estates Limited[5]	97.5	97.5
	Hindwain Limited[6]	100.0	100.0
	Impala Digital Limited[3]	100.0	51.0
	Interactive Sports Limited[5]	100.0	100.0
	J G Leisure Limited[5]	100.0	100.0
	J. Ward Hill & Company[5]	100.0	100.0
	Jack Brown (Bookmaker) Limited[5]	100.0	100.0
	Jerusalem Development (Mamilla) Co. Limited[5]	100.0	100.0
	Jerusalem Development Corporation (Holdings) Limited[4,5]	100.0	100.0
	Joe Jennings (1995) Limited[5]	100.0	100.0
	Joe Jennings Limited[5]	100.0	100.0
	Krullind Limited[5]	100.0	100.0
	Ladbroke & Co., Limited[5]	100.0	100.0
	Ladbroke (Rentals) Limited[5]	100.0	100.0
	Ladbroke City & County Land Company Limited[5]	100.0	100.0
	Ladbroke Dormant Holding Company Limited[4,5]	100.0	100.0
	Ladbroke Entertainments Limited[6]	100.0	100.0
	Ladbroke Group[4,5]	100.0	100.0
	Ladbroke Group Homes Limited[5]	100.0	100.0
	Ladbroke Group International[5]	100.0	100.0

34 Related party disclosures (continued)

Registered address	Company	% equity interest 2022	2021
	Ladbroke Group Properties Limited[4,5]	100.0	100.0
	Ladbroke Land Limited[5]	100.0	100.0
	Ladbroke Leasing (South East) Limited[5]	100.0	100.0
	Ladbroke Racing (South East) Limited[5]	100.0	100.0
	Ladbroke US Investments Limited[4,5]	100.0	100.0
	Ladbrokes (CLJEA) Limited[5]	100.0	100.0
	Ladbrokes (CLJHC) Limited[5]	100.0	100.0
	Ladbrokes (CLJSW) Limited[5]	100.0	100.0
	Ladbrokes Betting & Gaming Limited[2,3,4]	100.0	100.0
	Ladbrokes Contact Centre Limited[5]	100.0	100.0
	Ladbrokes Coral Corporate Director Limited[5]	100.0	100.0
	Ladbrokes Coral Corporate Secretaries Limited[5]	100.0	100.0
	Ladbrokes Coral Group Life Benefits Trustee Limited[5]	100.0	100.0
	Ladbrokes Coral Group Limited[2,4]	100.0	100.0
	Ladbrokes Coral Group Pension Trustee Limited	100.0	100.0
	Ladbrokes CPCB Limited[5]	100.0	100.0
	Ladbrokes E-Gaming Limited[6]	100.0	100.0
	Ladbrokes Group Finance plc[2]	100.0	100.0
	Ladbrokes Investments Holdings Limited[4,5]	100.0	100.0
	Ladbrokes IT & Shared Services Limited[6]	100.0	100.0
	Ladbrokes PT Limited[5]	100.0	100.0
	Ladbrokes Trustee Company Limited[5]	100.0	100.0
	Lightworld Limited[4,5]	100.0	100.0
	London & Leeds Estates Limited[5]	93.5	93.5
	Margolis and Ridley Limited[5]	100.0	100.0
	New Angel Court Limited[5]	100.0	100.0
	Paddington Casino Limited[5]	100.0	100.0
	Reg.Boyle Limited[5]	100.0	100.0
	Reuben Page Limited[4,5]	100.0	100.0
	Romford Stadium Limited[5]	100.0	100.0
	Rousset Capital Limited[6]	100.0	100.0
	Sabrinet Limited[5]	100.0	100.0
	Sponsio Limited[5,6]	100.0	100.0
	Sporting Odds Limited[2,3]	100.0	100.0
	Sportingbet (IT Services) Limited[5]	100.0	100.0
	Sportingbet (Management Services) Limited[5]	100.0	100.0
	Sportingbet Holdings Limited[4,6]	100.0	100.0
	Sportingbet Limited[4,6]	100.0	100.0
	Sports (Bookmakers) Limited[5]	100.0	100.0
	Techno Land Improvements Limited[5]	100.0	100.0
	Town and County Factors Limited	100.0	100.0
	Travel Document Service[4,5]	100.0	100.0
	Vegas Betting Limited[5]	100.0	100.0
	Ventmear Limited[5]	100.0	100.0
1 Bartholomew Lane, London, United Kingdom EC2N 2AX	Techno Limited	84.0	84.0
77A Andersonstown Road, Belfast, United Kingdom BT11 9AH	Ladbrokes (Northern Ireland) (Holdings) Limited[4,6]	100.0	100.0
	Ladbrokes (Northern Ireland) Limited[5]	100.0	100.0
	North West Bookmakers Limited[2,3]	100.0	100.0

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

34 Related party disclosures (continued)

Subsidiaries based overseas

Registered address	Company	% equity interest 2022	2021
East Tower, Level 2, 25 Montpelier Road, Bowen Hills, QLD 4006 Australia	Ennovate Investments Pty Limited	100.0	–
	Ennovate Labs Pty Limited	100.0	–
	Entain Group Pty Limited[2,3]	100.0	100.0
	Esports Australia Pty Limited	100.0	–
	Gaming Investments Pty Limited[4]	100.0	100.0
	Ladbrokes Racing Club Pty Limited	100.0	–
	LB Australia Holdings Pty Limited[4]	100.0	100.0
	Neds.com.au Pty Limited	100.0	100.0
	Neds International Pty Limited[2,3]	100.0	100.0
17 Atlantic Dr, Keysborough, VIC 3173 Australia	Full House Group Pty Limited	33.3	–
	Innquizitive Pty Limited	33.3	–
Marxergasse 1b, 1030 Vienna, Austria	Entain Services Australia GmbH	100.0	100.0
Chaussée de Wavre 1100 Box 3, 1160 Auderghem, Belgium	Ladbroke Belgium SA[4]	100.0	100.0
	Pari Mutuel Management Services S.A.	100.0	100.0
	N.V. Derby S.A.	100.0	100.0
	Redsports.be SRL/BV	100.0	100.0
	Tiercé Ladbroke S.A.[3]	100.0	100.0
	Tilt SRL/BV	100.0	100.0
29 Avenue Lavoisier, 1300 Wavre, Belgium	Professional Gaming Services Sprl	100.0	100.0
Belmont Chambers, Road Town, Tortola, British Virgin Islands	Creative Trend Limited[5]	100.0	100.0
	CTL Holdings International Limited[5]	100.0	100.0
	SRL Holdings International Limited[5]	100.0	100.0
	Sunrise Resources Limited[5]	100.0	100.0
Jayla Place, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Westman Holdings Limited	100.0	100.0
Sea Meadow House, Blackbourne Highway, P.O Box 116, Road Town, Tortola, British Virgin Islands	Wavecrest Providers Limited[5]	100.0	100.0
55 Nikola Vaptsarov Blvd, Office Park Expo 2000, Building Phase 4, Floor 3, Lozenets Area, Sofia 1407, Bulgaria	Entain Services (Bulgaria) EOOD	100.0	100.0
1565 Carling Avenue, Suite 400, Ottawa, Ontario K1Z 8R1, Canada	6996825 Canada Limited	100.0	100.0
100-2006 Old Malone Road, Kahnawake, Quebec J0L1B0, Canada	Kahnawake Management Services Inc	100.0	–
5B, First Floor, St Anne's House, Victoria Street, Alderney, GY9 3UY, Channel Islands	Interactive Sports (C.I.) Limited	100.0	100.0
13/F, Gloucester Tower, The Landmark, 15 Queen's Road, Central Hong Kong, China	GVC Technology Consulting (Asia) Co Limited	100.0	100.0
CR 15 # 106 32 Of P H 3, BOGOTA D.C., Colombia	Bwin Latam S.A.S.	100.0	100.0
Krcka Ulica 18d 10000 Zagreb, Croatia	Emma Gamma Adriatic d.o.o	75.0	–
	Puni Broj d.o.o	75.0	–
	SuperSport d.o.o	75.0	–
	SuperSport marketing d.o.o	75.0	–
Ulica Josipa Marohnića 1/1, Zagreb, Croatia	Minus5 d.o.o	75.0	–
Emancipatie Boulevard Dominico F. "Don" Martina 29, Curaçao	GVC Services BV	100.0	100.0
Heelsumstraat 51 E-Commerce Park Curaçao P.O Box 422	Best Global N.V	100.0	100.0

34 Related party disclosures (continued)

Registered address	Company	% equity interest 2022	2021
Kaya Richard J. Beajon Z/N Landhuls Joonchi II, Curaçao P.O Box 6248	Elec Games N.V	100.0	100.0
15 Agion Omologiton, Nicosia, 1080 Cyprus	Bellingrath Enterprises Limited	100.0	100.0
Fruebjergvej 3, Copenhagen, 2100, Denmark	Interactive Sports (Denmark) ApS	100.0	100.0
Lootsa tn 1a, Lasnamae Linnaosa, 11415 Estonia	Ninja Global OU[5]	100.0	100.0
	Optiwin OU[3]	100.0	100.0
Unioninkatu 24, Helsinki, 00130 Finland	Finnplay Technologies Oy	100.0	100.0
19 Boulevard Malesherbes, 75008, Paris, France	B.E.S. S.A.S	100.0	100.0
Senefelderstrasse 22, 10437 Berlin, Germany	Entain (Germany) GmbH	100.0	100.0
Apt. 48, N19, Vake District, Kavtaradze Str., Tbilisi, Georgia	Entain Georgia LLC	100.0	100.0
Vake District, Kavtaradze Str., No 5, Entrance 2, Floor 2, Office Space No 2, Tbilisi, Georgia	MARS LLC[2,3]	100.0	100.0
Suite 6 Atlantic Suites, Europort Avenue, Gibraltar	Balltree (International) Limited[5]	100.0	100.0
	Bingo Marketing Limited	100.0	100.0
	bwin.party holdings Limited	100.0	100.0
	bwin.party services (Gibraltar) Limited	100.0	100.0
	Coral Interactive (Gibraltar) Limited[5]	100.0	100.0
	ElectraGames Limited	100.0	100.0
	ElectraWorks Limited[2,3]	100.0	100.0
	Entain Holdings Limited[5]	100.0	100.0
	Gala Coral Interactive (Gibraltar) Limited[4,5]	100.0	100.0
	Gala Interactive (Gibraltar) Limited[4,5]	100.0	100.0
	Greyjoy Limited	100.0	100.0
	Entain Corporate Services Limited	100.0	100.0
	Entain Holdings (Gibraltar) Limited[1]	100.0	100.0
	Entain Operations Limited	100.0	100.0
	EntainTrustees Limited	100.0	100.0
	Fusionex Limited	100.0	–
	IGM Domain Name Services Limited	100.0	100.0
	ISG (Gibraltar) Limited	100.0	100.0
	Ladbrokes Sportsbook LP	100.0	100.0
	LC International Limited[2,3,4]	100.0	100.0
	PartyGaming IA Limited[5]	100.0	100.0
7th Floor, Madison building, Midtown, Queensway, GX11 1AA, Gibraltar	The Entain Foundation	100.0	100.0
Inchalla, Alderney, GY9 3UL, Guernsey	ElectraWorks (Alderney) Limited	100.0	100.0
Quay House, South Esplanade St, Peter Port, Guernsey GY1 4EJ PO Box 132	Longfrie Limited	100.0	100.0
1st Floor Otter House, Naas Road, Dublin 22 Ireland	Avid Ecom Solutions Limited	100.0	–
	Avid Studios Limited	100.0	–
	Ladbroke (Ireland) Limited[2,3,4]	100.0	–
3 Dublin Landings, North Wall Quay, D01 C4EO Ireland	Fort Anne Limited[1]	100.0	100.0
	M.L.B. Limited	100.0	100.0
5th Floor, Divyasree Omega Block – B, Hitec City Road, Kondapur, Hyderabad Andhra Pradesh, 500081 India	IVY Comptech Private Limited	100.0	100.0

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

34 Related party disclosures (continued)

Registered address	Company	% equity interest 2022	2021
6th Floor Divyashree Omega Block-B Plot No 13/E, Survey no.13(part), Kondapur, Hyderabad, Andhra Pradesh 500081 India	IVY Foundation Limited	100.0	100.0
	IVY Global Shared Services Private Limited	100.0	100.0
	IVY Software Development Services Privarte Limited	100.0	100.0
Plot No.250, VI Phase, KPHB Colony Hyderabad, Rangareddi Telangana India	Ivy Mobitech Services Private Limited	100.0	100.0
32 Athol Street, Douglas, IM1 1JB Isle of Man	Entain (IOM) Limited[1]	100.0	100.0
Menahem Begin Road 121 & 125, Tel Aviv, Jaffa, Israel	Gala Interactive (Services) Limited	100.0	100.0
	GVC Impala R&D Limited	100.0	51.0
	Ladbrokes Israel Limited[2]	100.0	100.0
Via Lungotevere Arnaldo da Brescia 12, 00196 Rome, Italy	Agenzia M3 S.R.L	100.0	100.0
	Eurobet Holding S.R.L[4]	100.0	51.0
	Eurobet Italia S.R.L[2,3]	100.0	100.0
Via Gaetano Previati 9, 20149 Milan, Italy	bwin European Markets Holding SpA	100.0	100.0
	bwin Italia S.R.L[3]	100.0	100.0
1st Floor Liberation House, Castle Street, St Helier, JE1 1GL Jersey	Ladbroke (Channel Islands) Limited[3]	100.0	100.0
Block 3 The Forum, Grenville Street, St Helier, JE1 1ST Jersey	Avid International Limited	100.0	–
IFC 5, St Helier, JE1 1ST Jersey	GVC Finance Limited	100.0	100.0
	Maple Court Investments (Jersey) Limited[5]	100.0	100.0
	PartyGaming Finance Limited	100.0	100.0
ALN House Eldama Ravine Close, Off Eldama Ravine Road, Westlands, Nairobi, PO Box 200, Kenya	Wave Operations (Kenya) Limited	100.0	–
	Wave Online (Kenya) Limited	100.0	–
Setekles iela, Riga LV-1050 Latvia	SIA Klondaika	100.0	–
	SIA Klondaika Café	100.0	–
	SIA Laimz[3]	100.0	100.0
	SIA Optibet[3]	100.0	100.0
Zalgurio g. 96-101 Vilnius Lithuania	UAB Baltic Bet[3]	100.0	100.0
	UAB Party Casino[3]	100.0	100.0
Unit 6 ST Business Centre, 120 The Strand, Gzira GZR 1027 Malta	bwin (Deutschland) Limited	100.0	100.0
	bwin.gr Limited[2]	100.0	100.0
	bwin Holdings (Malta) Limited[1]	100.0	100.0
	bwin.party services (Malta) Limited	100.0	100.0
	bwin.party holding Malta Limited	100.0	100.0
	bwin.party International Malta Limited	100.0	100.0
	Deis Limited	100.0	–
	ElectraWorks (France) Limited	100.0	100.0
	ElectraWorks (Kiel) Limited	100.0	100.0
	ElectraWorks (Svenska) Limited	100.0	100.0
	ElectraWorks Europe Limited	100.0	100.0
	Entain Holdings (Malta) Limited	100.0	100.0
	Entain (Romania) Limited[1]	100.0	100.0
	Entertainments Technologies Group Limited[4]	100.0	100.0
	Gamebookers (Deutschland) Limited	100.0	100.0
	Gaming VC Corporation Limited	100.0	100.0
	Ladbrokes (Deutschland) Limited	100.0	100.0
	Martingale Europe Limited	100.0	100.0
	Martingale Malta 2 Limited	100.0	100.0
	Sportingbet (Deutschland) Limited	100.0	100.0
	Scandic Bookmakers Limited	100.0	100.0
	Spread your Wings Bravo Limited	100.0	100.0
	VistaBet Limited[2]	100.0	100.0

34 Related party disclosures (continued)

Registered address	Company	% equity interest 2022	2021
120 The Strand, Unit 6, Trig Ix-Xatt, Gzira GZR 1027 Malta	BestBet Limited[3]	100.0	100.0
	Elec Games C1 Limited[3]	100.0	100.0
	Elec Games Holdings Limited[4]	100.0	100.0
	Elec Games Limited[3]	100.0	100.0
	Evora International Limited	100.0	–
	Future Domain Lead Generation Limited	100.0	100.0
	Future Lead Generation Limited[4]	100.0	100.0
	Lifland Holdings Limited[4]	100.0	100.0
	Ninja Global Limited[3]	100.0	100.0
	West African Gaming Limited[5]	100.0	100.0
Level G (Office 1/0813), Quantum House, 75 Abate Rigord Street, TaXbiex XBX 1120, Malta	Entain Holdings (CEE) Limited	75.0	–
11, L-Ufficcji – Ground Floor, Misrah 28 TA FRAR 1883, Birkirkara, BKR 1501 Malta	Luaspay Limited	100.0	–
San Francisco 1005, Dolonia Del Valle, Alcaldía Benito Juárez, Mexico City, C.P. 03100 Mexico	Bwin Operations Mexico, S.A. de C.V.	100.0	–
	Entain Mexico, S.A. de C.V.	100.0	–
Johan Cruijff Boulevard 61, Amsterdam 1101Dl Netherlands	Entain Holdings (Netherlands) B.V.	100.0	–
6F Tower 3 Double Dragon Plaza EDSA Ext. cor. Macapagal Avenue, Pasay City Philippines	InteractiveSports Asia Limited Inc.	100.0	100.0
	NCH Customer Support Services, Inc	100.0	100.0
Ul. Taneczna 18A, 02-829 Warsaw Poland	bwin Poland S.A.	100.0	–
Lagoas Park, Edificio 11, Piso 0 Sul, 2740-244, Porto Salvo, Portugal	Infield – Servicos de Consultoria Marketing Unipessoal LDA.	100.0	100.0
Avenida D. João II, nº 46, 4º A District Lisbon Municipality, Lisbon Parish, Parque das Nações 1990 095 Lisbon Portugal	Gobet Entretenimento SA[3]	100.0	100.0
	Entain Operations Portugal SA	100.0	100.0
1 Harbourfront Avenue, Keppel Bay Tower 14-03/07, 098632 Singapore	Cozy Games Pte Limited	100.0	100.0
	Florent Pte Limited	100.0	100.0
Calle Amador de los Ríos nº1, 6 planta 28010 Madrid Spain	bwin Interactive Marketing Espana S.L.	100.0	100.0
Calle Josep Plá, número 2, planta 5ªD Edificio Torre Diagonal Litoral, 08019 Barcelona Spain	Javari Marketing Consultancy Services S.L.	100.0	100.0
Castello 82 4 IZQ, 28006 Madrid Spain	Ladbrokes Betting and Gaming Spain, S.A.	100.0	100.0
Calle Real Numero 74, 51001 Ceuta Spain	Electraworks (Ceuta) S.A.	100.0	–
Avenida de Fuencarral 44, Edificio Tribeca 1 Modulo B, CP 28108 Alcobendas Madrid Spain	Winners Apuestas SA	100.0	100.0
Cl Conde de Aranda 20, 28001 Madrid Spain	Sportinbet Spain S.A.	100.0	100.0
Suite 4 Constantia House, Steenbert Office Park, Constantia, 7800 South Africa	SBT Software Operations (SA) (Pty)	100.0	100.0
24A 18th Street, Menlo Park, Pretoria 0081 South Africa	Ladbrokes (SA) (Pty) Limited	60.0	60.0
Stora Gatan 46, Sigtuna Kommun, 19330, Sweden	Enlabs AB[4]	100.0	100.0
	Entraction AB	97.0	97.0
	Kama Net AB[3]	100.0	100.0
	Score24 AB[3]	100.0	100.0
Royal Park Serviced Office, Frosundaviks alle 15, 15903 Solna Sweden	Scout Gaming AB[3]	100.0	100.0
Box 3095, 35033 Växjö Sweden	Webdollar Sweden AB	100.0	100.0

Notes to the consolidated financial statements continued

for the year ended 31 December 2022

34 Related party disclosures (continued)

Registered address	Company	% equity interest 2022	2021
Almvägen 1A 635 06, Eskilstuna Södermanland Sweden	NLI AB	100.0	100.0
c/o The Corporation Trust Company, 1209 Orange Street, Country of New Castle, Wilmington DE 19891 United States	GVC Finance LLC[1]	100.0	100.0
	GVC Holdings (USA) Inc	100.0	100.0
	Ladbrokes Holdco. Inc.[4]	100.0	100.0
7251 Amigo Strees, Suite 100, Las Vegas NV 89119 United States	Stadium Technology Group, LLC[3]	100.0	100.0
701 S.Carson Street, Suite 200, Carson City, NV 90801 United States	bwin.party (USA) Inc	100.0	100.0
	bwin.party entertainment (NJ) LLC	90.0	90.0
	bwin.party services (NJ) Inc	100.0	100.0
	Ladbrokes Subco LLC	100.0	100.0
c/o Saiber LLC, 18 Columbia Turnpike, Suite 200, Florham Park, New Jersey United States	The Entain Foundation US, Inc	100.0	100.0
2 Mykoly Solovtsova St, Office 38/1 01014 Kyiv Ukraine	Entain (Ukraine) LLC	100.0	100.0
Office 13, 39 Dzhona Makkeina, Steer 01042 Kyiv Ukraine	LLC Bwin	100.0	100.0
Dr Luis Bonavita, 1294, Torre 2 WTC Free Zone, Oficina 631, Montevideo Uruguay	Gomifer S.A.	100.0	100.0
34972 Longacres, Lusaka Lusaka Province, Zambia	Wave Digital Zambia Limited	100.0	100.0

1. Company that is directly owned by Entain plc.
2. Company that forms part of the Group as at 31 December 2022 and which, principally affected the Group's reported results for the year.
3. Trading entity engaged in activity associated with betting and gaming.
4. Holding company.
5. Dormant company.
6. Company which the Group expects to exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Group guarantees all outstanding liabilities to which the subsidiary is subject.

Joint ventures

Registered address	Company	% equity interest 2022	2021
Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, United States	BetMGM, LLC	50.0	50.0

Associates

Country of incorporation	Company	% equity interest 2022	2021
China	Asia Gaming Technologies (Beijing) Co., Ltd[1]	49.0	49.0
	Asia Gaming Technologies (Tianjin) Co., Ltd[1]	49.0	49.0
	Asia Gaming Technologies Limited	49.0	49.0
Germany	bwin E.K. Neugersdorf	50.0	50.0
Belgium	Gran Casino de Dinant SA	20.0	20.0
	Infiniti Casino Oostende NV	20.0	20.0
	Leaderbet NV	20.0	20.0
United Kingdom	Draw & Code Limited	40.0	40.0
	Games For Good Causes PLC	36.3	36.3
	Sports Information Services (Holdings) Limited	23.4	23.4

1. Subsidiary of Asia Gaming Technologies Limited.

35 Non-controlling interests

The principal non-controlling interests at 31 December 2022 held investments in Entain Holdings (CEE) Limited (25.0%) and Full House Group Pty Limited (67.0%). Details of the business combinations resulting in the recognition of these non-controlling interests are set out in note 32.

The total assets relating to subsidiaries with a non-controlling interest were £1,237.9m (20201: £54.5m) of which there were related liabilities of £512.5m (2021: £37.1m).

The loss attributable to non-controlling interests was £4.7m (2021: profit of £11.4m).

The balance attributable to non-controlling interest is disclosed in the table below:

	Total £m
As at January 2021	52.3
Profit attributable to non-controlling interests	11.4
Business combinations	14.2
Purchase of non-controlling interests	(52.0)
Payment of dividends	(24.5)
As at January 2021	**1.4**
Loss attributable to non-controlling interests	**(4.7)**
Business combinations	**178.9**
Purchase of non-controlling interests	**2.1**
Foreign exchange	**6.1**
As at 31 December 2022	**183.8**

36 Subsequent events

On 14 June 2022, the Group announced the acquisition of 100% of the issued share capital of BetEnt B.V. which trades under the BetCity.nl name for an initial €300m plus further contingent amounts subject to future trading performance; these are capped at €550m. On 12 January 2023, the Group completed on the acquisition. The Group are yet to assess the accounting values to be attributed to this acquisition.

On 11 January 2023, the Group completed the refinancing of the €1,125m term loan B through the issuance of a new €800m loan which matures in June 2028, priced at EURIBOR plus a margin of 375 bps, and a $375m loan which matures in October 2029, priced at SOFR plus a credit adjustment spread of 10 bps plus margin of 350 bps. The Euro loan was allocated at an originally issued discount of 97.5 with the USD loan allocated at an original issue discount of 98.75.

Company income statement

for the year ended 31 December 2022

	Note	2022 £m	2021 £m
Other operating income		18.7	14.6
Dividends received		150.0	192.5
Operating expense		(17.3)	(16.5)
Operating profit before separately disclosed items	6	151.4	190.6
Administrative costs – separately disclosed items	7	(13.1)	(12.1)
Profit before tax and net finance expense		138.3	178.5
Finance expense	8	(104.1)	(3.5)
Finance income	8	12.2	14.4
Gains arising from change in fair value of financial instruments	8	86.7	77.4
Losses arising from foreign exchange on debt instruments	8	(1.6)	(0.1)
Profit before tax		131.5	266.7
Income tax	9	(0.2)	0.6
Profit for the year		131.3	267.3

All items included above relate to continuing operations.

There were no other items of comprehensive income in the year.

Company balance sheet

(Company number 4685V)

at 31 December 2022

	Note	2022 £m	2021 £m
Assets			
Non-current assets			
Investments	11	4,845.6	4,372.1
Trade and other receivables	12	633.3	650.9
Interest bearing loans and borrowings	14	5.0	6.8
		5,483.9	5,029.8
Current assets			
Trade and other receivables	12	145.3	97.5
Derivative financial assets		96.2	57.3
Cash and cash equivalents		0.1	0.3
		241.6	155.1
Total assets		5,725.5	5,184.9
Liabilities			
Current liabilities			
Trade and other payables	13	(1,135.5)	(744.3)
Derivative financial liability		–	(7.5)
		(1,135.5)	(751.8)
Net current liabilities		(893.9)	(596.7)
Non-current liabilities			
Trade and other payables	13	(651.3)	(594.0)
		(651.3)	(594.0)
Net assets		3,938.7	3,839.1
Shareholders' equity			
Called up share capital	16	4.8	4.8
Share premium account		1,207.3	1,207.3
Merger reserve		2,527.4	2,527.4
Retained earnings		199.2	99.6
Total shareholders' equity		3,938.7	3,839.1

Under the Companies Act 2006 section 49 (Isle of Man), the directors are satisfied that the Company satisfies the solvency test for distributions to be made.

The notes on pages 229 to 233 are an integral part of these financial statements.

The financial statements on pages 226 to 233 were approved by the Board of Directors on 9 March 2023 and signed on its behalf by

J Nygaard-Andersen
Chief Executive Officer

R Wood
Deputy Chief Executive Officer/Chief Financial Officer

Company statement of changes in equity

for the year ended 31 December 2022

	Called up share capital £m	Share premium account £m	Merger Reserve account £m	Retained earnings £m	Total £m
At January 2021	4.8	1,206.6	2,527.4	(174.6)	3,564.2
Profit for the year	–	–	–	267.3	267.3
Total comprehensive expense	–	–	–	267.3	267.3
Share options exercised	–	0.7	–	–	0.7
Share-based payments charge	–	–	–	6.9	6.9
At 31 December 2021	4.8	1,207.3	2,527.4	99.6	3,839.1
Profit for the year	–	–	–	131.3	131.3
Total comprehensive expense	–	–	–	131.3	131.3
Share options exercised	–	–	–	–	–
Share-based payments charge	–	–	–	18.3	18.3
Equity dividends	–	–	–	(50.0)	(50.0)
At 31 December 2022	**4.8**	**1,207.3**	**2,527.4**	**199.2**	**3,938.7**

The notes on pages 229 to 233 form an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 31 December 2022

1 General information

Entain plc ('the Company') is a limited company incorporated and domiciled in the Isle of Man. The address of its registered office and principal place of business is disclosed in the Directors' report.

The financial statements of the Company for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 9 March 2023.

The Company has taken advantage of the exemption from preparing a cash flow statement under paragraph 8(g) of the disclosure exemptions from EU-adopted IFRS for qualifying entities included in Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Entain plc consolidated financial statements for the year ended 31 December 2022 contain a consolidated statement of cash flows.

The Company is exempt under paragraph 8(k) of the disclosure exemptions from EU-adopted IFRS included in FRS 101 for qualifying entities from disclosing related party transactions with entities that form part of the Entain plc group of which Entain plc is the ultimate parent undertaking.

The Company's financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated. The Company's financial statements are individual entity financial statements.

2 Basis of preparation

These financial statements were prepared in accordance with FRS 101 and Isle of Man Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention except for certain financial liabilities measured at fair value. For details on the going concern considerations made, see note 2 of the consolidated financial statements.

The accounting policies which follow in note 3 set out those policies which apply in preparing the financial statements for the year ended 31 December 2022 and have been applied consistently to all years presented.

The Company has taken advantage of the following disclosure exemptions under FRS 101 in respect of:

(a) IFRS 3 Business Combinations;

(b) the requirements of IFRS 7 Financial Instruments: Disclosures;

(c) IFRS 13 Fair Value Measurement;

(d) Share-based payments;

(e) Intra-Group-related party transactions;

(f) Related party transactions.

For details of audit fees, see note 7 of the consolidated financial statements.

3 Summary of significant accounting policies

Investments

Investments comprise interests in subsidiary companies and are held as non-current assets stated at cost less provision for impairment. The values used in any impairment review are based on the same principles and methods as described in the Group accounting policies and in note 14 of the Consolidated Financial Statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet consist of cash at banks and in hand, short-term deposits with an original maturity of less than three months.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them.

The Company classifies financial assets at inception as either financial assets at fair value or loans and receivables. Financial assets at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest (EIR) method, less any allowance for impairment.

Notes to the Company financial statements continued

for the year ended 31 December 2022

3 Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities comprise predominantly amounts due to other group companies. On initial recognition, financial liabilities are measured at fair value plus transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- Substantially all the risks and rewards of ownership have been transferred; or
- Substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Current and deferred income tax

The Company is tax resident in the United Kingdom.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is recognised using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are only recognised to the extent it is probable that there will be suitable taxable profits from which they can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax's assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax balances are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recorded in Pounds Sterling (£) at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pounds Sterling (£) at the rates of exchange ruling at the balance sheet date (the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Dividends

Final dividends proposed by the Board of directors and unpaid at the year end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received net of direct issue costs.

3 Summary of significant accounting policies (continued)

Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted (see note 31 of the consolidated financial statements for further details).

Separately disclosed items

To assist in understanding its underlying performance, the Company has defined the following items of pre-tax income and expense as separately disclosed items as they reflect items which are exceptional in nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Company.

The separately disclosed items have been included within the appropriate classifications in the income statement. Further details are given in note 6.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

4 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make assumptions, estimates and judgements that affect the amounts reported as assets and liabilities as at the balance sheet date and the amounts reported as revenues and expenses during the year. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that there are no significant estimations within the Company.

5 Future accounting developments

The standards and interpretations that are issued, but not yet effective, excluding those relating to annual improvements are not expected to have a material impact on the Parent Company financial statements. The Company intends to adopt these standards, if applicable, when they become effective as set out in the Group 2022 Annual Report note 4.4.

6 Operating profit before separately disclosed items

This is stated after crediting/(charging):

	2022 £m	2021 £m
Management fees	18.7	14.6
Audit fees	(0.6)	(0.6)

7 Separately disclosed items

	2022 £m	2021 £m
Legal and onerous contract provisions	0.6	4.5
Movement in fair value of contingent consideration	12.5	2.3
Issue costs write-off	–	5.3
	13.1	12.1

8 Finance expense and income

	2022 £m	2021 £m
Loan interest income	12.2	5.9
Intercompany interest (expense)/income	(3.5)	7.6
Intercompany foreign exchange (expense)/income	(98.4)	0.9
Loan interest expense	(2.2)	(3.5)
Gains arising from change in fair value of financial instruments	86.7	77.4
Losses arising from foreign exchange on debt instruments	(1.6)	(0.1)
Net finance (expense)/income	(6.8)	88.2

Notes to the Company financial statements continued

for the year ended 31 December 2022

8 Finance expense and income (continued)

The Group manages currency exposure through a number of derivative financial instruments, some of which are taken out in name of Entain plc as well as other group companies. The financial instruments taken out in the name of Entain plc are used to swap the foreign exchange risk on intercompany loans, which are back-to-back with the Group's external debt held in other group companies. The net change in fair value of financial instruments during the year was £86.7m (2021: £77.4m).

9 Income tax

The tax charge for the year presented is £0.2m (2021: tax credit of £0.6m).

A reconciliation of income tax applicable to profit (2021: profit) before tax at the UK statutory income tax rate to the income tax for the years ended 31 December 2022 and 31 December 2021 is as follows:

	2022 £m	2021 £m
Profit before tax	131.5	266.7
Corporate tax credit thereon at 19.00%	25.0	50.7
Adjusted for the effects of:		
– Non-taxable income	(28.5)	(36.6)
– Non-deductible expenses	5.2	1.5
– Group relief claimed	(1.7)	(15.6)
– Overseas tax charge/(credit)	0.2	(0.6)
Income tax charge/(credit)	0.2	(0.6)

There is no deferred tax present on the balance sheet for either periods presented.

10 Dividends

Please see note 11 of the consolidated financial statements.

11 Investments

	Total £m
Cost and net book value	
At 1 January 2021	4,008.6
Additions	363.5
At 31 December 2021	4,372.1
Cost and net book value	
At 1 January 2022	4,372.1
Additions	473.5
At 31 December 2022	**4,845.6**

Subsidiaries and other related entities are listed in note 34 of the consolidated financial statements.

Additions in the year predominantly relate to additional equity subscribed for in subsidiary companies.

No reasonable changes to the assumptions used in assessing the recoverable amount of investments would lead to an impairment.

12 Trade and other receivables

	2022 £m	2021 £m
Amounts due from Group companies	770.3	742.6
Other debtors	5.6	3.3
Prepayments	2.7	2.5
	778.6	748.4

Amounts of £633.3m (2021: £650.9m) are not expected to be called upon within the next 12 months following the approval of these financial statements and have therefore been classified as non-current assets within the Balance Sheet.

Other amounts owed by other group undertakings are included under amounts falling due within one year as they are repayable on demand, unsecured, and accumulate interest in a range between 0% and 4% plus IBOR.

The expected credit losses arising from receivables are not considered to be significant.

13 Trade and other payables

	2022 £m	2021 £m
Current		
Amounts due to Group companies	**1,131.0**	739.5
Other payables	**4.5**	4.8
	1,135.5	744.3
Non-current		
Amounts due to Group companies	**651.3**	594.0

Amounts owed to certain group undertakings are included under amounts falling due within one year as they are repayable on demand, unsecured, and accumulate interest in a range between 0% and 4% plus IBOR.

14 Interest bearing loans and borrowings

The company has prepaid costs of £5.0m (2021: £6.8m) in respect of committed bank facilities.

As at 31 December 2022 there were £515.0m (2021: £515.0m) of committed bank facilities of which £nil (2021: £nil) were drawn down and £52.1m (2021: £75.0m) of facilities which have been utilised for letters of credit. Fees in the year relating to the undrawn facility were £5.0m (2021: £6.8m).

15 Financial risk management objectives and policies

The financial risk management objectives and policies applied by the Company are in line with those of the Group as disclosed in note 25 to the consolidated financial statements.

16 Called up share capital

Details of the share capital of the Company are given in note 28 of the consolidated financial statements.

17 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries. See note 34 of the consolidated financial statements for disclosure of remuneration of key management personnel.

18 Subsequent events

For details of subsequent events affecting the Company, see note 36 of the consolidated financial statements.

Glossary
Definition of terms

Definition of terms

AAMS	Automated accounts management systems
Adjusted fully diluted EPS cents	Fully diluted earnings per share based on adjusted PBT
Adjusted PBT	Profit before exceptional items, amortisation associated with acquisition, dividends from previously sold businesses
AR	Augmented reality
ARC™	Advanced Responsibility and Care™, the Group's safer betting and gaming technology programme
B2B	Business-to-business
B2C	Business-to-consumer
BI	Business intelligence
CAGR	Compound annual growth rate
CGUs	Cash-generating units
CMS	Customer marketing services
Constant currency basis	Each month in the prior period re-translated at the current periods exchange rate
Contribution	Revenue less betting taxes, payment service provider fees, software royalties, affiliate commissions, revenue share and marketing costs
Contribution margin	Contribution as a percentage of NGR
CRM	Customer relationship management
CS	Customer services
DTR	Disclosure and transparency rules
EPS	Earnings per share
ESG	Environmental, social and governance
GGY	Gross gaming revenue
GHG	Greenhouse gas
GVC/GVC Holdings PLC	The Group's former name before becoming Entain plc in December 2021
H2GC	H2 Gambling Capital – independent providers of betting and gaming market data and estimates
IA	Internal audit and risk management
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IOT	Internet of things
KPIs	Key performance indicators
KYC	Know your customer – customer verification tools
Ladbrokes Coral	Ladbrokes Coral Group Plc
LTIP	Long-term incentive plan
MIP	Management incentive plan
Net debt	Cash and cash equivalents (including amounts recorded as assets in disposal groups classified as held for sale), less customer liabilities less interest bearing loans and borrowings
Net Gaming Revenue ("NGR")	Revenue before deducting VAT
NGR YTD	Net Gaming Revenue in the year to date
RET	Research, education and treatment associated with responsible gambling
Revenue	Net Gaming Revenue less VAT (imposed by certain EU jurisdictions on either sports or gaming revenue)
Sports Gross Win Margin	Sports wagers less payouts
Sports Gross Win Margin %	Sports Gross Win Margin divided by Sports wagers
Sports Net Gaming Revenue ("Sports NGR")	Sports Gross Win Margin less free bets and promotional bonuses
Sports Wagers	Gross bets placed by customers on sporting events
TCFD	Taskforce for Climate-related Financial Disclosures
Underlying EBITDA	Stated pre separately disclosed items
VR	Virtual reality

Shareholder information

Annual General Meeting

The Company's 2023 AGM will be held on Tuesday 25 April at 10:00 at etc. venues, 200 Aldersgate, London EC1A 4HD. Details of each resolution to be considered at the meeting and voting instructions will be provided in the Notice of Meeting that will be available on the Company's website at **www.entaingroup.com**. The voting results of the 2023 AGM will be available on the Company's website at **www.entaingroup.com** shortly after the meeting.

Communications

Information about the Company, including financial results and details of the current share price, is available on the website, **www.entaingroup.com**.

Shareholding contacts

For any queries regarding your shareholding, please contact our registrars Link Asset Services.

Share fraud warning

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money. Should you receive any unsolicited calls or documents to this effect, you are advised not to give out any personal details or to hand over any money without ensuring that the organisation is authorised by the UK Financial Conduct Authority ("FCA") and undertaking further research.

If you are unsure or you think you have been targeted, you should report the organisation to the FCA. For further information, please visit the FCA's website at www.fca.org.uk, email consumer.queries@fca.org.uk or call the FCA consumer helpline on 0800 111 6768 (freephone), 0300 500 8082 (from the UK) or +44 20 7066 1000 (if calling from outside the UK).

Corporate information

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Entain plc

Company number

4685V

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Freshfields Bruckhaus Deringer

DQ Advocates

Principal UK Bankers

Barclays Bank PLC

The Royal Bank of Scotland plc

Future trading updates and financial calendar

18 April	Q1 trading update
10 August	Interim results

Incorporated in the Isle of Man under number 4685V

Entain

www.entaingroup.com

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