9 March 2023

Entain plc

("Entain" or the “Group”)

Continued strategic diversification driving sustainable growth
Strong Group performance with underlying EBITDA[1,3] up 13% at £993m

Entain plc (LSE: ENT), the global sports betting, gaming and interactive entertainment Group, is pleased to announce its results for the year ended 31 December 2022.

Key Highlights:

- Group Net Gaming Revenue (“NGR”) up +12% (+10%cc[2]) in the year
  - Group NGR including 50% share of BetMGM up +18% (+15%cc[2]) representing a three year compound growth of +11%cc[2]
- Online NGR down -1% (-2%cc[2]) in 2022, with positive underlying momentum demonstrated across all key markets
  - Underlying Online NGR growth of approximately +3%, excluding the Netherlands and the impacts of regulatory changes in the UK
  - Active customers grew by +7% as we continue to broaden our customer base
  - Continued strategic progress driving 3 year compound growth of Online NGR of +12% cc[2]
- Retail NGR up +66%[9] (+66%cc[2,9]) reflecting lapping of Covid comparators in the first half of the year as well as an improved customer offer through betting and gaming terminals
- BetMGM continues to perform strongly and is on track to be EBITDA positive in H2 2023
  - 2022 NGR of $1.44bn up +71% year on year, ahead of expectations[6]
  - 29%[8] share in iGaming and 18%[7,8] share in sports-betting and iGaming in the markets where BetMGM operates
  - 2023 net revenue from operations expected to be in the range of $1.8bn-$2bn
- Continued growth strategy with further diversification across regulated geographies and products
  - Five transactions announced during 2022, including establishing Entain CEE to unlock significant growth opportunities across the region
  - Launch of unikrn in Brazil and Canada marks our first steps into the esports and skill based wagering market
- Further progress on leadership of responsibility and sustainability
  - Only global operator with 100% revenue from regulated or regulating markets
  - Groundbreaking ARC™ player protection programme rolled out across 22 markets
  - Entain and BetMGM led US online operators’ commitment to the first responsible gaming standards for the industry
  - Awarded GamCare’s Advanced Safer Gambling Standard, SBC’s Global Socially Responsible Operator of the Year for 2022 and numerous safer gambling awards including from S&P and EGR

Financial Highlights:

- Strong financial performance with Group underlying EBITDA[1,3] up +13% at £993m at the top of upgraded guidance range
    - Online underlying EBITDA[1,3] down -8% at £828m reflecting strong prior year Covid comparators and absorption of regulatory changes in major markets
    - Retail underlying EBITDA[1,3] of £280m up +319% versus the prior year
- Group profit after tax[1] was £33m, down -88% versus 2021
- Adjusted diluted EPS[5] (pre FX and BetMGM) of 93.2p up +15%
- Second Interim Dividend of £50m (8.5p per share) announced, bringing the total dividend for the year to £100m (17p per share)
- Successful refinancing of Term Loans with strong global demand
- Year end adjusted net debt of £2,750m with leverage at 2.8x (2.6x on a proforma basis), reflecting a strong and flexible balance sheet to support investment in our growth strategy

Jette Nygaard-Andersen, CEO of Entain, commented:

"We made excellent financial, operational and strategic progress during 2022, and took significant strides towards our goal of being the global leader in betting, gaming and interactive entertainment. I am particularly proud that Entain leads our industry on responsible gaming and we are now the only global operator exclusively in domestically regulated or regulating markets. It is a mark of the strong progress we have made in executing our sustainable growth strategy, and we continue to see a vast array of opportunities around the world as we expand into the $170bn addressable market that we have identified.

We have a business model that is truly diversified across more than 40 territories, a platform that gives us demonstrable competitive advantages, and a total commitment to providing our ever-broadening customer base with a safe environment in which to enjoy our products and services. These factors, combined with the strong underlying momentum across our business, mean that we continue to look to the future with confidence."

Group Year ended 31 December	Reported[1]			
	2022 £m	2021 £m	Change %	CC[2] %
Net gaming revenue (NGR)	4,348.9	3,886.3	12%	10%
Revenue	4,296.9	3,830.0	12%	11%
Gross profit	2,714.7	2,435.8	11%	
Underlying EBITDAR[3]	1,008.5	898.8	12%	
Underlying EBITDA[3]	993.2	881.7	13%	
Underlying operating profit[4]	541.8	484.1	12%	
Underlying profit before tax[4]	321.8	527.3		
Profit after tax	32.9	275.6		
Diluted EPS (p)	6.3	44.7		
Continuing adjusted diluted EPS[5] (p)	60.5	53.8		
Continuing adjusted diluted EPS excl US[5] (p)	93.2	81.1		
Dividend per share (p)	17.0	-		

Dividend
In line with the dividend policy announced with the H1 Results in August 2022, the Board proposed a total dividend for 2022 of £100m. This is to be paid to shareholders in equal instalments with H1 and FY results. As such, a second interim dividend of £50m (8.5p share) will be paid to shareholders on 27 April 2023.

Outlook
The Group has delivered strong 2022 results, reflecting the diversity and scale of the business, and the strength and competitive advantage of our unique platform.

As we look to 2023, while we continue to face some regulatory headwinds, we remain excited by the opportunities ahead. As we continue to deliver on our strategy we will provide customers with even more innovative and engaging moments of excitement, and drive further diversification through geographic expansion, product development and a broader customer base. We have started 2023 with positive underlying momentum and we remain confident in our long-term strategic prospects.

Notes

(1) 2022 and 2021 reported results are audited and relate to continuing operations
(2) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2022 exchange rates
(3) EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre-separately disclosed items
(4) Stated pre-separately disclosed items
(5) Adjusted for the impact of separately disclosed items, foreign exchange movements on financial indebtedness and losses/gains on derivative financial instruments (see note 6 in the financial statements. EPS is also disclosed excluding BetMGM as this gives a better view of the EPS attributable to the Entain trading businesses)
(6) BetMGM guidance on 2022 NGR of over $1.3bn, as stated at Business Update on 19 January 2022
(7) BetMGM revenues comprise of sports (Online and Retail) and iGaming revenues
(8) Three month period to December 2022, in markets in which BetMGM operates, excluding AZ as yet to report
(9) Retail performance numbers are quoted on a LFL basis and also excludes the post acquisition performance of shops in Croatia

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

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Presentation and webcast

The Full Year 2022 Results presentation for analysts and investors will be held today, Thursday 9th March at 9:00am GMT.

Participants may join via webcast or by conference call dial in, approximately 15 minutes ahead of the event.

Live webcast link: https://kvgo.com/IJLO/Entain_2022-Full_Year_Results

To participate in the Q&A, please also connect via the conference call dial in details:

UK	+44 (0) 330 551 0200
US	+1 786 697 3501
Access Code:	Quote Entain when prompted by operator

The presentation slides will be available on our website shortly before the event:
https://entaingroup.com/investor-relations/results-centre/

A replay of the presentation and transcript will be available on our website:
https://entaingroup.com/investor-relations/results-centre/

Upcoming dates:

Q1 Trading Update:	18 April 2023
2023 Interim results:	10 August 2023

Forward-looking statements

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, results of our operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. These forward-looking statements include all matters that are not historical facts. By their nature, these statements involve risks and uncertainties since future events and circumstances can cause results and developments to differ materially from those anticipated. Any such forward-looking statements reflect knowledge and information available at the date of preparation of this document. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), the Company undertakes no obligation to update or revise any such forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law.

About Entain plc

Entain plc (LSE: ENT) is a FTSE100 company and is one of the world's largest sports betting and gaming groups, operating both online and in the retail sector. The Group owns a comprehensive portfolio of established brands; Sports brands include BetCity, bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Neds, Sportingbet, Sports Interaction and SuperSport; Gaming brands include Foxy Bingo, Gala, GiocoDigitale, Ninja Casino, Optibet, Partypoker and PartyCasino. The Group owns proprietary technology across all its core product verticals and in addition to its B2C operations provides services to a number of third-party customers on a B2B basis.

The Group has a 50/50 joint venture, BetMGM, a leader in sports betting and iGaming in the US. Entain provides the technology and capabilities which power BetMGM as well as exclusive games and products, specially developed at its in-house gaming studios. The Group is tax resident in the UK and is the only global operator to exclusively operate in domestically regulated or regulating markets operating in over 40 territories.

Entain is a leader in ESG, a member of FTSE4Good, the DJSI and is AA rated by MSCI. The Group has set a science-based target, committing to be carbon net zero by 2035 and through the Entain Foundation supports a variety of initiatives, focusing on safer gambling, grassroots sport, diversity in technology and community projects. For more information see the Group's website: www.entaingroup.com

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CHIEF EXECUTIVE'S REVIEW

A differentiated leader in a global growth industry

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

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

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

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

We continue to set the standards for our industry on responsibility and sustainability. Our ground-breaking approach to player protection through our Advanced Responsibility and Care™ programme ("ARC™") was rolled out internationally to 22 markets during the year. Regulation is the cornerstone of a sustainable business and we are proud that we lead the industry with 100% of our revenue now coming from markets that are either domestically regulated or in the process of regulating – setting a new benchmark for our industry. Our commitment to this important agenda, elevating integrity within our industry and doing the right thing sees us absorb responsible gambling initiatives and impacts from changes in regulated and regulating markets. This has been particularly evident in the UK with the implementation of regulator enforced affordability checks, which created a headwind of approximately 10% on UK Online revenues in 2022, with ongoing impacts expected in 2023. We are tremendously proud of the leadership role we play in raising the bar for our industry and our efforts continue to be recognised with numerous awards as well as related index inclusions.

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

Entain Platform powering growth

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

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

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

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

Our strategy for Growth

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

Our online operations have delivered a three year compound annual growth rate of +12%cc[3], or +18%cc[3] including our share of BetMGM. Our Retail operations are +66%[5] ahead of a lockdown impacted 2021 and customer volumes in our two largest retail estates, the UK and Italy, are ahead of pre-Covid levels.

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

Leadership in the US

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

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

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

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

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

Alongside our success in securing a market leadership position, we have also maintained strong financial discipline. Supported by the significant embedded margin advantage BetMGM enjoys through its parental structure, 2022 saw us increase focus on building a sustainable and profitable business for the long term. The prioritisation of NGR over GGR, through progressively strategic bonus optimisation, has seen sports NGR margins double year on year in Q4. More rigorous customer segmentation and player analytics, coupled with a data-led approach to marketing, enables bonusing to be effective and efficient. Key customer metrics of cost per acquisition (CPA) and first time depositors (FTD) are ahead or inline with forecasts, which reaffirms expectation of long-term CPA of approximately $250.

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

Grow presence in our existing markets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Expand into new regulated markets

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

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

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

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

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

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

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

Extending into interactive entertainment

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

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

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

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

Sustainability

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

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

Lead on responsibility

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

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

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

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

Diversify our regulated activities

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

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

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

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

Broaden our customer appeal

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

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

Invest in our people and communities

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

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

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

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

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

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

Notes

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

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

Financial Results and the use of Non-GAAP measures

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

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

CHIEF FINANCIAL OFFICER'S REVIEW

FINANCIAL PERFORMANCE REVIEW

Group

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

Reported Results[1]:

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

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

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

Online

Year ended 31 December	Reported results[1] 2022 £m	2021 £m	Change %	CC[2] %
Sports wagers	14,090.5	14,165.9	(1%)	(3%)
Sports margin	12.9%	12.7%	0.2pp	0.2pp
Sports NGR	1,443.7	1,444.3	flat	(2%)
Gaming NGR	1,576.9	1,595.9	(1%)	(3%)
B2B NGR	29.9	26.3	14%	14%
Total NGR	3,050.5	3,066.5	(1%)	(2%)
VAT/GST	(52.0)	(56.3)	8%	9%
Revenue	2,998.5	3,010.2	flat	(2%)
Gross profit	1,829.6	1,871.5	(2%)	
Contribution	1,254.2	1,294.7	(3%)	
Contribution margin	41.1%	42.2%	(1.1pp)	
Operating costs	(425.0)	(393.7)	(8%)	
Underlying EBITDAR[3]	829.2	901.0	(8%)	
Rent and associated costs	(1.0)	(2.0)	50%	
Underlying EBITDA[3]	828.2	899.0	(8%)	
Share based payments	(7.8)	(5.3)	(47%)	
Underlying depreciation and amortisation	(118.3)	(116.7)	(1%)	
Share of JV (loss)/income	(0.2)	(1.0)	80%	
Underlying operating profit[4]	701.9	776.0	(10%)	

Reported Results[1]:

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

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

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

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

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

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

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

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

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

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

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

Retail

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

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

Reported Results[1]:

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

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

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

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

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

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

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

Resulting underlying EBITDA[1,3] of £280.2m was £213.3m ahead of 2021. Depreciation of £112.4m was 10% higher than 2021 due to continued investment in our retail estates and the annualisation of depreciation charges on our Omnia till system in the UK. Underlying operating profit[4] of £165.5m was £202.9m ahead of 2021 and, after charging £57.4m of separately disclosed items, operating profit was £108.1m, £144.1m ahead of last year.

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

New Opportunities

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

Reported Results[1]:

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

Other

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

Reported Results[1]:

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

Corporate

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

Reported Results[1]:

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

Notes

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

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

STATUTORY PERFORMANCE REVIEW

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

NGR and Revenue

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

Underlying operating profit[4]

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

Financing costs

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

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

Separately disclosed items

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

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

Profit before tax

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

Taxation

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

Cashflow

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

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

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

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

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

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

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

Net debt and liquidity

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

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

Going Concern

In adopting the going concern basis of preparation in the financial statements, the directors have considered the current trading performance of the Group, the financial forecasts, the post balance sheet events disclosed in note 14 and the principal risks and uncertainties. In addition, the directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios, which have been run individually and in combination, and include but are not limited to legislation changes impacting the Group's Online business and severe data privacy and cyber security breaches. These forecasts are not reliant on any refinancing occurring in the going concern assessment period.

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

Notes

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

Principal and emerging risks

Key risks, both threats and opportunities, are reviewed by the executive directors, other senior executives and the Board of Entain plc on a regular basis and, where appropriate, actions are taken to mitigate the key threats that are identified. The Board has overall responsibility for enterprise risk management as an integral part of strategic planning.

The principal risks and uncertainties which could impact the Group are detailed in the Group's Annual Report and Accounts 2022 and are as follows:

Data privacy and cyber security

The Group processes sensitive personal customer data (including name, address, age, bank details and betting and gaming history) as part of its business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which the Group operates. The Group is exposed to the risk that this data could be wrongfully obtained through either a cyber-attack or a breach in data security. This could result in prosecutions including financial penalties, sanctions, the loss of the goodwill of its customers and an inability to deliver growth and deliver technology synergies.

Laws, regulations, licensing and regulatory compliance

Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes at short notice. Such changes could benefit or have an adverse effect on the Group's profitability and additional costs might be incurred in order to comply with any new laws or regulations in multiple jurisdictions.

Failure to maintain our technology platform excellence

The Group's operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail. In particular, any damage to, or failure of, online systems and servers, electronic point of sale systems and electronic display systems could result in interruptions to financial controls and customer service systems and may impact the Group's ability to retain existing, and attract new, customers to deliver the Group's growth strategy.

Taxes

The Group is subject to a range of taxes, duties and levies in many of the countries where we have operations or in which our customers are located. The taxes imposed upon betting and gaming companies have changed over time, and the levels of taxation to which the Group is subject may change in the future. If additional taxes are levied, this may have an adverse effect on the amount of tax payable by the Group.

Further taxes may include corporate income tax, value added tax (VAT) or other indirect taxes. Group companies may be subject to VAT or similar taxes on transactions, which have previously been treated as exempt.

Strategy Execution in Growth Markets

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

Safer betting and gaming

Providing a safe and enjoyable betting and gaming experience for our customers in at the centre of everything that Entain does. Failure to meet the high standards we, and others, expect of Entain could have a significant impact on our customers and their wellbeing as well as impact the Group's profitability and reputation.

Health, Safety, Security & Wellbeing of Employees, Customers and Communities

Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and customers in both retail and digital markets could expose the Group, including individual employees and directors, to material civil, criminal and or regulatory action with the associated financial and reputational consequences.

In addition, as a large corporate we recognise our impact on society and local communities in which we operate and as a large Group the expectations on us. Failure to meet these expectations could have widespread reputational consequences.

Trading, liability management and pricing

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

Loss of key locations

Whilst the Group operates out of a number of geographical locations, there are several key sites which are critical to the day to day operations of the Group. Disruption in any of these locations could have an impact on day to day operations.

Attracting and retaining key talent

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

ENTAIN PLC (Company number 4685V)

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December				2022			2021
	Notes	Underlying items	Separately disclosed Items (note 3)	Total	Underlying items	Separately disclosed Items (note 3)	Total
		£m	£m	£m	£m	£m	£m
Net Gaming Revenue		**4,348.9**	**-**	**4,348.9**	3,886.3	-	3,886.3
VAT/GST		(52.0)	-	(52.0)	(56.3)	-	(56.3)
Revenue	2	**4,296.9**	**-**	**4,296.9**	3,830.0	-	3,830.0
Cost of sales		(1,582.2)	-	(1,582.2)	(1,394.2)	-	(1,394.2)
Gross profit		**2,714.7**	**-**	**2,714.7**	2,435.8	-	2,435.8
Administrative costs		(1,978.8)	(213.2)	(2,192.0)	(1,789.2)	(128.3)	(1,917.5)
Contribution		**2,128.9**	**-**	**2,128.9**	1,851.5	-	1,851.5
Administrative costs excluding marketing		(1,393.0)	(213.2)	(1,606.2)	(1,204.9)	(128.3)	(1,333.2)
Group operating profit/(loss) before share of results from joint ventures and associates		**735.9**	**(213.2)**	**522.7**	646.6	(128.3)	518.3
Share of results from joint ventures and associates		(194.1)	-	(194.1)	(162.5)	-	(162.5)
Group operating profit/(loss)		**541.8**	**(213.2)**	**328.6**	484.1	(128.3)	355.8
Finance expense	4	(89.0)	(5.7)	(94.7)	(77.1)	(5.8)	(82.9)
Finance income	4	4.3	-	4.3	2.1	-	2.1
(Losses)/gains arising from change in fair value of financial instruments	4	(23.1)	-	(23.1)	62.0	-	62.0
(Losses)/gains arising from foreign exchange on debt instruments	4	(112.2)	-	(112.2)	56.2	-	56.2
Profit/(loss) before tax		**321.8**	**(218.9)**	**102.9**	527.3	(134.1)	393.2
Income tax		(97.9)	27.9	(70.0)	(90.1)	(27.5)	(117.6)
Profit/(loss) from continuing operations		**223.9**	**(191.0)**	**32.9**	437.2	(161.6)	275.6
Loss for the year from discontinued operations after tax		-	(13.4)	(13.4)	(5.6)	(9.3)	(14.9)
Profit/(loss) for the year		**223.9**	**(204.4)**	**19.5**	431.6	(170.9)	260.7
Attributable to:							
Equity holders of the parent		225.6	(201.4)	24.2	420.2	(170.9)	249.3
Non-controlling interests		(1.7)	(3.0)	(4.7)	11.4	-	11.4
		223.9	(204.4)	19.5	431.6	(170.9)	260.7
Earnings per share on profit for the year from continuing operations		60.9p[1]		6.4p	54.3p[1]		45.1p
From profit for the year	6	60.9p[1]		4.1p	53.3p[1]		42.6p
Diluted earnings per share on profit for the year from continuing operations		60.5p[1]		6.3p	53.8p[1]		44.7p
From profit for the year	6	60.5p[1]		4.1p	52.8p[1]		42.2p

Memo

EBITDAR[2]	1,008.5	(89.3)	919.2	898.8	19.2	918.0
Rent and associated costs[3]	(15.3)	-	(15.3)	(17.1)	-	(17.1)
EBITDA	993.2	(89.3)	903.9	881.7	19.2	900.9
Share-based payments	(19.2)	-	(19.2)	(12.3)	-	(12.3)
Depreciation, amortisation and impairment	(238.1)	(123.9)	(362.0)	(222.8)	(147.5)	(370.3)
Share of results from joint ventures and associates	(194.1)	-	(194.1)	(162.5)	-	(162.5)
Group operating profit/(loss)	**541.8**	**(213.2)**	**328.6**	484.1	(128.3)	355.8

1. The calculation of underlying earnings per share has been adjusted for separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments as it provides a better understanding of the underlying performance of the Group. See note 6 for further details.
2. Included within the Income Statement and Memo above are certain non-statutory measures. The use of these items and the reconciliation to their statutory equivalents is provided above and on page 12 of the report.
3. Rent and associated costs include VAT and rent not captured by IFRS 16. These are predominantly driven by VAT on rental charges not being recoverable and held over leases.

ENTAIN PLC (Company number 4685V)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2022 £m	2021 £m
Profit for the year		19.5	260.7
Other comprehensive income/(expense):			
Items that may be reclassified to profit or loss:			
Currency differences on translation of foreign operations		182.9	(128.3)
Total items that may be reclassified to profit or loss		182.9	(128.3)
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit pension scheme		(24.7)	31.2
Tax on re-measurement of defined benefit pension scheme		8.6	(10.9)
Deficit on revaluation of other investment		(2.6)	-
Total items that will not be reclassified to profit or loss		(18.7)	20.3
Other comprehensive income/(expense) for the year, net of tax		164.2	(108.0)
Total comprehensive income for the year		183.7	152.7
Attributable to:			
Equity holders of the parent		182.3	141.3
Non-controlling interests		1.4	11.4

ENTAIN PLC (Company number 4685V)

CONSOLIDATED BALANCE SHEET

At 31 December	Notes	2022 £m	2021 £m
Assets			
Non-current assets			
Goodwill	7	3,979.2	3,217.0
Intangible assets	7	2,677.7	2,152.5
Property, plant and equipment		507.2	467.2
Interest in joint venture		-	9.7
Interest in associates and other investments		53.5	58.4
Trade and other receivables		38.6	3.0
Other financial assets		0.2	0.3
Deferred tax assets		157.3	141.4
Retirement benefit asset		63.8	95.1
		7,477.5	6,144.6
Current assets			
Trade and other receivables		500.3	539.8
Income and other taxes recoverable		30.7	23.1
Derivative financial instruments		72.9	57.4
Cash and cash equivalents		658.5	487.1
		1,262.4	1,107.4
Total assets		**8,739.9**	7,252.0
Liabilities			
Current liabilities			
Trade and other payables		(719.8)	(695.8)
Balances with customers		(200.5)	(205.9)
Lease liabilities		(65.1)	(78.2)
Interest bearing loans and borrowings	9	(424.9)	(121.1)
Corporate tax liabilities		(45.3)	(59.1)
Provisions		(20.6)	(43.5)
Derivative financial instruments		(79.2)	-
Other financial liabilities		(208.8)	(36.1)
		(1,764.2)	(1,239.7)
Non-current liabilities			
Interest bearing loans and borrowings	9	(2,689.1)	(2,161.3)
Lease liabilities		(215.8)	(215.5)
Deferred tax liabilities		(495.4)	(408.0)
Provisions		(5.4)	(6.4)
Other financial liabilities		(253.4)	(52.6)
		(3,659.1)	(2,843.8)
Total liabilities		**(5,423.3)**	(4,083.5)
Net assets		**3,316.6**	3,168.5
Equity			
Issued share capital		4.8	4.8
Share premium		1,207.3	1,207.3
Merger reserve		2,527.4	2,527.4
Translation reserve		240.2	63.4
Retained earnings		(846.9)	(635.8)
Equity shareholders' funds		**3,132.8**	3,167.1
Non-controlling interests		183.8	1.4
Total shareholders' equity		**3,316.6**	3,168.5

J Nygaard-Andersen
(Chief Executive Officer)

R Wood
(Deputy Chief Executive Officer/Chief Financial Officer)

ENTAIN PLC (Company number 4685V)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Merger Reserve	Translation reserve[1]	Retained earnings	Equity shareholders' funds	Non-controlling Interests	Total Shareholders' equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2021	4.8	1,206.6	2,527.4	191.7	(901.3)	3,029.2	52.3	3,081.5
Profit for the year	-	-	-	-	249.3	249.3	11.4	260.7
Other comprehensive income	-	-	-	(128.3)	20.3	(108.0)	-	(108.0)
Total comprehensive income	-	-	-	(128.3)	269.6	141.3	11.4	152.7
Share options exercised	-	0.7	-	-	-	0.7	-	0.7
Share-based payments charge	-	-	-	-	6.9	6.9	-	6.9
Business combinations (note 11)	-	-	-	-	(50.0)	(50.0)	14.2	(35.8)
Purchase of non-controlling interests	-	-	-	-	39.0	39.0	(52.0)	(13.0)
Equity dividends (note 5)	-	-	-	-	-	-	(24.5)	(24.5)
At 31 December 2021	4.8	1,207.3	2,527.4	63.4	(635.8)	3,167.1	1.4	3,168.5
At 1 January 2022	4.8	1,207.3	2,527.4	63.4	(635.8)	3,167.1	1.4	3,168.5
Profit for the year	-	-	-	-	24.2	24.2	(4.7)	19.5
Other comprehensive income	-	-	-	176.8	(18.7)	158.1	6.1	164.2
Total comprehensive income	-	-	-	176.8	5.5	182.3	1.4	183.7
Share-based payments charge	-	-	-	-	18.3	18.3	-	18.3
Business combinations (note 11)	-	-	-	-	-	-	178.9	178.9
Recognition of put option liability	-	-	-	-	(181.2)	(181.2)	-	(181.2)
Purchase of non-controlling interests	-	-	-	-	(3.7)	(3.7)	2.1	(1.6)
Equity dividends (note 5)	-	-	-	-	(50.0)	(50.0)	-	(50.0)
At 31 December 2022	4.8	1,207.3	2,527.4	240.2	(846.9)	3,132.8	183.8	3,316.6

1. The translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries with non-sterling functional currencies.

ENTAIN PLC (Company number 4685V)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2022 £m	2021 £m
Cash generated by operations	10	846.9	803.8
Income taxes paid		(106.1)	(98.7)
Net finance expense paid		(100.6)	(73.3)
Net cash generated from operating activities		640.2	631.8
Cash flows from investing activities:			
Acquisitions[1]		(738.6)	(449.8)
Cash acquired on business combinations		29.9	22.3
Cash disposed on sale of business		-	(53.7)
Dividends received from associates		3.6	-
Purchase of intangible assets		(129.9)	(106.4)
Purchase of property, plant and equipment		(82.1)	(69.8)
Proceeds from the sale of property, plant and equipment including disposal of shops		-	1.9
Purchase of investments in associates and other investments		-	(29.4)
Investment in joint ventures		(175.1)	(164.4)
Net cash used in investing activities		(1,092.2)	(849.3)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		-	0.7
Net proceeds from borrowings		838.4	797.2
Repayment of borrowings		(109.0)	(566.1)
Repayment of borrowings on acquisition		(162.8)	-
Subscription of funds from non-controlling interests		174.3	-
Settlement of derivative financial instruments		41.6	(19.1)
Settlement of other financial liabilities		(32.9)	(130.7)
Payment of lease liabilities		(83.0)	(87.9)
Dividends paid to shareholders		(50.0)	-
Dividends paid to non-controlling interests		-	(24.5)
Net cash used in financing activities		616.6	(30.4)
Net increase/(decrease) in cash and cash equivalents		164.6	(247.9)
Effect of changes in foreign exchange rates		6.8	(14.8)
Cash and cash equivalents at beginning of the year		487.1	749.8
Cash and cash equivalents at end of the year		658.5	487.1

1. Included within cash flows from acquisitions is £1.7m (2021: £nil) relating to the purchase of minority holdings in Scout Gaming AB and Global Gaming Limited

1 Summary of significant accounting policies

1.1 Basis of preparation

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2022 or 2021 but is derived from those accounts. Statutory accounts for 2021 have been delivered to the registrar of companies, and those for 2022 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

The consolidated financial statements of the Group have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and with the Isle of Man Companies Act 2006 applicable to companies reporting under IFRSs. The accounting policies set out in this section as detailed have been applied consistently year on year other than for the changes in accounting policies set out in note 1.

1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group at 31 December each year. The consolidation has been performed using the results to 31 December for all subsidiaries, using consistent accounting policies. With the exception of a small number of immaterial subsidiaries, the financial statements of those subsidiaries are prepared to 31 December. Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee.

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries are consolidated, using the acquisition method of accounting, from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred from the Group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition. Any excess of the cost of acquisition over the fair values of the separately identifiable net assets acquired is recognised as goodwill. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

1.3 Critical accounting estimates and judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported.

Judgements

Management believes that the areas where judgement has been applied are:

- separately disclosed items (note 3).

Separately disclosed items

To assist in understanding the underlying performance of the Group, management applies judgement to identify those items that are deemed to warrant separate disclosure due to either their nature or size. Whilst not limited to, the following items of pre-tax income and expense are generally disclosed separately:

- amortisation of acquired intangibles resulting from IFRS 3 “Business Combinations” fair value exercises;
- profits or losses on disposal, closure, or impairment of non-current assets or businesses;
- corporate transaction and restructuring costs;
- legal, regulatory and tax litigation;
- changes in the fair value of contingent consideration; and
- the related tax effect of these items.

Any other non-recurring items are considered individually for classification as separately disclosed by virtue of their nature or size. During 2022 the Group separately disclosed a net charge on continuing operations of £218.9m including £116.9m of amortisation of acquired intangibles resulting from IFRS 3.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 3.

1.4 Other accounting policies

Estimates

Included within the financial statements are a number of areas where estimation is required.

Management believes that the area where this is most notable within the financial statements is the accounting for business combinations (note 11).

Business combinations

For business combinations, the Group estimates the fair value of the consideration transferred, which can include assumptions about the future business performance of the business acquired and an appropriate discount rate to determine the fair value of any contingent consideration.

The Group then estimates the fair value of assets acquired and liabilities assumed in the business combination. The area of most notable estimation within the fair value exercise relates to separately identifiable intangible assets including brands, customer lists, and licences. These estimates also require inputs and assumptions to be applied within the relief from royalty calculation of fair values with the more significant assumptions relating to future earnings, customer attrition rates and discount rates. The Group engages external experts to support the valuation process, where appropriate. IFRS 3 ‘Business Combinations’ allows the Group to recognise provisional fair values if the initial accounting for the business combination is incomplete.

The fair value of contingent consideration recognised in business combinations is reassessed at each reporting date, using updated inputs and assumptions based on the latest financial forecasts for the relevant business. Fair value movements and the unwinding of the discounting is recognised within the income statement as a separately disclosed item. See note 3 and note 11 for further details.

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities at the date of acquisition in accordance with IFRS 3 Business Combinations. Goodwill is not amortised but reviewed for impairment at the first reporting period after acquisition and then annually thereafter. As such it is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal. On the current year acquisitions, any non-controlling interests where put options are in place are recognised using the present access method where the Group assesses that the non-controlling shareholder has present access to the returns associated with their equity interests.

‘Put’ options over the equity of subsidiary companies

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities. The amounts that may become payable under the option on exercise are initially recognised at the present value of the expected gross obligation with the corresponding entry being recognised in retained earnings. Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The present value of the expected gross obligation is reassessed at the end of each reporting period and any changes are recorded in the income statement. In the event that an option expires unexercised, the liability is derecognised with a corresponding adjustment to retained earnings.

Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other expenditure is charged in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Indefinite lived assets are not amortised and are subject to an annual impairment review from the year of acquisition. Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated income statement through the ‘operating expenses, depreciation and amortisation’ line item.

1 Summary of significant accounting policies (continued)

1.4 Other accounting policies (continued)

Intangible assets (continued)

A summary of the policies applied to the Group's intangible assets is as follows:

Licences	Lower of 15 years, or duration of licence
Software – purchased & internally capitalised costs	2-15 years
Trademarks & brand names	10-15 years, or indefinite life
Customer relationships	3-15 years

The useful lives of all intangible assets are reviewed at each financial period end. Impairment testing is performed annually for intangible assets which are not subject to systematic amortisation and where an indicator of impairment exists for all other intangible assets.

An intangible asset is derecognised on disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Pensions and other post-employment benefits

The Group's defined benefit pension plan holds assets separately from the Group. The pension cost relating to the plan is assessed in accordance with the advice of independent qualified actuaries using the projected unit credit method.

Actuarial gains or losses are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Any past service cost is recognised immediately. The retirement benefit asset recognised in the balance sheet represents the fair value of scheme assets less the value of the defined benefit obligations.

In accounting for the Group's defined benefit pension plan, it is necessary for management to make a number of estimates and assumptions each year. These include the discount rates, inflation rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in other comprehensive income. Refer to note 30 for details of the values of assets and obligations and key assumptions used. Although the Group anticipates that plan surpluses will be utilised during the life of the plans to address member benefits, the Group recognises its pension surplus in full on the basis that there are no substantive restrictions on the return of residual plan assets in the event of a winding up of the plan after all member obligations have been met.

The Group's contributions to defined contribution scheme are charged to the consolidated income statement in the period to which the contributions relate.

There is a degree of estimation involved in predicting the ultimate benefits payable under defined benefit pension arrangements. The pension scheme liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of this plan, such estimates are subject to uncertainty.

The Gala Coral Pension Plan has a net asset position when measured on an IAS 19 basis. Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet. The Ladbrokes Pension Plan was bought-out in 2021.

Impairment

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal.

An impairment review is performed for goodwill and other indefinite life assets on at least an annual basis. For all other non-current assets an impairment review is performed where there are indicators of impairment. This requires an estimation of the recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from each cash generating unit and to discount cash flows by a suitable discount rate in order to calculate the present value of those cash flows. Estimating an asset's fair value less costs to sell is determined using future cashflow and profit projections as well as industry observed multiples and publicly observed share prices for similar betting and gaming companies. See note 8 for details on sensitivity analysis performed around these estimates.

Within UK and European Retail, the cash generating units are generally an individual Licenced Betting Office ("LBO") and therefore, impairment is first assessed at this level for licences, right of use ("ROU") assets and property, plant and equipment, with any impairment arising booked to licences and property, plant and equipment on a pro-rata basis.

1 Summary of significant accounting policies (continued)

1.4 Other accounting policies (continued)

Impairment (continued)

Impairment losses are recognised in the consolidated income statement.

Investments in joint ventures

A joint venture is an entity in which the Group holds an interest on a long-term basis, and which is jointly controlled by the Group and one or more other venturers under a contractual agreement.

Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

The Group's share of results of joint ventures is included in the Group consolidated income statement using the equity method of accounting. Investments in joint ventures are carried in the Group consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in joint ventures includes acquired goodwill.

If the Group's share of losses in the joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has obligations to continue to provide financial support to the joint venture.

Investments in associates

Associates are those businesses in which the Group has a long-term interest and is able to exercise significant influence over the financial and operational policies but does not have control or joint control over those policies.

The Group's share of results of associates is included in the Group's consolidated income statement using the equity method of accounting. Investments in associates are carried in the Group's consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in associates includes acquired goodwill. If the Group's share of losses in the associate equals or exceed its investments in the associate, the Group does not recognise further losses, unless it has obligations to continue to provide financial support to the associate.

Property, plant and equipment

Land is stated at cost less any impairment in value.

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is applied using the straight-line method to specific classes of asset to reduce them to their residual value over their estimated useful economic lives.

Land and buildings	Lower of 50 years, or estimated useful life of the building, or lease. Indefinite lives are attached to any freehold land held and therefore it is not depreciated.
Plant and equipment	3-5 years
Fixtures and fittings	3-10 years

Right of Use ("ROU") assets arising under lease contracts are depreciated over the lease term (as defined in IFRS 16) being the period to the expiry date of the lease, unless it is expected that a break clause will be exercised when the lease term is the period to the date of the break.

The carrying values of property, plant and equipment are reviewed for impairment where an indicator of impairment exists, being events or changes in circumstances indicating that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

1 Summary of significant accounting policies (continued)

1.4 Other accounting policies (continued)

Leases

The Group has applied IFRS 16 only to those contracts that were previously identified as a lease under IAS 17 Leases; any contracts not previously identified as leases have not been reassessed for the purposes of adopting IFRS 16. Accordingly, the definition of a lease under IFRS 16 has only been applied to contracts entered into on or after 1 January 2019.

Leases, other than those with a lease period of less than one year at inception, or where the original cost of the asset acquired would be a negligible amount, are capitalised at inception at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

ROU assets are included within property, plant and equipment at cost and depreciated over their estimated useful lives, which normally equates to the lives of the leases, after considering anticipated residual values.

ROU assets which are sub-leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of usage to the lessee. All other sub-leases are classified as operating leases. When assets are subject to finance leases, the present value of the sub-lease is recognised as a receivable, net of allowances for expected credit losses and the related ROU asset is de-recognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income.

Finance lease interest income is recognised over the term of the lease using the net investment method (before tax) so as to give a constant rate of return on the net investment in sub-leases. Operating lease rental income is recognised on a straight-line basis over the life of the lease.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, short-term deposits (and customer balances).

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them. The Group classifies financial assets at inception as financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, financial assets at amortised cost are measured at fair value net of transaction costs.

Trade receivables are generally accounted for at amortised cost. Expected credit losses are recognised for financial assets recorded at amortised cost, including trade receivables. Expected credit losses are calculated by using an appropriate probability of default, taking accounts of a range of possible future scenarios and applying this to the estimated exposure of the Group at the point of default.

Financial assets at fair value through profit or loss include derivative financial instruments. Financial assets through profit or loss are measured initially at fair value with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated income statement.

Financial assets at fair value through other comprehensive income comprise equity investments that are designated as such on acquisition. These investments are measured initially at fair value. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated statement of comprehensive income.

Financial liabilities

Financial liabilities comprise trade and other payables, interest bearing loans and borrowings, contingent consideration, ante-post bets, guarantees and derivative financial instruments. On initial recognition, financial liabilities are measured at fair value net of transaction costs where they are not categorised as financial liabilities at fair value. Financial liabilities measured at fair value include contingent consideration, derivative financial instruments, ante-post bets and guarantees.

Financial liabilities at fair value are measured initially at fair value, with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the consolidated income statement.

Trade and other payables are held at amortised cost and include amounts due to clients representing customer deposits and winnings, which are matched by an equal and opposite amount within cash and cash equivalents.

1 Summary of significant accounting policies (continued)

1.4 Other accounting policies (continued)

Financial liabilities (continued)

All interest-bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps, foreign exchange swaps and interest rate swaps, to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on remeasurement are taken to the consolidated income statement.

Derivative financial instruments are classified as assets where their fair value is positive, or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

Foreign currency translation

The presentational currency of Entain plc and the functional currencies of its UK subsidiaries are Pounds Sterling (£).

Other than Sterling the main functional currencies of subsidiaries are the Euro (€), the US Dollar ($) and the Australian Dollar (A$). At the reporting date, the assets and liabilities of non-sterling subsidiaries are translated into Pounds Sterling (£) at the rate of exchange ruling at the balance sheet date and their cash flows are translated at the weighted average exchange rates for the year. The post-tax exchange differences arising on the retranslation are taken directly to other comprehensive income.

Transactions in foreign currencies are initially recorded in the subsidiary's functional currency and translated at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the consolidated income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

On disposal of a foreign entity, the deferred cumulative retranslation differences previously recognised in equity relating to that particular foreign entity are recognised in the consolidated income statement as part of the profit or loss on disposal.

The following exchange rates were used in 2022 and 2021:

	2022		2021	
Currency	Average	Year end	Average	Year end
Euro (€)	1.175	1.128	1.159	1.190
US Dollar ($)	1.245	1.208	1.375	1.354
Australian Dollar (A$)	1.788	1.775	1.832	1.862

1 Summary of significant accounting policies (continued)

1.4 Other accounting policies (continued)

Income tax

Deferred tax is provided on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except:

- on the initial recognition of goodwill;
- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the tax profit; and
- associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Interest or penalties payable and receivable in relation to income tax are recognised as an income tax expense or credit in the consolidated income statement.

Income tax expenses are recognised within profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case they are recognised in other comprehensive income or directly in equity.

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry within which the Group operates, the tax and regulatory regimes are continuously changing and, as such, the Group is exposed to a small number of uncertain tax positions. Judgement is applied to adequately provide for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise. In particular, during 2022 judgement has been applied in the Group's accounting for Greek tax and further disclosure is given in note 12.

Equity instruments and dividends

Equity instruments issued by the Company are recorded at the fair value of proceeds received net of direct issue costs.

Final dividends proposed by the Board of Directors and unpaid at the year-end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

Revenue

The Group reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Revenue is net of VAT/GST. The Group considers betting and gaming revenue to be out of the scope of IFRS 15 Revenue, and accounts for those revenues within the scope of IFRS 9 Financial Instruments.

For licensed betting offices (LBOs), on course betting, Core Telephone Betting, mobile betting, Digital businesses (including sportsbook, betting exchange, casino, games, other number bets), revenue represents gains and losses, being the amounts staked and fees received, less total payouts recognised on the settlement of the sporting event or casino gaming machine roulette or slots spin. Open betting positions ("ante-post") are carried at fair value and gains and losses arising on these positions are recognised in revenue.

1 Summary of significant accounting policies (continued)

1.4 Other accounting policies (continued)

Revenue (continued)

The following forms of revenue, which are not significant in the context of Group revenue, are accounted for within the scope of IFRS 15 Revenue. Revenue from the online poker business reflects the net income (rake) earned from poker hands completed by the year end. In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the year, including broadcasting rights, and sales of refreshments, net of VAT. Given the nature of these revenue streams they are not considered to be subject to judgement over the performance obligations, amount received or timing of recognition.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the consolidated income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

Share-based payment transactions

Certain employees (including directors) of the Group receive remuneration in the form of equity settled share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Entain plc (market conditions).

The cost of equity settled transactions is recognised in the consolidated income statement, with a corresponding credit in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as shown in note 6.

1.5 Future accounting developments

The standards and interpretations that are issued, but not yet effective, excluding those relating to annual improvements, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. None of these are expected to have a significant effect on the consolidated financial statements of the Group as set out below:

IAS 1	Presentation of Financial Statements	Presentation of Financial Statements and IFRS Practice Statement 2 Disclosure of Accounting Policies	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	1 January 2023
IAS 12	Income Taxes	Deferred Tax related to assets and liabilities arising from a single transaction	1 January 2023
IFRS 17	Insurance Contracts	Original issue	1 January 2023
IFRS 16	Leases	Lease liability in a sale and leaseback transaction	1 January 2024
IAS 1	Presentation of Financial Statements	Classification of liabilities as current or non-current Non-current liabilities regarding long-term debt with covenants	1 January 2024
IFRS 10	Consolidated Financial Statements	Sale or contribution of assets between an investor and its associate or joint venture	Date deferred
IAS 28	Investments in Associates and Joint Ventures	Sale or contribution of assets between an investor and its associate or joint venture	Date deferred

2 Segment information

The Group's operating segments are based on the reports reviewed by the Executive Management Team (which is collectively considered to be the Chief Operating Decision Maker ("CODM")) to make strategic decisions, and allocate resources.

IFRS 8 requires segment information to be presented on the same basis as that used by the CODM for assessing performance and allocating resources. The Group's operating segments are now aggregated into the five reportable segments as detailed below.

- Online: comprises betting and gaming activities from online and mobile operations. Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Sportingbet, SuperSport, and Sport Interaction; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino, Optibet, and Ninja;
- Retail: comprises betting and retail activities in the shop estates in Great Britain, Northern Ireland, Jersey, Republic of Ireland, Belgium, Italy, and Croatia;
- New opportunities: unikrn and innovation spend;
- Corporate: includes costs associated with Group functions including Group executive, legal, Group finance, US joint venture, tax and treasury; and
- Other segments: includes activities primarily related to telephone betting, Stadia and on course pitches.

The Executive Management Team of the Group has chosen to assess the performance of operating segments based on a measure of NGR , EBITDAR, EBITDA, and operating profit with finance costs and taxation considered for the Group as a whole. See page 12 of this annual report for further considerations of the use of Non-GAAP measures. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

The segment results for the year ended 31 December were as follows:

2022	Online £m	Retail £m	All other segments £m	New opportunities £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR[1]	3,050.5	1,277.8	25.1	-	-	(4.5)	4,348.9
VAT/GST	(52.0)	-	-	-	-	-	(52.0)
Revenue	2,998.5	1,277.8	25.1	-	-	(4.5)	4,296.9
Gross profit	1,829.6	860.0	25.1	-	-	-	2,714.7
Contribution[2]	1,254.2	852.1	25.0	(2.4)	-	-	2,128.9
Operating costs excluding marketing costs	(425.0)	(558.4)	(20.0)	(26.5)	(90.5)	-	(1,120.4)
Underlying EBITDAR before separately disclosed items	829.2	293.7	5.0	(28.9)	(90.5)	-	1,008.5
Rental costs	(1.0)	(13.5)	(0.1)	(0.2)	(0.5)	-	(15.3)
Underlying EBITDA before separately disclosed items	828.2	280.2	4.9	(29.1)	(91.0)	-	993.2
Share based payments	(7.8)	(2.3)	-	(0.3)	(8.8)	-	(19.2)
Depreciation and amortisation	(118.3)	(112.4)	(2.7)	(4.5)	(0.2)	-	(238.1)
Share of joint ventures and associates	(0.2)	-	0.4	(0.4)	(193.9)	-	(194.1)
Operating profit/(loss) before separately disclosed items	701.9	165.5	2.6	(34.3)	(293.9)	-	541.8
Separately disclosed items (note 3)	(114.0)	(57.4)	(0.7)	-	(41.1)	-	(213.2)
Group operating profit/(loss)	587.9	108.1	1.9	(34.3)	(335.0)	-	328.6
Net finance expense							(225.7)
Profit before tax							102.9
Income tax							(70.0)
Profit for the year from continuing operations							**32.9**
Loss for the year from discontinued operations after tax							(13.4)
Profit for the year after discontinued operations							**19.5**

1. Included within NGR are amounts of £65.6m (2021: £82.6m) in relation to online poker services and £25.1m (2021: £20.5m) arising from the operation of greyhound stadia recognised under IFRS 15 Revenue.

2. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.

2 Segment information (continued)

2021	Online	Retail	All other segments	New opportunities	Corporate	Elimination of internal revenue	Total Group
	£m	£m	£m	£m	£m	£m	£m
NGR	3,066.5	791.1	32.8	-	-	(4.1)	3,886.3
VAT/GST	(56.3)	-	-	-	-	-	(56.3)
Revenue	3,010.2	791.1	32.8	-	-	(4.1)	3,830.0
Gross profit	1,871.5	535.8	28.5	-	-	-	2,435.8
Contribution[1]	1,294.7	529.0	27.8	-	-	-	1,851.5
Operating costs excluding marketing costs	(393.7)	(447.5)	(22.1)	(8.8)	(80.6)	-	(952.7)
Underlying EBITDAR before separately disclosed items	901.0	81.5	5.7	(8.8)	(80.6)	-	898.8
Rental costs	(2.0)	(14.6)	(0.1)	-	(0.4)	-	(17.1)
Underlying EBITDA before separately disclosed items	899.0	66.9	5.6	(8.8)	(81.0)	-	881.7
Share based payments	(5.3)	(1.9)	(0.1)	-	(5.0)	-	(12.3)
Depreciation and amortisation	(116.7)	(102.4)	(2.9)	(0.4)	(0.4)	-	(222.8)
Share of joint ventures and associates	(1.0)	-	0.4	-	(161.9)	-	(162.5)
Operating profit/(loss) before separately disclosed items	776.0	(37.4)	3.0	(9.2)	(248.3)	-	484.1
Separately disclosed items (note 3)	(154.0)	1.4	(1.7)	-	26.0	-	(128.3)
Group operating profit/(loss)	622.0	(36.0)	1.3	(9.2)	(222.3)	-	355.8
Net finance income							37.4
Profit before tax							393.2
Income tax							(117.6)
Profit for the year from continuing operations							275.6
Loss for the year from discontinued operations after tax							(14.9)
Profit for the year after discontinued operations							260.7

1. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.

3 Separately disclosed items

	2022 £m	2022 Tax Impact £m	2021 £m	2021 Tax Impact £m
Amortisation of acquired intangibles[1]	**116.9**	**(16.5)**	144.2	(24.6)
Furlough[2]	**45.5**	**(8.6)**	-	-
Corporate transaction costs[3]	**23.9**	**(0.6)**	9.4	(0.1)
Restructuring costs[4]	**11.8**	**(1.4)**	-	-
Legal and onerous contract provisions[5]	**8.1**	**(0.8)**	26.2	(2.1)
Impairment loss[6]	**7.0**	**-**	3.3	-
Bridging loan fees/issue cost write-off[7]	**5.7**	**-**	5.8	(1.0)
Loss/(profit) on disposal of property, plant and equipment[8]	**1.0**	**-**	(1.9)	1.0
Movement in fair value of contingent consideration[9]	**(1.0)**	**-**	6.1	-
Integration costs[10]	**-**	**-**	17.3	(1.9)
Tax litigation/ one-off legislative impacts[11]	**-**	**-**	(80.2)	7.8
Other one-off items[12]	**-**	**-**	3.9	1.3
Change of deferred tax rate on intangible assets	**-**	**-**	-	47.1
Separately disclosed items for the year from continuing operations	**218.9**	**(27.9)**	134.1	27.5
Separately disclosed items for the year from discontinued operations	**13.4**	**-**	9.3	-
Total before tax	**232.3**	**(27.9)**	143.4	27.5
Separately disclosed items for the year after discontinued operations	**204.4**		170.9	

1. Amortisation charges in relation to acquired intangible assets arising from the various acquisitions made by the Group in recent years, including Ladbrokes Coral, Crystalbet, Neds, Enlabs, Avid, and SuperSport.
2. Voluntary repayment of certain amounts received by the Group under the Government Coronavirus Job Retention Scheme ("Furlough Scheme").
3. Transaction costs associated with the M&A activity including the acquisition of SuperSport, Avid and Klondaika (see note 11).
4. Costs associated with the Group's restructuring programme Project Evolve.
5. Relates primarily to costs associated with certain litigation and legal claims and regulatory settlements involving the Entain Group.
6. Non-cash impairment charge against closed shops in its retail estates.
7. Fees incurred in respect of acquisition bridging loan which was subsequently refinanced. Prior year relates to issue costs written off on the refinancing of term loans and the Group's revolving credit facility.
8. Loss on the disposal of certain assets and subsidiaries.
9. Income reflecting a change in the estimated likely payments under contingent consideration arrangements net of discount unwind.
10. During the prior year, the Group incurred final costs associated with the integration of the Ladbrokes Coral Group and the legacy Entain businesses.
11. During the prior year, the Group recognised a credit in respect of the 2010/11 Greek tax case following a ruling by the Athens Administrative Court of Appeal in favour of the Group (see note 12 for more details).
12. During the prior year, the Group incurred a number of one-off costs associated with Covid-19.

The items above reflect incomes and expenditures which are either exceptional in nature or size or are associated with the amortisation of acquired intangibles. The Directors believe that each of these items warrants separate disclosure as they do not form part of the day to day underlying trade of the Group and are not expected to persist beyond the short term (excluding the amortisation of acquired intangibles).

4 Finance expense and income

	2022 £m	2021 £m
Interest on term loans, bonds and bank facilities	(76.2)	(63.3)
Interest on lease liabilities[1]	(12.8)	(13.8)
Bridging loan fees/issue cost write-off (note 3)	(5.7)	(5.8)
Total finance expense	(94.7)	(82.9)
Interest receivable	4.3	2.1
(Losses)/gains arising on financial derivatives	(23.1)	62.0
(Losses)/gains arising on foreign exchange on debt instruments	(112.2)	56.2
Net finance (expense)/income	(225.7)	37.4

1. Interest on lease liabilities of £12.8m (2021: £13.8) is net of £0.2m of sub-let interest receivable (2021: £0.2m).

5 Dividends

Pence per share	2022 pence	2021 pence	2022 Shares in issue number	2021 Shares in issue number
Interim dividend paid	8.5	-	588.8	n/a

A second interim dividend of 8.5 pence (2021: nil pence) per share, amounting to £50.0m (2021: £nil) in respect of the year ended 31 December 2022 was proposed by the Directors on 9 March 2023. The estimated total amount payable in respect of the final dividend is based on the expected number of shares in issue on 9 March 2023. There are no income tax implications for the Group and Company arising from the proposed second interim dividend. The 2022 interim dividend of 8.5 pence per share (£50.0m) was paid on 16 September 2022.

No dividends were paid out to non-controlling interests (2021: £24.5m).

6 Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to shareholders of the Company of £24.2m (2021: £249.3m) by the weighted average number of shares in issue during the year of 588.2m (2021: 585.7m).

At 31 December 2022, there were 588.2m €0.01 ordinary shares in issue.

The calculation of adjusted earnings per share which removes separately disclosed items and foreign exchange gains and losses arising on financial instruments has also been disclosed as it provides a better understanding of the underlying performance of the Group. Separately disclosed items are defined in note 1 and disclosed in note 3.

Total earnings per share

Weighted average number of shares (millions)	2022	2021
Shares for basic earnings per share	588.2	585.7
Potentially dilutive share options and contingently issuable shares	4.5	5.4
Shares for diluted earnings per share	592.7	591.1

Total profit	2022 £m	2021 £m
Profit attributable to shareholders	24.2	249.3
- from continuing operations	37.6	264.2
- from discontinued operations	(13.4)	(14.9)
Losses/(gains) arising from financial instruments	23.1	(62.0)
Losses/(gains) arising from foreign exchange debt instruments	112.2	(56.2)
Associated tax charge on gains arising from financial instruments and foreign exchange debt instruments	(2.4)	9.9
Separately disclosed items net of tax (note 3)	201.4	170.9
Adjusted profit attributable to shareholders	358.5	311.9
- from continuing operations	358.5	317.5
- from discontinued operations	-	(5.6)

	Standard earnings per share		Adjusted earnings per share	
Earnings per share (pence)	2022	2021	2022	2021
Basic earnings per share				
- from continuing operations	6.4	45.1	60.9	54.3
- from discontinued operations	(2.3)	(2.5)	-	(1.0)
From profit for the period	4.1	42.6	60.9	53.3
Diluted earnings per share				
- from continuing operations	6.3	44.7	60.5	53.8
- from discontinued operations	(2.2)	(2.5)	-	(1.0)
From profit for the period	4.1	42.2	60.5	52.8

The earnings per share presented above is inclusive of the performance from the US joint venture BetMGM. Adjusting for the removal of the BetMGM performance would result in a basic adjusted earnings per share of 93.9p (2021: 81.9p) and a diluted adjusted earnings per share of 93.2p (2021: 81.1p) from continuing operations.

7 Goodwill and intangible assets

	Goodwill £m	Licences £m	Software £m	Customer relationships £m	Trade-marks & brand names £m	Total £m
Cost						
At 1 January 2021	3,352.2	15.7	539.3	948.6	1,954.0	6,809.8
Exchange adjustment	(132.8)	(0.3)	(28.0)	(22.5)	(32.7)	(216.3)
Additions	-	12.8	96.7	-	-	109.5
Additions from business combinations	273.1	22.3	21.1	78.9	96.2	491.6
Disposals	-	(0.8)	(8.2)	-	-	(9.0)
Reclassification	-	-	1.1	-	-	1.1
At 31 December 2021	3,492.5	49.7	622.0	1,005.0	2,017.5	7,186.7
Exchange adjustment	153.6	7.1	28.3	34.1	44.9	268.0
Additions	-	-	129.9	-	-	129.9
Additions from business combinations (note 11)	622.3	147.6	7.4	205.9	206.0	1,189.2
Disposals	-	(0.5)	(13.9)	-	-	(14.4)
Reclassification	-	-	(1.0)	-	-	(1.0)
At 31 December 2022	**4,268.4**	**203.9**	**772.7**	**1,245.0**	**2,268.4**	**8,758.4**
Accumulated amortisation and impairment						
At 1 January 2021	291.1	7.4	332.0	871.6	141.2	1,643.3
Exchange adjustment	(15.6)	(0.1)	(22.3)	(19.4)	(8.6)	(66.0)
Amortisation charge	-	6.8	102.7	89.8	48.0	247.3
Impairment charge	-	-	1.6	-	-	1.6
Disposals	-	(0.8)	(8.2)	-	-	(9.0)
At 31 December 2021	275.5	13.3	405.8	942.0	180.6	1,817.2
Exchange adjustment	13.7	0.3	19.8	23.6	11.7	69.1
Amortisation charge	-	12.7	109.1	52.4	54.9	229.1
Impairment charge	-	0.5	-	-	-	0.5
Disposals	-	(0.5)	(13.9)	-	-	(14.4)
At 31 December 2022	**289.2**	**26.3**	**520.8**	**1,018.0**	**247.2**	**2,101.5**
Net book value						
At 31 December 2021	3,217.0	36.4	216.2	63.0	1,836.9	5,369.5
At 31 December 2022	**3,979.2**	**177.6**	**251.9**	**227.0**	**2,021.2**	**6,656.9**

At 31 December 2022, the Group had not entered into contractual commitments for the acquisition of any intangible assets (2021: £nil).

Included within trade-marks and brand names are £1,398.4m (2021: £1,398.4m) of intangible assets considered to have indefinite lives. These assets relate to the UK Ladbrokes and Coral brands which are considered to have indefinite durability that can be demonstrated, and their value can be readily measured. The brands operate in longstanding and profitable market sectors. The Group has a strong position in the market and there are barriers to entry due to the requirement to demonstrate that the applicant is a fit and proper person with the “know-how” required to run such operations.

Goodwill reflects the value by which consideration exceeds the fair value of net assets acquired as part of a business combination including the deferred tax liability arising on acquisitions.

Licences comprise the cost of acquired betting shop and online licences.

Software relates to the cost of acquired software, through purchase or business combination, and the capitalisation of internally developed software. Additions of £129.9m (2021: £96.7m) include £58.0m of internally capitalised costs (2021: £46.0m).

Customer relationships, trade-marks and brand names relate to the fair value of customer lists, trade-marks and brand names acquired as part of business combinations, primarily relating to the bwin, Ladbrokes Coral Group plc, Enlabs, Sport Interaction and SuperSport businesses.

8 Impairment testing of goodwill and indefinite life intangible assets

An impairment loss is recognised for any amount by which an asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Within UK and European Retail, the cash generating units (“CGUs”) are generally an individual Licenced Betting Office (“LBO”) and, therefore, impairment is first assessed at this level for licences (intangibles) and property, plant and equipment, with any impairment arising booked to licences and property, plant and equipment on a pro-rata basis. Since goodwill and brand names have not been historically allocated to individual LBOs, a secondary assessment is then made to compare the carrying value of the segment against the recoverable amount with any additional impairment then taken against goodwill first.

8 Impairment testing of goodwill and indefinite life intangible assets (continued)

For Online the CGU is the relevant geographical location or business unit, for example Australia, European digital (defined as websites hosted by proprietary platforms based in European constituent countries), Digital (defined as websites hosted by Entain proprietary platforms) etc. and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment. The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

For both tangible and intangible assets, the future cash flows are based on the forecasts and budgets of the CGU or business discounted to reflect time value of money. The key assumptions within the UK and European Retail budgets are OTC wagers (customer visits and spend per visit), the average number of machines per shop, gross win per shop per week, salary increases, the potential impact of the shop closures and the fixed costs of the LBOs. The key assumptions within the budgets for Online are the number of active customers, net revenue per head, win percentage, marketing spend, revenue shares and operating costs.

The value-in-use calculations use cash flows based on detailed, board approved, financial budgets prepared by management covering a three-year period. These forecasts have been extrapolated over years 4 to 8 representing a declining growth curve from year 3 until the long-term forecast growth rate is reached. The growth rates used from years 4-8 range from 0% to 16%. From year 9 onwards long-term growth rates used are between 0% and 2% (2021: between 0% and 2%) and are based on the long-term GDP growth rate of the countries in which the relevant CGUs operate or the relevant outlook for the business. An eight-year horizon is considered appropriate based on the Group's history of underlying profit as well as ensuring there is an appropriate decline to long-term growth rates from those growth rates currently observed in our key markets. A 0% growth rate has been used for the UK Retail operating segment. All key assumptions used in the value-in-use calculations reflect the Group's past experience unless a relevant external source of information is available.

The discount rate calculation is based on the specific circumstances with reference to the WACC and risk factors expected in the industry in which the Group operates.

The pre-tax discount rates used, which have increased year-on-year due to increasing interest rates, and the associated carrying value of goodwill by CGU is as follows:

Goodwill	2022 %	2021 %	2022 £m	2021 £m
Digital	12.6	10.9	2,146.5	2,121.5
UK Retail	12.6	10.9	76.4	76.4
Australia	13.5	11.7	347.5	331.2
European Retail	9.5-13.3	9.3 – 11.5	161.5	153.0
European Digital	9.5-13.3	10.9 – 11.5	350.4	332.0
Enlabs	11.8	12.7	209.6	187.7
Avid	12.9	n/a	84.2	n/a
SuperSport	11.8	n/a	536.7	n/a
All other segments	12.4	10.9	66.4	15.2
			3,979.2	3,217.0

It is not practical or material to disclose the carrying value of individual licences by LBO.

Impairment recognised during the year

Impairments of intangible assets and property, plant and equipment are recognised as separately disclosed items within operating expenses.

During the current year, the Group recorded a non-cash impairment charge of £7.0m (2021: £3.3m) primarily on closed retail shops.

Sensitivity analysis

A reduction to 0% for the terminal growth rate applied to the cash flows (with other assumptions remaining constant) would not result in a material impairment to any CGU.

A 5% decrease in all cash flows, which could be represented by an increase in the cost base from changing market behaviour and the impact of group commitment around ESG amongst others, used in the discounted cash flow model for the value in use calculation (with other assumptions remaining constant) would not result in a material impairment to any CGU .

A 0.5pp increase in discount rates used in the discounted cash flow model for the value in use calculation (with all other assumptions remaining constant) would not result in a material impairment to any CGU .

No other reasonably possible change in assumptions to the CGUs would cause any additional impairment.

9 Net debt

The components of the Group's adjusted net debt are as follows:

	2022 £m	2021 £m
Current assets		
Cash and short-term deposits	658.5	487.1
Current liabilities		
Interest bearing loans and borrowings	(424.9)	(121.1)
Non-current liabilities		
Interest bearing loans and borrowings	(2,689.1)	(2,161.3)
Accounting net debt	**(2,455.5)**	(1,795.3)
Cash held on behalf of customers	(200.5)	(205.9)
Fair value swaps held against debt instruments (derivative financial (liability)/asset)	(6.5)	57.4
Deposits	43.8	20.3
Balances held with payment service providers	149.8	130.8
Sub-total	**(2,468.9)**	(1,792.7)
Lease liabilities	(280.9)	(293.7)
Adjusted net debt including lease liabilities	**(2,749.8)**	(2,086.4)

Cash held on behalf of customers represents the outstanding balance due to customers in respect of their online gaming wallets.

10 Notes to the statement of cash flows

Reconciliation of profit/(loss) to net cash inflow from operating activities:

	2022 £m	2021 £m
Profit before tax from continuing operations	102.9	393.2
Net finance expense/(income)	225.7	(37.4)
Profit before tax and net finance expense from continuing operations	328.6	355.8
Loss before tax and net finance expense from discontinued operations	(13.4)	(14.9)
Profit before tax and net finance expense including discontinued operations	315.2	340.9
Adjustments for:		
Impairment	7.0	3.3
Loss on disposal	1.0	7.3
Depreciation of property, plant and equipment	125.9	120.0
Amortisation of intangible assets	229.1	247.3
Share based payments charge	19.2	12.3
Decrease/(increase) in trade and other receivables	44.7	(73.7)
Increase in other financial liabilities	2.2	3.5
(Decrease)/increase in trade and other payables	(85.9)	1.9
Decrease in provisions	(6.9)	(18.5)
Share of results from joint venture and associate	194.1	162.5
Pension settlement	7.0	-
Other	(5.7)	(3.0)
Cash generated by operations	846.9	803.8

11 Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities acquired, and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The identification and valuation of intangible assets arising on business combinations is subject to a degree of estimation. We engaged independent third parties, including Kroll, to assist with the identification and valuation process. This was performed in accordance with the Group's policies. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired is recorded as goodwill. Costs related to the acquisition are expensed as incurred; see note 3 for details.

Summary of acquisitions:

SuperSport

During the year, the Group set up a new subsidiary Entain Holdings (CEE) Limited which the Group holds 75% of the equity in. On 22 November 2022, Entain Holdings (CEE) Limited, acquired 100% of EMMA GAMMA Adriatic d.o.o. EMMA GAMMA owns SuperSport, a leading online and retail sports betting and gaming brand in Croatia, which provides the Group access to the Central and Eastern Europe (CEE) region.

Entain Holdings (CEE) Limited paid €623.7m including working capital adjustments, with further amounts payable in 2023 representing a multiple of 2022 EBITDA and contingent payments in 2024 and 2025 based on future financial performance.

Given the proximity of the acquisition to the period end and as permitted by IFRS 3 'Business Combinations', the fair value of the acquired identifiable assets and liabilities has been presented on a provisional basis. Fair values were determined on the basis of an initial assessment performed by an independent professional expert.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Provisional fair value £m
Intangible assets (excluding goodwill)	465.6
Property, plant and equipment	10.1
Trade and other receivables	18.2
Cash and cash equivalents	11.8
Deferred tax liability	(83.7)
Loans and borrowings	(162.8)
Trade and other payables	(24.2)
Lease liabilities	(6.6)
Total	**228.4**
Net assets acquired	228.4
Goodwill[1]	518.8
Total net assets acquired	**747.2**
Consideration:	
Cash	534.4
Contingent consideration	212.8
Total consideration	**747.2**

As part of the incorporation of Entain Holdings (CEE) Limited and the acquisition of SuperSport, the Group recognised £174.3m of non-controlling interest in Entain Holdings (CEE) Limited representing the subscription of funds by the non-controlling entity in Entain Holdings (CEE) Limited as their share of the cash consideration and their contribution to the repayment of SuperSport external debt.

The share purchase agreement provides the Group with the opportunity to purchase (and the non-controlling interest to sell (a put option)) the 25% of the share capital of Entain Holdings (CEE) Limited currently owned by the non-controlling interest, from 22 November 2025.

Within the Group balance sheet as at 31 December 2022 is €202.4m of net assets is associated with the non-controlling interest in Entain Holdings (CEE) Limited.

Included in the valuation of goodwill is the value attributed to acquired workforce, and the benefit of future trading potential including synergies arising as part of the acquisition.

11 Business combinations (continued)

Avid

On 7 February, the Group acquired 100% of the share capital of Avid International Ltd. Avid owns Sports Interaction, a leading online sports betting brand in Canada, which provides the Group with access to Canada's highly attractive and fast growing sports betting and gaming. In accordance with IFRS 3, as control has been obtained, the business has been consolidated from the point of acquisition. Consideration amounted to €211.3m.

Klondaika

On 31 January, the Group acquired 100% of the share capital of SIA Klondaika, a largely online betting and gaming operator in Latvia. In accordance with IFRS 3, as control has been obtained, the business has been consolidated from this point forward. Consideration amounted to €24.6m, including €1.6m in relation to working capital on acquisition. Of the €24.6m consideration €4.6m is deferred.

Totolotek

On 16 May, the Group acquired 100% of Totolotek S.A. (renamed to bwin Poland S.A.), an online sports betting operator in Poland. In accordance with IFRS 3, as control has been obtained, the business has been consolidated from this point forward. Consideration amounted to €6.1m, including €1.1m in relation of working capital on acquisition.

Full House Group

On 16 September 2022, the Group acquired 33% of the share capital of Full House Group Pty Limited ("FHG") in Australia for AUD $4.0m. Whilst the group owns 33% of the issued equity, it controls the board through its voting rights and therefore controls FHG. In line with IFRS 3, as the group controls the acquired entity, it is to be consolidated from the date of acquisition. Given the acquisition of the 33% share reflected an open market transaction, consideration for the purposes of IFRS 3 is deemed to be AUD $12.0m.

M3

In July 2022, the Group purchased a small number of shops in Italy via the acquisition of 100% of shares in Agenzia M3 S.r.l. The acquisition enabled the Group to develop its franchisee network in the Puglia region.

Details of the purchase consideration, the net assets acquired and goodwill of all other business combinations are as follows:

	Fair value £m
Intangible assets (excluding goodwill)	101.3
Property, plant and equipment	7.2
Investments	4.9
Trade and other receivables	6.0
Cash and cash equivalents	18.1
Deferred tax liability	(2.2)
Trade and other payables	(24.9)
Lease Liability	(2.9)
Total	**107.5**
Net assets acquired	107.5
Goodwill[1]	103.5
Total net assets acquired	**211.0**
Consideration:	
Cash	202.5
Non-controlling interests	4.6
Deferred consideration	3.9
Total consideration	**211.0**

1. Goodwill acquired on business combinations is not tax deductible.

All of the acquired businesses contributed revenues of £46.9m and profit before tax of £13.9m.

Had the acquisitions occurred on the first day of the financial year the revenue for the group would have been £4,497.9m with a profit before tax of £189.0m.

Non-controlling interests have been stated at their fair value on acquisition, which has been determined by reference to the amount paid for the Group's controlling interest.

11 Business combinations (continued)

Included in the valuation of goodwill is the value attributed to acquired workforce, and the benefit of future trading potential including synergies arising as part of the acquisition.

12 Commitments and contingencies

Contingent liabilities
Guarantees have been given in the ordinary course of business in respect of loans and derivative contracts granted to subsidiaries amounting to £400.0m (31 December 2021: £500.0m).

HMRC investigation
On 28 November 2019, one of our UK subsidiaries, Entain Holdings (UK) Limited, received a production order from HM Revenue & Customs ("HMRC") requiring it to provide information relating to the Group's former Turkish facing online betting and gaming business, sold in 2017. At that time, the group understood that HMRC's investigation was directed at a number of former third-party suppliers, relating to the processing of payments for online betting and gaming in Turkey. On 21 July 2020, GVC Holdings Plc announced that HMRC was widening the scope of its investigation and was examining potential corporate offending by the GVC group. It had previously been understood that no group company was a subject of HMRC's investigation. Through ongoing engagement with HMRC we understand that the group remains a corporate suspect and that the offences under investigation include, but are not limited to, offences under sections 1 and 7 of the Bribery Act 2010. The group continues to co-operate fully with HMRC's enquiries, which are ongoing.

Greek tax

In November 2021, the Athens Administrative Court of Appeal ruled in favour of the Group's appeal against the tax assessment raised by the Greek tax authorities in respect of 2010 and 2011. In February 2022, the Greek tax authorities appealed against the judgements to the Greek Supreme Administrative Court. The case is not expected to be heard before the Greek Supreme Administrative Court before 2024. During the first half of 2022, the Group received a €193m refund of the tax and interest paid. The Group has a further receivable of €35m, which reflects interest due in relation to this matter. While the Group expects to be successful in defending the appeal by the Greek authorities, should the Greek Supreme Administrative Court rule in favour of the Greek tax authorities, then the Group could become liable for the full 2010-2011 assessment plus interest, an estimated total of €267m at 31 December 2022.

In addition to the items discussed above, the Group is subject to a number of other potential litigation claims that arise as part of the normal course of business and continue to arise throughout 2023. Provision has not been made against these claims as they are not considered likely to result in an economic outflow. Consistent with any claims of this nature there can be uncertainty with the final outcome.

13 Related party disclosures

Other than its associates and joint venture, the related parties of the Group are the executive directors, non-executive directors and members of the Executive Committee of the Group.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint venture and other related parties are disclosed below.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	2022 £m	2021 £m
Equity investment		
– Joint venture[1]	175.1	164.4
Sundry expenditure		
– Associates[2]	(55.5)	(59.3)

1. Equity investment in BetMGM
2. Payments in the normal course of business made to Sports Information Services (Holdings) Limited, bwin eK Neugersdorf, Gran Casino Dinant SA, Infiniti Casino Oostende NV, and Leaderbet NV.

Details of related party outstanding balances

	2022 £m	2021 £m
Other amounts outstanding		
– Joint venture receivable	87.8	22.1
– Associates receivables	4.4	-
– Associates payables	(0.3)	(0.1)

13 Related Party disclosures (continued)

Terms and conditions of transactions with related parties

Sales to, and purchases from, related parties are made at market prices and in the ordinary course of business. Outstanding balances at 31 December 2022 are unsecured and settlement occurs in cash. For the year ended 31 December 2022, the Group has not raised any provision (2021: £nil) for doubtful debts relating to amounts owed by related parties as the payment history has been good. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with directors and key management personnel of the Group

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key management personnel comprise executive directors and members of the Executive management team. Further information about the remuneration of individual directors is provided in the directors' remuneration report.

	2022 £m	2021 £m
Short-term employee benefits	7.9	9.7
Pension-related costs	0.1	-
Share-based payments	7.6	5.2
Total compensation paid to key management personnel	15.6	14.9

Peter Isola, who was a non-executive director of Entain plc until 21 March 2022, is a director of Europort (International) Holdings Limited, a property firm in Gibraltar which charged rental expenses of £0.5m to the Group during the year (2021: £2.6m).

The consolidated financial statements include the financial statements of Entain PLC and its subsidiaries. The companies listed below are those which were part of the Group at 31 December and therefore the results, cash flows and balance sheets of all subsidiaries listed are consolidated into the Group financial statements, furthermore the results of joint ventures and associates are accounted for in accordance with the policy set out in note 1.

14 Subsequent events

On 14 June 2022, the Group announced the acquisition of 100% of the issued share capital of BetEnt B.V. which trades under the BetCity.nl name for an initial €300m plus further contingent amounts subject to future trading performance; these are capped at €550m. On 12 January 2023, the Group completed on the acquisition. The Group are yet to assess the accounting values to be attributed to this acquisition.

On 11 January 2023, the Group completed the refinancing of the €1,125m term loan B through the issuance of a new €800m loan which matures in June 2028, priced at EURIBOR plus a margin of 375 bps, and a $375m loan which matures in October 2029, priced at SOFR plus a credit adjustment spread of 10 bps plus margin of 350 bps. The Euro loan was allocated at an originally issued discount of 97.5 with the USD loan allocated at an original issue discount of 98.75.