For Release at 7.00am
7 March 2024

THIS ANNOUNCEMENT CONTAINS INFORMATION THAT QUALIFIES AS INSIDE INFORMATION

Entain plc
("Entain" or the "Group")

FY23 results in line with expectations
Improving operational execution to deliver growth

Entain plc (LSE: ENT), the global sports betting and gaming group, is pleased to announce its results for the year ended 31 December 2023.

Key Highlights:

- Total Group Net Gaming Revenue ("NGR"), including 50% share of BetMGM, up +14% (+14%cc[2]), +2%cc[2] on a proforma[3] basis
- Reported[1] Group NGR (excluding US) up +11% (+11%cc[2]), -2%cc[2] on a proforma[3] basis
- Online NGR up +12% (+12%cc[2]), -3%cc[2] on a proforma[3] basis
    - Excluding regulatory impacts, underlying proforma[3] Online NGR growth of +3%cc[2]
    - Record level of Online active customers, +23% YoY, +10% proforma[3]
- Retail NGR up +9% (+8%cc[2]), proforma[3] +2%cc[2], reflecting the acquired shops in New Zealand and Poland, and the continued strength of the retail estate
- BetMGM delivered a good performance through the year
    - 2023 NGR of $1.96bn, +36% year on year[4,5] at the top end of expectations
    - 14%[6] market share in sports betting and iGaming in the markets where BetMGM operates
    - Product and technology enhancements including Single Account Single Wallet ("SASW")
    - Achieved positive EBITDA for H2 2023
- Further expansion into regulated markets with leading market positions:
    - Entain CEE expansion with acquisition of STS Holdings, the leading sports betting operator in Poland, to further unlock the region's significant growth opportunities
    - 25 year partnership with TAB NZ providing unique access to the New Zealand sports betting market
- Enhancement of inhouse content and capabilities with acquisitions of 365Scores and Angstrom Sports
- Deferred Prosecution Agreement (DPA) resolution to the HMRC investigation into Entain's legacy Turkish facing business, which was sold in 2017
- Announced revised strategic priorities; focusing on driving organic growth, expanding online margins, and increasing US market share

Financial Highlights:

- Reported Group EBITDA[7] up 1% at £1,008m
- Group EBITDA[7,8], pre TAB NZ accounting, in line with expectations at £974m, down -2% year on year:
    - Online EBITDA[7,8] of £830m, in line with 2022 (Reported Online EBITDA[7] up 4% at £857m)
    - Retail EBITDA[7,8] of £277m, down -1% (Reported Retail EBITDA[7] up 1% at £284m)

- Group profit after tax[9] before separately disclosed items was £339m
- Group loss after tax was £879m, reflecting the DPA settlement and impairment charges primarily related to the Australia operations being impacted by point of consumption tax increases
- Adjusted diluted EPS[10] of 44.2p
- Second Interim Dividend of £56.5m (8.9p per share) announced, bringing the total dividend for the year to £113m (17.8p per share)
- Robust management of balance sheet with year end adjusted net debt[11] of £3,291m and leverage at 3.3x (3.1x on a proforma[3] basis)

Sustainability Highlights:

- New sustainability strategy including an updated regulatory and safer gaming charter
- Only global operator with 100% revenue from regulated or regulating markets
- Continued recognition across ESG agenda; maintaining MSCI's AA rating and inclusion in FTSE4Good and Dow Jones Sustainability indices, awarded responsible operator awards by EGR, SBC and Vixio

Capital Allocation Committee

In line with our announcement on 2 November 2023, the recently formed Capital Allocation Committee has commenced a review of Entain's markets, brands and verticals. The objectives of the review are to help focus the organisation, improve competitive positions in core markets and maximise shareholder value.

Dividend

In line with the Group's progressive dividend policy, the Board proposed a total dividend for 2023 of £113m, to be paid to shareholders in equal instalments with H1 and FY results. As such, a second interim dividend of £56.5m (8.9p per share) is expected to be paid on 26 April 2024 to shareholders on register on 15 March 2024.

Current trading and outlook

Year to date, the Group is trading in line with expectations. In Brazil we are seeing early signs of benefits from the improvements we initiated through 2023, and in the US, BetMGM's nationwide app is now live in Nevada and we look forward to introducing Single Account Single Wallet ("SASW") functionality in the state later this year as well as delivering further product improvements.

As we look ahead for the balance of the year, we expect significant regulatory changes in two of our larger markets:

- In the UK, we are delighted to see the long-awaited regulatory review draw closer to conclusion. We look forward to the implementation of stake caps on online slot games and a potential agreement on uniform safer gambling measures across the market. While we expect these changes to be a positive for Entain in the long run, we may see continued player disruption over the short term, and with leading brands we may see opportunities for us to invest in marketing to grow market share.
- In the Netherlands the KSA has recently proposed tighter deposit limits from Q2 2024 which have the potential to impact 2024 EBITDA

As a result, we expect that, in aggregate, these dynamics could reduce FY24 EBITDA by approximately £40m.

We continue to deliver on our refocused strategic priorities and are making clear strides in identifying and executing product and technology developments to improve customer acquisition and retention. Project Romer remains on track, to simplify our operations, improve efficiency and deliver £70m of net run rate cost savings by 2025.

Barry Gibson, Chairman of Entain, commented:

"2023 was a period of necessary, but ultimately positive, transition for Entain. We have significantly strengthened the quality of our revenue base, enhanced our Board, and delivered a resolution to a critical, historic, regulatory issue.

We are making positive progress in our search for a new permanent CEO, and in the meantime Stella is driving the business as it continues to take appropriate actions to deliver changes to drive a better long term performance. We are also making good progress in adding to our Board strength - Ricky Sandler and Amanda Brown joined the Board in recent months and we expect to announce a further appointment shortly.

As our transformation continues the newly formed capital allocation committee has commenced a review of Entain's markets, brands and verticals. The objectives of the review are to help focus the organization, improve competitive positions and maximize shareholder value."

Stella David, Interim CEO of Entain, commented:

"2023 presented a number of challenges for the Group, both industry-wide and Entain-specific. I am extremely proud of how our people around the world came together to navigate the business through an eventful and at times difficult year. Against that backdrop, Entain was still able to deliver overall revenue growth of 14% including our US joint venture achieving revenue at the top end of expectations.

We have started the new financial year with a clear plan to accelerate our operational strategy, and are making pleasing progress across a range of initiatives to re-focus our market portfolio, prioritise organic growth, drive our share in the US, and expand our margins. We are entirely focused on operational excellence and outstanding execution and, as a result, are confident that we are on a pathway to delivering future growth. We remain confident that our continued focused execution will drive organic growth into 2025 and beyond."

FY2023 Financial performance: 1 January to 31 December 2023

Group	**Reported[1]**			
Year ended 31 December	**2023**	**2022**	Change	CC[2]
	£m	£m	%	%
Net gaming revenue (NGR)	4,833.1	4,348.9	11%	11%
Revenue	4,769.6	4,296.9	11%	11%
Gross profit	2,907.0	2,714.7	7%	
Underlying EBITDA[7]	1,007.9	993.2	1%	
Underlying operating profit[9]	641.8	541.8	18%	
Underlying profit before tax[9]	444.9	321.8		
Profit after tax[9] pre separately disclosed items	339.1	223.9		
(Loss)/Profit after tax	(878.7)	32.9		
Basic EPS (p)	(141.4)	6.4		
Continuing adjusted diluted EPS[10] (p)	44.2	60.5		
Continuing adjusted diluted EPS excl US[10] (p)	51.0	93.2		
Dividend per share (p)	17.8	17.0		

FY2023 Trading performance: 1 January to 31 December 2023

	FY2023: 1 January to 31 December 2023					
		Total NGR		Sport Wagers		Sports Margin
	Reported[1]	CC[2]	Proforma CC[2,3]	Reported[1]	CC[2]	
Online						
Sports	6%	7%	(9%)	(3%)	(2%)	+0.8pp
Gaming	17%	15%	2%			
Total Online	**12%**	**12%**	**(3%)**			
Retail	**9%**	**8%**	**2%**	12%	11%	+0.6pp
Total Group (ex US)	**11%**	**11%**	**(2%)**			
BetMGM	**35%**	**36%**				
Total Group inc 50% of BetMGM	**14%**	**14%**	**2%**			

Q4 2023 Trading performance: 1 October to 31 December 2023

	Q4 2023: 1 October to 31 December 2023					
		Total NGR		Sport Wagers		Sports Margin
	Reported[1]	CC[2]	Proforma CC[2,3]	Reported[1]	CC[2]	
Online						
Sports	12%	15%	(12%)	1%	4%	+0.7pp +0.1pp PF
Gaming	9%	10%	(1%)			
Total Online	**12%**	**14%**	**(6%)**			
Retail	**7%**	**7%**	**(2%)**	9%	9%	+1.4pp
Total Group (ex US)	**10%**	**11%**	**(5%)**			
BetMGM	**21%**	**29%**				
Total Group inc 50% of BetMGM	**12%**	**14%**	**(1%)**			

Notes

(1) 2023 and 2022 statutory results are audited, with the tables presented relating to continuing operations and including both statutory and non-statutory measures
(2) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2023 exchange rates
(3) Proforma references include all 2022 and 2023 acquisitions as if they had been part of the Group since 1 January 2022
(4) As reported in unaudited FY2023 results on 8 February 2024
(5) BetMGM revenues comprise of sports (Online and Retail) and iGaming revenues
(6) Market share for last three months ending November 2023 by GGR, including only US markets where BetMGM was active; internal estimates used where operator-specific results are unavailable
(7) EBITDA is earnings before interest, tax, depreciation and amortisation, share based payments and share of JV income. EBITDA is stated pre-separately disclosed items
(8) Presented as if revenue share payments of c£34m, which form part of the partnership arrangement with TAB NZ, were treated as a cost of sale rather than forming part of acquisition consideration
(9) Stated pre-separately disclosed items
(10) Adjusted for the impact of separately disclosed items, foreign exchange movements on financial indebtedness and losses/gains on derivative financial instruments (see note 9 in the financial statements)
(11) Adjusted net debt excludes the DPA settlement of £585.0m. Leverage also excludes any benefit from future BetMGM EBITDA or the payments due to acquire the minority interests in Entain CEE

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Presentation and webcast

Entain will host a Full Year 2023 Results presentation and Q&A session today, Thursday 7th March at 9:30am GMT, at LSEG, 10 Paternoster Square, London, EC4M 7LS.

Analysts and investors may attend in person, having pre-registered via the In-person registration link, or alternatively join via webcast link: ENTFY23 results presentation

The presentation slides as well as a replay and transcript will be available on our website: https://entaingroup.com/investor-relations/results-centre/

Upcoming dates:

Q1 Trading Update:	17 April 2024
Annual General Meeting	24 April 2024
2024 Interim results:	8 August 2024

Dividend Timetable

Announcement date:	7 March 2024
Ex-Dividend date	14 March 2024
Record date:	15 March 2024
Payment date:	26 April 2024

Inside Information

This announcement contains information that qualifies as inside information within the meaning of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018. The person responsible for releasing this announcement on behalf of the Company is Simon Zinger, General Counsel. Upon the publication of this announcement via a regulatory information service, this inside information is now considered to be in the public domain.

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) as it forms part of English law by virtue of the European Union (Withdrawal) Act 2018, 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, STS, SuperSport and TAB NZ; 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 30 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

Entain is a leading sports betting and gaming business, operating in a global industry with attractive dynamics and structural growth. We are the most diversified leader of scale in our sector, only operating in regulated or regulating markets. Our strong brands, leading market positions and increasingly localised offering are supported by in-house technology and product capabilities.

The Group's strategy is focused on delivering the most entertaining customer experience supported by market leading-player protection to deliver quality growth and sustainable returns for our shareholders.

While 2023 presented many challenges and our performance in some of our markets was behind our expectations, overall we made good strategic progress. We re-shaped our geographic footprint enabling us to focus on leadership positions in regulated or regulating markets, broadened our customer engagement and continued to implement leading player safety measures. We also secured a conclusion to a material overhanging legacy issue.

Reflecting the significant progress made in re-focusing our business, in November 2023 we revised our strategic ambitions, focusing on key objectives and priorities for the next three years that will drive shareholder value.

One of these changes has been leadership. I have been on Entain's board as Senior Independent Director since March 2021 and was honoured to accept the role of Interim CEO. Although my appointment is on an interim basis, the business will not be treading water. We have clear targets to deliver. I will focus on driving the execution of our revised strategic priorities until the appointment of a new, permanent, CEO.

Performance in 2023

During 2023, we achieved total revenue growth of 14%, including our 50% share in BetMGM, in spite of operational and regulatory challenges. We expanded into the regulated markets of Croatia, Poland and New Zealand as well as adding to our capabilities with the acquisitions of 365Scores and Angstrom.

Entain's operations now span over 30 regulated or regulating territories, with established brands supporting leading positions in many of our markets. Regulation remains an over-arching factor in our industry and for the Group's performance. Clear regulatory frameworks that are appropriate and well enforced, are positive for us and our customers. However, in the short term, they can create headwinds as significant changes are put in place and uneven implementation can occur ahead of consistent enforcement.

FY2023 Online Net Gaming Revenue YoY

	CC[2]	Proforma[3] CC[2]
Online / Online ex-regulation	**12%**	**(3%) / 3%**
Group Online inc. 50% BetMGM	**16%**	-
UK / UK ex-regulation	(6%)/ 4%	-
Australia	(6%)	-
Italy	3%	-
Brazil	(14%)	-
Entain CEE (Croatia & Poland)	-	13%
Netherlands	N/A	(12%)
New Zealand		Flat
Georgia	7%	-
Germany	(26%)	-
Other	-	3%

FY2023 Retail Net Gaming Revenue YoY

	CC[2]	Proforma[3] CC[2]
Total Retail	**8%**	**2%**
UK / UK LFL	(1%)/2%	-
Italy	16%	-
Belgium	10%	-
Entain CEE (Croatia & Poland)	-	4%
New Zealand	-	(7%)

During 2023, we managed regulatory change in a number of our larger markets, impacting headline organic performance. The most notable being our implementation of ever-tightening UK affordability measures and the persistent lack of impactful regulatory oversight in Germany. We estimate the aggregate of regulatory impacts was a negative 6ppt headwind to Online NGR performance in 2023. As a result, proforma[3] organic Online NGR was down 3%cc[2] versus the prior year, whilst proforma[3] Retail NGR grew 2%cc[2]. Total Group NGR, including our 50% share of BetMGM was up 14% and up 2%cc[2] on a proforma[3] basis.

We also continued to improve the sustainability of our business, ensuring more diversified, sustainable and ultimately higher quality earnings. We achieved another record level of active customers, with proforma[3] actives +10%, demonstrating the underlying strength in our core business as well as our broadening, more recreational customer base.

In the UK, Online NGR was down 6%, reflecting the ongoing digestion of regulatory changes. We estimate that we experienced a headwind of approximately c10ppt to our Online NGR growth. Unfortunately, this drag did not ease during H2 as we expected due to the imposition of further affordability measures. The iterative imposition of cumulative safer gambling measures throughout 2023 has resulted in overly complex journeys for our customers. We continue to believe that restrictions should be personal and appropriate for each customer, however, we must ensure the experience for our customers is smooth. In the short term we expect that the measures currently in place will continue to weigh on performance. However, we are encouraged that our industry and regulator are working together to agree a pragmatic framework for customer safer gambling checks. If implemented as currently anticipated, these will provide a clear and consistent approach to player protection for customers across all operators in the UK. Our focus remains firmly on acquisition and retention of customers to grow market share. In 2023 we grew UK online actives by +18% driven by continued customer engagement with exciting marketing campaigns, new product releases and wider offering enhancements.

UK Retail NGR was up +2% on a LFL[4] basis with a good performance in both sports and gaming across both machines and OTC. Our strong performance is underpinned by our market leading retail offering reaching a broader demographic of customers supported by exclusive and in-house content coupled with digital in-shop experiences.

Our business in Italy continues to perform well, with online NGR up +3%cc[2] versus 2022. The underlying market growth remains strong and omni-channel operators continue to outperform. Despite increased competitive activity, Eurobet, bwin and GiocoDigitale grew actives +13% by leveraging our onmi-channel proposition, brand strength and ongoing investment in our products. Retail NGR was up +16%cc[2] and the retail shop network remains invaluable to our omni-channel offering, with combined Online and Retail NGR +63%cc[2] versus pre-Covid levels.

Combined Online NGR in Australia and New Zealand was up 11%cc[2], although down -5%cc[2] on a proforma[3] basis. In Australia, whilst we experienced a softer market along with increased competition, our Ladbrokes and Neds brands continue to deliver unique content and engaging products. Entain Australia's partnership with TAB NZ also provides a broader differentiated experience for sports betting customers in New Zealand as well as Australia, and we look forward to customers in New Zealand enjoying an enhanced experience as our offer migrates to Entain Australia's technology platform in 2024.

Our NGR in Brazil was down 14%cc[2] year on year reflecting our disappointing operational execution in early 2023. We installed a new management team, taking swift action to realign customer acquisition channels, payment processing and product engagement, and are pleased to be seeing positive signs from the impact of these actions taken. As the Brazilian sports betting and gaming regulation progresses towards licencing during 2024 the market will remain intensely competitive. However, we remain excited for our Brazilian business and believe we are well positioned in this fast growing regulated market. Sportingbet remains a strong brand and we are focused on rebuilding market share growth, leveraging an improved app experience, product innovation, as well as our 365Scores acquisition supporting growth going forward.

Entain's CEE business continues to perform strongly, maintaining its market leadership with the SuperSport brand in Croatia and expanding our presence across the CEE region with the acquisition of STS Holdings in Poland. Proforma[3] NGR was up 13%cc[2] for Online and 4%cc[2] for Retail on a constant currency basis. SuperSport proforma[3] Online NGR grew 29%cc[2] benefitting from its leading omni-channel offering and its first to market cashout offering, whilst STS Online NGR was flat year on year, reflecting its sports only offering impacted by customer friendly sporting results in October offsetting prior growth.

Our Crystalbet brand remains the market leader in Georgia and continues to perform well. Online NGR grew +7%cc[2], reflecting the strength of our operations and brand, and sees us well positioned as the market digests increases in online gaming taxes and licence costs in 2024.

Enlabs continues to perform well, with profoma NGR +3%cc[2] despite some markets in the Baltics and Nordics experiencing more challenging economic environments. Enlabs delivered +13% growth in active customers supported by localised offering of sports and gaming products.

In Germany, we continue to see the impact of new regulatory measures alongside limited regulatory enforcement. Despite some unregulated operator exits during 2023, the uneven operating landscape remains a significant challenge to licenced operators adhering to regulation. Our Online NGR for Germany declined year on year. However, our bwin brand continues to be strong and we remain positive on the German market's long-term prospects, but regulatory enforcement is critical.

During 2023, we added further capabilities to evolve our offering and customer engagement further. Our acquisitions of 365Scores and Angstrom Sports enable us to expand our content, data and analytical capabilities, and ultimately enhance our customer's experience.

365Scores is one of the world's leading sports apps providing highly engaged sports fans real time action and results. Its access, content and data insights are a key part of how we are reinvigorating our offering in Brazil and addressing this exciting regulating growth opportunity.

Arguably the most significant for our business, particularly for the US opportunity and BetMGM's performance, was our acquisition of Angstrom Sports. Angstrom will provide next generation sports modelling, forecasting and data analytics. BetMGM is already seeing benefits from offering customers more betting markets and more accurate pricing. With this addition, Entain will become the only global operator with a full in-house suite of end-to-end analytics, risk and pricing capabilities for US sports betting products.

We are excited to build on BetMGM's momentum and successes during 2023. Its performance inline with targets and achievement of H2 EBITDA profitability validates our business model and sees BetMGM in position to be self funded going forward.

BetMGM is established as one of the leaders in the fast-growing, highly competitive US sports betting and iGaming market. In 2023, BetMGM continued delivering good growth, with NGR up 36% to $1.96 billion and achieved profitability over the latter three quarters of the year. Our products are available in 28 markets with a combined market share of 14%[5] in sports betting and iGaming across the US.

BetMGM also made fantastic progress against key strategic initiatives, solidifying the foundations for 2024 and beyond. As well as delivering substantial enhancements to our app features, design and speed, the seamless execution of SASW functionality across 21 states was the most significant upgrade to BetMGM's customer experience. BetMGM players can now travel across these states, betting with the same account credentials and wallet. We have already seen improved retention KPIs, a 5x increase in new state bettors who had previously played with BetMGM in a different state, with multi-state customers now representing over 20% NGR. Together with our partner, MGM Resorts International, we look forward to unlocking this powerful differentiator for BetMGM customers in Nevada, with state regulator's approval of our SASW functionality expected during 2024.

Revised strategic priorities

The Group has been transformed over the last four years since becoming Entain, delivering an improved sustainable business only operating in regulated or regulating markets. In November 2023 we updated our corporate strategy, focusing on three strategic objectives to deliver value for our shareholders as the next phase of our transformation:

- Drive organic growth
- Expand online margins
- Empower growth in US

Drive Organic Growth - We are rebalancing our portfolio to prioritise growth and returns, exiting smaller markets where the timeframe for suitable returns is too long, such as Chile, Peru, Zambia and Kenya. In addition, we have closed our B2C operations of Unikrn and are focusing on delivering the Unikrn eSports offer through our existing sports betting and gaming brands.

We are refocusing our operational execution on customer acquisition and retention, by reinvigorating our acquisition channels and accelerating technology and product delivery. In two of our markets, UK & Brazil we see significant opportunities to drive value through our commercial excellence programme, including, simplified and streamlined customer journeys, more effective marketing, improved app experience and products, especially in sports betting.

Player protection remains embedded in our ambition to deliver the best experience for customers, however, our approach must evolve along with our offering, ensuring it is localised and appropriate for each market.

Margin Expansion – Having grown rapidly through M&A we now need to focus on simplifying our operations, removing duplication and enabling greater agility. Our efficiency programme, Project Romer, will not only improve ways of working for our teams, but will also unlock efficiencies through operational streamlining, functional integration and restructuring, as well as deliver net cost savings of £70m by 2025. Coupled with maximising our operational leverage we can expand our EBITDA margins over time, creating better returns for our shareholders.

US Market Growth – Our focus to drive our US performance remains a key strategic priority. BetMGM is established as one of the leaders in this fast growing highly competitive industry. Much of this success is underpinned by Entain technology and product capabilities, which have been significantly strengthened for our US proposition. Entain's acquisition of Angstrom further accelerates this, particularly for our parlay and in-play products with Same Game Parlay ("SGP"), SGP+ and new LIVE SGP pricing models. Our strategic roadmap for 2024 sees BetMGM invest behind this strengthening and differentiated offering. BetMGM's Big Game commercial campaign, as well as partnership with X, demonstrate the drive behind the brand to accelerate player acquisition and retention. BetMGM is the only top three operator with a licenced mobile app live in Nevada. This advantage will be amplified when BetMGM's single account single wallet functionality receives licence approval in Nevada. Working closely with our co-parent, BetMGM will be able to unlock the power of MGM Resorts unique omni-channel advantages leveraging the Las Vegas visitor footfall as well as tentpole events for a deep and replenishing pool of players. We remain committed to empowering BetMGM as it continues to progress towards delivering c$500m of EBITDA in 2026.

Sustainability – A key enabler supporting our growth

In November 2023, we unveiled a refreshed sustainability charter. This updated charter was informed by a double materiality assessment we conducted throughout H1 2023, which identified how sustainability-related issues impact our business and how we impact the environment in which we operate. Our charter's four pillar structure encapsulates the sustainability issues that are most important to Entain, our customers and partners:

- Be a leader in player protection
- Provide a secure and trusted platform
- Create an environment for everyone to do their best work
- Positively impact our communities

A leader in player protection – Our objective is to be a leader in player protection. In 2023, our safer gaming programme ARC™ ("Advanced Responsibility and Care") was rolled out across 22 jurisdictions alongside the continuing optimisation of ARC™ features. This saw a significant increase in the volume of interactions and interventions with customers, with 6.1 million ARC™ interactions in 2023, up 121% versus 2022.

In recognition of these efforts, during 2023 Entain won a number of responsible operator awards[1] including EGR, SBC and Vixio.

At the start of 2024 we updated our regulatory and safer gaming charter based around four principles:

- Only operate in regulated markets or in markets with a clear path to regulating
- Committed to a constructive and progressive relationship with regulators
- Always comply with in-market regulation
- Take a market leading approach to player protection in each market we operate, developing and using tools to identify & limit customer harm

Provide a secure and trusted platform – We operate in a highly regulated sector where the highest ethical standards are critical in maintaining trust with our customers and wider society – from gold standard data protection, keeping crime out of betting and gaming, to eliminating poor working conditions in our supplier base. Through this strategy, our expectations of ourselves is to exceed these standards. We have a comprehensive training programme for all our colleagues across the Group and I am delighted with the completion rates.

Governance oversight from the Board is key to ensuring robust execution and accountability across the business. Further details on these processes are set out in our Governance report on page 96.

Create an environment for everyone to do their best work - Ensuring we are able to attract a broad and diverse pool of the best talent is vital for our success. We aim to be an employer of choice with an inclusive and supportive culture, where talents from all backgrounds can flourish. Our Diversity, Equity and Inclusion (DE&I) strategy is built on establishing strong networks and having launched the Women@Entain and Pride@Entain groups in 2022, in 2023 we launched Black Professionals@Entain, a new network designed to create a culture where black colleagues can thrive professionally and personally.

As a technology based employer, we also recognise the importance of encouraging women to succeed in the sector. In 2023, Entain partnered with the McLaren F1 team on a returnship programme, providing unique opportunities for skilled women to resume their STEM careers. Over six months, 10 career returners worked at both Entain and McLaren in roles ranging from Data Analysts to Software Developers. The programme received accolades, including the Innovator of the Year at the Women in Gaming Diversity Awards.

Positively impact our communities - We were proud to be the first betting and gaming company to formally commit to a Net Zero target for carbon emissions with the Science-based Targets Initiative (SBTi). This reflects our ambition to lead the industry on decarbonisation, along with our commitment to reduce our absolute scope 1 and 2 (market-based) and material Scope 3 emissions by 42% by 2027 and 60% by 2030, from a 2020 base year. In 2023, our Net Zero Action Group developed our first net-zero strategy to help us achieve these ambitions.

We also want to make a positive impact on our communities through the charitable work of the Entain Foundation. Our flagship Pitching In programme in the UK pioneers engagement between semi-professional football and local communities. Our funding of the Trident Community Foundation has helped to deliver over 100 initiatives to improve the lives of thousands of people across the country. Last year we also continued to partner with a range of charities, such as bringing access to technology with community-based technology hubs in partnership with ComputerAid as well as delivering support to under privileged communities in the US with the Charles Oakley Foundation.

Notes

(1) Awarded; EGR North America Socially Responsible Operator 2023, SBC Global and SBC LATAM Socially Responsible Operator of the Year, and Vixio Global Regulatory Award for Outstanding Contribution to Safer Gambling
(2) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2023 exchange rates
(3) Proforma references include all 2022 and 2023 acquisitions as if they had been part of the Group since 1 January 2022
(4) UK Retail LFL YoY NGR is calculated based on shops that traded for the full year in both 2023 and 2022
(5) Market share for last three months ending November 2023 by GGR, including only US markets where BetMGM was active; internal estimates used where operator-specific results are unavailable

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 have also provided additional information in the form of constant currency[2], proforma[3], Contribution[4] and EBITDA[5] 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.

CHIEF FINANCIAL OFFICER'S REVIEW

FINANCIAL PERFORMANCE REVIEW

Group

Year Ended 31 December	Results[1]			
	2023 £m	2022 £m	Change %	CC[2] %
NGR	4,833.1	4,348.9	11%	11%
VAT/GST	(63.5)	(52.0)	(22%)	(29%)
Revenue	4,769.6	4,296.9	11%	11%
Gross profit	2,907.0	2,714.7	7%	
Contribution[4]	2,279.4	2,128.9	7%	
Operating costs excluding marketing costs	(1,271.5)	(1,135.7)	(12%)	
Underlying EBITDA[5]	1,007.9	993.2	1%	
Share based payments	(21.7)	(19.2)	(13%)	
Underlying depreciation and amortisation	(301.5)	(238.1)	(27%)	
Share of JV (loss)/income	(42.9)	(194.1)	78%	
Underlying operating profit[6]	641.8	541.8	18%	

Results[1]:

NGR and Revenue increased by +11% versus 2022 (+11%cc[2]), with proforma[3] growth in Retail and the benefit of acquisitions more than offsetting a -3%cc[2] proforma[3] decline in Online NGR, as we continue to face regulatory headwinds in both the UK and Germany and experienced soft trading in Australia and Brazil. Total Online NGR was +12% ahead of 2022 whilst Retail NGR was +9% ahead.

Contribution[4] in the year of £2,279.4m was +7% higher than 2022 reflecting the increase in NGR, offset by a reduction in contribution[4] margin of -1.8pp, due to territory mix, increased taxation in Australia and the reclassification of certain content costs in Retail to cost of sales rather than operating costs, following the move to a revenue share arrangement.

Operating costs were 12% higher due to the impact of acquisitions (8pp), FX (1pp) and underlying inflation, including wage rate and energy price inflation, partially offset by the reclassification of costs to cost of sales. Resulting in underlying EBITDA[5] of £1,007.9m, +1% higher than 2022.

Share based payment charges were £2.5m higher than last year, while underlying depreciation and amortisation was 27% higher, reflecting the impact of businesses acquired in the year (14pp), the annualisation of prior year acquisitions and continued investment in the business. Share of JV losses of £42.9m includes an operating loss of £42.0m relating to BetMGM (2022: £193.9m), which was in line with expectations.

Group underlying operating profit[6] was +18% ahead of 2022. After charging separately disclosed items of £1,286.5m (2022: £213.2m), Group operating loss was £644.7m (2022: profit of 328.6m).

Online

Year Ended 31 December	Results[1]			
	2023 £m	2022 £m	Change %	CC[2] %
Sports wagers	13,724.5	14,090.5	(3%)	(2%)
Sports margin	13.7%	12.9%	0.8pp	
Sports NGR	1,531.0	1,443.7	6%	7%
Gaming NGR	1,837.6	1,576.9	17%	15%
B2B NGR	57.9	29.9	94%	90%
Total NGR	3,426.5	3,050.5	12%	12%
VAT/GST	(59.9)	(52.0)	(15%)	(21%)
Revenue	3,366.6	2,998.5	12%	12%
Gross profit	1,980.1	1,829.6	8%	
Contribution[4]	1,369.8	1,254.2	9%	
Contribution[4] margin	*40.0%*	*41.1%*	*(1.1pp)*	
Operating costs excluding marketing costs	(512.4)	(426.0)	(20%)	
Underlying EBITDA[5]	857.4	828.2	4%	
Share based payments	(7.3)	(7.8)	6%	
Underlying depreciation and amortisation	(160.2)	(118.3)	(35%)	
Share of JV (loss)/income	(1.4)	(0.2)	(600%)	
Underlying operating profit[6]	688.5	701.9	(2%)	

Results[1]:

Whilst there is underlying momentum in a number of our key markets, regulatory headwinds in the UK and Germany, as well as weaker trading in Australia and Brazil, impacted NGR performance in 2023. Resulting proforma[3] Online NGR was down -3%cc[2] in the year but, with the benefit of acquisitions total Online NGR was +12%cc[2] ahead of 2022. Whilst proforma[3] NGR was down year on year, actives grew +10% year on year on a proforma[3] basis, emphasising the ongoing attraction of our brands to our customers.

In the UK, we continue to absorb the impact of regulatory changes and as a result NGR was down -6%. Excluding the impact of these regulatory headwinds, we estimate that underlying NGR was +4% ahead of 2022, while actives were +18% higher than the same period last year.

In Italy, constant currency[2] NGR was +3% ahead of 2022. Whilst our brands, along with the rest of the market, lost online market share to one of the leading operators during 2023, our omni-channel offering continues to resonate with customers with combined Online and Retail NGR +63%cc[2] ahead of pre-Covid levels.

Local market conditions in Australia have been challenging during 2023 leaving year on year NGR -6% down on a constant currency[2] basis. Whilst we expect trading to remain challenging in 2024, we remain confident in our strategy focussing on brand differentiation, new and innovative products and the customer experience.

In Germany, whilst we have seen some non-compliant operators exit the market, the continued lack of robust regulatory enforcement as well as new regulation last Summer continues to impact the business. Resulting NGR in 2023 was -26% behind 2022 on a constant currency[2] basis, primarily driven by lower spend per head. Whilst we received our gaming licences in November 2022, it is disappointing that we are still yet to see the level of enforcement action that is needed in this market to combat unlicensed operators and ensure customers are protected.

In Brazil, we continue to see a fiercely competitive market ahead of regulation with a significant increase in the amount spent on marketing by various operators. Whilst we were initially slow to react to changes in the market, we are confident that following a change in our regional leadership we now have the team and localised expertise needed to regain share in this exciting growth market, an opportunity that our 365Scores acquisition will help us further leverage. NGR in Brazil was -14%cc[2] behind the prior year.

Georgia NGR was +7%cc[2] ahead of 2022 on a constant currency[2] basis, with our Crystalbet brand performing strongly following the implementation of new regulation in the prior year. Following a strong 2023, our Crystalbet brand continues to be the market leader in Georgia.

In the Baltics, proforma[3] NGR was +3%cc[2] ahead of 2022 despite high inflation rates in the region. Our brands remain resilient despite the economic pressures in the Baltic states and we continue to attract more customers each year with proforma[3] actives +13% ahead of 2022.

Our Entain CEE business continues to perform well with proforma[3] NGR +13%cc[2] ahead year on year. NGR in our SuperSport business in Croatia was +29%cc[2] ahead of 2022 (proforma[3]) maintaining its position as the market leader. NGR in our recent acquisition in Poland, STS, was flat year on year with c4%cc[2] growth to the end of Q3 offset by poor margins in October.

NGR in our newly acquired New Zealand business was £84.7m in 2023, slightly ahead year on year on a proforma[3] basis.

Contribution[4] margin of 40.0% was in line with guidance but 1.1pp behind 2022 due to territory mix and the impact of additional taxation in Australia which was implemented in H2 of 2022.

Operating costs were 20% higher than 2022 with recent acquisitions driving 16pp of the increase and FX 1pp with the remaining 3pp due to underlying inflation offset by the initial benefits from Project Romer.

Underlying EBITDA[5] of £857.4m was +4% ahead of 2022, albeit flat year on year excluding the benefit of TAB NZ accounting treatment to 2023, reflecting the contribution from acquired businesses offset by the decline in proforma[3] NGR and 1.1pp reduction in contribution[4] margin.

Resulting underlying operating profit[6] of £688.5m was £13.4m behind 2022 with depreciation and amortisation of £160.2m, £41.9m higher than 2022, half of which is a result of the impact of new acquisitions, including annualisation of those in the prior year, with the remainder of the increase due to recent investment in our technology and product. After charging separately disclosed items of £481.1m (2022: £114.0m), operating profit was £207.4m (2022: £701.9m).

Retail

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

Year Ended 31 December	Results[1]			
	2023 £m	2022 £m	Change %	CC[2] %
Sports wagers	4,341.7	3,893.5	12%	11%
Sports margin	18.9%	18.3%	0.6pp	
Sports NGR/Revenue	813.0	705.2	15%	14%
Machines NGR/Revenue	573.7	572.6	0%	0%
NGR	1,386.7	1,277.8	9%	8%
VAT/GST	(3.6)	-	-	-
Revenue	1,383.1	1,277.8	8%	8%
Gross profit	900.2	860.0	5%	
Contribution[4]	890.3	852.1	4%	
Contribution[4] margin	64.2%	66.7%	(2.5pp)	
Operating costs excluding marketing costs	(606.1)	(571.9)	(6%)	
Underlying EBITDA[5]	284.2	280.2	1%	
Share based payments	(2.4)	(2.3)	(4%)	
Underlying depreciation and amortisation	(132.1)	(112.4)	(18%)	
Share of JV income	-	-	-	
Underlying operating profit[6]	149.7	165.5	(10%)	

Results[1]:

Our Retail businesses continue to show the strength of their offer and customer appeal with 2023 Revenue and NGR both +8%cc[2] ahead of 2022 and proforma[3] NGR +2%cc[2] ahead.

In the UK, NGR was +2% ahead of 2022 on a LFL[7] basis, with strong performance across both sports and gaming. Our strong underlying performance continues to be driven by an ongoing focus on market leading content for our gaming machines and betting terminals with both providing a proposition akin to the digital offering but combined with the in-shop experience that cannot be replicated online.

NGR in Italy was up +16% on a constant currency[2] basis with a number of enhancements to our offering and the customer experience including cash-out, reduced minimum bet sizes and continuous development of our SSBT proposition driving greater customer engagement.

Proforma[3] NGR in Croatia grew at +14%cc[2] year on year further enhancing our market leading position and reflecting our program of improvements to the customer offer, including the introduction of a loyalty scheme and enhanced sports content.

In Belgium, NGR was up +10%cc[2] with Ireland NGR +1%cc[2] ahead year on year. Our newly acquired Retail businesses in Poland and New Zealand contributed £40.4m of NGR during 2023.

Contribution[4] of £890.3m was +4% ahead of 2022 with contribution[4] margin falling by 2.5pp due to territory mix and the impact of certain content costs (1pp) which are now classified as cost of sales rather than operating costs as they move to revenue share arrangements from fixed fees.

Operating costs were 6% higher than in 2022 with the impact of acquisitions (5pp) and inflation, including wage rate and energy price inflation, more than offsetting the benefit of costs which are now classified within cost of sales.

Resulting underlying EBITDA[5] of £284.2m was £4.0m ahead of 2022. Depreciation of £132.1m was £19.7m higher than 2022, largely due to the impact of acquisitions and the continued investment in our retail estates. Underlying operating profit[6] of £149.7m was £15.8m behind 2022 and, after charging £22.8m of separately disclosed items (2022: £57.4m), operating profit was £126.9m, £18.8m ahead of last year.

New Opportunities

Year Ended 31 December	Results[1]		
	2023 £m	2022 £m	Change %
Underlying EBITDA[5]	(29.3)	(29.1)	(1%)
Share based payments	(0.7)	(0.3)	(133%)
Underlying depreciation and amortisation	(5.7)	(4.5)	(27%)
Share of JV (loss)/income	(1.5)	(0.4)	(275%)
Underlying operating loss[6]	(37.2)	(34.3)	(8%)

Results[1]:

New Opportunities underlying costs[5] of £29.3m were 1% higher than 2022 with increased start-up marketing costs in our Unikrn brand offset by reduced costs associated with our innovation programme. Unikrn has now been closed as a B2C operation and development of our e-Sports wagering offering is now focussed on our existing labels. After depreciation and amortisation and share of JV loss, New Opportunities underlying operating loss[6] was £37.2m, an increase in losses of £2.9m on 2022 and, after charging separately disclosed items of £44.3m (2022: £nil), was a loss of £81.5m, £47.2m more than in the prior year.

Other

Year Ended 31 December	Results[1]			
	2023 £m	2022 £m	Change %	CC[2] %
NGR/Revenue	26.7	25.1	6%	6%
Gross profit	26.7	25.1	6%	
Contribution[4]	26.3	25.0	5%	
Operating costs excluding marketing costs	(21.0)	(20.1)	(4%)	
Underlying EBITDA[5]	5.3	4.9	8%	
Share based payments	-	-	-	
Underlying depreciation and amortisation	(2.7)	(2.7)	-	
Share of JV income	2.0	0.4	400%	
Underlying operating profit[6]	4.6	2.6	77%	

Results[1]:

NGR of £26.7m was 6% higher than 2022 driven by additional income in our greyhound stadia with 2022 impacted by adverse weather. Underlying EBITDA[5] of £5.3m was an increase of £0.4m on 2022, with the additional NGR offset by increased overheads associated with the aforementioned increase in number of meets. Underlying operating profit[6] of £4.6m was £2.0m ahead of last year and after charging separately disclosed items of £nil (2022: £0.7m) was £2.7m ahead of 2022.

Corporate

Year Ended 31 December	Results[1]		
	2023 £m	2022 £m	Change %
Underlying EBITDA[5]	(109.7)	(91.0)	(21%)
Share based payments	(11.3)	(8.8)	(28%)
Underlying depreciation and amortisation	(0.8)	(0.2)	(300%)
Share of JV loss	(42.0)	(193.9)	78%
Underlying operating loss[6]	(163.8)	(293.9)	44%

Results[1]:

Corporate underlying costs[5] of £109.7m were £18.7m higher than last year driven by increases in our contributions to Research, Education and Treatment, including GambleAware, increased legal costs and ongoing investment in our governance policies and procedures.

After share based payments, depreciation and amortisation and share of JV losses, Corporate underlying operating loss[6] was £163.8m, a decrease of £130.1m. The share of JV loss of £42.0m relates to BetMGM. After charging separately disclosed items of £737.2m (2022: £41.1m), the operating loss was £902.0m versus £335.0m in 2022.

Notes

(1) 2023 and 2022 statutory results are audited, with the tables presented relating to continuing operations and including both statutory and non-statutory measures
(2) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2023 exchange rates
(3) Proforma references include all 2022 and 2023 acquisitions as if they had been part of the Group since 1 January 2022
(4) Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online
(5) EBITDA is earnings before interest, tax, depreciation and amortisation, share based payments and share of JV income. EBITDA is stated pre separately disclosed items
(6) Stated pre separately disclosed items
(7) UK Retail LFL YoY NGR is calculated based on shops that traded for the full year in both 2023 and 2022

STATUTORY PERFORMANCE REVIEW

Year ended 31 December	Results[1] 2023 £m	2022 £m	Change %	CC[2] %
NGR	4,833.1	4,348.9	11%	11%
Revenue	4,769.6	4,296.9	11%	11%
Gross profit	2,907.0	2,714.7	7%	
Contribution[4]	2,279.4	2,128.9	7%	
Underlying EBITDA[5]	1,007.9	993.2	1%	
Share based payments	(21.7)	(19.2)	(13%)	
Underlying depreciation and amortisation	(301.5)	(238.1)	(27%)	
Share of JV loss	(42.9)	(194.1)	78%	
Underlying operating profit[6]	641.8	541.8	18%	
Net underlying finance costs[6]	(229.4)	(84.7)		
Net foreign exchange/financial instruments	32.5	(135.3)		
Profit before tax pre separately disclosed items	444.9	321.8		
Separately disclosed items:				
Amortisation of acquired intangibles	(254.6)	(116.9)		
Recognition of HMRC settlement liability	(585.0)	-		
Other	(447.9)	(102.0)		
(Loss)/profit before tax	(842.6)	102.9		
Tax	(36.1)	(70.0)		
(Loss)/profit after tax from continuing activities	(878.7)	32.9		
Discontinued operations	(57.8)	(13.4)		
(Loss)/profit after tax	(936.5)	19.5		

NGR and Revenue

Group NGR and revenue were +11% ahead of last year and the same on a constant currency basis[2], with Online NGR +12% and Retail NGR +9% year on year. Further details are provided in the Financial Performance Review section.

Underlying operating profit[6]

The Group reported underlying operating profit[6] of £641.8m, +18% ahead of 2022 (2022: £541.8m). Underlying EBITDA[5] was +1% ahead, with the increase in revenue offset by additional taxes, particularly in Australia, and increased operating costs largely associated with acquired businesses and inflation. Depreciation and amortisation was -27% higher than 2022 driven by depreciation on acquired businesses as well as on our recent investment in product and technology. The Group's share of BetMGM losses in the period were £42.0m, £152.1m lower than 2022 as the business continues on its path to profitability. Analysis of the Group's performance for the period is detailed in the Financial Performance Review section.

Financing costs

Underlying finance costs of £229.4m excluding separately disclosed items of £1.0m (2022: £5.7m) were £144.7m higher than 2022 driven by interest on the Group's new $1bn USD term loan, which was raised in Q4 of 2022, increased drawdowns on the Group's RCF and the impact of the increase in global interest rates.

Net gains on financial instruments, driven primarily by a foreign exchange gain on re-translation of debt related items, were £32.5m in the period (2022: £135.3m loss). This gain is offset by a foreign exchange loss 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 year amount to £1,287.5m (2022: £218.9m) and relate to the Deferred Prosecution Agreement ("DPA") with the Crown Prosecution Service of £585.0m (2022: £nil), £254.6m of amortisation on acquired intangibles (2022: £116.9m), corporate transaction costs of £17.8m (2022: £23.9m), restructuring costs, including the initial costs of Project Romer, of £49.7m (2022: £11.8m) and legal and onerous contract costs of £17.6m (2022: £8.1m) primarily relating to the legal costs associated with the HMRC investigation. The Group also recorded a £1.0m loss on disposal of assets (£2022: £1.0m), £71.8m on movements in fair value of contingent consideration (2022: £1.0m income), primarily relating to discount unwind on TAB NZ consideration, and £1.0m in financing costs (2022: £5.7m).

In addition, the Group has also recognised an impairment charge of £289.0m during the current year (2022: £7.0m) with impairments recognised against our Australian business of £190.0m, our closed B2C operations in Unikrn and Africa of £78.1m, and smaller impairments against our ROI Retail business, closed shops and offices in the UK and our Totolotek business in Poland of £20.9m.

The charge which has arisen in the Group's Australian CGU is a result of the impact of ongoing increases in the rate of Point of Consumption tax across certain states and a forecast decline in Australian revenues in 2024 as a result of a reduced market outlook. Our Australian business continues to be profitable and strategically important. Post the annualisation of the tax increases and stabilisation of local market conditions, we expect our Australian business to return to growth.

During the prior year, the Group also recognised a £45.5m charge in respect of the repayment of amounts received under the Governments Covid Furlough scheme.

Separately disclosed items	2023 £m	2022 £m
Legal settlement	(585.0)	-
Amortisation of acquired intangibles	(254.6)	(116.9)
Impairment	(289.0)	(7.0)
Corporate transaction costs	(17.8)	(23.9)
Restructuring costs	(49.7)	(11.8)
Legal and onerous contract costs	(17.6)	(8.1)
(Loss)/profit on sale of assets	(1.0)	(1.0)
Movement in fair value of contingent consideration	(71.8)	1.0
Other including financing	(1.0)	(5.7)
Furlough repayments	-	(45.5)
Total	(1,287.5)	(218.9)

Profit/(loss) before tax

The Group's profit before tax[6] and separately disclosed items was £444.9m (2022: £321.8m), a year-on-year increase of £123.1m with the growth in underlying EBITDA[5], a decrease in BetMGM losses and a gain on foreign exchange partially offset by the increase in depreciation and amortisation and interest. After charging separately disclosed items, the Group recorded a pre-tax loss from continuing operations of £842.6m (2022: £102.9m profit), with the separately disclosed costs discussed above having a significant impact on the reported results.

Taxation

The tax charge on continuing operations for the period was £36.1m (2022: £70.0m), reflecting an underlying effective tax rate pre-BetMGM losses and foreign exchange gains on external debt of 23.0% (2022: 15.4%) and a tax credit on separately disclosed items of £69.7m (2022: charge of £27.9m).

Discontinued operations

During the current year, the Group recorded a £57.8m (2022: £13.4m) loss in discontinued operations relating to its former Intertrader business which was disposed of in November 2021. The loss recorded primarily reflects legal costs associated with historic matters as well as a provision for a potential settlement with former owners of part of the business following a long running legal dispute.

Cashflow

Year ended 31 December	2023	2022
	£m	£m
Cash generated by operations	810.0	846.9
Corporation tax	(137.3)	(106.1)
Interest	(224.6)	(100.6)
Net cash generated from operating activities	448.1	640.2
Cash flows from investing activities:		
Acquisitions & disposals	(1,315.4)	(738.6)
Cash acquired/disposed	87.9	29.9
Dividends received from associates	9.6	3.6
Net capital expenditure	(259.9)	(212.0)
Investment in Joint ventures	(40.7)	(175.1)
Purchase of investments	(3.1)	-
Net cash used in investing activities	(1,521.6)	(1,092.2)
Cash flows from financing activities:		
Equity issue	589.8	-
Net proceeds from borrowings	1,780.3	838.4
Repayment of borrowings	(1,428.6)	(271.8)
Subscription of funds from non-controlling interest	350.5	174.3
Settlement of financial instruments and other financial liabilities	(279.9)	8.7
Repayment of finance leases	(68.5)	(83.0)
Equity dividends paid	(106.9)	(50.0)
Minority dividends paid	(7.4)	-
Net cash used in financing activities	829.3	616.6
Foreign exchange	(13.7)	6.8
Net increase/(decrease) in cash	(257.9)	171.4

During the period, the Group had a net cash outflow of £257.9m (2022: inflow of £171.4m).

Net cash generated by operations was £810.0m (2022: £846.9m) including £1,007.9m of underlying EBITDA[5] (2022: £993.2m) and a working capital inflow of £601.8m largely due to payments not having started on the DPA (2022: £45.9m) offset by separately disclosed items that are reported in operating activities of £741.9m (2022: £96.0m) including the DPA but excluding items charged to depreciation, amortisation and impairment as well as a £57.8m loss on discontinued operations (2022: £13.4m). Included within working capital is a £29.7m outflow for balances held with payment service providers as well as customer funds, which are net debt neutral (2022: £47.9m).

During the period £137.3m was paid out in relation to corporate taxes (2022: £106.1m) with a further £224.6m paid out in interest (2022: £100.6m).

Net cash used in investing activities for the period was £1,521.6m (2022: £1,092.2m) and includes cash outflows for acquisitions of £1,315.4m (2022: £738.6m), net investment in capital expenditure of £259.9m (2022: £212.0m), an additional £40.7m invested in BetMGM (2022: £175.1m) and £3.1m of other investments (2022: £nil). These outflows were partially offset by cash acquired with acquisitions of £87.9m (2022: £29.9m) and dividends received from associates of £9.6m (2022: £3.6m).

During the period the Group received a net £829.3m (2022: £616.6m) from financing activities. £589.8m was raised through the equity issuance (2022: £nil) with a further £1,780.3m through new financing facilities (2022: £838.4) which were used, in part, to repay £1,428.6m of debt (2022: £271.8m) including £400m against the

Group's retail bond. During the period, the Group also received £350.5m from minority holdings to meet their obligations under the Supersport earn-out and STS acquisition. These amounts are recorded in non-controlling interests (2022: £174.3m for the acquisition of SuperSport). £279.9m was paid on settlement of other financial instruments and liabilities, primarily relating to contingent consideration on previous acquisitions. In the prior year, the Group received £8.7m on the settlement of other financial instruments and liabilities as a result of the receipt of £41.6m on the partial settlement on a number of swap arrangements, partially offset by contingent consideration payments. Lease payments of £68.5m (2022: £83.0m) including those on non-operational shops, were made in the period.

During the period, the Group also paid £106.9m in equity dividends (2022: £50.0) and £7.4m in dividends to the minority interest in Entain CEE (2022: £nil).

Net debt and liquidity

As at 31 December 2023, adjusted net debt[7] was £3,290.9m and represented an adjusted net debt[7] to underlying EBITDA[5] ratio of 3.3x (3.1x proforma[3]). The Group has drawn down £295m on the revolving credit facility at 31 December 2023 (2022:£nil).

	Par value	Issue costs/ Premium	Total
	£m	£m	£m
Term loans	(3,420.5)	64.1	(3,356.4)
Interest accrual	(1.6)	-	(1.6)
	(3,422.1)	64.1	(3,358.0)
Cash			400.6
Net debt			(2,957.4)
Cash held on behalf of customers			(196.8)
Fair value of swaps held against debt instruments			(85.6)
Other debt related items*			224.8
Lease liabilities			(275.9)
Adjusted net debt			(3,290.9)

*Other debt related items include balances held with payment service providers, deposits and other similar items

Refinancing

On 1 March 2024, the Group raised an additional £300m of borrowings under a bank loan facility and used the proceeds to repay all amounts drawn under the Group's revolving credit facility. Concurrently, the commitments available under the Group's revolving credit facility (disclosed in note 17) were increased by £45m further increasing the Group's available liquidity. As such, the Group's revolving credit facility now has total commitments of £635m which, as at 1 March 2024, was completely undrawn save £5m carved out for letters of credit and guarantees.

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 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 such as legislation changes impacting the Group's Online business and severe data privacy and cybersecurity breaches.

Given the level of the Group's available cash post the recent extension of certain financing facilities (se note 17) and the forecast covenant headroom even under the sensitised downside scenarios, the Directors believe that the Group and the Company are well placed to manage the risks and uncertainties that it faces. As such, the Directors have a reasonable expectation that the Group and the Company will have adequate financial resources to continue in operational existence, for at least 12 months (being the going concern assessment period) from date of approval of the financial statements, and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the financial statements.

Notes

(1) 2023 and 2022 statutory results are audited, with the tables presented relating to continuing operations and including both statutory and non-statutory measures
(2) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2023 exchange rates
(3) Proforma references include all 2022 and 2023 acquisitions as is they had been part of the Group since 1 January 2022
(4) Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online
(5) EBITDA is earnings before interest, tax, depreciation and amortisation, share based payments and share of JV income. EBITDA is stated pre separately disclosed items
(6) Stated pre separately disclosed items
(7) Adjusted net debt excludes the DPA settlement of £585.0m. Leverage also excludes any benefit from future BetMGM EBITDA or the payments due to acquire the minority interests in Entain CEE

ENTAIN PLC (Company number 4685V)

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December		2023			2022		
	Notes	Underlying items	Separately disclosed items (Note 6)	Total	Underlying items	Separately disclosed items (Note 6)	Total
		£m	£m	£m	£m	£m	£m
Net Gaming Revenue		**4,833.1**	**-**	**4,833.1**	**4,348.9**	**-**	**4,348.9**
VAT/GST		(63.5)	-	(63.5)	(52.0)	-	(52.0)
Revenue	5	**4,769.6**	**-**	**4,769.6**	**4,296.9**	**-**	**4,296.9**
Cost of sales		(1,862.6)	-	(1,862.6)	(1,582.2)	-	(1,582.2)
Gross profit		**2,907.0**	**-**	**2,907.0**	**2,714.7**	**-**	**2,714.7**
Administrative costs		(2,222.3)	(1,286.5)	(3,508.8)	(1,978.8)	(213.2)	(2,192.0)
Contribution		**2,279.4**	**-**	**2,279.4**	**2,128.9**	**-**	**2,128.9**
Administrative costs excluding marketing		(1,594.7)	(1,286.5)	(2,881.2)	(1,393.0)	(213.2)	(1,606.2)
Group operating profit/(loss) before share of results from joint ventures and associates		**684.7**	**(1,286.5)**	**(601.8)**	**735.9**	**(213.2)**	**522.7**
Share of results from joint ventures and associates		(42.9)	-	(42.9)	(194.1)	-	(194.1)
Group operating profit/(loss)		**641.8**	**(1,286.5)**	**(644.7)**	**541.8**	**(213.2)**	**328.6**
Finance expense	7	(241.8)	(1.0)	(242.8)	(89.0)	(5.7)	(94.7)
Finance income	7	12.4	-	12.4	4.3	-	4.3
(Losses)/gains arising from change in fair value of financial instruments	7	(90.6)	-	(90.6)	(23.1)	-	(23.1)
Gains/(losses) arising from foreign exchange on debt instruments	7	123.1	-	123.1	(112.2)	-	(112.2)
Profit/(loss) before tax		**444.9**	**(1,287.5)**	**(842.6)**	**321.8**	**(218.9)**	**102.9**
Income tax		(105.8)	69.7	(36.1)	(97.9)	27.9	(70.0)
Profit/(loss) from continuing operations		**339.1**	**(1,217.8)**	**(878.7)**	**223.9**	**(191.0)**	**32.9**
Loss for the year from discontinued operations after tax		-	(57.8)	(57.8)	-	(13.4)	(13.4)
Profit/(loss) for the year		**339.1**	**(1,275.6)**	**(936.5)**	**223.9**	**(204.4)**	**19.5**
Attributable to:							
Equity holders of the parent		304.1	(1,232.7)	(928.6)	225.6	(201.4)	24.2
Non-controlling interests		35.0	(42.9)	(7.9)	(1.7)	(3.0)	(4.7)
		339.1	(1,275.6)	(936.5)	223.9	(204.4)	19.5
Earnings per share on profit/(loss) for the year from continuing operations		44.3p[1]		(141.4p)	60.9p[1]		6.4p
From profit/(loss) for the year	9	44.3p[1]		(150.7p)	60.9p[1]		4.1p
Diluted earnings per share on profit/(loss) for the year from continuing operations		44.2p[1]		(141.4p)	60.5p[1]		6.3p
From profit/(loss) for the year	9	44.2p[1]		(150.7p)	60.5p[1]		4.1p

Memo

EBITDA	1,007.9	(742.9)	265.0	993.2	(89.3)	903.9
Share-based payments	(21.7)	-	(21.7)	(19.2)	-	(19.2)
Depreciation, amortisation and impairment	(301.5)	(543.6)	(845.1)	(238.1)	(123.9)	(362.0)
Share of results from joint ventures and associates	(42.9)	-	(42.9)	(194.1)	-	(194.1)
Group operating profit/(loss)	**641.8**	**(1,286.5)**	**(644.7)**	**541.8**	**(213.2)**	**328.6**

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 9 for further details.

ENTAIN PLC (Company number 4685V)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Notes	2023 £m	2022 £m
(Loss)/profit for the year		(936.5)	19.5
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Currency differences on translation of foreign operations		(83.5)	182.9
Total items that may be reclassified to profit or loss		(83.5)	182.9
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit pension scheme		(3.7)	(24.7)
Tax on re-measurement of defined benefit pension scheme		1.3	8.6
Surplus/(deficit) on revaluation of other investment		1.1	(2.6)
Share of associate other comprehensive expense		(1.1)	-
Total items that will not be reclassified to profit or loss		(2.4)	(18.7)
Other comprehensive (expense)/income for the year, net of tax		(85.9)	164.2
Total comprehensive (expense)/income for the year		(1,022.4)	183.7
Attributable to:			
Equity holders of the parent		(1,020.8)	182.3
Non-controlling interests		(1.6)	1.4

ENTAIN PLC (Company number 4685V)

CONSOLIDATED BALANCE SHEET

At 31 December	Notes	2023 £m	2022 Restated (Note 15) £m
Assets			
Non-current assets			
Goodwill	10	4,716.0	3,980.9
Intangible assets	10	3,960.1	2,676.2
Property, plant and equipment	12	533.4	507.2
Interest in joint venture		-	-
Interest in associates and other investments		47.1	53.5
Trade and other receivables		31.8	38.6
Other financial assets		-	0.2
Deferred tax assets		493.2	157.3
Retirement benefit asset		61.8	63.8
		9,843.4	**7,477.7**
Current assets			
Trade and other receivables		503.2	500.3
Income and other taxes recoverable		71.5	30.7
Derivative financial instruments		31.9	72.9
Cash and cash equivalents		400.6	658.5
		1,007.2	**1,262.4**
Total assets		**10,850.6**	**8,740.1**
Liabilities			
Current liabilities			
Trade and other payables		(878.6)	(720.0)
Balances with customers	13	(196.8)	(200.5)
Lease liabilities		(65.7)	(65.1)
Interest-bearing loans and borrowings		(319.2)	(424.9)
Corporate tax liabilities		(48.6)	(45.3)
Provisions		(20.9)	(20.6)
Derivative financial instruments		(117.5)	(79.2)
Deferred and contingent consideration and other financial liabilities		(157.0)	(208.8)
		(1,804.3)	**(1,764.4)**
Non-current liabilities			
Trade and other payables		(433.8)	-
Interest-bearing loans and borrowings		(3,038.8)	(2,689.1)
Lease liabilities		(210.2)	(215.8)
Deferred tax liabilities		(825.1)	(495.4)
Provisions		(4.2)	(5.4)
Deferred and contingent consideration and other financial liabilities		(1,741.5)	(253.4)
		(6,253.6)	**(3,659.1)**
Total liabilities		**(8,057.9)**	**(5,423.5)**
Net assets		**2,792.7**	**3,316.6**
Equity			
Issued share capital		5.2	4.8
Share premium		1,796.7	1,207.3
Merger reserve		2,527.4	2,527.4
Translation reserve		150.4	240.2
Retained earnings		(2,211.7)	(846.9)
Equity shareholders' funds		**2,268.0**	**3,132.8**
Non-controlling interests		524.7	183.8
Total shareholders' equity		**2,792.7**	**3,316.6**

ENTAIN PLC (Company number 4685V)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium £m	Merger reserve £m	Translation reserve[1] £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling interests £m	Total shareholders' equity £m
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/(expense)	-	-	-	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	-	-	-	-	-	-	178.9	178.9
Recognition of put liability	-	-	-	-	(181.2)	(181.2)	-	(181.2)
Purchase of non-controlling interests	-	-	-	-	(3.7)	(3.7)	2.1	(1.6)
Equity dividends (Note 8)	-	-	-	-	(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
At 1 January 2023	4.8	1,207.3	2,527.4	240.2	(846.9)	3,132.8	183.8	3,316.6
Loss for the year	-	-	-	-	(928.6)	(928.6)	(7.9)	(936.5)
Other comprehensive income/(expense)	-	-	-	(89.8)	(2.4)	(92.2)	6.3	(85.9)
Total comprehensive income	-	-	-	(89.8)	(931.0)	(1,020.8)	(1.6)	(1,022.4)
Issue of shares	0.4	589.4	-	-	-	589.8	-	589.8
Share-based payments charge	-	-	-	-	23.6	23.6	-	23.6
Business combinations (Note 15)	-	-	-	-	-	-	354.0	354.0
Recognition of put option liability	-	-	-	-	(350.5)	(350.5)	-	(350.5)
Purchase of non-controlling interests	-	-	-	-	-	-	(4.1)	(4.1)
Equity dividends (Note 8)	-	-	-	-	(106.9)	(106.9)	(7.4)	(114.3)
At 31 December 2023	5.2	1,796.7	2,527.4	150.4	(2,211.7)	2,268.0	524.7	2,792.7

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	2023 £m	2022 £m
Cash generated by operations	14	810.0	846.9
Income taxes paid		(137.3)	(106.1)
Net finance expense paid		(224.6)	(100.6)
Net cash generated from operating activities		448.1	640.2
Cash flows from investing activities:			
Acquisitions[1]		(1,315.4)	(738.6)
Cash acquired on business combinations		87.9	29.9
Dividends received from associates		9.6	3.6
Purchase of intangible assets		(191.5)	(129.9)
Purchase of property, plant and equipment		(69.1)	(82.1)
Proceeds from the sale of property, plant and equipment including disposal of shops		0.7	-
Purchase of investments in associates and other investments		(3.1)	-
Investment in joint ventures		(40.7)	(175.1)
Net cash used in investing activities		(1,521.6)	(1,092.2)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		589.8	-
Net proceeds from borrowings		1,780.3	838.4
Repayment of borrowings		(1,419.2)	(109.0)
Repayment of borrowings on acquisition		(9.4)	(162.8)
Subscription of funds from non-controlling interests		350.5	174.3
Settlement of derivative financial instruments		(13.2)	41.6
Settlement of other financial liabilities		(266.7)	(32.9)
Payment of lease liabilities		(68.5)	(83.0)
Dividends paid to shareholders		(106.9)	(50.0)
Dividends paid to non-controlling interests		(7.4)	-
Net cash used in financing activities		829.3	616.6
Net (decrease)/increase in cash and cash equivalents		(244.2)	164.6
Effect of changes in foreign exchange rates		(13.7)	6.8
Cash and cash equivalents at beginning of the year		658.5	487.1
Cash and cash equivalents at end of the year		400.6	658.5

1. Included within cash flows from acquisitions is £5.4m relating to the purchase of minority holdings in STS (2022: £1.7m relating to the purchase of minority holdings in Scout Gaming AB and Global Gaming Limited)

1 Corporate information

Entain plc ("the Company") is a company incorporated and domiciled in the Isle of Man on 5 January 2010 whose shares are traded publicly on the London Stock Exchange. The principal activities of the Company and its subsidiaries ("the Group") are described in the strategic report. The consolidated financial statements of the Group for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 7 March 2024.

The nature of the Group's operations and its principal activities are set out in Note 5.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with the requirements of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRSs. The accounting policies set out in this section as detailed have been applied consistently year on year other than for the changes in accounting policies set out in Note 3.

The consolidated financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated. The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in Note 6.

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 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 such as legislation changes impacting the Group's Online business and severe data privacy and cybersecurity breaches.

Given the level of the Group's available cash post the recent extension of certain financing facilities (see Note 17) and the forecast covenant headroom even under the sensitised downside scenarios, the Directors believe that the Group and the Company are well placed to manage the risks and uncertainties that it faces. As such, the Directors have a reasonable expectation that the Group and the Company will have adequate financial resources to continue in operational existence, for at least 12 months (being the going concern assessment period) from date of approval of the financial statements, and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the financial statements.

3 Changes in accounting policies

From 1 January 2023 the Group has applied, for the first time, certain standards, interpretations and amendments. The adoption of the following standards and amendments to standards did not have a material impact on the current period or any prior period upon transition:

- Amendments to IAS 1 Presentation of Financial Statements; disclosure of accounting policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; definition of accounting estimates;
- Amendments to IAS 12 Income Taxes; deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 12 International Tax Reform Pillar Two Model Rules;
- IFRS 17 Insurance Contracts; original issue.

4 Summary of significant accounting policies

4.1 Basis of consolidation

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

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

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

4 Summary of significant accounting policies (continued)

4.2 Critical accounting estimates and judgements

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

Judgements

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

- separately disclosed items (Note 6)
- business combinations (Note 15).

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 2023 the Group separately disclosed a net charge on continuing operations before tax of £1,287.5m including £254.6m of amortisation of acquired intangibles resulting from IFRS 3.

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

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in Note 6.

Business combinations – Acquisition consideration

For business combinations, in assessing the relevant consideration transferred, certain judgements are required to assess whether transfers of assets reflect payments for future service or elements of acquisition consideration. Specifically, for the Tab NZ acquisition, the Group has committed to make minimum guaranteed funding payments to Tab NZ in the first five years post completion, with further contingent payments subject to revenue performance due up to and including year 25. As there are no ongoing obligations or service requirements on the selling party, these payments have been deemed to form part of consideration under IFRS 3 rather than ongoing deductions on profits. Further details are provided in Note 15.

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 15).

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. This is particularly relevant for the Tab NZ acquisition where the value of contingent consideration is material. Further details are provided in Note 15 which include associated sensitivities to the estimates taken.

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.

4 Summary of significant accounting policies (continued)

4.2 Critical accounting estimates and judgements (continued)

Business combinations (continued)

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 and other relevant information for the businesses acquired. Fair value movements and the unwinding of the discounting is recognised within the income statement as a separately disclosed item. See Note 6 and Note 15 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.

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 11 for details on sensitivity analysis performed around these estimates.

Impairment losses are recognised in the consolidated income statement and during the current year, the Group has recognised an impairment charge of £289.0m primarily against the Group's Australian CGU, the closed B2C operations in Africa, and under the Unirkn B2C offering. See Note 11 for further details.

4.3 Other accounting policies

'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 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.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

The useful lives applied to the Group's intangible assets are as follows:

Exclusive New Zealand licence	25-year duration of licence
Other licences	Lower of 15 years, or duration of licence
Software – purchased & internally capitalised costs	2-15 years
Trademarks & brand names	10-25 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.

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.

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. 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.

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.

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.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

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

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.

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 derecognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Leases (continued)

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

Cash and cash equivalents

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

Financial assets

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

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

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

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

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

Financial liabilities

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

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

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

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

All financial liabilities are recorded as cash flows from financing activities.

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.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

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 re-measurement 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 is 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 2023 and 2022:

		2023		2022
Currency	Average	Year end	Average	Year end
Euro (€)	1.149	1.151	1.175	1.128
US Dollar ($)	1.242	1.274	1.245	1.208
Australian Dollar (A$)	1.873	1.866	1.788	1.775
NZ Dollars (NZD)	2.024	2.010	1.955	1.904

Income tax

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

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

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

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

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

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

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

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry within which the Group operates, the tax and regulatory regimes are continuously changing and, as such, the Group is exposed to a small number of uncertain tax positions. Judgement is applied to adequately provide for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise. In particular, judgement has been applied in the Group's accounting for Greek tax and further disclosure is given in Note 16.

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 LBOs, on course betting, Core Telephone Betting, mobile betting and 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.

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, admission fees 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.

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

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 9.

4.4 Future accounting developments

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

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
IFRS 7	Financial Instruments Disclosures	Supplier Financial Arrangements	1 January 2024
IAS 7	Statement of Cash Flows	Supplier Finance Arrangements	1 January 2024

5 Segment information

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

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

- Online: comprises betting and gaming activities from online and mobile operations. Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Sportingbet, SuperSport, Sports Interaction, STS, Tab NZ and BetCity, 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, Croatia, New Zealand and Poland;
- 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 Stadia.

The Executive Management Team of the Group has chosen to assess the performance of operating segments based on a measure of NGR, EBITDA, and operating profit with finance costs and taxation considered for the Group as a whole. See page 69 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:

2023	Online £m	Retail £m	All other segments £m	New opportunities £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR[1]	3,426.5	1,386.7	26.7	-	-	(6.8)	4,833.1
VAT/GST	(59.9)	(3.6)	-	-	-	-	(63.5)
Revenue	3,366.6	1,383.1	26.7	-	-	(6.8)	4,769.6
Gross profit	1,980.1	900.2	26.7	-	-	-	2,907.0
Contribution[2]	1,369.8	890.3	26.3	(7.0)	-	-	2,279.4
Operating costs excluding marketing costs	(512.4)	(606.1)	(21.0)	(22.3)	(109.7)	-	(1,271.5)
Underlying EBITDA before separately disclosed items	857.4	284.2	5.3	(29.3)	(109.7)	-	1,007.9
Share-based payments	(7.3)	(2.4)	-	(0.7)	(11.3)	-	(21.7)
Depreciation and amortisation	(160.2)	(132.1)	(2.7)	(5.7)	(0.8)	-	(301.5)
Share of joint ventures and associates	(1.4)	-	2.0	(1.5)	(42.0)	-	(42.9)
Operating profit/(loss) before separately disclosed items	688.5	149.7	4.6	(37.2)	(163.8)	-	641.8
Separately disclosed items (Note 6)	(481.1)	(22.8)	-	(44.3)	(738.3)	-	(1,286.5)
Group operating profit/(loss)	207.4	126.9	4.6	(81.5)	(902.1)	-	(644.7)
Net finance expense							(197.9)
Loss before tax							(842.6)
Income tax							(36.1)
Loss for the year from continuing operations							**(878.7)**
Loss for the year from discontinued operations after tax							(57.8)
Loss for the year after discontinued operations							**(936.5)**

1. Included within NGR are amounts of £68.1m (2022: £65.6m) in relation to online poker services and £26.7m (2022: £25.1m) 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.

5 Segment information (continued)

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	(426.0)	(571.9)	(20.1)	(26.7)	(91.0)	-	(1,135.7)
Underlying EBITDA before separately disclosed items	828.2	280.2	4.9	(29.1)	(91.0)	-	993.2
Share-based payments	(7.8)	(2.3)	-	(0.3)	(8.8)	-	(19.2)
Depreciation and amortisation	(118.3)	(112.4)	(2.7)	(4.5)	(0.2)	-	(238.1)
Share of joint ventures and associates	(0.2)	-	0.4	(0.4)	(193.9)	-	(194.1)
Operating profit/(loss) before separately disclosed items	701.9	165.5	2.6	(34.3)	(293.9)	-	541.8
Separately disclosed items (Note 6)	(114.0)	(57.4)	(0.7)	-	(41.1)	-	(213.2)
Group operating profit/(loss)	587.9	108.1	1.9	(34.3)	(335.0)	-	328.6
Net finance expense							(225.7)
Profit before tax							102.9
Income tax							(70.0)
Profit for the year from continuing operations							**32.9**
Loss for the year from discontinued operations after tax							(13.4)
Profit for the year after discontinued operations							**19.5**

Geographical information

Revenue by destination and non-current assets on a geographical basis for the Group, are as follows:

	2023 Revenue £m	2023 Non-current assets[3] £m	2022 Revenue £m	2022 Non-current assets[3] £m
United Kingdom	1,953.8	3,076.8	2,032.7	3,022.3
Australia and New Zealand	515.1	1,475.4	463.0	528.8
Italy	517.4	512.2	472.6	523.3
Rest of Europe[1]	1,443.4	3,930.2	968.7	2,922.4
Rest of the world[2]	339.9	293.8	359.9	259.6
Total	4,769.6	9,288.4	**4,296.9**	**7,256.4**

1. Rest of Europe is predominantly driven by markets in Croatia, Belgium, The Netherlands, Georgia, Germany, and Spain.
2. Rest of the world is predominantly driven by the markets in Brazil and Canada.
3. Non-current assets excluding other financial assets, deferred tax assets and retirement benefit assets.

6 Separately disclosed items

	2023 £m	2023 Tax impact £m	2022 £m	2022 Tax impact £m
Legal settlement[1]	585.0	-	-	-
Amortisation of acquired intangibles[2]	254.6	(41.6)	116.9	(16.5)
Impairment[3]	289.0	-	7.0	-
Restructuring costs[4]	49.7	(9.6)	11.8	(1.4)
Corporate transaction costs[5]	17.8	-	23.9	(0.6)
Legal and onerous contract provisions[6]	17.6	(3.0)	8.1	(0.8)
Movement in fair value of contingent consideration[7]	71.8	(15.5)	(1.0)	-
Loss on disposal of property, plant and equipment[8]	1.0	-	1.0	-
Financing[9]	1.0	-	5.7	-
Furlough[10]	-	-	45.5	(8.6)
Separately disclosed items for the year from continuing operations	1,287.5	(69.7)	218.9	(27.9)
Separately disclosed items for the year from discontinued operations	57.8	-	13.4	-
Total before tax	1,345.3	(69.7)	232.3	(27.9)
Separately disclosed items for the year after tax	1,275.6		204.4	

1. On 5 December 2023, Entain plc entered into a Deferred Prosecution Agreement ("DPA") with the Crown Prosecution Service ("CPS") in relation to historical conduct of the Group, thereby resolving the HM Revenue & Customs ("HMRC") investigation into the Group. As a result of the agreement reached, the Group has recognised a £585.0m discounted liability during the current year in relation to amounts it has agreed to be pay in relation to the disgorgement of profits, charitable donations and contributions to CPS costs.
2. 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, SuperSport, STS, NZ Tab and 365Scores.
3. Relates to impairments recorded against the Group's Australian business of £190.0m, the assets associated with the Group's Unikrn and Africa operations, which have closed as B2C operations during the year, of £78.1m, an £11.0m impairment of the Group's ROI retail portfolio, an impairment against the Group's Polish operation (excluding STS) of £5.1m and a number of smaller impairments against ROU assets that the Group no longer intends to use following their closure, including UK Retail shops. Further details are provided in Note 11.
4. Primarily relates to costs associated with the Group's restructuring programme Project Romer.
5. Transaction costs associated with the M&A activity including the acquisition of 365Scores, NZ Tab, STS and Angstrom (see Note 15).
6. Relates primarily to costs associated with the Group's legal expenses in cooperating with the HMRC investigation.
7. Reflects the movement in the fair value of contingent consideration arrangements on recent acquisitions as well as the associated discount unwind.
8. Relates to the loss on disposal of certain assets within the Group's retail estates.
9. Fees incurred in respect of bridging loans and other financing activities.
10. Relates to the repayment of monies received under the Government furlough scheme in the prior year.

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.

7 Finance expense and income

	2023 £m	2022 £m
Interest on term loans, bonds and bank facilities	(229.2)	(76.2)
Interest on lease liabilities[1]	(12.6)	(12.8)
Other financing (Note 6)	(1.0)	(5.7)
Total finance expense	(242.8)	(94.7)
Interest receivable	12.4	4.3
Losses arising on financial derivatives	(90.6)	(23.1)
Gains/(losses) arising on foreign exchange on debt instruments	123.1	(112.2)
Net finance expense	(197.9)	(225.7)

1. Interest on lease liabilities of £12.6m (2022: £12.8m) is net of £0.2m of sub-let interest receivable (2022: £0.2m).

8 Dividends

Pence per share	2023 pence	2022 pence	2023 Shares in issue number	2022 Shares in issue number
2022 interim dividend paid	-	8.5	-	588.8
2022 second interim dividend paid	8.5	n/a	588.8	n/a
2023 interim dividend paid	8.9	n/a	638.8	n/a

A second interim dividend of 8.9p (2022: 8.5p) per share, amounting to £56.9m (2022: £50.0m) in respect of the year ended 31 December 2023, was proposed by the Directors on 7 March 2024. The estimated total amount payable in respect of the final dividend is based on the expected number of shares in issue on 7 March 2024. There are no income tax implications for the Group and Company arising from the proposed second interim dividend. The 2022 second interim dividend of 8.5p per share (£50.0m) was paid on 26 April 2023. The 2023 interim dividend of 8.9p per share (£56.8m) was paid on 18 September 2023.

In the year, the Group paid a dividend totalling £7.4m to non-controlling interests (2022: £nil).

9 Earnings per share

Basic earnings per share has been calculated by dividing the loss for the year attributable to shareholders of the Company of £928.6m (2022: £24.2m profit) by the weighted average number of shares in issue during the year of 617.5m (2022: 588.2m).

The dilutive effects of share options and contingently issuable shares are not considered when calculating the diluted loss per share.

At 31 December 2023, there were 638.8m €0.01 ordinary shares in issue.

The calculation of adjusted earnings per share which removes separately disclosed items and foreign exchange gains and losses arising on financial instruments has also been disclosed as it provides a better understanding of the underlying performance of the Group. Separately disclosed items are defined in Note 4 and disclosed in Note 6.

Total earnings per share

Weighted average number of shares (millions)	2023	2022
Shares for basic earnings per share	616.0	588.2
Potentially dilutive share options and contingently issuable shares	1.5	4.5
Shares for diluted earnings per share	617.5	592.7

Total profit	2023 £m	2022 £m
(Loss)/profit attributable to shareholders	(928.6)	24.2
- from continuing operations	(870.8)	37.6
- from discontinued operations	(57.8)	(13.4)
Losses arising from financial instruments	90.6	23.1
(Gains)/losses arising from foreign exchange debt instruments	(123.1)	112.2
Associated tax charge on (losses)/gains arising from financial instruments and foreign exchange debt instruments	1.1	(2.4)
Separately disclosed items net of tax (Note 6)	1,232.7	201.4
Adjusted profit attributable to shareholders	272.7	358.5
- from continuing operations	272.7	358.5
- from discontinued operations		-

	Standard earnings per share		Adjusted earnings per share	
Earnings per share (pence)	2023	2022	2023	2022
Basic earnings per share				
- from continuing operations	(141.4)	6.4	44.3	60.9
- from discontinued operations	(9.3)	(2.3)	-	-
From profit for the period	(150.7)	4.1	44.3	60.9
Diluted earnings per share				
- from continuing operations	(141.4)	6.3	44.2	60.5
- from discontinued operations	(9.3)	(2.2)	-	-
From profit for the period	(150.7)	4.1	44.2	60.5

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 51.1p (2022: 93.9p) and a diluted adjusted earnings per share of 51.0p (2022: 93.2p) from continuing operations.

10 Goodwill and intangible assets

	Goodwill £m	Licences £m	Software £m	Customer relationships £m	Trade-marks & brand names £m	Total £m
Cost						
At 1 January 2022	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 15) [1]	624.0	149.1	7.4	201.9	207.0	1,189.4
Disposals	-	(0.5)	(13.9)	-	-	(14.4)
Reclassification	-	-	(1.0)	-	-	(1.0)
At 31 December 2022 (restated)[1]	4,270.1	205.4	772.7	1,241.0	2,269.4	8,758.6
Exchange adjustment	(68.2)	11.8	(12.7)	(12.3)	(17.4)	(98.8)
Additions	-	-	191.5	-	-	191.5
Additions from business combinations (Note 15)	1,067.5	747.8	49.8	275.5	439.5	2,580.1
Disposals	-	-	(2.9)	-	-	(2.9)
At 31 December 2023	**5,269.4**	**965.0**	**998.4**	**1,504.2**	**2,691.5**	**11,428.5**
Accumulated amortisation and impairment						
At 1 January 2022	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
Exchange adjustment	(13.3)	(0.1)	(9.1)	(13.8)	(7.3)	(43.6)
Amortisation charge	-	45.3	138.0	141.4	90.4	415.1
Impairment charge	277.5	-	2.2	0.5	2.1	282.3
Disposals	-	-	(2.9)	-	-	(2.9)
At 31 December 2023	**553.4**	**71.5**	**649.0**	**1,146.1**	**332.4**	**2,752.4**
Net book value						
At 31 December 2022	3,980.9	179.1	251.9	223.0	2,022.2	6,657.1
At 31 December 2023	**4,716.0**	**893.5**	**349.4**	**358.1**	**2,359.1**	**8,676.1**

1. Restatement of prior year intangible valuations has been made in relation to the prior year SuperSport acquisition during the subsequent measurement period. See note 15 for further details.

At 31 December 2023 the Group had not entered into contractual commitments for the acquisition of any intangible assets (2022: £nil).

Included within trade-marks and brand names are £1,398.4m (2022: £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, as well as licences acquired as part of the NZ Tab acquisition (see Note 15).

Software relates to the cost of acquired software, through purchase or business combination, and the capitalisation of internally developed software. Additions of £191.5m (2022: £129.9m) include £92.6m of internally capitalised costs (2022: £58.0m).

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, Enlabs, Sport Interaction, SuperSport, BetCity, 365Scores, and Tab NZ businesses.

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

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

For both tangible and intangible assets, the future cash flows are based on the forecasts and budgets of the CGU or business discounted to reflect time value of money. The key assumptions within the UK and European Retail budgets are OTC wagers (customer visits and spend per visit), the average number of machines per shop, gross win per shop per week, salary increases, the potential impact of the shop closures and the fixed costs of the LBOs. The key assumptions within the budgets for Online are the number of active customers, net revenue per head, win percentage, marketing spend, revenue shares and operating costs. All forecasts take into account the impact of the Group's commitment to be Net Zero by 2035 as well as the impact of climate change.

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 to 8 range from 0% to 10%. From year 9 onwards long-term growth rates used are between 0% and 2% (2022: 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. Whilst the same approach is adopted for Tab NZ impairment reviews, the value-in-use is assessed over the 25-year life of the licence rather than into perpetuity.

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 remained consistent year-on-year, and the associated carrying value of goodwill by CGU is as follows:

Goodwill	2023 %	2022 %	2023 £m	2022 (restated)[1] £m
Digital	11.1	12.6-12.9	2,263.4	2,230.7
UK Retail	12.6	12.6	76.4	76.4
Australia	13.5	13.5	145.0	347.5
European Retail	9.5-13.3	9.5-13.3	147.1	161.5
European Digital	9.5-13.3	9.5-13.3	343.3	350.4
Enlabs	11.8	11.8	205.3	209.6
BetCity	12.7	n/a	200.1	n/a
SuperSport	11.5	11.8	527.8	538.4
STS	11.7	n/a	389.1	n/a
365Scores	12.3	n/a	86.8	n/a
Tab NZ	11.1	n/a	255.5	n/a
All other segments	11.1-12.6	12.4	76.2	66.4
			4,716.0	3,980.9

1. Restatement of prior year intangible valuations has been made in relation to the prior year SuperSport acquisition during the subsequent measurement period. See note 15 for further details.

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

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

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

Australia impairment

During the current year, the Group recorded a non-cash impairment charge of £190.0m against the Online division. The charge has arisen in the Group's Australian CGU and is a result of the impact of ongoing increases in the rate of Point of Consumption tax across certain states and a forecast decline in Australian revenues in 2024 as a result of a reduced market outlook.

Whilst our Australian business continues to be profitable and strategically important, market conditions and tax headwinds have reduced the value in use of the business resulting in the impairment charge. Post the annualisation of the tax increases and stabilisation of local market conditions, we expect our Australian business to return to growth.

Unikrn impairment

During the year, the Group took the decision to close its B2C eSports business operating under the Unikrn brand, in favour of developing a leading eSports proposition on existing labels. As a result of the decision to turn off its B2C operations, the Group has recorded an £43.2m impairment of goodwill and £1.1m impairment of trade-marks and brands associated with the Unikrn operation during the current year within the New Opportunities segment.

Impala impairment

The Group has also taken the decision during 2023 to close its B2C operations in Zambia and Kenya, operations that were run out of the previously acquired African subsidiary. As a result of the decision to close these operations and focus resources to drive growth in other markets, the Group has recorded an impairment against the value of assets carried against this business. The resulting impairment has been booked against goodwill of £29.9m, and against software of £4.0m within the Online segment.

In addition, an impairment charge of £11.0m has been recognised during the current year against our Retail estate in ROI as a result of a reduced outlook for this market, and £5.0m against Totolotek following its closure post the STS acquisition.

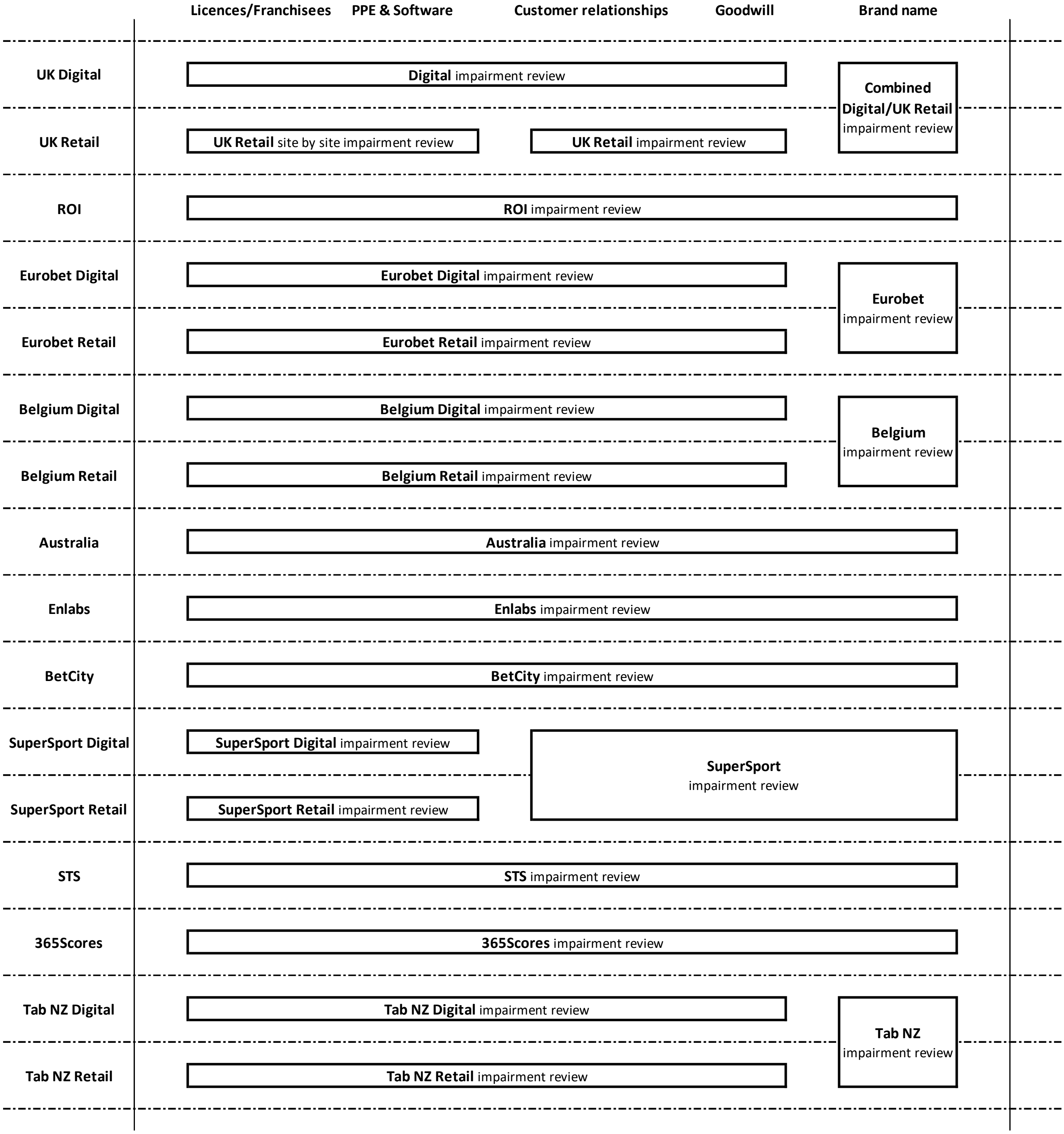
Sensitivity analysis

With the exception of Australia, no reasonable change in assumptions would cause an additional impairment, including a 5% decrease in all cash flows or a 0.5pp increase in discount rates.

For Australia, a 10% increase in revenue would reduce the impairment by £110.0m, whereas a 5% decrease in revenue would increase the impairment by £48.0m. Each 0.5pp movement in the discount rate impacting the charge by £20.0m.

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

Impairment testing across the business



12 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Leased assets £m	Total £m
Cost					
At 1 January 2022	26.8	102.5	188.3	572.3	889.9
Exchange adjustment	0.7	3.2	7.0	5.2	16.1
Additions	24.9	50.6	11.1	61.8	148.4
Additions from business combinations	0.2	3.2	4.4	9.5	17.3
Disposals	(10.4)	(20.2)	(16.1)	(3.5)	(50.2)
Reclassification	(1.6)	1.9	42.9	(42.2)	1.0
At 31 December 2022	40.6	141.2	237.6	603.1	1,022.5
Exchange adjustment	(0.3)	(2.1)	(3.5)	(1.4)	(7.3)
Additions	18.0	27.0	45.9	45.6	136.5
Additions from business combinations (Note 15)	4.9	8.1	2.2	26.9	42.1
Disposals	(4.5)	(6.7)	(5.7)	(49.8)	(66.7)
Reclassification	-	0.9	(0.9)	-	-
At 31 December 2023	**58.7**	**168.4**	**275.6**	**624.4**	**1,127.1**
Accumulated depreciation					
At 1 January 2022	11.3	38.3	52.2	320.9	422.7
Exchange adjustment	0.5	2.7	2.0	4.2	9.4
Depreciation charge	11.4	23.5	26.0	65.0	125.9
Impairment	-	0.1	1.9	4.5	6.5
Disposals	(10.3)	(20.0)	(16.1)	(2.8)	(49.2)
Reclassification	-	-	21.7	(21.7)	-
At 31 December 2022	12.9	44.6	87.7	370.1	515.3
Exchange adjustment	(0.2)	(1.5)	(2.0)	(0.6)	(4.3)
Depreciation charge	13.7	29.4	36.6	61.3	141.0
Impairment	0.9	0.7	0.4	4.7	6.7
Disposals	(4.5)	(6.0)	(5.1)	(49.4)	(65.0)
Reclassification	-	(0.2)	0.2	-	-
At 31 December 2023	**22.8**	**67.0**	**117.8**	**386.1**	**593.7**
Net book value					
At 31 December 2022	27.7	96.6	149.9	233.0	507.2
At 31 December 2023	**35.9**	**101.4**	**157.8**	**238.3**	**533.4**

At 31 December 2023, the Group had not entered into contractual commitments for the acquisition of any property, plant and equipment (2022: £nil).

Included within fixtures, fittings and equipment are assets in the course of construction which are not being depreciated of £17.1m (2022: £10.6m), relating predominantly to self-service betting terminals and the new point of sale system in UK Retail.

An impairment charge of £6.5m (2022: £6.5m) has been made against closed retail shops and office buildings included within leased assets in the year. See Notes 6 and 11 for further details.

12 Property, plant and equipment (continued)

Analysis of leased assets:

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2022	520.7	51.6	572.3
Exchange adjustment	5.0	0.2	5.2
Additions	60.0	1.8	61.8
Additions from business combinations	9.5	-	9.5
Disposals	(2.0)	(1.5)	(3.5)
Reclassification	-	(42.2)	(42.2)
At 31 December 2022	593.2	9.9	603.1
Exchange adjustment	(1.3)	(0.1)	(1.4)
Additions	32.8	12.8	45.6
Additions from business combinations	26.0	0.9	26.9
Disposals	(49.8)	-	(49.8)
At 31 December 2023	**600.9**	**23.5**	**624.4**
Accumulated depreciation			
At 1 January 2022	299.8	21.1	320.9
Exchange adjustment	4.1	0.1	4.2
Depreciation charge	55.1	9.9	65.0
Impairment	4.5	-	4.5
Disposals	(2.0)	(0.8)	(2.8)
Reclassification	-	(21.7)	(21.7)
At 31 December 2022	361.5	8.6	370.1
Exchange adjustment	(0.6)	-	(0.6)
Depreciation charge	59.0	2.3	61.3
Impairment	4.7	-	4.7
Disposals	(49.4)	-	(49.4)
At 31 December 2023	**375.2**	**10.9**	**386.1**
Net book value			
At 31 December 2022	231.7	1.3	233.0
At 31 December 2023	**225.7**	**12.6**	**238.3**

13 Net debt

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

	2023 £m	2022 £m
Current assets		
Cash and short-term deposits	400.6	658.5
Current liabilities		
Interest-bearing loans and borrowings	(319.2)	(424.9)
Non-current liabilities		
Interest-bearing loans and borrowings	(3,038.8)	(2,689.1)
Net debt	**(2,957.4)**	**(2,455.5)**
Cash held on behalf of customers	(196.8)	(200.5)
Fair value swaps held against debt instruments (derivative financial (liability)/asset)	(85.6)	(6.5)
Deposits	48.8	43.8
Balances held with payment service providers	176.0	149.8
Sub-total	**(3,015.0)**	**(2,468.9)**
Lease liabilities	(275.9)	(280.9)
Adjusted net debt including lease liabilities	**(3,290.9)**	**(2,749.8)**

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

14 Notes to the statement of cash flows

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

	2023 £m	2022 £m
(Loss)/profit before tax from continuing operations	(842.6)	102.9
Net finance expense	197.9	225.7
(Loss)/profit before tax and net finance expense from continuing operations	(644.7)	328.6
Loss before tax and net finance expense from discontinued operations	(57.8)	(13.4)
(Loss)/profit before tax and net finance expense including discontinued operations	(702.5)	315.2
Adjustments for:		
Impairment	289.0	7.0
Loss on disposal	1.0	1.0
Depreciation of property, plant and equipment	141.0	125.9
Amortisation of intangible assets	415.1	229.1
Share-based payments charge	23.6	19.2
Decrease/(increase) in trade and other receivables	42.2	44.7
Increase in other financial liabilities	62.7	2.2
(Decrease)/increase in trade and other payables	506.0	(85.9)
Decrease in provisions	(1.9)	(6.9)
Share of results from joint venture and associate	42.9	194.1
Pension settlement	-	7.0
Other	(9.1)	(5.7)
Cash generated by operations	810.0	846.9

15 Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities acquired, and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The identification and valuation of intangible assets arising on business combinations is subject to a degree of estimation. We engaged independent third parties, including Kroll, to assist with the identification and valuation process. This was performed in accordance with the Group's policies. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired is recorded as goodwill. Costs related to the acquisition are expensed as incurred; see Note 6 for details.

SuperSport

Measurement period adjustment

The initial value of goodwill recognised was £518.8m on acquisition. Subsequent to this a measurement period adjustment has been applied to increase the goodwill by £1.7m, increase licences by £1.5m, increase trade-marks & brand names by £1.0m, decrease customer relationships by £4.0m, and increase other liabilities by £0.2m.

Due to these measurement period adjustments, in line with IFRS 3 'Business Combinations' it has been necessary to present a restated 2022 balance sheet and related notes to the accounts for those balances affected.

Transactions with minority shareholders

During the period, the Group received by way of an equity injection into Entain Holdings (CEE) Limited £42.6m from EMMA Capital in relation to their 25% share of the 2022 earn-out under the SuperSport acquisition. As EMMA Capital holds a put option over its equity, which is enforceable on the Group from November 2025, a financial liability equivalent to the equity injection has been recognised to reflect the future liability within equity.

Summary of acquisitions in the period:

Acquisitions during the year relate primarily to online gaming activities. Tab NZ, an STS also have retail estates. Fair values were determined on the basis of an initial assessment performed by an independent professional expert.

15 Business combinations (continued)

NZ Ent Limited (trading as Tab NZ)

On 1 June, the Group completed the acquisition of a business (NZ Ent Limited) which entitles them to the exclusive license to operate and run the brand of Tab NZ in New Zealand for 25 years for an initial payment of £85.3m with a further £10.6m paid following acquisition. As part of the acquisition, the Group has also committed to make minimum guaranteed funding payments to Tab NZ (the seller) in the first five years post completion, with further contingent payments due up to and including year 25. As there are no ongoing obligations or service requirements on the selling party, these payments have been deemed to form part of consideration under IFRS 3 rather than ongoing deductions on profits. As such, based on forecast performance for the Group's New Zealand business and the estimated returns on the potential introduction of geo-blocking, which could be significant, the discounted estimate of consideration for the Tab NZ acquisition is £1,208.7m, which is considered to be equal to the fair value.

In accordance with IFRS 3, as control has been obtained, the business has been consolidated from the point of acquisition.

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

	Fair value £m
Intangible assets (excluding goodwill)	894.6
Property, plant and equipment	17.4
Trade and other receivables	24.6
Cash and cash equivalents	10.2
Deferred tax asset	309.8
Deferred tax liability	(242.6)
Trade and other payables	(45.3)
Lease liabilities	(10.5)
Total	**958.2**

Net assets acquired	958.2
Goodwill	250.5
Total net assets acquired	**1,208.7**
Consideration:	
Cash	96.6
Deferred consideration	386.5
Contingent consideration	725.6
Total consideration	**1,208.7**

STS Holdings SA

On 23 August, a Group subsidiary, Entain CEE, acquired 99.28% of STS Holdings S.A. ("STS") at a purchase price of PLN 24.80 per share. As part of the acquisition and the funding of Entain CEE's purchase of STS, the majority shareholder in STS acquired a 10% economic stake in the enlarged Entain CEE business for cash with the existing minority shareholder, EMMA Capital, also subscribing for additional equity in Entain CEE for cash to fund their economic proportion of the acquisition. Total consideration for the acquisition of STS was £748.6m, with minority holdings, including the remaining 0.72% of shares not acquired as part of the initial purchase, contributing £313.5m of the consideration. As the former majority shareholder in STS and EMMA Capital have put options on their equity stake in Entain CEE, the Group has recognised an equivalent financial liability for these two put options.

Post the acquisition, the remaining 0.72% of equity in STS has been acquired by Entain CEE, with each parent contributing in line with their economic interest in Entain CEE.

In accordance with IFRS 3, as the Entain Group exercises control of CEE and therefore indirectly controls STS, the business has been consolidated from the point of acquisition.

15 Business combinations (continued)

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

	Fair value £m
Intangible assets (excluding goodwill)	401.3
Property, plant and equipment	22.6
Trade and other receivables	5.6
Cash and cash equivalents	56.7
Deferred tax liability	(74.8)
Trade and other payables	(21.5)
Lease liabilities	(15.4)
Total	**374.5**
Net assets acquired	374.5
Goodwill	374.1
Total net assets acquired	**748.6**
Consideration:	
Cash	435.1
Non-controlling interest	313.5
Total consideration	**748.6**

Other business combinations

BetCity

On 11 January, the Group acquired 100% of the share capital of BetCity for initial consideration of €305m, including working capital adjustments, with further contingent amounts payable in 2024 and beyond subject to financial performance. Based on financial forecasts at the point of acquisition, total discounted consideration has been assessed as €362m. Amounts payable are capped at €550m.

In accordance with IFRS 3, as control has been obtained, the business has been consolidated from the point of acquisition.

365Scores

On 30 March, the Group acquired 100% of the share capital of 365Scores for $157m including working capital adjustments, with further contingent payments payable subject to the achievement of certain financial targets capped at $10m. Based on financial forecasts at the point of acquisition, total discounted consideration has been assessed as $161m.

In accordance with IFRS 3, as control has been obtained, the business has been consolidated from the point of acquisition.

Tiidal Gaming

On 9 June, the Group acquired 100% of the share capital of Tiidal Gaming for £7.8m. There are no contingent consideration elements in the acquisition.

In accordance with IFRS 3, as control has been obtained, the business has been consolidated from the point of acquisition.

ASF Limited (trading as Angstrom)

On 29 September the Group completed the acquisition of ASF Ltd, acquiring 100% of the share capital of the business for initial consideration of $93.5m with up to an additional $65.0m ($82.7m undiscounted) payable subject to the achievement of certain milestones. Based on forecasts for the business' performance post acquisition, total discounted consideration has been assessed as $138.5m.

In accordance with IFRS 3, as control has been obtained, the business has been consolidated from the point of acquisition.

15 Business combinations (continued)

Details of the total purchase consideration, and the values of net assets acquired and goodwill on the acquisition of BetCity, 365Scores, Tiidal Gaming, and Angstrom are as follows:

	Fair value £m
Intangible assets (excluding goodwill)	216.7
Property, plant and equipment	2.1
Trade and other receivables	26.2
Cash and cash equivalents	21.0
Deferred tax liability	(51.5)
Loans and borrowings	(9.4)
Trade and other payables	(49.3)
Lease liability	(1.0)
Total	**154.8**
Net assets acquired	154.8
Goodwill	442.9
Total net assets acquired	**597.7**
Consideration:	
Cash	455.4
Contingent consideration	142.3
Total consideration	**597.7**

All of the acquired businesses contributed revenues of £357.6m and underlying profit before tax of £34.9m.

Had the acquisitions occurred on the first day of the financial year the revenue for the Group would have been £4,990.2m with an underlying profit before tax of £493.4m.

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.

16 Commitments and contingencies

AUSTRAC

In October 2020, AUSTRAC initiated a compliance assessment of Entain Group Pty Ltd, the Group's subsidiary in Australia ("Entain Australia"). Following two years of assisting AUSTRAC with the assessment, Entain Australia was notified in September 2022 that AUSTRAC would be commencing an enforcement investigation. The investigation is focused on whether Entain Australia complied with its obligations under the AML/CTF Act.

Entain Australia continues to co-operate fully with AUSTRAC's enforcement team, and is liaising regularly with AUSTRAC's regulatory operations teams as it implements a detailed remediation plan. As AUSTRAC are still conducting their investigation and reviewing documentation, it is too early to predict the likely timing and potential outcome of the investigation. Whilst the details of the investigation into Entain Australia are different to other AUSTRAC investigations in the bookmaking industry, the directors note that previous penalties in AUSTRAC civil penalty proceedings have been significant. Therefore, as at the Balance Sheet date, uncertainty exists over both the timing and outcome of the investigation, with any potential penalty, should one arise, potentially material.

The Group remains fully engaged, working collaboratively with AUSTRAC and providing detailed quarterly updates on enhancements to its AML/CTF program. Whilst significant progress has been made since 2022, this remains a key area of focus.

As a leading gambling operator, the Group recognises that it has a responsibility to keep financial crime out of gambling, and remains committed to our customers, our shareholders and the communities that we operate in to ensure we act as a gatekeeper for safer betting.

Greek Tax

In November 2021, the Athens Administrative Court of Appeal ruled in favour of the Group's appeal against the tax assessment raised by the Greek tax authorities in respect of 2010 and 2011. In February 2022, the Greek tax authorities appealed against the judgements to the Greek Supreme Administrative Court. While the Group expects to be successful in defending the appeal by the Greek authorities, should the Greek Supreme Administrative Court rule in favour of the Greek tax authorities, then the Group could become liable for the full 2010-2011 assessment plus interest, an estimated total of €283.6m at 31 December 2023.

17 Subsequent events

On 1 March 2024, the Group raised an additional £300m of borrowings under a bank loan facility and used the proceeds to repay all amounts drawn under the Group's revolving credit facility. On 1 March 2024, the commitments available under the Group's revolving credit facility were increased by £45m further increasing the Group's available liquidity. Following these transactions, the Group's revolving credit facility had total commitments of £635m which, as at 1 March 2024 was completely undrawn save £5m carved out for letters of credit and guarantees.