

ENTAIN

DEFERRED PROSECUTION AGREEMENT APPROVAL FREQUENTLY ASKED QUESTIONS

1. What is the Deferred Prosecution Agreement?

The Deferred Prosecution Agreement (“DPA”) is an agreement that has been reached between the Crown Prosecution Service (“CPS”) and Entain, and which has been approved by the UK Court. The DPA resolves the HM Revenue & Customs (“HMRC”) investigation into the potential criminal conduct of GVC in relation to the legacy Turkish business, without a trial or criminal conviction.

2. What does the DPA mean for Entain?

The DPA has brought to a close HMRC's investigation in relation to the legacy Turkish business, which was owned by GVC from 2011 until it was disposed of in December 2017.

The DPA requires Entain to comply with certain obligations for the four-year term of the DPA, including:

- (a) the requirement to pay a financial penalty of £465 million and disgorgement of profits in the amount of £120 million (which sum to £585 million), together with a charitable donation and costs, in accordance with an agreed payment schedule; and
- (b) in line with the exemplary co-operation provided by Entain to date, an obligation to continue to co-operate with the authorities, including in relation to any further prosecution relating to third parties / individuals.

3. What would have happened if Entain had not entered into a DPA?

Entain may have been prosecuted which would have had disproportionate consequences. In particular, if convicted, Entain would have risked losing its licences. This in turn, would have put at risk thousands of jobs; and the revenue losses would have risked damaging the interests of shareholders, pension fund holders, contractual counterparties, and those in its supply chain.

4. Why did the judge consider that this DPA was in the interests of justice?

Having considered these factors and all the material, the judge was satisfied that the DPA was in the interests of justice. The facts agreed between the parties reflect the gravity and breadth of the relevant conduct. One significant factor in the judge's conclusion is that Entain is, both in form and substance, a different entity to GVC. There have been sweeping changes to the compliance procedures in place. Entain has taken significant steps to assist HMRC with their investigations and has committed to continuing to do so. The DPA requires Entain to pay a very significant financial penalty, calculated to reflect the revenue from the whole of its Turkish operations at the material time.

The judge was satisfied that Entain has demonstrated significant co-operation. She recognised Entain had undertaken an extensive remediation programme and significantly enhanced - indeed transformed - its compliance procedures. This was reflected in the judge being satisfied that an overall discount of 50% to the financial penalty was appropriate and properly reflected Entain's exemplary co-operation and remediation.

5. How was the settlement figure calculated?

In line with the provision taken on 10 August 2023, the DPA financial settlement is comprised of:

- (a) the principal sum of £585 million;
- (b) a donation of £20 million to various charities; and
- (c) payment of HMRC and the CPS's costs of the investigation and DPA in the amount of £10 million.

The £585 million and the charitable donation will be payable in instalments over the four-year term of the DPA.

6. What DPA documentation is available?

A written summary of judgement and the DPA itself can be found at: <https://www.entaingroup.com/investor-relations/hmrc-investigation/>, together with the public statements made by Entain to date relating to the HMRC investigation.

7. Why has the Statement of Facts not been published?

As has been the case in a number of previous DPAs, the Court has ordered that postponement of publication of the Statement of Facts accompanying the DPA and the Court's full judgment is necessary for avoiding a substantial risk of prejudice to the administration of justice in any criminal proceedings against individuals.

The Statement of Facts will be published on the order of the Court or following the conclusion of any criminal proceedings against individuals.

8. What does the DPA mean for the countries in which Entain operates?

In November 2020, Entain launched a new Sustainability Charter, which included a commitment to operate only in regulated markets. The obligation in clause 32 of the DPA (to exit all gambling markets in which it is currently operating and which markets are not yet subject to gambling regulation) enshrines the approach of the Entain group ("**Group**") to sustainability. As a result, the DPA will not require Entain to exit markets over and above those it is already committed to exiting where those markets do not regulate.

As of today, 100% of Entain's net gaming revenue ("**NGR**") comes from markets that are regulated or regulating. Since November 2020, Entain has exited approximately 140 markets where there was no clear path to regulation. Entain remains in a very small number of regulating markets where we see a viable path to regulation.

9. Has the size of the financial settlement changed since the £585 million provision was taken in August 2023?

No. The final settlement figure remains fully in line with the provision of £585 million taken in August 2023 and there has been no change to the total proposed financial settlement since that date.

The size of the provision taken in August 2023 arose from the accounting treatment, which differs from the actual cash cost as the provision takes into account the fact that the financial settlement is payable over a period of four years. Specifically, the provision of £585 million taken in the August 2023 interim financial statements was the accounting treatment of the future £615 million cash cost when discounted back to the present date (i.e. a net present value).

10. What is section 7 of the UK Bribery Act 2010?

Section 7 of the UK Bribery Act 2010 relates to GVC's failure to have in place adequate procedures to prevent an 'associated person' from committing bribery for the benefit of the company.

11. What steps has Entain taken to strengthen its compliance framework?

In recent years, there has been an extensive evolution of, and investment into, our global governance, risk and compliance framework as well as our people and culture.

Entain now has a mature and advanced ethics & compliance ("E&C") Programme, comprising:

- (a) a Code of Conduct and underlying suite of E&C policies, including an anti-bribery & corruption ("ABC") Procedural Framework, ABC Policy, Supplier Code of Conduct and Supplier Due Diligence Procedure;
- (a) a Group Payment Processing Committee and Global Payment Processing Policy;
- (b) a Group Compliance Committee, supported by a number of regional sub-committees;
- (c) a Group Head of Ethics & Compliance, Chief Risk Officer and Group Money Laundering Reporting Officer & Global Head of Anti-Financial Crime, who are collectively responsible for overseeing the Group's E&C and risk programme and driving best practice;
- (d) an annual Code of Conduct certification process;
- (e) a risk-based multi-layered E&C training and communications programme, as part of which Group employees are required to provide an annual compliance declaration that they have understood the Code of Conduct training and will comply with it. Higher risk personnel are also identified, who receive additional enhanced E&C training;
- (f) a requirement that all Entain employees must 'speak up' and report breaches of the E&C programme – if necessary, anonymously through Entain's 'ethics reporting hotline';
- (g) monitoring and review by means of periodic risk assessments, internal audit and external compliance assessments (including most recently by Alvarez & Marsal and external legal counsel); and
- (h) robust governance by, and support from, board members.

In follow-up to the Alvarez & Marsal review, and with a view to continuing to enhance compliance across the business, Entain has engaged PwC to conduct an assessment of the overall design and efficacy of its compliance framework. The intention to undertake a further review had previously been announced in the 2022 Annual Report and Accounts. The completion of this assessment has been included as an obligation in the DPA.

12. Does the Group have any remaining interests in the Turkish market?

No. Entain has no ongoing business activities linked to the Turkish market.