Financial statements

Financial statements

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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

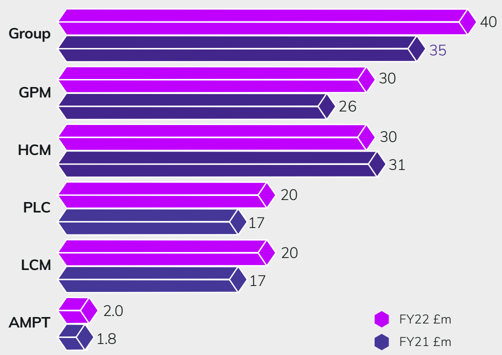
Materiality (item 6 below)

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 Group Materiality
GPM Group Performance Materiality
HCM Highest Component Materiality
PLC Parent Company Materiality
LCM Lowest Component Materiality
AMPT Audit Misstatement Posting Threshold

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.

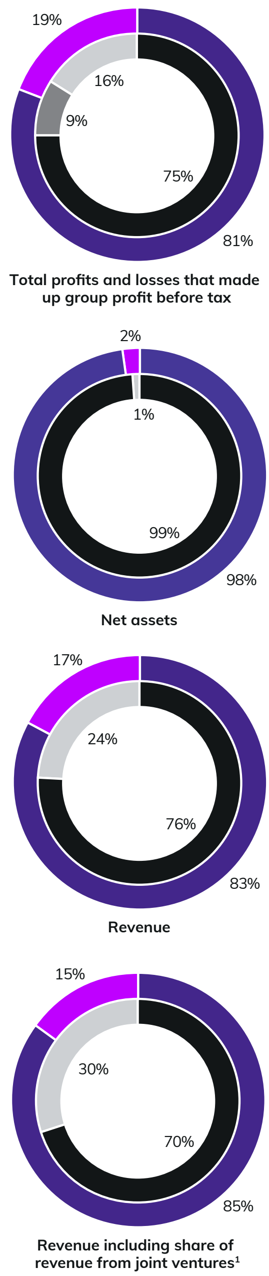
The components within the scope of our work accounted for the percentages illustrated opposite.

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.



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

	FY22	FY21
Revenue from online operations	**£2,995.5m**	**£3,010.2m**

Our assessment of risk vs FY21

↑ 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.

Our findings

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)

Earnings per share (pence)	Standard earnings per share 2022	Standard earnings per share 2021	Adjusted earnings per share 2022	Adjusted earnings per share 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.

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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

Registered address	Company	% equity interest 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)

		% equity interest	
Registered address	Company	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)

		% equity interest	
Registered address	Company	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 1101DI 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

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4685V

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Legal advisors
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