# Entain

# Interim Results 2023

# 10th August 2023

# Transcript

Slide 3


**Jette Nygaard-Andersen, Chief Executive Officer**

Good morning and thank you for joining us today for our Interim Results Presentation.

I will start with a brief overview touching on the headlines for the half year, Rob will take you through the numbers and guidance and I will then provide a broader business update, focusing on our key objectives to drive shareholder value.

However, before we get to our agenda, let me introduce our Chairman, Barry Gibson, to say a few words regarding our progress in resolving the HMRC investigation into legacy issues dating back to pre-2017 that we also announced this morning.

So good morning, Barry, over to you.

**Barry Gibson, Chairman**

Thank you, Jette. Good morning and I too would like to welcome you to our Half One Results Presentation and to reflect on a positive set of results which show clear delivery against our strategic growth ambitions.

Alongside our results today we have provided and update in respect of the HMRC investigation into our former Turkish facing Online betting and gaming business, which we disposed of back in 2017.

Whilst negotiations with the CPS remain ongoing, we believe that they have progressed to the point where we are likely to be able to agree a resolution to the investigation, subject to court approval.

We have therefore announced today that we have made a provision of £585m against a potential settlement, which will be payable over a four-year period.

We are very pleased indeed to be making good progress towards drawing a line under this historical issue, which relates to a business that was sold by a former management team of the Group nearly six years ago.

The Entain of today bears no resemblance to the GVC of yesterday which had a different management team, a different strategy and to be blunt, different standards.

Over the last few years we have taken very deliberate steps to drive a complete transformation to become a best in class, responsible operator with outstanding corporate governance.

Every aspect of our business model, strategy and culture has been reviewed, analysed and changed. We have also completely overhauled the Board and the Leadership Team. And I am now very confident in saying that the culture of the two businesses is worlds apart and Entain today is a very different business.

I am pleased that the CPS has recognised our extensive cooperation, which I think is a reflection of who we are today rather than the culture of old.

We now have a very straightforward approach when choosing where in the world we operate. All of our revenue is from regulated, or regulating markets and we are proud to be the only global operator that can make the 100% claim. If a market isn't showing signs of having a clear road to regulation, then we leave, it's as simple as that.

More broadly our philosophy is that the most sustainable business in our industry will be the most successful business in our industry. That drives everything from our long-term growth plans, to the way that we aim to treat all of our stakeholders, from customers, shareholders, regulators, business partners and of course our colleagues and the way we reward them.

None of this is to say that we are complacent, there is a still a huge amount more for us to do, not least in capturing the substantial growth opportunities that we see in front of us.

These are exciting times for our industry as the worlds of entertainment, media and gaming converge. So in many ways we are only just getting started.

We are pleased that we're making good progress to move on from this matter and focus entirely on Entain's future, rather than concerning ourselves with legacy issues.

I am sure you can appreciate that there is a limit to what more I can say on the details of the process itself, but I will stay on the line and if there are any questions on this issue that the end of the presentation I will try and help. And with that I'll hand back to Jette.

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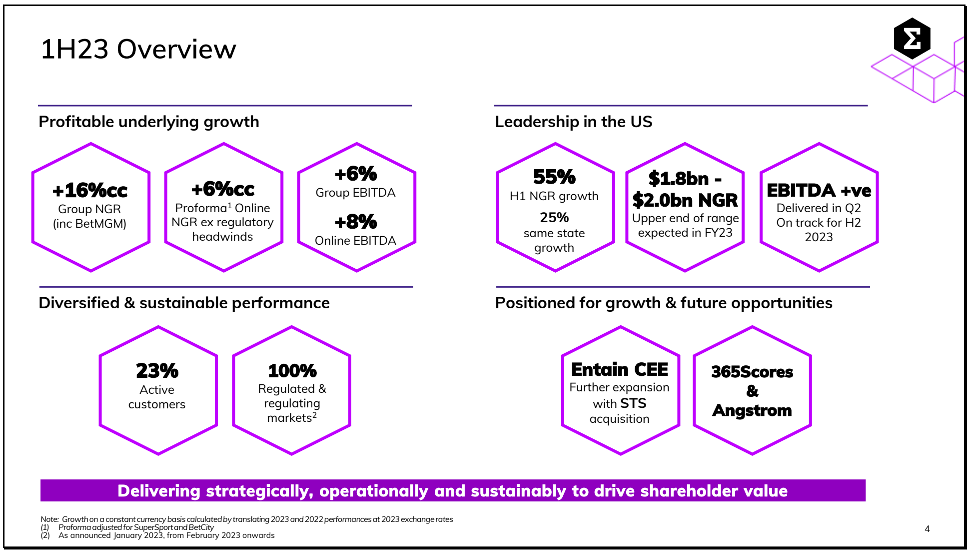


**Jette Nygaard-Andersen, Chief Executive Officer**

Thank you. We have made a strong start to the year, continuing to deliver strategically, operationally, and sustainably, which I am pleased to report is evidenced in our financial performance.

Our Group NGR, including our share of BetMGM, was up 16%. While Online NGR on a pro forma basis was up 1% versus last year, if we exclude the known regulatory headwinds in the UK and Germany, pro forma online NGR was up 6%.

This is important, as it shows that our core underlying business remains healthy, and the strength of our customer proposition continues to deliver robust top line growth.

Within Online we saw strong performances in particular in Italy, by SuperSport in Croatia, Enlabs in the Baltics, Crystalbet in Georgia and of course by BetMGM in the US.

We are pleased to see that regulation has now been passed in Brazil that should allow for licenced operations to commence early next year, subject to a pathway to be proposed by the legislatures.

And while Latin America has experienced intense competition ahead of regulation, we are now starting to see the benefits of improvements we have made there, including our 365Scores acquisition supporting a good performance as we start the second half. So we are well placed to drive further growth in a newly regulated market.

Retail continues to perform impressively as our market winning strategies continue to drive share gains.

Reported EBITDA for the Group for the first half came in at £499m, up 6% year on year with Online EBITDA up 8%. A good performance and in line with full year expectations of £1bn to £1.05bn for total Group EBITDA.

What I think best underlines our operational performance is the continued strong growth in Online actives, again reaching a new record high, up 23% versus last year. This is the clearest metric which demonstrates our sustainable growth, and I'll talk more about that later.

And as you saw, BetMGM also achieved profitability for the second quarter and is on track for sustainable profitability from the second half onwards- an important milestone.

Finally we have expanded our presence in Central Eastern Europe with the addition of STS as well as making some exciting acquisitions to enhance customer engagement and accelerate our capabilities, particularly for BetMGM.

With that, over to you Rob.

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**Rob Wood, Chief Financial Officer and Deputy CEO**

Thank you Jette and Good Morning everyone. As always, I will run through the financial highlights of today's Interim results. Given the transactions executed so far this year, I will also outline our M&A track record, as well as touch briefly on the strategic rationale and expected value accretion for our most recent deals. I'll then wrap up with commentary on our FY23 guidance.

As I talk through revenue numbers, growth will be in constant currency and pro forma numbers adjust for SuperSport and BetCity, which both had a material positive impact on the half. As always, we have provided more detailed financials in the appendix.

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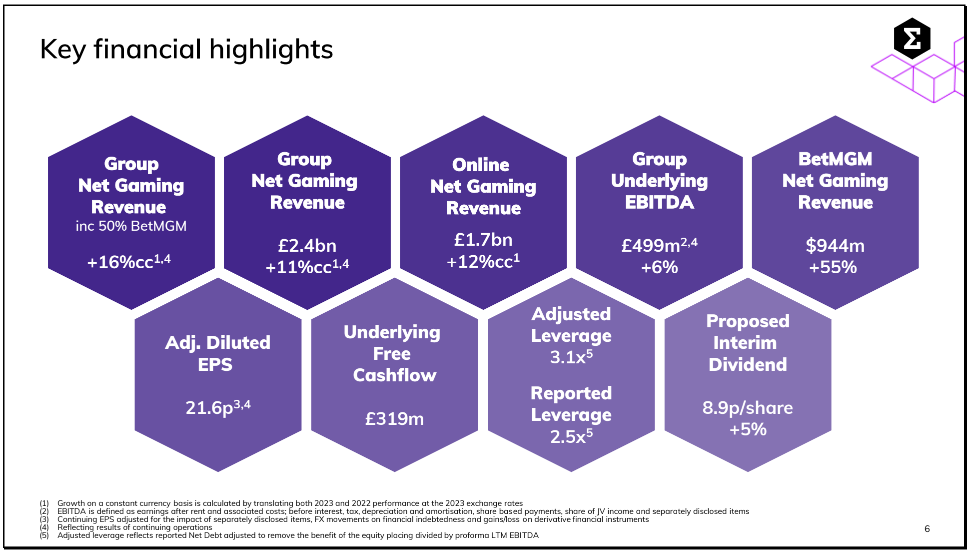


**Rob Wood, Chief Financial Officer and Deputy CEO**

So kicking off with key financials for the first half. The Group delivered another strong performance., Total Group NGR including our 50% share of BetMGM was up 16% year on year. And ex US NGR was up 11% to £2.4bn. On a pro forma basis, ex US NGR was plus 3%.

Breaking that down now into our key divisions. Online NGR was up 12% year on year, or plus 1% on a pro forma basis, which was broadly in line with expectations as we faced into known regulatory headwinds.

I'll talk through the key moving parts of this Online performance in a couple of slides time, but I wanted to reinforce that our Online growth continues to be high quality, with record NGR driven by record active customers, and our broadening recreational player base. Online actives were up 23% and while that includes acquisitions, actives were still up 15% on an organic basis.

Retail continues to perform strongly, with NGR up 11% or 8% on a pro forma basis.

Moving along the top line on this slide. As Jette has mentioned, Group EBITDA came out at £499m for the half, up 6% vs last year, with both Online and Retail ahead.

We reported BetMGM's H1 results a couple weeks ago with NGR of $944m. This was up 55% year on year, and we are firmly on-track for FY23 NGR to be at the upper end of the $1.8bn to $2bn guided range.

In Q2 BetMGM also achieved its first EBITDA positive quarter, which is an important affirmation of our business model, delivering profitability through cohort build and maturity.

BetMGM remains on track to be EBITDA positive in the second half of the year, and based on current state opening expectations, be self-sustaining thereafter.

Our adjusted EPS was 21.6 pence. This is down year on year principally due to higher interest costs. Excluding rising interest rates, EPS would have been broadly flat year on year, helped by the reduced losses in BetMGM.

Underlying cashflow generated was £319m.

Net debt at the half year is of course just a snapshot and it is flattered by cash received from the equity placing whilst the related acquisitions are still to complete in H2. If we adjust out the equity raise and pro forma EBITDA only for completed acquisitions, then leverage would have been 3.1x at the half year.

And finally to dividends, in line with our progressive dividend policy, the Board have confirmed the interim dividend per share will increase by 5% to 8.9 pence. This would give rise to a total full year dividend for financial year 2023 of £113m, including the increase in shares from the equity placing.

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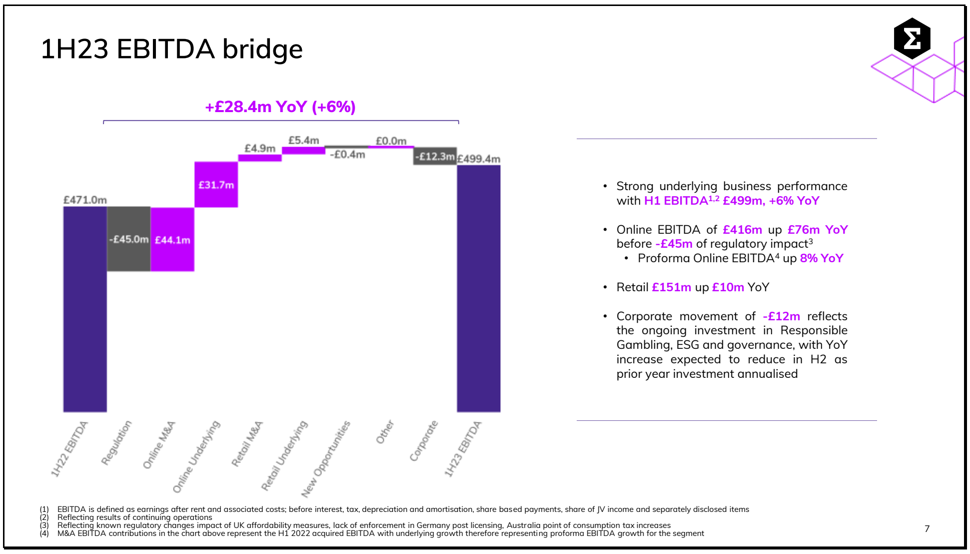


**Rob Wood, Chief Financial Officer and Deputy CEO**

Now turning to our EBITDA bridge, which walks through the moving parts of our 6% EBITDA growth for the Group.

You will see here we have separated out the impact of around £45m for the known regulatory headwinds that we faced during the half. Excluding regulation, Online EBITDA was up £76m, of which £32m was pro forma growth, and the contribution from M&A was £44m. This 8% pro forma EBITDA growth excluding regulation reflects the underlying performance in Online in the half.

Retail performed well, delivering £151m of EBITDA in H1. The year on year increase of £10m reflects strength in our organic Retail business, plus the contribution from acquisitions of £5m.

Remember a watch out here that I've flagged before; please don't take H1 Retail EBITDA and double it to get the full year. H1 performance includes the usual half on half seasonality, as well as a stronger than normal win margin this year and an Italy outperformance which we don't expect to repeat in H2.

Lastly on the bridge, corporate costs were up £12m reflecting the Group's growing scale and ongoing RG and ESG related investment.

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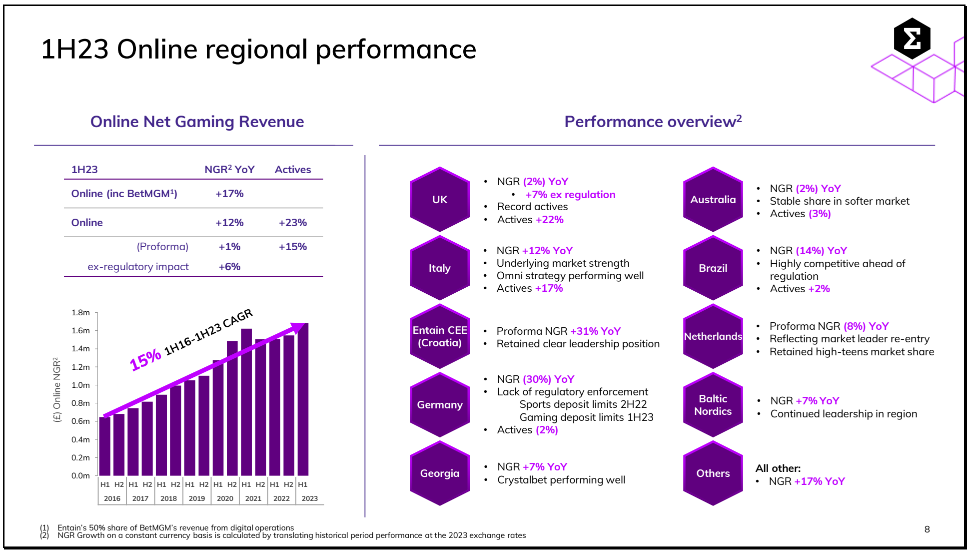


**Rob Wood, Chief Financial Officer and Deputy CEO**

I'll now give a little more colour on the various parts of our Online performance during H1. Including our 50% of BetMGM's digital revenues, total Online NGR grew by 17%. Excluding the US it was 12% in H1. And on a pro forma basis, growth was 1%, reflecting known regulatory headwinds in the UK and Germany.

In the UK, as we exited the half, we started to annualise the more significant affordability measures and therefore the drag on growth will start to recede. Whilst in Germany, the lack of effective regulatory oversight means the market remains increasingly challenging for compliant licensed operators like us, particularly following implementation of stricter deposit limits.

So adjusting for these headwinds, underlying pro forma NGR growth was 6%, which together with our actives growth of 15% pro forma, demonstrates the underlying health of our customer base, our business and our growth.

I've set out here our key geographies and their performance, which hopefully provides you with greater colour as to the various moving parts in our blended Online number.

UK NGR was down 2% year on year. However, adjusting for affordability measures, this performance is approximately 7% growth. What reinforces that 7% growth, is our underlying actives, up 22% year on year, demonstrating the effectiveness of our broader engagement strategies driving a more recreational customer base. Put simply, more and more customers in the UK continue to play with us. In Germany, the uneven playing field on regulatory limits has also driven NGR declines, with spend per head down materially as higher value customers continue to move to non-compliant operators, but actives remain relatively flat.

Our performance in Australia is as expected with H1 NGR of minus 2% against tough 2022 comparatives. TAB New Zealand now adds an exciting new market to our Australian business, and we look forward to growing across the region in the years ahead. Italy is growing well in a strong market, with NGR up 12% during the half. We continue to see the benefits of our omni-channel offering and Online actives were up 17% in the half.

In Brazil, the H1 performance reflects the fiercely competitive market ahead of regulation. NGR was lower than expected, down 14% year on year. However, actives continue to grow as we build our sustainable player base of recreational customers ahead of a licenced regime. And the acquisition of 36Scores is supporting an expected return to growth in the second half of the year.

Entain CEE continues to perform very strongly with SuperSport maintaining its market lead in Croatia with NGR up 31% on pro forma basis for H1. Soon STS will be a powerful addition to Entain CEE, delivering further strong growth in the region.

BetCity in the Netherlands is performing in line with our expectations. NGR is down year on year reflecting re-entry of the market leader, but it's still holding onto market share in the high teens.

Finally Enlabs and Crystalbet in Georgia both continue to grow high single digit during H1, with our brands performing well and leading in their markets.

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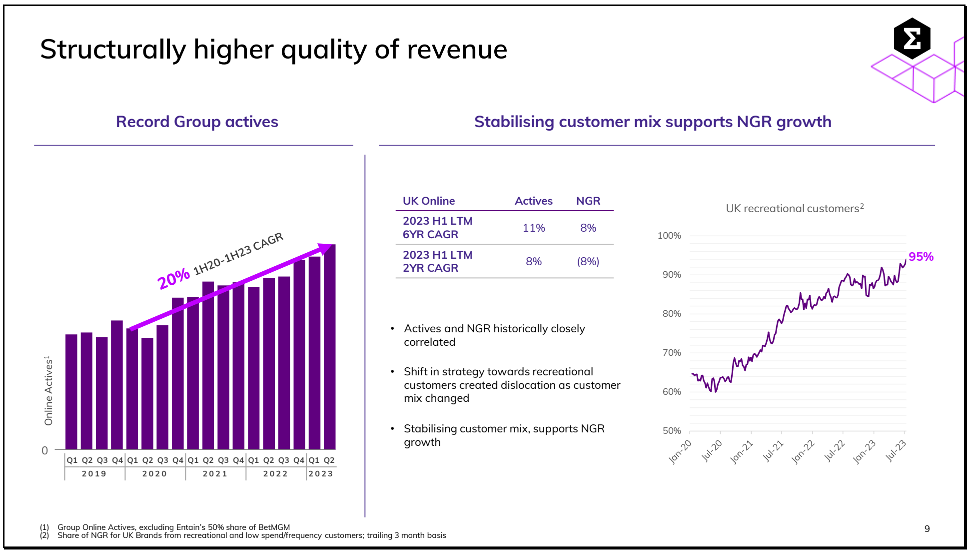


**Rob Wood, Chief Financial Officer and Deputy CEO**

Now, moving onto actives and you'll have heard from Jette previously about our impressive actives growth over the past few years, which reflects our deliberate pivot towards a broader, more diversified and recreational customer base, with actives up 20% on a compound basis over the last three years.

I now want to spend some time looking at how that actives growth translates into NGR, both historically and more recently.

The table looks at correlation between actives and NGR growth for our large UK Brands. Over the longer term and we use a six-year CAGR here, the two metrics are closely linked, actives grew 11% and that translated into NGR growth at 8%. However, you can clearly see the dislocation over the past two years, as actives grew 8% a year but NGR was down 8%. This shows the impact of both of a strategic shift to more recreational customers, but also the effect of very significant regulatory changes, particularly around affordability.

Importantly, as the effects of that shift anniversary out, we expect to see NGR growth effectively catch up with the underlying growth in actives as it has done in the past.

Supporting this assertion, the chart on the right-hand side of the slide shows the proportion of our UK brand's NGR which comes from recreational and low spend customers, rising from around 60% in early 2020 to over 95% this July.

This not only shows the success we've achieved in ensuring the sustainability of our UK business, but also that this shift to a recreational player base is reaching its conclusion now and should therefore have less impact on spend per head going forward.

Therefore our underlying growth is sustainable and high quality, underpinned by a growing recreational customer base.

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## Cashflow and net debt

Strong underlying free cashflow & committed financing facilities provide flexibility to support our growth strategy

| Key metrics | As at 30 June 2023 | As at 30 June 2022 |
|---|---|---|
| EBITDA[1] | £499m | £471m |
| Underlying free cashflow[2] (before investment in BetMGM/acquisitions) | £319m | £191m |
| Net investment in acquisitions/BetMGM | £686m | £313m |
| Reported net debt | £2,594m | £2,210m |
| Adjusted Leverage[3] | 3.1x | 2.3x |
| Available cash[4] | £643m | £901m |

Over £600m of available cash including undrawn RCF net of cashflows expected on committed acquisitions

(1) Reflecting results of continuing operations
(2) Underlying free cashflow is EBITDA less working capital, capital expenditure, finance leases and corporate taxes
(3) Adjusted leverage reflects reported Net Debt adjusted to remove the benefit of the equity placing divided by proforma LTM EBITDA
(4) Available cash reflects cash plus PSP balances less cash held on behalf of customers and includes cash available under the RCF net of cashflows expected on committed acquisitions



**Rob Wood, Chief Financial Officer and Deputy CEO**

Moving onto cashflow and as always, there is a more detailed cashflow in the appendix.

Underlying free cashflow remained strong in H1, coming in at £319m.

We continue to invest in our growth strategy and in the first half we invested £686m across M&A and BetMGM.

During the period we raised £500m in new debt facilities to support repayment of the £400m outstanding Ladbrokes Bonds, and we raised £600m in equity to support the acquisition of STS and Angstrom, both of which are expected to complete in the coming months.

As a result, net debt at the half year was just under £2.6bn, but as I said in my introduction, adjusting for the timing of the equity raise, our pro forma leverage on 12 months trailing EBITDA was 3.1x at the half year.

Available cash adjusted for committed acquisition spend in H2 is over £600m, from which we expect to start payments against the HMRC settlement on a monthly basis later this year, subject to approval by the courts.

As ever, we remain disciplined in relation to capital allocation and with strong underlying cash generation we have a secure and flexible balance sheet to support both the execution of our strategic agenda and delivering returns for shareholders through a progressive dividend, whilst also absorbing potential DPA settlement payments.

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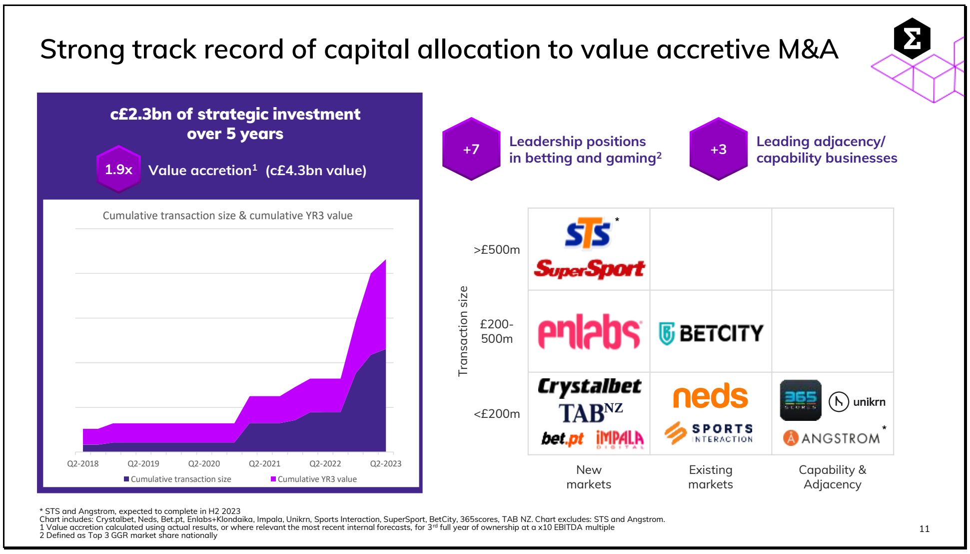


**Rob Wood, Chief Financial Officer and Deputy CEO**

Moving on to M&A. I want to remind people why the transactions we deliver are so compelling, from both a financial and strategic point of view. The right-hand side of this slide is a reminder of strategic rationale, outlining our notable acquisitions since 2018, which align directly with our M&A strategy.

The chart on the left shows the compelling financial rationale. You have heard me say before, on average we double the value of our acquisitions in just three years of ownership. This graph illustrates the cumulative price paid and the value created, either based on actual year three results, or where relevant, based on latest year three forecasts. Compared to March, it now includes SuperSport and BetCity.

We've also set out in more detail in the appendix a breakdown of value creation for each deal. Like any portfolio of acquisitions, some outperform others, but in aggregate we see increased value on acquisition of around 1.9x, which reflects a healthy return on investment on any measure.

This multiplier of value on acquisitions is achieved through a combination of being very selective in origination processes, thorough due diligence, being highly disciplined but competitive on price, while also being able to deliver superior EBITDA growth through cost and revenue synergies, as we leverage our scale, platform and capabilities.

We have an excellent track record of value creation through M&A, and we will continue to be strategic and selective on further opportunities, albeit at a slower pace than the last couple of years.

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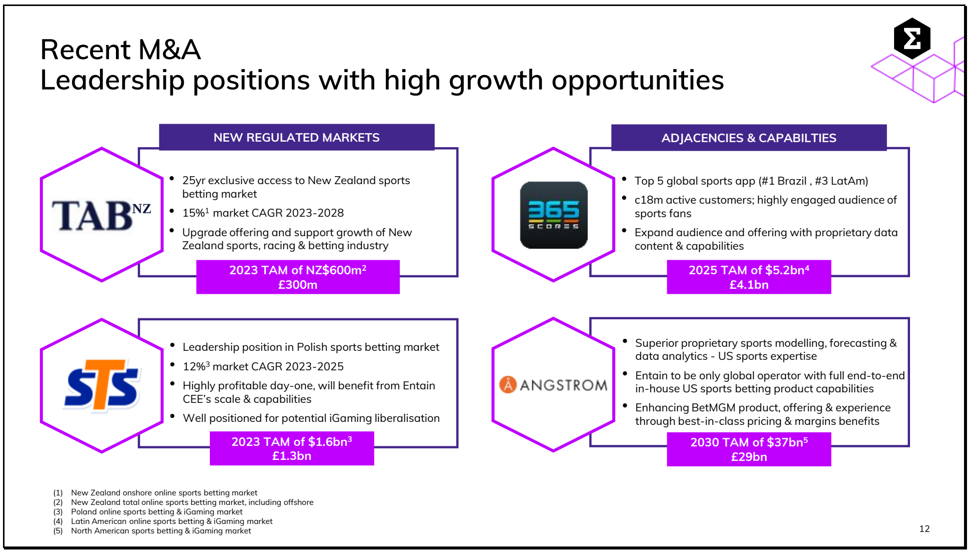


**Rob Wood, Chief Financial Officer and Deputy CEO**

Let me also take this opportunity to remind you on the compelling rationale for our most recent acquisitions. Let's start with TAB New Zealand.

TAB New Zealand selected Entain for a 25-year strategic partnership, providing unique and exclusive access to the New Zealand sports betting market. The market is regulated, has forecasted 15% CAGR growth over next 5 years, with a further potential boost from legislation to geo-block the circa 30% of the market which is being lost to offshore operators today.

TAB New Zealand is well-established, but New Zealand wagering per capita is relatively low. We are really excited to combine our expertise and capabilities to reinvigorate the brand and improve the offer to customers. This is a transformational opportunity to unlock the potential of this attractive market. The first 12 to 18 months will be a period of investment, including an expected launch of a complementary digital-only sister brand next year.

STS now and STS is the leading sports betting operation in Poland and is exactly the reason we created the Entain CEE structure. Building on the acquisition of SuperSport, the CEE roll-up strategy with EMMA Capital sees us also secure the number 1 position in Poland, which is a high growth market in the largest economy in the region.

Not included in any of our value accretion calculations was the more medium-term opportunity for the Polish online casino market to liberalise, which we would be ideally positioned for and add further significant value to our investment. We expect this acquisition to complete this quarter and to be earnings accretive in its first full year of ownership.

Shifting to 365scores. This acquisition is a little different as it aligns with a number of our growth pillars, deepening our presence, broadening our offer, and expanding recreational audiences. 365scores is a leading live scores app globally, with over 18 million monthly active users.

This deal expands our audience and customer reach, it adds content to our offer and supports our growth in particularly in Brazil. Importantly, it also gives us proprietary data. Enabling an improved understanding of user preferences, behaviours and trends, to enhance our existing offerings, and improve 365Score's own product development, customer acquisition and unit economics.

365Scores is profitable on a standalone basis, while also being synergistic with our Entain business.

Our expected EBITDA for 2025 implies a multiple of less than 5x purchase price, before any synergies, and with 365Scores bringing unique capabilities to our portfolio, it is probably one of our most attractive acquisitions to date.

And most recently Angstrom Sports, which you'll hear more on from Jette shortly, so just one quick point from me. Angstrom will make us the only US operator with an end-to-end in-house solution for US sports betting. It will enhance our customer experience and increase our win margin, thereby improving unit economics and ultimately profitability in the largest regulated market in the world.

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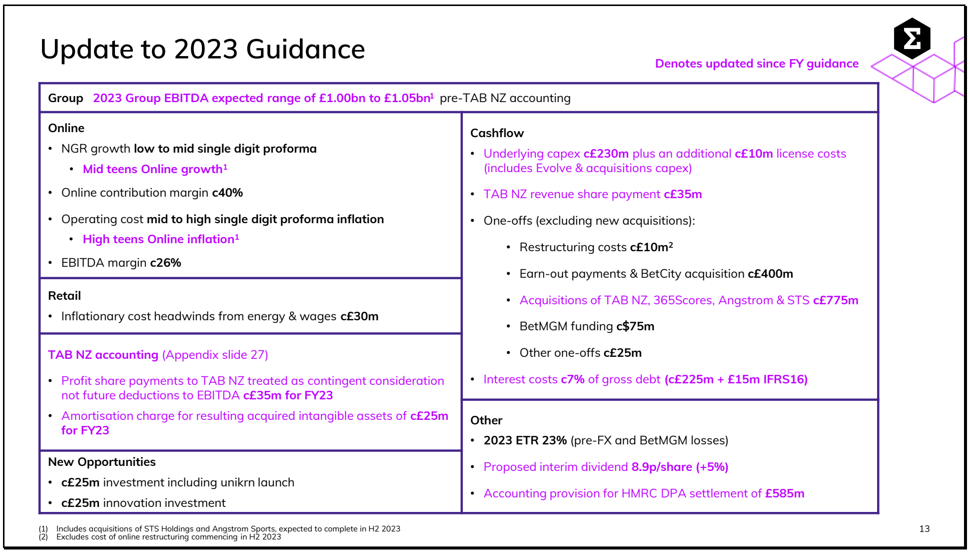


**Rob Wood, Chief Financial Officer and Deputy CEO**

And finally, our usual slide on guidance. Material changes to March are highlighted in bold pink and I will talk to the changes now rather than running through everything on the slide.

As announced in this morning's statement, we expect 2023 Group EBITDA to be in the range of £1bn to £1.05bn. This is in-line with consensus, which now includes STS and Angstrom acquisitions.

For Online there is no change to our low to mid pro forma revenue guidance. However, when reflecting all acquisitions announced, so that's including STS and Angstrom, we now expect reported Online NGR to grow by mid-teens percent. This of course flows through to operating costs guidance, moving to a high teens year on year increase on a reported basis.

There is no change to our 26% EBITDA margin for the full year. You will note H1's margin is slightly lower, reflecting our usual seasonality on marketing spend, which is weighted more towards the first half.

For Retail, we previously flagged the exceptional inflationary cost headwinds, in particular from wages and energy in the UK, which we are currently on track to largely offset through better than expected organic performance and acquisitions.

A new addition to the slide is how we will be accounting for TAB New Zealand. The business will be consolidated as with prior acquisitions, but future profit share payments will be treated as contingent consideration and so will not be deducted from EBITDA.

The future value of payments is recorded as liability, with an equivalent intangible asset, which will therefore amortise over the 25 years of the agreement. To help you update your models, please refer to more information in the appendix.

The various cashflow items for M&A will be in line with expectations. You'll note a slight increase in capex reflecting both M&A and ongoing investment in the business.

Expected interest costs on debt are increasing to approximately £225m, reflecting higher market rates for floating debt and recent refinancings.

I covered dividends already and you heard separately from Barry this morning regarding the new accounting provision for the expected DPA settlement.

So in summary from me, we are delivering organically and are driving incremental value through our newly acquired businesses, as well as our investment in BetMGM.

Our balance sheet is strong and secure, supporting our ongoing delivery, investment in the business, as well as returns for shareholders.

With that I'll hand back to Jette.

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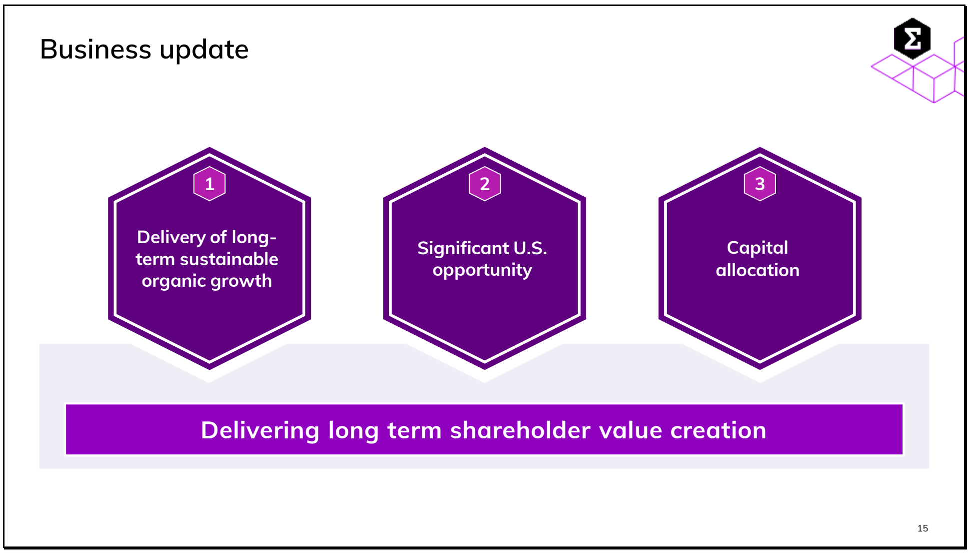


**Jette Nygaard-Andersen, Chief Executive Officer**

Thank you, Rob. As I mentioned earlier, I will spend a few minutes providing an update on how we are positioning Entain to deliver long term growth and value for our shareholders.

Firstly, how our operational focus delivers long term sustainable organic growth, including how we are improving our capabilities and processes to ensure we remain at the forefront of our industry. This will deliver better operational leverage, in turn driving higher margins, cash flow generation and shareholder value creation.

Secondly, how we are well positioned to capitalise on the huge opportunity in the US, particularly given the operational and product improvements we are delivering as well as how Angstrom will accelerate this.

Finally, I will also touch on capital allocation. After a busy period of strategic M&A, which has seen us take advantage of attractive and value creating opportunities to drive diversification and consolidation, we expect a slower pace of activity ahead.

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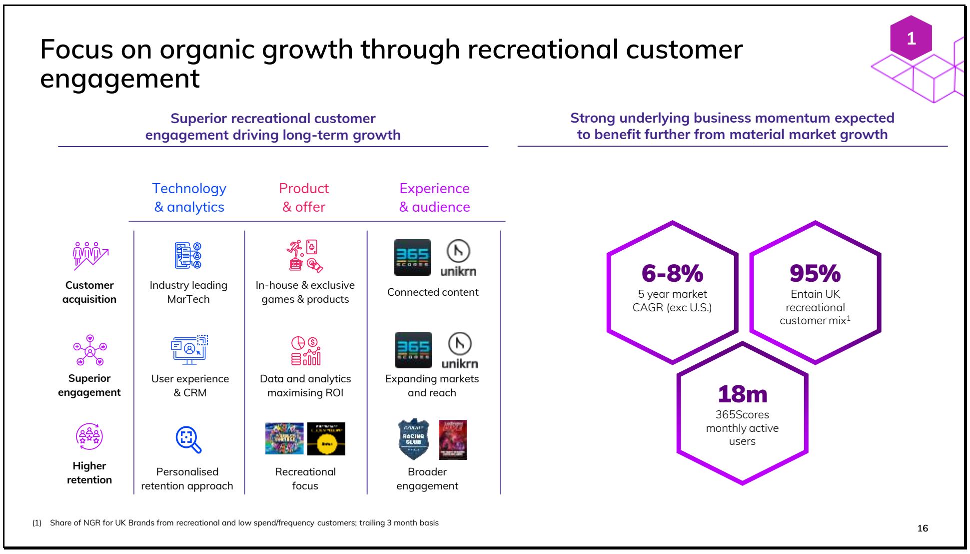


**Jette Nygaard-Andersen, Chief Executive Officer**

We have a clear operational focus on organic growth and ensuring that this organic growth is sustainable over the longer term. Key to that, is broadening our appeal to a wider, more recreational customer base through broader customer acquisition, superior engagement, and higher retention.

As you know we are leaders in terms of data and analytics. With over 180 million customer profiles and over 400 terabytes of data we not only acquire customers more efficiently, but we are able to identify their preferences, giving them a more personalised experience and driving increased engagement and retention.

Our in-house game production is a cornerstone for our organic growth as we provide customers with a wide variety of choice and games exclusive to us.

Using our data analytics, we also focus our game development where the highest ROI can be achieved. We also use this analysis when working with third party suppliers to secure exclusivity of the best products and offers.

In this context, the acquisition of Angstrom brings another capability in-house, in this case simulation, risk analysis and pricing around more complex products such as parlays and in-play products which are more recreational customer type products.

We also continue to deepen our engagement by giving customers unique experiences that drive loyalty. For example, the chance to part-own a racehorse through the Coral Racing Club which now has 123,000 members.

A similar club has now been launched by Ladbrokes in Australia, with both horses and greyhounds and we are receiving great feedback so far.

Another great example is our recently launched Ladbrokes Live initiative, which provides access to concert tickets, boxes at the O2 and other experiences around music events.

Both initiatives drive engagement and loyalty with a broader customer audience as well as firmly reinforcing the entertainment nature of our brands and who we are as a business.

Our addition of 365Scores is a recent significant strategic move into driving broader customer engagement. 365Scores is a world leading sports app – not just a stats and scores app, but a sports app. It has over 18 million subscribers, the number 1 sports app in Brazil, number 3 across Lat Am and top 5 globally.

These initiatives among others support ongoing growth in actives, particularly for more recreational customers.

As Rob showed almost 95% of our customers in the UK *[based on NGR]* are now recreational.

As we transition our customer base to be more and more recreational, spend per head reflects that and hence NGR growth will lag slightly during transition.  However as we work through this transition top line growth will increasingly align with actives growth.

As we look ahead, our markets excluding the US are set to grow around 6 to 8% compound over the next 5 years.  Now, that is obviously a mix, with larger markets like the UK set to grow at middle single digit, and newer markets such as Lat Am at mid to high teens growth.

Our acquisitions of two of the leading players in Central Eastern Europe have unlocked access to a highly attractive US$8.6bn market with a compound growth rate of over 10% over the next few years.

We are also delighted to have won the agreement to partner exclusively with TAB New Zealand for the next 25 years, where the overall New Zealand market totals NZ$600m and is expected to grow 35% over the next five years.

And of course the US, is expected to continue to grow at double digit rates for many years to come.

This strong growth across all our markets is driven by a number of factors, including offline to online migration, continued online market growth, increasing engagement across a broader customer base, as well as steady convergence of gaming and entertainment.

So, hopefully it is clear that through our strategy and the capabilities of our platform we can grow our top line across our markets by high single digit to double digit compound over the years ahead.

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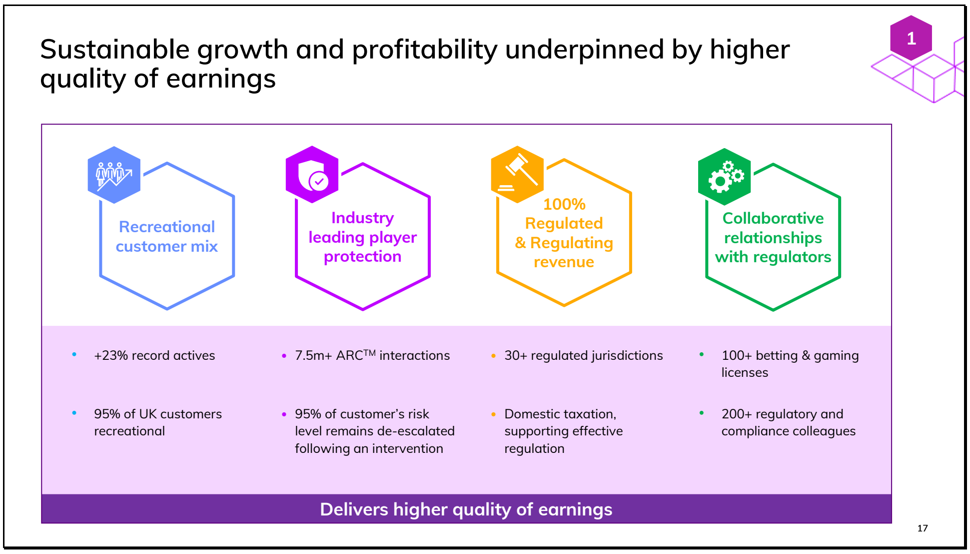


**Jette Nygaard-Andersen, Chief Executive Officer**

Sustainability of earnings also comes through responsibility, which in turn feeds into higher quality of earnings. We've made further progress in rolling ARC out into more of our markets and in the UK, we have now seen over 7.5 million interactions so far with impressive statistics and better player protection.

For example, 41% of medium to high-risk customers move to low or no-risk following an intervention, with 95% remaining at deescalated levels and over 90% of higher-risk customers set gambling controls following an intervention.

Through ARC we provide a safe and enjoyable environment for our customers as well as a healthier, more sustainable, and growing revenue base.

An important part of our approach to regulation is working closely with regulators. We must understand their focus, whilst also helping them understand the benefits of well-structured, supervised, and regulated markets.

Our approach of being the only global operator exclusively in regulated or regulating markets, implementing ARC, and driving a more recreational customer base are not just the right things to do as a responsible operator, but they also diversify our revenues, as well as mitigate the impacts of regulatory changes, such as affordability and player protection measures that we see increasingly being implemented across our markets.

Having a more sustainable business ensures higher quality earnings, which is good for all our stakeholders from protecting customers to shareholder value.

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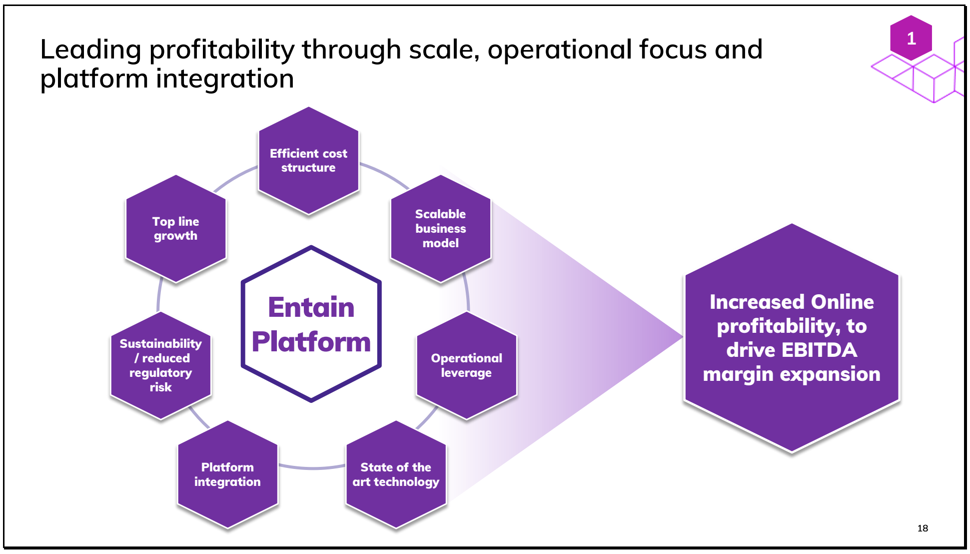



**Jette Nygaard-Andersen, Chief Executive Officer**

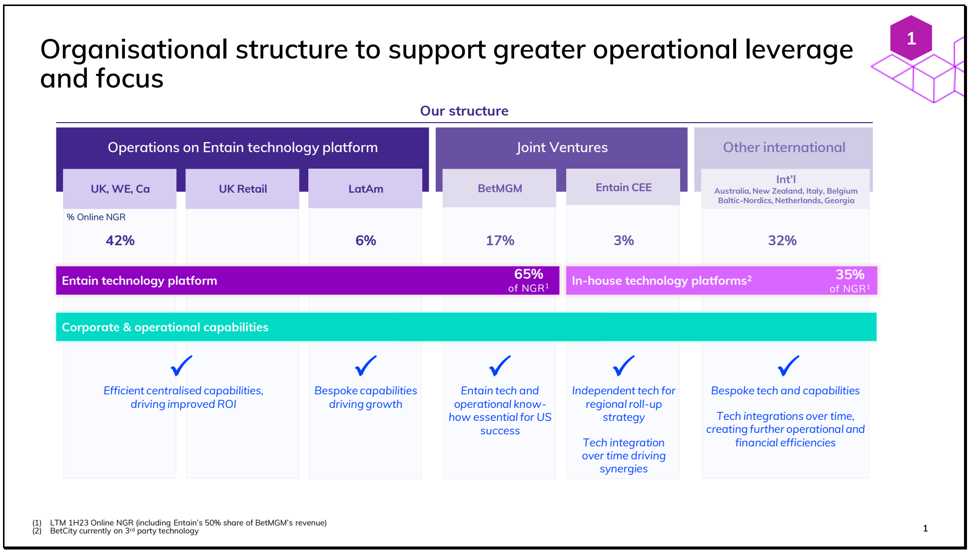
We have a number of top line drivers, both market drivers as well as internal drivers in our control. We are also focusing on how, thanks to our operating model and scale, we can drive operational leverage that supports growth in profitability and in cash generation.

We are leaning into all of the levers across the Entain Platform to drive margin expansion going forward, for example platform integration, agile structures, improved processes and ways of working.

We continue to invest in our technology to ensure it remains state of the art, fit and ready for the exciting future for our business and our customers.  We have over 4,000 technologists around the world working on our technology and our new quant teams will further enhance our capabilities.

To give you an example of how we can unlock further benefits, is that over time we will integrate more of our businesses on to our Platform, and as we do so we can unlock mid-single digit percentage of margin improvement on the NGR related to each business.

Slide 19




**Jette Nygaard-Andersen, Chief Executive Officer**

Following years of rapid growth and M&A, we have reviewed of our structures and processes end-to-end. By adjusting our operating model we will be able to work faster, make our business stronger and unlock efficiencies both operationally and financially. Plus, we have further opportunity for greater operational leverage as we continue to integrate our operations across our acquired businesses, as just mentioned.

This structure sees us operate around regions, with the operating model defined by businesses that are currently on the Entain tech stack and those that are yet to be but use their own in-house advanced technology.

As an example, our largest segment on Entain technology includes the UK, Ireland, Western Europe and Canada. These markets benefit from more efficient centralised operational capabilities such as marketing, data and analytics, amongst other areas, enabling us to maximise ROI across our markets.

Another example is Central Eastern Europe. Through Entain CEE we are pursuing a roll-up strategy in the region that will benefit from independent in-house technology. And as a joint venture it has its own operational capabilities focused on the CEE markets and will drive operational efficiencies into the region.

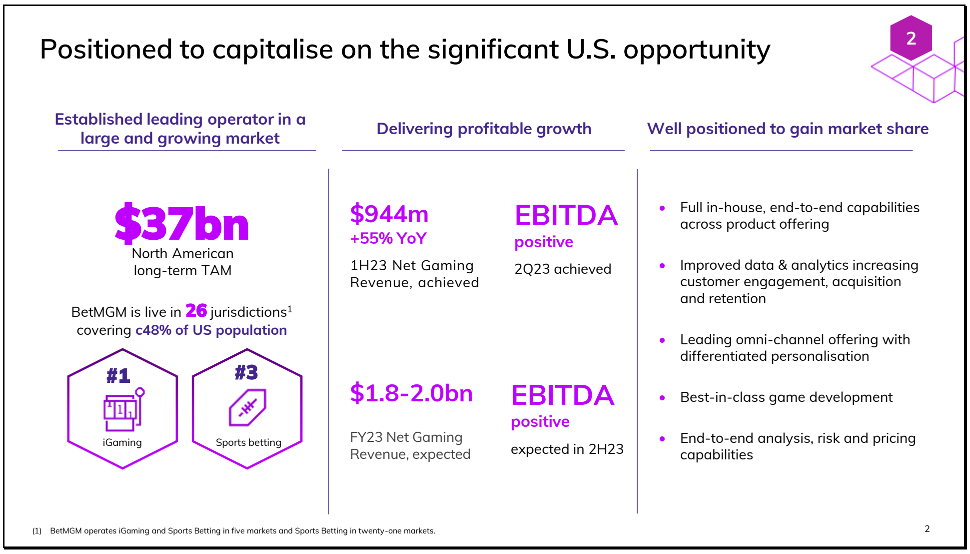
We have very clear priorities for our tech and operations, and they currently prioritise our development and delivery in the US, alongside other specific capabilities for organic growth in other markets.

As we have mentioned before, where acquired businesses have their own advanced in-house technology, we plan to migrate these on to our platform over time in a non-disruptive manner.

This operating model enables us to leverage core platform capabilities while strengthening our local go-to-market expertise.

The improvements we are making to our capabilities, the efficiencies from an improved operational structure and our ongoing improvements in our technology, that we can leverage across more of our businesses over time, provide us with a number of internal improvement opportunities, which will enable us to improve our velocity in technology and development and support margin expansion.

Slide 20




**Jette Nygaard-Andersen, Chief Executive Officer**

The US is a top focus market and a key operational priority for us. As you heard from BetMGM two weeks ago, we remain on target in the US. We are firmly established as a top 3 operator with an 18% share in a US$37bn potential total addressable market that increasingly looks like it will be dominated by three top players.

We remain firm leaders in iGaming with 27% market share in the markets where we operate. Across the US, we have one of the broadest market accesses, reaching approximately 48% of the adult population.

In the first half of the year, BetMGM delivered revenues of US$944m up 55% year on year as well as the significant milestone of profitability in the second quarter.

We are firmly on track to be at the upper end of our previously guided full year NGR target of $1.8bn to $2bn and to be EBITDA positive in the second half, and financially self-sustaining thereafter, based on current state roll outs.

Going forward, we see a lot of upsides as BetMGM will deliver superior profitability thanks to the structural cost advantages from the parent relationships.

Compared to other operators, BetMGM enjoys customer acquisition and retention cost advantages through the MGM Resorts International brand and Entain technology and analytics capabilities.

Furthermore, BetMGM benefits from lower revenue share and royalties thanks to MGM Resorts International market access and Entain in-house games library & studios.

Last and probably the most material contribution, is that BetMGM is powered by the Entain platform enabling superior delivery coupled with material software cost savings.

Our cohort of retained customers drives positive contribution in excess of the acquisition cost of new customers. A natural benefit of being a scaled operator and a key step in delivering sustainable profitability. In fact all cohorts from 2022 and earlier are contribution positive.

Our bonus optimisation programme is delivering a cleaner revenue base with much stronger GGR to NGR conversion metrics. Also, we have seen sports margin improve 300 basis points year on year and improved quality of customer spend with revenue per player up 65% for those acquired in 2021.

With more efficient revenue from retained customers, we will be able to focus more of our spend on acquisitions, rather than retention, to drive market share.

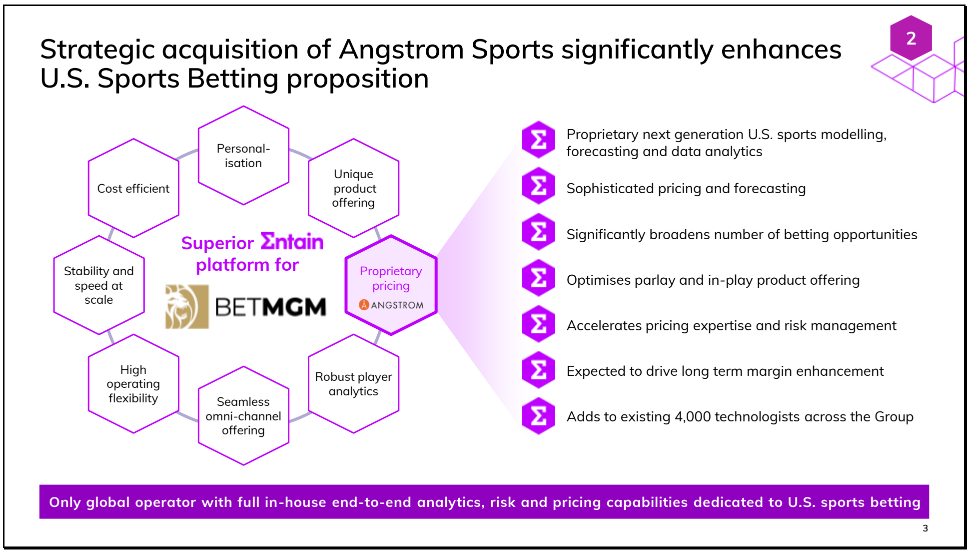
This half we have had two important product focus areas, Single Account Single Wallet and acceleration of Online Sports Betting products such as parlay and in game parlay products.

We are making good progress on Single Account Single Wallet being rolled out.  Having rolled out six further states last week, we now have Single Account Single Wallet in 14 states, and we expected to have all states live excluding Nevada and Kentucky in time for the NFL season.

This means that we can unlock the omnichannel opportunity, in particular for customers travelling intra-states to visit MGM Resorts properties, an important, significant and unique customer acquisition funnel for BetMGM.

Angstrom will accelerate our delivery of a full in-house capability for parlay products.

Slide 21




**Jette Nygaard-Andersen, Chief Executive Officer**

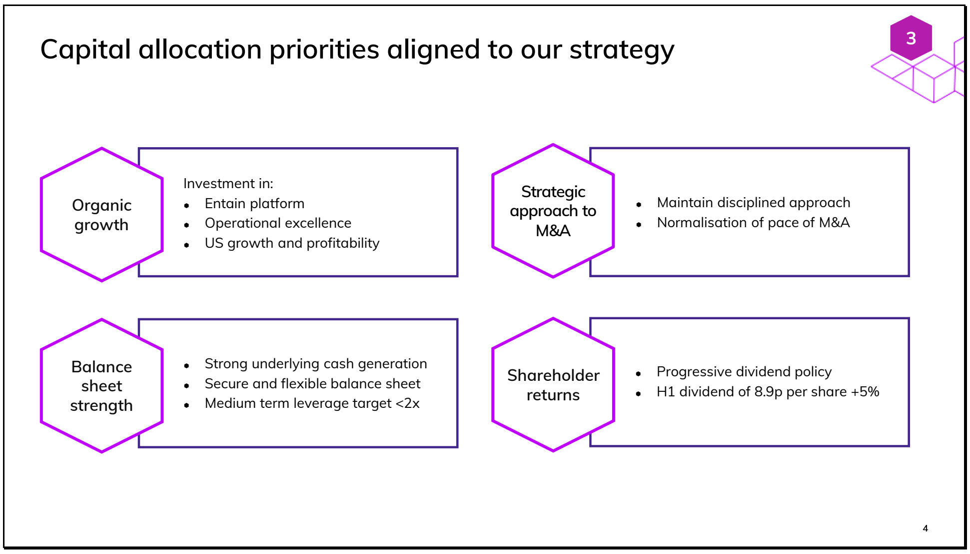
Let me speak a bit more to our acquisition of Angstrom. This is a highly strategic move in accelerating our US strategy and we are excited to be bringing key capabilities in-house, making us the only operator with full end-to-end capabilities for risk analysis and pricing across all forms of US Sports Betting products.

It also accelerates our ability to offer more tailored and personalised products for customers, while optimising margins through risk management and pricing. We are already working with the team ahead of completing the acquisition to accelerate the rollout of new products in US and we believe it will become a key differentiator for us.

With this in-house analytics and pricing, coupled with Single Account Single Wallet, we are ideally positioned to drive BetMGM forward and deliver on our target market share of 20% to 25%.

In the US we are building a business with industry leading and differentiated capabilities which will enable us to drive market share by leveraging. full in-house capabilities across product offering including end to end analysis, risk and pricing capabilities, improved use of data and analytics driving customer engagement and bonusing, omnichannel offering with differentiated personalisation and best in class game development capabilities combined with the largest jackpots.

Slide 22




**Jette Nygaard-Andersen, Chief Executive Officer**

We are highly cash generative which will only increase as BetMGM delivers sustainable profitability and returns cash. We carefully evaluate the best deployment of capital and continue to remain flexible and disciplined in its allocation with the single-minded goal of creating long term value for shareholders.

Firstly, we ensure that we continue to deliver organic growth through ongoing investment in our platform and customer propositions, to drive top line growth and synergies across the business.

We have and will continue to invest to support accelerating growth and profitability in the US. However, we expect capital to flow back from BetMGM as it becomes financially self-sustaining and grows profitability.

Over recent years, our industry has seen enormous change through consolidation. We have taken advantage of attractive and value accretive opportunities to position us as a leading global player, both in terms of new market entry as more markets regulate but also through opportunities that have deepened our presence to deliver leading positions in our existing markets.

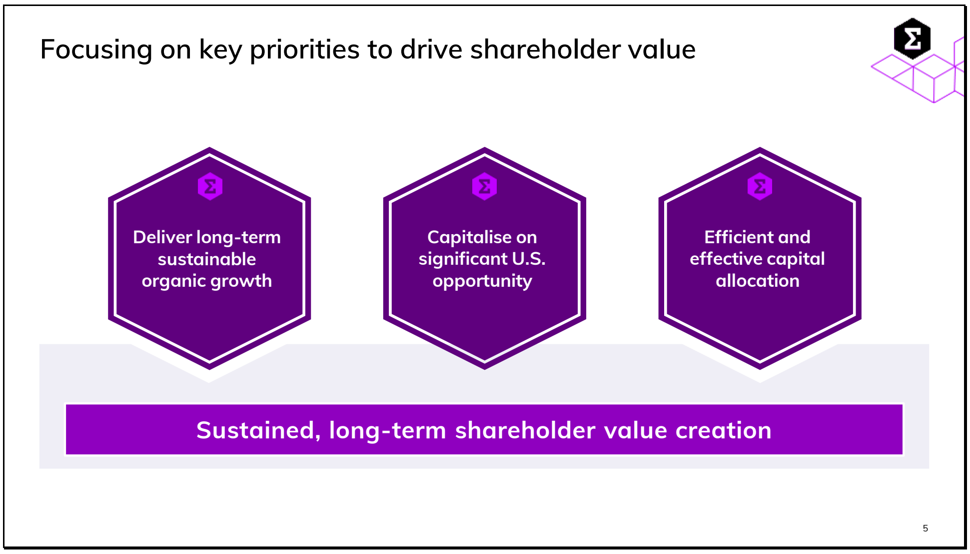
Our acquisitions are performing well, we have demonstrated our ability to drive significant value through M&A, on average doubling their value by year three of full ownership and we are confident we will continue to do so.

Over the near term we are focused on deriving value from our acquisitions and delivering organic growth. We will continue to explore strategic acquisition opportunities and having had a busy period of M&A; we expect a relatively slower pace of M&A activity going forward.

Finally, with regards to capital returns, we are committed to our progressive dividend policies that we announced last year and have increased the interim dividend per share by 5%.

As we continue to deliver our strategy, we remain disciplined in optimising our capital allocation to drive shareholder value.

Slide 23




**Jette Nygaard-Andersen, Chief Executive Officer**

So, to sum up, our growth strategy is focused on two key areas. A priority to deliver sustainable organic growth by focusing on our operations, and ongoing development and optimisation of our platform to ensure we remain the go-to player in our markets, whilst delivering operational leverage, margin improvements and strong cash flows. And a focus on capitalising on our huge growth opportunity in the US through operational and product improvements.

With this strategy, and a capital allocation framework which is aligned with these areas of focus, we are confident we can deliver sustained value for our shareholders.

With that, I'd like to open the call for questions.

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**Questions and Answers**

**Ed Young, Morgan Stanley**

Good morning, I've got three questions if that's okay. The first one is on the performance in Online. Q2 saw a deceleration on an underlying basis, I was wondering if you could perhaps comment a little bit on what got tougher quarter on quarter.

And perhaps more importantly, can you highlight the key timings, where you are lapping issues or areas you touched on, Brazil, in both your commentary where you're seeing underlying improvement as you sort of close the gap as you say between actives and revenue growth, or putting it another way, close the gap between the adjusted or underlying figures you're presenting and what we might see in the reported numbers?

**Jette Nygaard-Andersen, Chief Executive Officer**

Good morning, Ed. Should we start with the underlying Online and then I can touch upon Brazil, Rob, do you want to kick off?

**Rob Wood, Chief Financial Officer and Deputy CEO**

Yeah, let me do that, good morning, Ed. So firstly Q2 was very similar to Q1 and Q1 pro former was plus 1 and Q2 was plus 2 – it rounds to plus 1 for the half. In terms of how the second half – we would expect to be more favourable, key drivers, you've really touched on it, the regulatory impacts that we're seeing receding.

So in particular the UK as we have talked about previously, we made some pretty significant changes last summer, we are therefore annualising against those now, although I have cautioned before it is not an immediate movement in the numbers, because of the lag effect in things like deposit limits. So we expect that to gradually ease through the second half of the year.

Germany, it's a slightly different situation there. On the one hand we have just lapped the introduction of Sports Limits from last summer, but we have now implemented Cross Operator Limits, so there is continued drag, but nonetheless we would hope that the second half of the year would be less of a decline than the first half of the year. So some regulatory aspects there, I'll leave Brazil to Jette in a moment.

The Netherlands is another area of course where we knew that we would see some decline as the market leader re-entered the market last summer and so we would expect to see that decline recede over the second half of the year as well. And then there's Brazil, so Jette, do you want to touch on Brazil.

**Jette Nygaard-Andersen, Chief Executive Officer**

Yeah, let me touch on Brazil. So lots going on in Brazil as I'm sure you've seen Lula re-signed, not resigned, but re-signed the legislation or the Bill going in here in July, so we are waiting for that. It becomes effective immediately, but it needs to be approved by Congress within 120 days. So still very much optimistic in terms of Brazil coming online at the beginning of next year.

Now what we have done and what you see in the trading numbers is actives continued to grow, however we reset our marketing approach during H1, really with a focus on improving ROI and also a more sustainable customer base. But that curve should now start to turn in H2, not least with the integration that we are going with 365Scores, which is going really well, which means that we're able to customise our offering based on the data there.

But as you know Latin America has experienced intense competition and there is a lot of noise in the market still, but we do expect that the second half of the year – the curve should turn for us and then we're ready for the market going live hopefully at the beginning of next year.

**Ed Young, Morgan Stanley**

Very useful. The second was on the US, you're clearly very positive about Angstrom and it looks like Single App Single Wallet is very much on track for the NFL season. You spoke Jette about getting back into the 20 to 25% market share target range. When you think about bridging that, you know, what are the most important drivers and perhaps as part of that you could comment on what's the timeline for Angstrom in terms of completion, integration and potentially getting in sort of material improvements to the product that you outlined during the presentation?

**Jette Nygaard-Andersen, Chief Executive Officer**

Yeah, let me talk a little bit about that. So in terms of market share, overall our market share is 18% if you exclude New York where we have taken a deliberate different approach. On iGaming alone it is 27% and that will remain stable over the months.

So from this 18% we feel that there is a clear path to hit out 20 to 25% ambition for market share. And a lot of that has to do with improving our US Sports product. So you mentioned Angstrom, we are really excited about our integration with Angstrom, which will close later this year.

So we have already started working together with Angstrom, we are launching our first products together this year, so a new player props. For the NFL season kick off we have significantly improved our core betting journeys and we have also introduced initial single game parlay product – sorry single game parlay plus product. Not with Angstrom though. And then we are going to launch NFL player and driver props with Angstrom as the NFL goes along.

But really what we are looking at is us having an in-house fully FDP experience by Superbowl March Madness next year, fully launched. But we are not waiting for that, we will continue to launch both new markets and new products during the NFL season, but the full experience should be with Superbowl March Madness.

And why is this so important? Well Angstrom's approach to forecasting and pricing is basically going to allow us to produce a broader and more exciting product for the customers. So the approach to pricing will allow us to redefine both in-play, but also single game parlay. And we believe that we will be able to become a market leader in this area.

So Angstrom is unique in terms of its predicting capabilities the simulation is based on play-by-play level, so not simply generating sports betting markets and pricing based on historic data. And that will basically mean that we have a unique simulation-based pricing model, which will enable us to innovate ongoingly going forward. So it's not only about Superbowl and March Madness, but it's also our capability going forward. And then of course we will be the only global operator to have all these pricing capabilities in house and that is what I said in my presentation, that I believe that that is going to be a key differentiator.

So a lot to do with Angstrom, but in general improving our sports product that we believe will drive market share and see us into that 20 to 25% range.

Single Account Single Wallet is also important, I think the team talked about that we have now launched in 14 states, we have another 6 or 7 states coming later this month. So we should be ready for the kick off of the NFL season.

Nevada is going to come a little bit later, but that is not due to the launch that is due to regulatory approval. And the means that for example Kentucky, which albeit it being a small state, but it is surrounded by states that already have launched, we will be able to lean into Single Account Single Wallet. Which basically means that the customer will have a seamless one account wallet, each individual player across state so they can cross the border, use one single login, consolidate their wallets and balances and obtain their status. Register in one state and use the product seamlessly in another state.

And this is the functionality that we haven't had, and our competitors have due to their fantasy background. Plus is it bringing functionalities, it basically means that we only have to market and build this one time for a new customer.

So a lot of upsides, we're really excited about this, and we believe that this will change the curve for our Sports market share going forwards. Back to you Ed.

**Ed Young, Morgan Stanley**

Very useful colour. No that's very clear, I appreciate that colour, the final one is on your capital allocation, the M&A slide in the appendix. Of those 11 deals it looks like only two of them are based on actual – address the – based on forecasts I think, if that's right, I guess my question more broadly was, if you look at the spread across those there are a few in there where the value is sort of small and even negative in one example and then there is obviously a load where it's very, very positive.

Amongst those at the lower end what has been the driver behind that, has that been regulator disruption, is that where you've acquired at more than the 10x that you're using in your sort of gross up. Or are there any other kind of lessons that you've learnt from those examples that you've then been able to apply to current and future acquisitions? Thanks.

**Jette Nygaard-Andersen, Chief Executive Officer**

That's a really good question and you hit on the main reason. So very often it is related to regulation. So regulation coming later than we assumed when we did the acquisition and that is very much what drives the valuation or the lower valuation. But there are also operational things that obviously that we learn from time to time. And a key part of that is that when we go forward, we always make sure that we look for a very strong management team. No surprise there, but that is absolutely key. And also the technology, because it gives us time if the timetable changes around regulation for example that if they are already on a very strong technology platform, preferably in house, we don't need to migrate them as soon as we would otherwise have done.

So those are some of the lessons.  But very often unfortunately it relates to regulation having come through or changes in regulation.

**Ed Young, Morgan Stanley**

Okay, thank you.

**Jette Nygaard-Andersen, Chief Executive Officer**

More from your side Ed.  Good, thanks.

**Telephone Operator**

Thank you.  Our next question is from Kiranjot Grewal, from Bank of America.  Kiranjot, please go ahead, your line is open.

**Kiranjot Grewal, Bank of America**

Just a couple from me.  It's good to hear that you're really focusing on organic growth.  As part of that would you consider entering new markets organically as well.  So I'm really thinking about whether it would be possible to leverage some of your strong businesses where you've developed, so in Eastern Europe, Brazil, to move into adjacent markets?  Or are you going to be focusing simply on your existing markets?

Also I think in the US we have got the Single Wallet Single App coming ahead of NFL, earlier this year that was a bit of a headwind the lack of that and also you tweaked your bonusing.  As we enter into H2 do you think you might step up on investment for customer capture and any thoughts on the competitive backdrop in the US.  We have of course heard about new entrants coming into the market this week.  Thank you.

**Jette Nygaard-Andersen, Chief Executive Officer**

Thank you, Kiranjot, good morning.  Let me take those two.  So organic growth and new markets, yeah, we are doing this organically from time to time. So for example Columbia is an example of that.

What I would say is that there are a few markets opening up with a very attractive growth prospect, very often the fastest way into the market, not least because we prefer to have a podium position as we talk about so much, because this is a scale game, very often the fastest way in is to acquire one of the top brands – if it comes with a strong team and a strong platform.

But for CEE as well, I know the teams there are also evaluating what opportunities are to roll out the existing brands into new markets.  It's really a case-by-case basis, but we do want to, if we can possibly, get a podium position and that is just sometimes the easiest way to do it, through M&A.

In terms of the US, let me take bonusing first.  So there is no doubt that the Single Account Single Wallet and getting single game parlay products and in game play products – in game products into the market is something that the team has been looking forward to.  But I would say that the bonusing strategy that we have gone about is a deliberate move and it's working out really well for us.

But in any case, the team has, you know full authority to look on a state by state basis and look at the strategy about CRM and marketing that makes sense for the market.  And if, with having the new products in the market, that they think that they want to tweak their go to market approach I'm sure they will do that.  So it's not set in stone, but we are really happy with the results we have seen around our bonusing strategy.

And then in terms of new competitors coming into the market, yeah I think if you allude to the news from yesterday, I would just repeat what I said before, it really looks – and I said it in my presentation as well, you know the market is becoming more and more consolidated, the top three players now have 79% market share and it has been sitting at around that level for several years now. So it's becoming more and more difficult at this point to build a meaningful market share, at least if you want to build a sustainable business with profits in the market that still matter. And no one has successfully been breaking into even the plus 10% market share from behind. And the reason for that in my mind is that we are seeing more and more that it is all about technology and product. And having an organisation and experience and muscle to continue to invest in and improve your technology and product capabilities.

So while it's exciting what's going on, this is not going to change the trajectory for BetMGM we remain confident and we are really focused on our new products that are coming into market, as well as continuing to invest into our iGaming products.

**Kiranjot Grewal, Bank of America**

Amazing, thank you.

**Jette Nygaard-Andersen, Chief Executive Officer**

Thanks, Kiranjot.

**Telephone Operator**

Thank you. Our next question is from James Rowland Clark from Barclays. James, please go ahead, your line is open.

**James Rowland Clark, Barclays**

Hi good morning, everyone. My first question is on Angstrom, I wondered if you would be willing to put some numbers behind the trajectory of sports win margin improvement that you would expect for BetMGM driven by you know bringing Angstrom's technology capabilities in house?

Also a follow up on Angstrom, is it relevant to any non-US markets, is there anything you can learn from it and apply to the rest of your Entain Online Group?

My second question is on Online share gains, so you've outlined that in Australia you are taking share in the first half, but I don't see much reference to share gains or losses in other divisions or other geographies. So I wondered if you wouldn't mind walking us through what you're seeing from the rest of your core markets there.

And then third and final question is on the regulatory drag. So you outlined the EBITDA drag is £45m in the first half for the Online division. I know you talked around the lapping certain regulatory measures in the second half for the growth profile. But in terms of EBITDA what is the regulatory drag we should expect in Online for the second half please? Thank you.

**Jette Nygaard-Andersen, Chief Executive Officer**

Good morning, James, let me talk about Angstrom and I'll hand you over to Rob for market share outside of Australia as well as the regulatory drag going forwards.

So on Angstrom I mean there is no doubt that part of the advantages that we are seeing with bringing Angstrom in house is that of margin improvements. We haven't set out any specific targets so far. Our margins right now – I think the last numbers were just around or just below 9%, so we should be able to improve that for sure. But we haven't really set out the targets. We just started working together but we already see the opportunities here, so that is a key benefit for us.

And for sure we are going to also leverage Angstrom's capabilities and expertise outside of the US. But for now the key focus is for obvious reasons the US. So we are really leaning in to focusing the team on the US and we have sat down the BetMGM team, so we together have a very detailed pipeline on what it is that we want to achieve with our eye on specifically Superbowl and March Madness next year. But there will be more to do over the next 12 to 24 months going forward. But the focus right now is fully on the US.

Rob, can I hand over to you to go through market share and regulatory drag going forward please?

**Rob Wood, Chief Financial Officer and Deputy CEO**

Absolutely. Morning, James. So, let's go through some of the larger territories one by one, shall we? So, in the UK, comparatives are quite challenging at the moment given different timings and strength of implementation of affordability measures in particular, as we all know, so it's hard to judge right now. But we are as confident as we can be that we've implemented as strict a regime as is possible, and therefore, once we get through into 2024, we'll have a better idea of how market share has moved over the last couple of years. But our actives growth suggests to us that, on an underlying basis, we are continuing to gain share.

Australia, we've had a good, very good in fact, couple of years of market share gains, I would say, across H1, much more neutral NGR level. Slightly different strategy from different operators there. You'll have seen yesterday Sportsbet really leaning into the challenge from Betr, for instance, and investing more in marketing year on year, whereas we have consciously reflected Point of Consumption Tax coming in and pulled back on marketing, but nonetheless, revenue numbers broadly similar but a more favourable contribution performance from ourselves.

Italy Online, Eurobet was flat in Online across the half, up in retail in terms of market share gains, but pretty much flat Online. What else do we have? Data? Those are the main ones I would say.

Netherlands, when we acquired BetCity it was just over 20% market share, on last measure, we think it's high teens. So, to have therefore "only" lost a few points of share following the re-entry of Unibet, which was fully anticipated and reflected in the deal structure, you know, pretty pleased with that performance.

Other territories, of course, it's a bit more patchy in terms of market share data.

In terms of regulatory impact, H1 into H2, I do expect that the three drivers that make up that £45m drag in H1 should all recede in the second half of the year, but I don't expect them all to go away.

So, we spoke about UK affordability starting to ease in the second half of the year. Germany, I mentioned that whilst we now have annualised against the introduction of sports deposit limits, we are still having an impact from cross operator limits on sports and gaming, so that will continue, but hopefully to a lower degree. And, of course, once enforcement comes, then really, we'll start to see the benefit of an even playing field and therefore our actives performance, which is flat, should, at the very least, be reflective of where we go from there.

And then the last component is the increase Point of Consumption Tax in Australia. We have annualised against some of that increase now, but Queensland I think it was late in 2022, so there is future Aussie POC increase to come in the second half of the year, but not as much as the first half.

**James Rowland Clark, Barclays**

Thank you. That's very helpful.

**Telephone Operator**

Thank you. Our next question is from Monique Pollard from Citi. Monique, please go ahead. Your line is open.

**Monique Pollard, Citi**

Hi. Morning, everyone. Just a couple of questions from me, if I can, both centred around the US. Firstly, just on the US iGaming market share, obviously, a lot of talk about, you know, how Angstrom is going to help you with pricing with margins, parlay products, but on iGaming, what more can be done to enhance your position there? You know, we're seeing material market share gains in iGaming from DraftKings and all, so if you could just talk to some product enhancements you might have coming over the next few quarters?

And then, secondly, on Angstrom, I guess, you know, we know from Flutter that their, sort of, 2025 target on gross win margins is 12%. It seems they can get there quicker. Jette, you mentioned, you know, your numbers are around 9%. Is it reasonable to model you getting, given you're going to have best-in-class product, to a 12% gross win margin by the end of 1Q next year?

And then, on that win margin point, I guess, when we're thinking about how the win margin would flow through, whether that flows through or whether that's reinvested in whole or in part for generosity, how should we think about you keeping that benefit versus reinvesting it into generosity?

**Jette Nygaard-Andersen, Chief Executive Officer**

Very good, and good morning to you, Monique. So, on the iGaming, let me start with that. Yes, we know that we have competition, but we never focus on one competitor, and when I look at the numbers for our iGaming market share, I took comfort in the fact that it's actually been pretty stable over the last many months where we've seen more competition come into the market.

And we're surely not standing still. You've seen that we've launched a number of new products, whether it's games, exclusive games, or the big new lotteries that we're launching.

And then I would say that BetMGM is constantly benefiting from what Entain is doing. So, Entain now has 10,860 games on our platform that BetMGM can pick from. We had 5,760 game releases just in the first half of the year. So, it just tells you a little bit about the iGaming operation that we have within Entain that BetMGM, of course, will benefit from.

And then we're doing a number of innovative things in terms of new games, live games in Casino, leveraging the omnichannel opportunity there. So, market share is stable, we're not standing still, but we are not focused on any competitor here.

In terms of Angstrom and win margins, listen, we are, as hopefully you can hear from introduction of Angstrom, we're really ambitious when it comes to Angstrom and what it can do for our US business and really excited about it. But it's going to take some time, so I'm not going to give you a prediction for Q1 next year.

But yeah, as I said, to an earlier question, win margin and expansion of win margin is, of course, part of the benefits that we expect to see from Angstrom. And remember, the products that Angstrom will help us bring to market is also going to help up lean even more into a recreational audience. And whether the team wants to reinvest that into customer acquisitions, I'm sure they would do that to the best of, let's say, what the models tell them to do.

We're really confident in our models, and where the team sees us having opportunity to lean into that and reinvest into acquisition, and we have new states coming up, of course – small state, but Kentucky is coming live later this year – and they will do that. We've said that we really want to take opportunity that day one launch when we have it.

So, up to the team, they will leverage the CRM and the predictive models that they have, but that is certainly an opportunity, yes.

**Monique Pollard, Citi**

Understood. Thank you.

**Jette Nygaard-Andersen, Chief Executive Officer**

Thanks, Monique.

**Telephone Operator**

Thank you. Our next question is from Simon Davies from Deutsche Bank. Simon, please go ahead. Your line is open.

**Simon Davies, Deutsche Bank**

Yeah. Morning. Three from me, please. Firstly, on Brazil, what are your expectations in terms of iGaming in the aftermath of betting regulation? Do you think it's going to legalise in due course and are going to have to pull out of your iGaming product for a period after the launch of legal betting?

Secondly, any signs of an impact of consumer weakness in the UK, and how confident are you that the reductions in spend per customer are down the recreational shift in the business as opposed to the slightly gloomier macro backdrop?

And lastly, just on the HMRC agreement, that £585m figure, is that the actual amount you expect to pay or is that discounted back in terms of the 4-year payment period?

**Jette Nygaard-Andersen, Chief Executive Officer**

Thank you, Simon. Good morning to you as well. Why don't we start with your HMRC question and then we can return to interim. And let me just say upfront, you know, as you know, this relates to a previous management team and before my time, and I just want to stress that we lead a very different business today.

And, as you can probably appreciate, there is very little that we can add to what we've said publicly at this stage, but I know that Barry is on the line, and, Barry, do you want to add or make any additional comments to Simon's questions which related to the £585m and whether that was the actual number?

**Barry Gibson, Chairman**

The actual number is made up two or three elements. There are costs involved, and there's the actual fine - that is not a fine it’s a regulatory settlement, so it's not just a fine, it's a regulatory settlement, and, effectively, the NPV of that, with the 4-year period, £585m, we think, covers all of those costs.

**Simon Davies, Deutsche Bank**

So, it's on an actual as opposed to an adjusted basis?

**Barry Gibson, Chairman**

It takes the present value because we're going to be taking a four-year period to pay the whole thing.

**Simon Davies, Deutsche Bank**

Right. Yeah, okay.

**Rob Wood, Chief Financial Officer and Deputy CEO**

Perhaps I could build on that, Simon, as, obviously, I've done the accounting for it. That number also represents the expected settlement, but to Barry's point, there are some extra costs that we expect to also endure, and really that offsets the discounting effect that you would get with the provision. So, think of £585m as the number.

**Simon Davies, Deutsche Bank**

Yeah, okay. Perfect.

**Barry Gibson, Chairman**

And, of course, it's just important to remind everyone that this is still subject to the court process, which we anticipate will be completed during the middle of period of October, but it's very well-advanced, and that's why we're now in a position to be able to make this provision in the way we have done.

**Jette Nygaard-Andersen, Chief Executive Officer**

Good. Thank you, Barry. Moving back to the interims, your question, Simon, around Brazil and iGaming, so while we are progressing towards sports live and sports betting, we are still awaiting clarity regarding the regulation on iGaming.

So, the iGaming bill was actually approved by the Lower Congress last year if you remember, and it still hasn't moved to the Senate. So this really remains a 2024 regulation story.

In terms of whether we would have to stop offering products in the markets, we will really have to wait and see what is decided in the end, but you could say there is a risk of that, but we're waiting to see how it all falls out. And just to remind you, Entain, as an operator in the market, we had a somewhat lower gaming mix versus the peers, but if it's turned off, of course, there will be an impact. But we're following this closely and we don't know yet how it will fall out.

**Simon Davies, Deutsche Bank**

And roughly what is the split between betting and gaming in Brazil?

**Jette Nygaard-Andersen, Chief Executive Officer**

Approximately three-fourths sport betting and one-fourth, 25%, or 70/30.

**Simon Davies, Deutsche Bank**

Okay. Perfect. Thank you very much.

**Jette Nygaard-Andersen, Chief Executive Officer**

Consumer weaknesses and the UK, you heard us talk a lot about more actives. There's really impressive growth in actives, and, with the affordability and the change to our base being more and more recreational, as I said in the presentation, 95% of NGR now comes from recreational or low spenders. That is the driver behind spend per head.

None of our markets are calling out anything around consumer weaknesses, so we're quite confident that it's the move in our base as well, of course, the affordability, in part, from measures that we put in place, mostly over the last year, but, you know, we continue to put measures in place there.  So, nothing really to call out otherwise.

**Simon Davies, Deutsche Bank**

Great.  Thank you very much.

**Jette Nygaard-Andersen, Chief Executive Officer**

Anything else, Simon?  Good.  Thank you.

**Telephone Operator**

Thank you.  Our next question is from Estelle Weingrod from JP Morgan.  Estelle, please go ahead. Your line is open.

**Estelle Weingrod, JP Morgan**

Hi.  Good morning.  I have three questions.  I mean, the first question is also on the £585m provision. I just wanted to understand how this is typically determined.  I mean, I understand this is a result of some negotiation and there is, perhaps, no straightforward answer, but is it like a calculation based on the profits made in the years pre-2017?  I mean, any colour here would be helpful as initial expectations were for a lower amount.

The second question, online margins, you mentioned during the call that you were obviously looking to achieve the 26% mark for the full year.  I just wanted to understand what you budgeted here for the Netherlands.  I think you initially budgeted some reinvestment there following the licence potentially being issued ahead of H2.  Can you just give us an update?

And the third question, it's a very basic question, just on the single wallet app for BetMGM, I mean, I understand it is going to rolled out fully by the beginning of the football season, .... how do we make sure this is working in line with expectations?  I mean, basically, how do we measure the success of the rollout?  Thank you.

**Jette Nygaard-Andersen, Chief Executive Officer**

Hi.  Good morning, Estelle.  Let's deal with the HMRC question again.  I suspect this will be a little bit of a double show again with Barry and Rob, but, Barry, let's start with you, please, if you have any comments?

**Barry Gibson, Chairman**

I have.  It seems such a large figure because it dealt with a long period of time from a business that made a lot of profit during that period.  That's why the number ends up being so large.  It's really important though to recognise that the discussions have been held in a very constructive and open and straightforward way.  We've been given full credit, if you like, by the CPS for the way that we've handled all of these discussions and negotiations.

It's a complex formula.  More of it will become apparent when it comes out in the mid-October period, because, eventually, there'll be a Statement of Fact which will be laid before the court, and they will become effectively public.  But fundamentally, the reason the number is so large, it's about a larger business for a long period of time.

**Jette Nygaard-Andersen, Chief Executive Officer**

Thank you, Barry. Rob, anything to add in terms of the provision and payment itself and how it splits?

**Rob Wood, Chief Financial Officer and Deputy CEO**

No, but shall I touch on the online EBITDA margin and the question of the impact on the Netherlands?

**Jette Nygaard-Andersen, Chief Executive Officer**

Yeah, and I can take the Single Account Single Wallet.

**Rob Wood, Chief Financial Officer and Deputy CEO**

Okay, great. So, we did have, in our initial guidance from March, an assumption around re-entry into the Netherlands. That would have had a small positive impact on NGR and a small negative impact on EBITDA margin, which I think is the point that you're alluding to. Clearly, that's less likely to happen now.

Nonetheless, we're sticking to guidance, and that positive impact on EBITDA margin has largely been offset by territory mix. So, for example, our Italy business has outperformed expectation – that's typically a little lower margin – whereas, conversely, Brazil is higher margin and underperforming. So, really, there are moving parts, as always, but we're happy to reiterate the 26% guidance for the full year.

**Jette Nygaard-Andersen, Chief Executive Officer**

Thank you, Rob. And let me touch on Single Account Single Wallet, I think you had really two questions in the there. So, the first is how will we make sure it works? And obviously we're testing this. So, we're doing this in batches. So, hopefully, the technical functionality will work, and the first three batches of the launches have gone really well, and we now have the fourth one.

I just wanted to mention one thing, you said all states will be rolled out ahead of NFL, that's correct, but as I said, we do need regulatory approval in Nevada, which is obviously one of the largest states when it comes to the opportunity for single account: single wallet, with people travelling to Las Vegas. So, that will be come later as we await regulatory approval there.

And thinking about whether it has the impact that we expect, we will definitely track that, but I would also think of this as something that our main competitors in the markets have had, and therefore it's really important for us that we now get this functionality due to the fantasy background, and V…. and DraftKings already have their players in a single database where we were state based.

So, that's the big upside here for us for the customers but also the upside in terms of sharing functionality going forwards and not having to bonus new customers several times. So, really excited about it, and the launches and the rollout is going really well.

**Estelle Weingrod, JP Morgan**

Okay. Thank you very much.

**Telephone Operator**

Thank you. Our next question is from David Brohan from Goodbody. David, please go ahead. Your line is open.

**David Brohan, Goodbody**

Morning, guys. Just two questions from me. Firstly, one of your peers talked yesterday about weakness in the Australian market, and in particular on the racing side. Just wondering, are you seeing a similar trend, and how should be think about topline growth in Australia in the second half of the year?

And then second, just on the Netherlands, just wondering if you have an active growth number for the Netherlands just to help us frame the impact from the market leader re-entering there alongside the growth number, or the NGR number which you've already disclosed? Thank you.

**Jette Nygaard-Andersen, Chief Executive Officer**

Morning, David. Let me kick off with Australia and then ask Rob to talk about the Netherlands. So, nothing specific to call out on racing in Australia. That means, from our side, our Australian business has seen extremely sound growth for many, many quarters, and we're lapping very strong growth rates in the first half of 2022, which was 20%.

But looking at the market as such, we do expect it to have been down probably more than 5%, but nothing specifically to call out on racing, from our side, in the market. And are we are continuing to invest into product innovation and partnerships there with racing where we have a really strong relationship in that market, and, of course, leaning into New Zealand, which is another strong racing market. Rob, the Netherlands, comments?

**Rob Wood, Chief Financial Officer and Deputy CEO**

Yeah, a very strong actives growth in the first half of the year. I know we haven't published the number but very strongly double-digit. So, again, pleased with how that business is performing, and the minus 8% is really just a reflection of the anticipated re-entry, so comfortable that we're performing where we hope to be with that business.

**David Brohan, Goodbody**

Thanks, both.

**Telephone Operator**

Thank you. Our last question today is from Richard Stuber from Numis. Richard, please go ahead. Your line is open.

**Richard Stuber, Numis**

Hi. Good morning. Just two questions from me. Firstly, on the US, the Single Account Single Wallet, could you say what uplift you've seen in the markets that you've brought it out so far, even in terms of spend per head or increased cross-sell from sports to casino?

And the second question on the US, when would you expect to receive your first dividend to paid up from BetMGM, and, you know, what do you expect the dividend policy to be?

And then the final question's just on the HMRC settlement. I think you said it's going to be over the next, sort of, four years. Just to confirm, will it be, sort of, equal monthly instalments over the period, and is your current expectation those instalments will start this November? Thank you.

**Jette Nygaard-Andersen, Chief Executive Officer**

Hi, Richard. Morning. Should I follow my procedure and start the HMRC question? So, this is really about the monthly instalments. Rob, is that one you want to talk or, Barry, do you want to answer that one?

**Rob Wood, Chief Financial Officer and Deputy CEO**

Yeah, I'm happy to take that.

**Jette Nygaard-Andersen, Chief Executive Officer**

Yeah, okay. Let's take Rob.

**Rob Wood, Chief Financial Officer and Deputy CEO**

Okay. So, yes, we do expect equal monthly repayments over a four-year period. Whether or not the first one lands in this calendar year or not, we'll wait and see. But, for modelling purposes, probably easier to assume it starts in January '24.

**Jette Nygaard-Andersen, Chief Executive Officer**

Thank you. On Single Account Single Wallet, it's a little bit too early to report on what we've seen in spend per head and cross-sell. Remember, these rollouts have happened over literally the last couple of months, and the summer period, as you know, is low season when it comes to that.

And I would also say where we will see the first big results will be new states coming on, which will be really interesting, and now Kentucky's a small state, but it is bordered with, I think, four or five states that already have sports betting launched, and then, of course, when we start having the visitors that go to Nevada and we have them in the database. But just being live in a few states for one or two months, it's too early to talk about what we have seen.

Dividends, Rob, maybe that's one for you as well?

**Rob Wood, Chief Financial Officer and Deputy CEO**

Yeah. Happy to say a few words. So, I think the first thing to say is that we don't expect to make any further investments after the final $50m in the second half of this year, between the parents that is. Whether or not dividends will be returned to parents, that's not something that we've landed on yet. We'll review, as the BetMGM, the forecasts later this year, and I would anticipate that, at the Capital Markets Day, which is planned for around the turn of the year, that BetMGM will share more colour on what 2024 looks like and, indeed, what that might look like in terms of returns to dividends.

I can confirm that they will be tax free from Entain when they come through, but on precise timing and quantum, it's still to be determined.

**Richard Stuber, Numis**

That's great. Thank you very much.

**Telephone Operator**

Thank you. This is all the questions we have today, so I'd like to hand back to the management team for any closing remark.

**Jette Nygaard-Andersen, Chief Executive Officer**

Thank you very much, Stacey. So, to everyone, thank you for listening into today, and, as always, we are looking forward to seeing as many of you on the road in the coming weeks. And, of course, if you have any other questions in the meantime, please do get in touch with David and the IR Team. But thank you and goodbye for now.

**END**