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	Reported results[1] 2022 £m	2021 £m	Change %	CC[2] %
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

	Reported results[1]			
Year ended 31 December	2022 £m	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

	Reported results[1]			
Year ended 31 December	2022 £m	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	2022 £m	2021 £m	Change %	CC[2] %
	Reported results[1]			
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	Reported results[1] 2022 £m	2021 £m	Change %	CC[2] %
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