7.00am 10 August 2023

Entain plc

("Entain" or the "Group")

Strong H1 Group performance
Record online actives and further delivery of growth and sustainability strategy

Entain plc (LSE: ENT), the global sports-betting, gaming and interactive entertainment group, today reports Interim Results for the six-month period ended 30 June 2023 ("H1").

Key highlights

- Strong H1 Group performance with record Online active customers and further strategic delivery
- Total Group (including US) Net Gaming Revenue ("NGR") up 19% (+16%cc[2])
  - Group NGR (excluding US) up 14% (+11%cc[2]), +3% proforma[3]
- Online NGR +15% (12%cc[2]), +1% on a proforma[3] basis
  - Excluding known regulatory impacts[4], proforma[3] Online NGR up +6%cc[2]
  - Record level of online active customers, +23% YoY, +15% proforma[3], demonstrating ongoing strategic focus of broadening our customer base
- Retail performed ahead of expectations with NGR +12% (+11% cc[2]), +8%cc[2] proforma[3] supported by market leading offering across betting and gaming terminals
- BetMGM performing strongly
  - H1 NGR of $944m, up +55% YoY
    - Same state NGR growth of +25% from digital operations
  - Established US operator with 18%[5] market share and continued iGaming leadership with 27%[6] share
  - Delivered positive EBITDA in Q2
  - On track to deliver the upper end of FY23 NGR guidance of $1.8-$2.0bn
  - Reiterate expectation to be EBITDA positive in H2 2023[7]
- Announced four transactions
  - Entain CEE expansion into Poland with acquisition of STS Holdings to further unlock the significant growth opportunities across the CEE region
  - 25 year partnership with TAB NZ providing unique access to New Zealand sports betting market
  - Acquisitions of 365Scores and Angstrom Sports to expand content and product capabilities
- As separately announced today, DPA negotiations have progressed sufficiently that Entain believes it is likely to be able to agree a resolution of the HMRC investigation into its legacy Turkish facing business, which was sold in 2017
  - Entain is therefore making a provision of £585 million against a potential settlement payable over a four-year period

Financial highlights

- Group EBITDA[8] at £499m is up +6% vs prior year
- Group underlying profit before tax from continuing operations £287.6m
- Group loss after tax from continuing operations £502.5m
- Proposed interim dividend of 8.9p per share, +5% year on year
- Successful placing of 48.8m new shares raising £600m to fund the acquisition of STS Holdings and other strategic investments
- Successful issuance of £500m of Term Loans following strong global demand enabling redemption of Ladbrokes Bonds due September 2023
- Net Debt of £2,594m at 30 June 2023
- FY 2023 Group EBITDA[8,11] expected to be in the range of £1,000m to £1,050m[12], pre accounting for TAB NZ

Sustainability Highlights

- Only global operator with 100% of revenue from regulated or regulating markets, having accelerated exit of markets with no clear path to domestic regulation
- Further deployment of ARC™, continuing to protect players with c4 million interactions year to date delivering a 36% drop in customer risk rating
- Partnership with EPIC Risk Management delivering safer gambling workshops to the NHLAA, NFLPA and MLSPA in the US
- Funding for a two-year Gordon Moody Charity alumni programme, and Entain Foundation supported sponsorships for 50 new SportsAid athletes
- Entain & McLaren returnship programme launched, winning Women in Gaming Diversity's 'Innovator' award
- Continued industry leadership and recognition across ESG; maintained MSCI's AA rating and FTSE4Good index inclusion, and awarded as 'Safer Gambling Operator of the Year' by EGR North America and 'Most Socially Responsible Operator' by Which Bingo

Jette Nygaard-Andersen, CEO of Entain, commented:

"This has been another period of strong performance for Entain as we make clear strides towards delivering our strategic ambitions. In particular, we are making excellent progress in broadening our customer base and deepening our audience engagement, as evidenced by the record number of active online customers on our platform. BetMGM continues to show momentum and backed by our technology and capabilities we are excited by the improvements we are delivering for customers in the US. I'd like to thank all my Entain colleagues around the world for their hard work and dedication in delivering this performance. This clear focus on driving sustainable long term growth combined with our global operating capabilities underpins our confidence in our prospects for FY23 and beyond and delivering value for our shareholders."

H1 Trading performance: 1 January to 30 June 2023

	H1: Period 1 January to 30 June 2023					
	Total NGR			Sport Wagers		Sports Margin
	Reported[1]	cc[2]	Proforma[3] cc[2]	Reported[1]	cc[2]	
Online						
Sports	6%	3%	(4%)	(3%)	(5%)	1.1pp
Gaming	22%	19%	5%			
Total Online	**15%**	**12%**	**1%**			
Retail	**12%**	**11%**	**8%**	**13%**	**11%**	**0.6pp**
Total Group (ex US)	**14%**	**11%**	**3%**			
BetMGM	**65%**	**55%**				
Total Group incl 50% BetMGM	**19%**	**16%**	**8%**			

H1 summary : 1 January to 30 June 2023

Total Group (ex US)	Reported[1]			
	2023	2022	Change	CC[2]
Six months to 30 June	**£m**	£m	%	%
Net gaming revenue (NGR)	2,404.3	2,117.6	14%	11%
Revenue	2,377.6	2,094.9	13%	11%
Gross profit	1,457.7	1,327.8	10%	
Underlying EBITDA[8]	499.4	471.0	6%	
Underlying operating profit[9]	307.4	246.5	25%	
Underlying profit before tax[9]	287.6	152.4	89%	
(Loss)/profit after tax	(502.5)	28.1		
Continuing diluted EPS (p)	(83.9)	5.1		
Continuing adjusted diluted EPS[10] (p)	21.6	29.3		
Dividend per share (p)	8.9	8.5		

Dividend

In line with the Group's progressive dividend policy, the Board has proposed an interim dividend of £56.5m (8.9p per share), a 5% increase per share year on year. The interim dividend in respect of the H1 2023 results announced today is expected to be paid in September 2023 to shareholders on register on 18 August 2023.

HMRC investigation provision

As announced on 31 May and updated today by separate announcement, Entain is in deferred prosecution agreement (DPA) negotiations with the Crown Prosecution Service (CPS) to resolve the ongoing HMRC investigation into its legacy Turkish facing business, which it sold in 2017. The DPA negotiations have now progressed to the point where Entain believes that it is likely to be able to agree a resolution of the HMRC investigation insofar as it relates to Entain and its Group. While the full terms of a DPA are subject to judicial approval, Entain has a sufficient degree of confidence to take a provision of £585 million against a potential settlement, which would be paid over a four-year period in relation to alleged offences under Section 7 of the Bribery Act 2010. Entain currently anticipates judicial approval will be sought during Q4 2023.

Outlook

Entain's first half 2023 performance reflects the continued progress on our growth and sustainability strategy. As we look to the remainder of 2023, our underlying outlook expectations remain unchanged, however we remain mindful of the external environment. Following recent acquisitions and an encouraging start to H2 we expect FY 2023 Group EBITDA[8] (pre accounting for TAB NZ) to be in the range of £1,000m to £1,050m[12]. We remain excited by the opportunities ahead, confident that our customer focus, diversification and strategic execution will deliver further progress for all stakeholders.

Notes

(1) 2023 reported numbers are unaudited and relate to continuing operations
(2) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2023 exchange rates
(3) Proforma adjusted for SuperSport and BetCity acquisitions
(4) Adjusted for known regulatory changes impact of UK affordability measures and lack of enforcement in Germany post licensing
(5) Market share for last three months ending April 2023 by GGR including iGaming, retail and online sports betting, and only U.S. markets where BetMGM was active excluding New York; internal estimates used where operator-specific results are unavailable
(6) Market share for last three months ending April 2023 by GGR, including only U.S. markets where BetMGM was active; internal estimates used where operator specific results are unavailable
(7) Based on current assumption of future live markets
(8) EBITDA is defined as earnings before interest, tax, depreciation and amortisation, share based payments and share of JV income. EBITDA is stated pre-separately disclosed items
(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 8 in the interim financial statements)
(11) References to profit expectations are made on a reported basis post IFRS 16 implementation

(12) Includes expected contribution from STS and Angstrom acquisitions yet to be completed, but excludes an estimated c£35m benefit to EBITDA from TAB NZ profit share payments which are deemed to form part of consideration under IFRS 3 (see CFO report for further detail)

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H1 Conference Call & Webcast

The H1 2023 results presentation for analysts and investors will be held today, Thursday 10th August at 9:00am BST. Participants may join via webcast or conference call dial in, approximately 15 minutes ahead of the event.

Live webcast link: Entain 2023 Interim Results

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

UK	+44 (0) 20 4587 0498
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Access Code:	015731

The presentation slides will be accessible on our website shortly before the event. A replay and transcript will be available afterwards; https://entaingroup.com/investor-relations/results-centre/

Upcoming dates:

Q3 Trading update: 02 November 2023

Dividend Timetable

Announcement date:	10 August 2023
Ex-Dividend date	17 August 2023
Record date:	18 August 2023
Payment date:	22 September 2023

Forward-looking statements

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, results of our operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. These forward-looking statements include all matters that are not historical facts. By their nature, these statements involve risks and uncertainties since future events and circumstances can cause results and developments to differ materially from those anticipated. Any such forward-looking statements reflect knowledge and information available at the date of preparation of this document. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014) 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 and SuperSport; Gaming brands include Foxy Bingo, Gala, GiocoDigitale, Ninja Casino, Optibet, Partypoker and PartyCasino. The Group owns proprietary technology across all its core product verticals and in addition to its B2C operations provides services to a number of third-party customers on a B2B basis.

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

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

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CHIEF EXECUTIVE OFFICER'S REVIEW

Entain is a leading customer-focussed entertainment business operating in a global industry with attractive growth dynamics. The Group continues to make excellent progress executing on our growth and sustainability strategy. As the most diversified leader of scale across regulated markets, the Group delivers quality growth and sustainable returns for our stakeholders.

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

Embedded in our ambition of being the world leader in betting, gaming and interactive entertainment, is our ongoing industry leadership in player protection, responsibility and sustainability. We continue to set the standards for our industry, ensuring the powerful Entain platform continues to drive greater diversification, greater scale to leverage our capabilities, higher quality growth and more sustainable earnings across our markets globally.

During H1, the Group delivered another strong performance. Reported Total Group Net Gaming Revenue ("NGR") for H1 2023 was up +19% (+16%cc[2]) including our 50% share of BetMGM - excluding BetMGM, Group NGR was up +14% (+11%cc[2]), +3%cc[2] on a proforma[3] basis. Group EBITDA[1] was £499m, up +6% year on year, along with record levels of online active customers, up +23%, demonstrating our continued strategic diversification and broadening of our customer base.

Net Gaming Revenue YoY	CC[2]	Proforma[3] CC[2]
Online / Online ex-regulation	**12%**	**1% / 6%**
Group Online inc. 50% BetMGM	**17%**	-
UK / UK ex-regulation	(2%)/ 7%	-
Australia	(2%)	-
Italy	12%	-
Brazil	(14%)	-
Entain CEE (Croatia)	-	31%
Netherlands	-	(8%)
Germany	(30%)	-
Georgia	7%	-
Baltics Nordics	7%	-
Other	17%	-

Net Gaming Revenue YoY	CC[2]	Proforma[3] CC[2]
Total Retail	**11%**	**8%**
UK / UK LFL	3%/5%	-
Italy	31%	-
Belgium	16%	-
Entain CEE (Croatia)	-	16%

Delivering sustainable growth and value for shareholders

Entain is a business with sustainable growth embedded whilst also operating in a global industry with attractive growth dynamics. Our two strategic pillars of growth and sustainability provides us with an exciting opportunity for many years to come with regulation, online migration and changing customer behaviours continuing to expand the markets, audiences, and opportunities available to us. Our results demonstrate that we continue to make strong progress on these strategic priorities.

Our growth strategy comprises four key areas that continue to deliver value to our stakeholders; leadership in the US; grow presence in our existing markets; expand into new regulated markets – both organically and via M&A; and extend into interactive entertainment.

As we deliver on these strategic pillars we are further positioning Entain to deliver long term growth and value for our shareholders. We are improving our capabilities and processes to ensure we remain at the forefront of our industry, to enable better delivery of operational leverage, and, in turn drive higher margins and cash flow generation.

The US is a significant opportunity and the operational and product improvements we are delivering will further enhance and optimise delivery in this exciting market.

After a busy period of strategic M&A, during which we have taken advantage of a number of attractive and value creating opportunities to drive diversification and consolidation, we expect to see a slower pace of activity ahead. While we will always look for strategic M&A opportunities, we remain disciplined and selective, and are focusing capital allocation on investing in our business to integrate our operations, drive operational performance and top line organic growth.

Leadership in the US

BetMGM delivered a strong performance in H1 2023, with NGR of $944 million, and is on track to deliver at the upper-end of NGR guidance of $1.8-$2.0 billion for the full year 2023. Entain continues to focus on evolving our technology, products, trading and analytics capabilities in the US which underpin BetMGM's continued success. In the US we provide customers with exclusive products and experiences, differentiating our offer whilst enjoying significant competitive and long term financial advantages.

BetMGM is live in 26 markets, with three launches (Ohio, Massachusetts, Puerto Rico) delivered since the start of the year, providing access to approximately 48% of the US adult population plus Ontario, Canada. Launches planned in Kentucky and North Carolina in the coming months will see BetMGM have access to approximately 53% of the US adult population.

Performance of key metrics to date reinforces our long-term expectations of player values for both iGaming and sports betting. While growth in player participation continues to be impressive, penetration has a long way to go, providing a tremendous runway for future growth.

Our market share across iGaming and sports betting for the three months to April 2023 was 18%[4] in the markets in which BetMGM operates excluding New York, whilst our leadership in iGaming continues with 27%[5] share. The unique range of own and exclusive products provided through Entain's platform and award winning in-house studios, continue to differentiate BetMGM's offer, drive customer engagement and embed our competitive advantage as a market leader.

BetMGM has the largest portfolio of unique games (more than 1,500), largest jackpots in the country (paid out more than $75 million in the last six months) and the benefit of substantial in-house development capabilities enabling us to offer our customers a range of in-house, branded and exclusive games. In online sports betting, we have long established our podium position, with a market share of 11%[4] for the three months to April 2023. We continue to refine and improve our sports proposition and product specifically for the US market and customer base.

We were pleased to announce the acquisition of Angstrom Sports, a specialist provider of next generation sports modelling, forecasting and data analytics, in July. This acquisition unlocks and accelerates significant opportunities across BetMGM's US sports betting offering, providing customers with an unrivalled experience, particularly in the fast-growing markets of parlay and in-play wagering. The acquisition of Angstrom means we are the only global operator with full in-house end-to-end capabilities across analytics, risk and pricing capabilities for US sports betting products. The acquisition is expected to close in H2 2023 with BetMGM expected to offer an enhanced sports betting experience through the upcoming NFL and NBA season.

We continue to make progress rolling out single account: single wallet (SASW) technology across our markets. With 14 markets rolled out already, we are on track to have all states (excluding Nevada) live in the coming months. Implementation of SASW will provide customers with a seamless and enhanced experience across legalised US markets, with improved personalisation and bonusing. Furthermore, it will unlock a significantly improved and seamless experience for retail customers as well as visitors to MGM Resorts International locations, particularly Las Vegas. Through the MGM Rewards programme, BetMGM customers enjoy unique opportunities to win rewards, play and experiences across MGM Resorts International's properties. In addition to MGM Rewards, BetMGM has entered into a loyalty marketing agreement with Marriott International to extend those rewards opportunities across the Marriott group of hotel brands.

BetMGM delivered a key milestone of profitability for Q2 2023. The maturity build of earlier cohorts remains on track to support sustainable profitability, with, for example, each of the annual cohorts of digital sportsbooks launched in 2022 and earlier, now delivering positive contribution. We remain on track for BetMGM to be EBITDA positive in the second half of 2023 and reiterate our long-term target EBITDA margin of 30-35%.

Grow presence in our existing markets

Entain's operations span over 40 regulated or regulating territories, with established leading brands in many of our markets. Our existing markets are expected to grow by approximately mid to high single digit over the medium term. Our diversified customer focused business model and differentiated competitive advantage through the Entain platform will enable us to further outperform these underlying markets, presenting a significant opportunity for organic growth.

Group NGR grew +19% (+16%cc[2]) compared to H1 2022, including acquisitions and our share of BetMGM. Excluding BetMGM, Group NGR was +14%, (+11%cc[2]) and on proforma[3] basis NGR was +3%cc[2], with Group EBITDA[1] up +6% versus the prior year at £499m.

Reported Online NGR (ex US) was up 15% on H1 2022, +12%cc[2] year on year and +1%cc[2] on a proforma[3] basis. We estimate regulatory changes, particularly affordability measures implemented in the UK and lack of regulatory oversight in Germany enabling unlicensed operators to access customers, created a mid-single digit headwind to Group NGR growth over the H1 period. We estimate proforma[3] Online NGR growth was +6%cc[2] excluding these known regulatory headwinds.

During H1 we saw our Online business deliver another record level of active customers, up +23% year on year, and up +15% excluding acquisitions. This is testament to our continued strategic focus on the customer, evolving and broadening our offering for a more recreational audience. Underlying EBITDA[1] of £415.5m was +8% ahead of 2022.

In the UK our year on year performance for H1 2023 continues to reflect the ongoing absorption of UK regulatory changes, with Online NGR down 2%. We estimate that the UK Online operations faced a c.10ppt headwind in H1 from the tighter affordability measures, therefore seeing Online NGR in H1 excluding these impacts, up +7%.

Underlying momentum and key customer metrics remain positive, with UK online actives up +22%, evident across both sports and gaming. This has been driven by innovative marketing campaigns, new product releases and wider enhancements to our offering and experience engaging a broader more recreational customer base. Coral's Racing Club campaign flooded the Cheltenham Festival and our Red Rum hologram galloping across the Liver Building in Liverpool differentiated our Grand National campaign. The Coral Racing Club is enormously popular, finishing H1 with over 123,000 members having only launched in November 2022. Our recently launched Ladbrokes Live initiative, partnering with O2, NME and AEG Presents, offers tickets to concerts, boxes and other music event experiences, reinforcing the entertainment nature of our brands and products.

In gaming, our growth in player base and audience continues as we deliver fresh products, engaging content and experiences. Our in-house launches include Slingo Bingo, a multiplayer game launched in May that has been well received by our bingo-loving UK customers; Crypt of Giza, a live gameshow-style experience exclusive to our Ladbrokes customers; and most recently July's launch of Mask of Horus topped the tables for number of active players on day one.

Our business in Italy continues to perform strongly, with online NGR up +12%cc[2] year on year. The underlying market growth remains strong, with omni-channel operators continuing to outperform as point of sales touchpoints and brand recognition has driven both direct online engagement as well as an omni-channel experience through our retail estate. During H1 our continued investment in our sports and gaming offerings, saw Eurobet, bwin and GiocoDigitale deliver more new products and experiences and grow actives by +17% compared to the prior year.

In Australia, our Ladbrokes and Neds brands continue to perform well in a competitive market. NGR for H1 was down -2% (-2%cc[2]) reflecting the strong prior year comparators, whilst 4yr CAGR was +17%cc[2]. As other market operators have led with price and promotional offerings, Entain Australia's brands continue to leverage their differentiated offering, delivering unique content, engaging social player products and a fresh customer experience. The latest episodes in our horse racing video docu-series, Miles in Front and the newly launched Ladbrokes Racing Club are just a few examples of what continues to drive our market share and growing customers base. These initiatives underpin the exciting opportunity that Entain Australia's partnership with TAB NZ provides, and we look forward to delivering New Zealand sports fans an enhanced offer over the coming years.

In Latin America, our Brazilian business continues to face heightened competition ahead of regulation, with H1 NGR lower than expected at -14%cc[2] year on year. Our Sportingbet brand continues to differentiate its offer through product quality, whilst ensuring growth of a sustainable player base of high-quality customers with our online actives in Brazil in growth during H1.

We are pleased to see that sports betting regulation in Brazil is now making progress following its signing by the President. We await approval by Congress which should enable legislation to proceed to licensing in early 2024. We look forward to a market post licensing that provides customers with a best in class offering, more rational marketing and protections from an unregulated black market. The strength of our Sportingbet brand, product quality, player safety and enhanced customer acquisition channels sees our operations in Brazil well positioned for growth. Additionally, our recent acquisition of 365Scores, the leading sports app across Latin America, further improves our competitive position in Brazil.

Our Entain CEE business continues to perform strongly, maintaining its market leadership with the SuperSport brand in Croatia. H1 Online NGR for SuperSport was up +31%cc[2] on a proforma[3] basis with improving momentum through the half. On 13 June we announced an offer for STS Holdings, bringing the largest operator in Poland to join the largest operator in Croatia as part of our Entain CEE business. This positions us well to further leverage the opportunity that the $8.6bn CEE market offers.

In The Netherlands, BetCity has performed in line with our expectations for H1 2023, down single digit vs last year following the re-entry of a market leader last summer. BetCity continues to drive its brand with support for Jonas Vingegaard, winner of the 2023 Tour de France, as well as leveraging the Entain relationship with McLaren for the Dutch Grand Prix on 27 August 2023.

In Germany, the online betting and gaming market continues to see limited regulatory enforcement. Therefore, the challenges of an uneven operating landscape continue to overshadow those operators adhering to licensing obligations, particularly following the implementation of new deposit limits for sports customers from July 2022.

As a result, our Online NGR for Germany declined year on year whilst actives held broadly flat as higher spending customers switch to non-compliant operators. However, we remain positive on the long-term prospects for the German market as regulatory oversight is enforced. bwin is a leading brand across Germany and globally, underpinned by the quality of our products and offer as well as great partnerships with UEFA Europa League offering exclusive fan experiences for bwin customers.

In Georgia, the Crystalbet brand remains the market leader and has responded well as we annualised the new regulatory and tax regime which came into effect at the start of 2022 with online NGR up +7%cc[2], reflecting the strength of our operations and brand, with the business outperforming the market.

Enlabs in the Baltics delivered a strong performance with NGR +7%cc[2] despite some of its markets experiencing challenging economic and inflationary environments. Enlabs' growth is coupled with improved contribution, and our offering continues to attract a broader audience, benefiting from Entain's sports and gaming products, with actives up +22% year on year.

Our Retail operations have reported another period of excellent performance during H1 2023, with total Retail NGR up +12% (+11%cc[2]) compared to H1 2022, up +8%cc[2] on a proforma[3] basis. Our two largest estates in the UK and Italy continue to grow year on year, and we are now also seeing growth in our other estates.

In the UK, Retail NGR was up +5% on a LFL basis versus 2022, with growth in both sports and gaming. Our strong underlying performance remains underpinned by our best-in-class retail offering with market leading (exclusive and in-house) content on our betting and gaming terminals, and our enhanced digital in-shop experience. Our increasingly broader demographic of customers is driven by growth across our betting and gaming machines, as well as OTC during H1 2023.

In Europe, our Italian business continues to perform strongly, with Retail NGR in H1 up +31%cc[2] reflecting strong customer engagement driven by ongoing offering enhancements and a busy sporting calendar. The breadth of our retail shop network remains invaluable to our omni-channel offering, with in-person points of sale increasingly important to customer engagement, acquisition and online migration.

Having now annualised the lingering COVID closures & staffing restrictions in early 2022, Retail NGR in Belgium was up +16%cc[2].

Proforma[3] Retail NGR in Croatia grew at +16%cc[2] year on year as the business benefited from its market leading brand position and offering improvements, including loyalty programs and enhanced sports content, implemented since our acquisition of SuperSport.

Expand into new regulated markets

Regulation and evolving consumer needs and behaviours continue to provide exciting growth opportunities for Entain. Our expansion into new regulated markets continues both geographically as well as through broader product verticals with organic as well as M&A opportunities. Entain has a strong track record of successful acquisition, integration and value creation through M&A.

Having completed our acquisition of BetCity in early January 2023, we are pleased to have been able to re-enter the newly regulated Netherlands market. BetCity has performed in line with our expectations, maintaining market share in this fast growth and highly competitive market. BetCity's operational and brand strength has laid key foundations as the market absorbs new advertising and marketing restrictions from 1 July 2023.

Our proposed acquisition of STS Holdings through Entain CEE expected to complete in Q3 this year, further unlocks the significant opportunity across the Central and Eastern European region. STS is Poland's leading sport betting operator with a highly successful omni-channel offering with a substantial online business complemented by the largest retail estate, operating in a market which is currently worth $1.6bn and forecast to grow at a 3yr CAGR of 12%. With the potential liberalisation of the online casino market in Poland (currently regulated through a monopoly licence) as well as leveraging capabilities of the Entain platform and products, we see significant growth opportunities for STS. The transaction reinforces our strategic approach to the CEE region following Entain CEE's acquisition of SuperSport last year and positions us well to further deliver on the $8.6bn opportunity across wider CEE market.

In Q2, Entain was selected by TAB NZ for a 25 year strategic partnership, to be the only licenced provider in the New Zealand sports betting market, a regulated market worth approximately NZ$600m with significant growth potential. This unique arrangement enables us to offer New Zealand customers an enhanced betting experience, secures long term funding support for the racing and sporting industry, and importantly unlocks a highly attractive growth opportunity for Entain and TAB NZ. TAB NZ is a well-established operator with a strong market presence and over 250,000 active digital customers. We look forward to delivering New Zealand sports fans an enhanced offer by leveraging Entain's expertise, capabilities and scale, to capture both underlying market growth, estimated to be over 15% CAGR over the next five years, as well as recapturing market share lost to offshore operators.

Innovation and extending into interactive entertainment

Entain embraces the opportunity to innovate and evolve. By listening to our customers, applying data analytics and understanding player engagement insights, we focus product innovation on driving engagement and reaching new customers.

This evolving innovation is delivered organically through in-house development as well as through strategic M&A. Our acquisitions of 365Scores, Sportsflare and Angstrom Sports during the first half sees us expand our industry-leading content, data and analytical capabilities, and ultimately our audience reach.

365Scores is one of the world's leading sports apps providing customers with real time action and results of their favourite teams. 365Scores is a top three sports app for Latin America and top five globally, providing Entain access to a highly engaged audience of sports fans, whilst also enhancing our offer with additional content and media capabilities as well as powerful customer personalisation insights. The addition of 365Scores to Entain's platform and in-house offering delivers attractive growth synergies, further broadens our audience reach as well as improving customer acquisition metrics, particularly across Latin America.

Having taken the first steps into interactive entertainment with our acquisition of unikrn, we continue to build momentum behind our new eSports and skill based wagering offering. Ahead of further launches expected later in 2023 we have been evolving our product portfolio whilst liaising with partners and regulators to develop an offering combining a great customer experience and best in class player protections. Our acquisition of Sportsflare, brings machine learning and AI based eSports trading capabilities in-house, ensuring we have the most advanced suite of innovative products. The eSports market continues to grow strongly and we remain extremely excited by the opportunity over the longer term.

Sustainability

We are one of the world's largest sports betting, gaming and interactive entertainment groups, operating in regulated and regulating online and retail markets. Being a leading global operator in our industry, we are committed to leading the industry in all areas of sustainability. Our unique platform distinguishes us as a customer-centric operator with sustainability at the heart of our business strategy.

We firmly believe that the most sustainable business will be the most successful business in our industry. Our strategic sustainability pillar comprises: lead on responsibility; diversify our regulated activities; broaden our customer appeal; and, invest in people & communities.

We continue to make progress on our Net Zero 2035 commitment. We are reducing our carbon footprint by transitioning our UK vehicle fleet to EV's and hybrids, with over half transitioned by year end and have entered into a power purchase agreement for green energy, that will also provide greater certainty over future potential energy price fluctuations. The new digi-hub shops in the UK continue to drive the digitisation of the retail business, with the introduction of the digital racing post replacing the traditional newspaper, saving 135kg of carbon emissions per shop.

While we are proud to be leading our industry to higher standards across the ESG agenda, we continue to strive to meet, and exceed the highest standards in everything we do, from the way we run our business to the way we support our colleagues, our customers and our communities. In H1 we have maintained our AA rating by MSCI and won 'Safer Gambling Operator of the Year' at the EGR North America awards and 'Most socially responsible operator' at the Which Bingo awards.

Lead on responsibility

Safer gambling and responsibility are core to delivering a sustainable business strategy. Throughout H1 2023 we have continued the development of our industry leading Advanced Responsibility and Care™ (ARC™) programme.

With almost 4 million interactions so far this year, taking the total since launch to over 7.5m, our latest figures show a 36% drop in customer risk rating following an ARC™ intervention, whilst over 95% of higher risk customers are now using a gambling control to moderate their play. Our accuracy rating for the ARC™ model is consistently over 90% across our algorithms providing an effective and reliable system.

The ARC™ system uniquely changes player protection from reactive to a proactive format, that encourages safer playing behaviours by coupling real time interactions with sophisticated behavioural indicators developed with Harvard Medical School faculty. The impact and development of ARC™ continues to be a core part of our group wide renumeration scheme.

In the US, Entain continues leading a coalition of 9 big US facing operators that collaborate on a variety of RG related matters with a view to achieving long term sustainability of the US online gambling markets. In a similar vein, Entain has actively engaged with numerous North American regulators on RG as well as other consumer protection practices.

Beyond the industry, the Entain Foundation US has announced two additional education partnerships in North America, namely with the MLS Players' Association (together with EPIC Risk Management) as well as the NHL Alumni Association. Both partnerships focus on educating active and/or retired athletes about safe gambling practices. The existing partnerships with the NFLPA and NCAA continue thriving, with RG awareness classes have been dispensed to thousands of attendees during H1 2023.

Diversify our regulated activities

Entain currently operates in over 40 regulated markets. Operating in well-structured regulatory regimes enables us to deliver higher quality earnings with greater certainty and sustainability as we continue to grow and expand our global footprint and scale.

During the first half of 2023, Entain made further progress towards our commitment to only operate in regulated markets by agreeing a unique 25-year deal with the New Zealand TAB to become the only licensed provider of sports betting in the country. We also announced our acquisition of STS in Poland which will give the group the number one position in the regulated Polish sports betting market.

In parallel, we have withdrawn from markets where we do not see a clear pathway to regulation and exited further 10 markets in 2023. As a result, Entain is the only global operator with 100% of revenues from domestically regulated or regulating markets.

Entain is a strong supporter of good regulation. We engage openly and proactively with regulators around the world to encourage well-structured and robust regulatory environments which balance the highest regulatory standards and responsible player protection, whilst also upholding customer freedoms and right of choice. At Entain we offer first class player protection through our industry leading technology platform, while upholding all licensing objectives, across multiple jurisdictions.

Broaden our customer appeal

Our progress in broadening our appeal to wider, more recreational audiences continues. We understand that our customers and trends are changing, so we are evolving our brands and offering too, ensuring we remain engaging and relevant to an ever-broadening customer base, whilst also providing a safe entertainment experience.

Across our brands, products and content we continue to drive initiatives to increase engagement and loyalty across our growing customer base. The unique edge our in-house game production as well as our exclusivity with third party providers, enables us to offer a wide variety of choice, something we know customers like. Unique experiences also drive loyalty and engagement and our campaigns such as the Coral Racing Club, Ladbrokes Live and our exclusive docu-series' Miles in Front and Taking the Reins, as well as our partnerships with UEFA and McLaren enable us to provide differentiated content and an enhanced proposition to our customers.

Our betting and gaming terminals in Retail are attracting a broader demographic of customers. In particular our in-house technology on our self service betting terminals provides a better experience with broader products and sports appealing to this wider customer base. unikrn extends our offering across the emerging skill based wagering market for eSports. It is live in Brazil and Canada (excl Ontario) and we look forward to rolling it out to more customers over the coming months. 365Scores, with over 18 million customers worldwide, provides the opportunity to drive brand awareness and engagement across a wider customer base in markets where we operate.

Invest in our people and communities

Through our Entain Foundation, we continue to invest in safer gambling programmes, grassroots sports initiatives and increased diversity through technology projects.

In March 2023 we announced funding for a two-year alumni programme with UK charity Gordon Moody to establish a support network for those experiencing gambling harm, including peer to peer mentoring, training and treatment.

Entain is proud of our long-standing partnership with SportsAid. In March we announced support for the sponsorship for 50 further SportsAid athletes, bringing the total number of athletes we have supported through our SportsAid partnership since 2019 to 201.

We also launched our partnerships in Kenya with ComputerAid and the Turing Trust to provide access to technology education within Kenyan communities. In Italy we provided support for Sport Senze Frontiere, who provide children with education and sporting activities across the country. In Austria we partnered with the Austrian Wheelchair Tennis Cooperation to provide financial support for specialised wheelchairs. We have also continued our partnership with Tiempo de Juego in Colombia, providing funding to the Cazucá women's team.

Diversity, equity and inclusion (DE&I) are key to Entain's future sustainability and success. Our goal is to attract, hire and keep the best talent and best minds in the world, from inside and outside of our sector. To support that in H1 we focused on underrepresented groups, and opportunities to demonstrate our commitment to diversity internally and externally.

In January we successfully launched our 2023 flagship DEI programme in partnership with McLaren, supporting women back into technology, data and engineering roles. The programme has provided 10 high quality placements to women in both Entain and McLaren HQs, covering a range of technological roles and expertise.

Entain was awarded three awards at the Women in Gaming Diversity Awards for 'Innovator of the Year' (McLaren Returnship), 'Marketing Campaign of the Year' (International Women's Day) and 'Star of the Future' for Women@Entain network.

Notes

(1) EBITDA is defined as earnings before interest, tax, depreciation and amortisation, share based payments and share of JV income. EBITDA is stated pre-separately disclosed items
(2) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2023 exchange rates
(3) Proforma adjusted for SuperSport and BetCity acquisitions
(4) Market share for last three months ending April 2023 by GGR including iGaming, retail and online sports betting, and only U.S. markets where BetMGM was active excluding New York; internal estimates used where operator-specific results are unavailable
(5) Market share for last three months ending April 2023 by GGR, including only U.S. 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 Contribution and EBITDA as these metrics are industry standard KPIs which help facilitate the understanding of the Group's performance in comparison to its peers. A full reconciliation of these non-GAAP measures is provided within the Income Statement and supporting memo.

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

CHIEF FINANCIAL OFFICER'S REVIEW

FINANCIAL PERFORMANCE REVIEW

Group

	Reported results[1]			
Six months to 30 June	**2023**	2022	Change	CC[2]
	£m	£m	%	%
NGR	2,404.3	2,117.6	14%	11%
VAT/GST	(26.7)	(22.7)	(18%)	(19%)
Revenue	2,377.6	2,094.9	13%	11%
Gross profit	1,457.7	1,327.8	10%	
Contribution	1,126.2	1,025.5	10%	
Operating costs	(626.8)	(554.5)	(13%)	
Underlying EBITDA[3]	499.4	471.0	6%	
Share based payments	(9.1)	(5.2)	(75%)	
Underlying depreciation and amortisation	(134.8)	(113.2)	(19%)	
Share of JV loss	(48.1)	(106.1)	(55%)	
Underlying operating profit[4]	307.4	246.5	25%	

Reported Results[1]:

NGR and Revenue increased by +14% and +13% respectively (both +11%cc[2]) versus 2022 in the first half, with strong underlying performance, in both Online and Retail, and the benefit of NGR from acquisitions, more than offsetting continued regulatory headwinds, particularly in the UK and Germany. Online NGR was +15% ahead of 2022 (+12%cc[2]) whilst Retail NGR was +12% ahead (+11%cc[2]). Group NGR was +3%cc[2] ahead of 2022 on a proforma[5] basis.

Contribution in the first half of £1,126.2m was +10% higher than 2022 reflecting the increase in NGR, offset by a reduction in contribution margin of -1.6pp, 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 13% higher due to the impact of acquisitions (5pp), foreign exchange (2pp) and underlying inflation, including wage rate and energy price inflation guided to in March, partially offset by the reclassification of costs to cost of sales. Resulting underlying EBITDA[3] of £499.4m was +6% higher than 2022.

Share based payment charges were £3.9m higher than last year, while underlying depreciation and amortisation was 19% higher, reflecting the impact of businesses acquired in the year, the annualisation of prior year acquisitions and continued investment in the business. Share of JV losses of £48.1m includes an operating loss of £48.5m relating to BetMGM (2022: £108.6m), which was in line with expectations.

Group underlying operating profit[4] was +25% ahead of 2022. After separately disclosed items of £733.4m (2022: £112.9m), the Group made an operating loss of £426.0m (2022: profit of £133.6m).

Online

	Reported results[1]			
Six months to 30 June	**2023** **£m**	2022 £m	Change %	CC[2] %
Sports wagers	6,676.0	6,881.8	(3%)	(5%)
Sports margin	13.9%	12.8%	1.1pp	1.1pp
Sports NGR	742.2	702.9	6%	3%
Gaming NGR	918.3	752.7	22%	19%
B2B NGR	23.8	15.1	58%	52%
Total NGR	1,684.3	1,470.7	15%	12%
VAT/GST	(26.1)	(22.7)	(15%)	(17%)
Revenue	1,658.2	1,448.0	15%	12%
Gross profit	980.9	886.1	11%	
Contribution	659.8	587.3	12%	
Contribution margin	*39.2%*	*39.9%*	*(0.7pp)*	
Operating costs	(244.3)	(202.6)	(21%)	
Underlying EBITDA[3]	415.5	384.7	8%	
Share based payments	(3.2)	(1.3)	(146%)	
Underlying depreciation and amortisation	(69.5)	(57.2)	(22%)	
Share of JV (loss)/income	(0.3)	1.8	(117%)	
Underlying operating profit[4]	342.5	328.0	4%	

Reported Results[1]:

Our Online business continues to perform strongly with NGR +15% ahead of 2022, +12% on a constant currency[2] basis, with the benefit of strong underlying trading and NGR from acquisitions more than offsetting continued regulatory headwinds, particularly in the UK and Germany. The Group's performance in the first half has been underpinned by our continued focus on the recreational customer and we are delighted that we have seen record levels of actives again in Q2, both on a headline and proforma[5] basis. Online NGR was +4% (+1%cc[2]) ahead on a proforma[5] basis.

In the UK, our underlying trends and key customer metrics remain strong with actives +22% higher than the same period last year. However, as the Group continues to absorb the impact of regulatory changes, NGR in the first half was -2% behind. Excluding the impact of these regulatory headwinds, we estimate that underlying NGR was +7% ahead of 2022.

In Italy, constant currency[2] NGR was +12% ahead of 2022. We continue to see the benefits of our focus on the customer experience and our omni-channel offering with combined Retail and Online NGR up +18% cc[2] year on year and +16% cc[2] ahead of pre-Covid levels on a 4 year CAGR.

In Australia, our Ladbrokes and Neds brands continue to perform well in a competitive market. NGR for H1 was down -2% (-2%cc[2]) reflecting the strong prior year comparators, whilst the 4yr CAGR was +17%cc[2]. Our brands in Australia continue to leverage their differentiated offering, delivering unique content, engaging products and a fresh customer experience. These initiatives position the Group well to make the most of the exciting opportunity in both Australia and New Zealand.

In Germany, the continued lack of regulatory enforcement as well as new regulation, including stricter deposit limits on sports and casino, continue to impact the business resulting in NGR -30% behind 2022 on a constant currency[2] basis. Whilst we received our gaming licenses in November 2022, it is disappointing that we are yet to see the robust enforcement action that is needed in this market to combat unlicensed or non-compliant operators.

In Brazil, we continue to see a very competitive market ahead of proposed regulation. NGR in the first half was -14% cc[2] behind 2022, but actives were up year on year and NGR is up +41% cc[2] on a 4 yr CAGR basis. Whilst the market is currently experiencing a significant increase in the amount of marketing spend by various operators, we are pleased with the progress made following the acquisition of 365Scores.

Georgia NGR was +7% 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, and retaining its position as the market leader.

In the Baltics-Nordics, NGR was +7% cc[2] ahead of 2022 despite continued high inflation rates in the region. Our brands remain resilient despite the economic pressures and we continue to attract more customers each year with actives +22% ahead of 2022 in the first half.

Our Entain CEE business continues to perform extremely well, maintaining its position as the market leader in Croatia. NGR in the first half was +31% cc[2] ahead on a proforma[5] basis, despite the disruption caused across Croatia following the conversion to the Euro at the start of the year, a transition which was managed extremely well by our local team.

Contribution margin in the half has been impacted by additional taxation implemented in Australia in H2 of 2022. Contribution margin of 39.2% is 0.8pp lower than guidance reflecting the normal phasing of marketing spend which is traditionally higher in H1. Contribution margin is expected to normalise to c40% for the full year.

Operating costs were 21% higher than 2022 with underlying inflation accounting for 9pp of the increase, FX 4pp (consistent with the NGR benefit) and new businesses 8pp.

Underlying EBITDA[3] of £415.5m was +8% ahead of 2022 reflecting the increase in NGR, partially offset by a 0.7pp reduction in contribution margin, the impact on operating costs of acquired businesses and underlying inflation.

Resulting underlying operating profit[4] of £342.5m was £14.5m ahead of 2022 with depreciation and amortisation of £69.5m, £12.3m higher than 2022, a result of the impact of new acquisitions, including annualisation of those in the prior year, and ongoing investment in our technology and product. Operating profit, after charging separately disclosed items of £107.1m (2022: £50.5m), was £235.4m, £42.1m lower than 2022.

Retail

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

	Reported results[1]			
Six months to 30 June	**2023**	2022	Change	CC[2]
	£m	£m	%	%
Sports wagers	2,164.2	1,917.1	13%	11%
Sports margin	19.3%	18.7%	0.6pp	0.6pp
Sports NGR/Revenue	415.7	354.7	17%	16%
Machines NGR/Revenue	293.6	281.3	4%	4%
NGR	709.3	636.0	12%	11%
VAT/GST	(0.6)	-	-	-
Revenue	708.7	636.0	11%	11%
Gross profit	463.3	428.6	8%	
Contribution	457.9	425.1	8%	
Contribution margin	64.6%	66.8%	(2.2pp)	
Operating costs	(306.5)	(284.0)	(8%)	
Underlying EBITDA[3]	151.4	141.1	7%	
Share based payments	(1.2)	(0.5)	(140%)	
Underlying depreciation and amortisation	(60.6)	(53.0)	(14%)	
Share of JV income	-	-	-	
Underlying operating profit[4]	89.6	87.6	2%	

Reported Results[1]:

Our Retail businesses continue to perform extremely strongly post the Covid restrictions that came to an end in early 2022 with NGR +11% ahead on a constant currency[2] basis, +8% proforma[5]. Whilst our two largest estates in the UK and Italy continue to grow year on year, we are now also seeing growth in our other estates.

In the UK, NGR was +5% ahead of 2022 on a LFL basis, with growth in both sports and gaming. Our strong underlying performance continues to be driven by our ongoing focus on market leading content for our betting and gaming terminals, and pleasingly we are also seeing growth in our OTC offering during the first half of 2023. Whilst our SSBT's and gaming machines provide an experience akin to the digital offering, it is also clear that our customers value the in-shop experience that cannot be replicated online.

NGR in Italy was up +31% on a constant currency[2] basis in the first half with the rich football calendar and a number of enhancements to our offering and the customer experience driving greater engagement.

Proforma[5] NGR in Croatia grew at +16% cc[2] year on year, further cementing our position as the market leader and reflecting our ongoing program of improvements to the customer offer, including the introduction of loyalty schemes and enhanced sports content.

In Belgium, NGR was up +16% cc[2] as the business has now annualised the temporary closures in early 2022.

Contribution of £457.9m was +8% ahead of 2022 with contribution margin falling by 2.2pp due to territory mix and the impact of certain content costs 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 8% higher than in 2022 with the impact of acquisitions (4pp), FX (1pp) and inflation, including wage rate and energy price inflation guided to in March, more than offsetting the benefit of costs which are now classified within cost of sales.

Resulting underlying EBITDA[3] of £151.4m was £10.3m ahead of 2022. Depreciation of £60.6m was £7.6m higher than 2022, largely due to the impact of acquisitions and the continued investment in our retail estates. Underlying operating profit[4] of £89.6m was £2.0m ahead of 2022 and, after charging £3.1m of separately disclosed items (2022: £50.1m), operating profit was £86.5m, £49.0m ahead of last year.

As at 30 June 2023, there were a total of 4,894 shops/outlets (2022: 4,287): UK 2,443 (2022: 2,568), Italy 943 (2022: 940), Belgium shops 273, outlets 341 (2022: shops 287, outlets 359), Ireland 122 (2022: 133), Croatia 311 and New Zealand 461. During 2023, there was an average of 4,522 shops in the estate, compared to an average of 4,317 in the same period last year.

New Opportunities

	Reported results[1]		
Six months to 30 June	**2023**	2022	Change
	£m	£m	%
Underlying EBITDA[3]	(15.0)	(14.6)	(3%)
Share based payments	(0.4)	(0.1)	(300%)
Underlying depreciation and amortisation	(3.1)	(1.6)	(94%)
Share of JV loss	(0.6)	-	-
Underlying operating loss[4]	(19.1)	(16.3)	(17%)

Reported Results[1]:

New Opportunities underlying costs[3] of £15.0m, which are broadly in line year on year, primarily reflect operating costs associated with our innovation programme and unikrn. After depreciation and amortisation and share of JV loss, New Opportunities underlying operating loss[4] was £19.1m, an increase of £2.8m on 2022.

Other

	Reported results[1]			
Six months to 30 June	**2023**	2022	Change	CC[2]
	£m	£m	%	%
NGR/Revenue	13.5	13.1	3%	3%
Gross profit	13.5	13.1	3%	
Contribution	13.3	13.1	2%	
Operating costs	(10.3)	(10.1)	(2%)	
Underlying EBITDA[3]	3.0	3.0	-	
Share based payments	-	-	-	
Underlying depreciation and amortisation	(1.4)	(1.3)	(8%)	
Share of JV income	1.3	0.7	86%	
Underlying operating profit[4]	2.9	2.4	21%	

Reported Results[1]:

NGR of £13.5m was 3% higher than 2022 driven by our Stadia business which was disrupted by Covid at the start of 2022. Underlying EBITDA[3] of £3.0m was in line with 2022, the additional NGR offset by increased overheads associated with the return to a normal racing calendar in our dog tracks. Underlying operating profit[4] of £2.9m was 21% ahead of last year.

Corporate

	Reported results[1]		
Six months to 30 June	**2023**	2022	Change
	£m	£m	%
Underlying EBITDA[3]	(55.5)	(43.2)	(28%)
Share based payments	(4.3)	(3.3)	(30%)
Underlying depreciation and amortisation	(0.2)	(0.1)	(100%)
Share of JV loss	(48.5)	(108.6)	55%
Underlying operating loss[4]	(108.5)	(155.2)	30%

Reported Results[1]:

Corporate underlying costs[3] of £55.5m were £12.3m higher than last year driven by increases in our contributions to Research, Education and Treatment, including GambleAware, additional costs associated with our commitment to ESG 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[4] was £108.5m, a decrease of £46.7m, as a result of a £60.1m reduction in the share of loss in the US JV, BetMGM. After separately disclosed items of £623.2m, the operating loss of £731.7m was £564.2m higher than in 2022.

Notes

(1) 2023 reported results are unaudited and relate to continuing operations
(2) Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2023 exchange rates
(3) EBITDA is defined as earnings before interest, tax, depreciation and amortisation, share based payments and share of JV income. EBITDA is stated pre separately disclosed items
(4) Stated pre separately disclosed items
(5) Proforma adjusted for SuperSport and BetCity acquisitions

CHIEF FINANCIAL OFFICER'S REVIEW

Period ended 30 June	Reported results[1]			
	2023 £m	2022 £m	Change %	CC[2] %
NGR	2,404.3	2,117.6	14%	11%
Revenue	2,377.6	2,094.9	13%	11%
Gross profit	1,457.7	1,327.8	10%	
Contribution	1,126.2	1,025.5	10%	
Underlying EBITDA[3]	499.4	471.0	6%	
Share based payments	(9.1)	(5.2)	(75%)	
Underlying depreciation and amortisation	(134.8)	(113.2)	(19%)	
Share of JV loss	(48.1)	(106.1)	55%	
Underlying operating profit[4]	307.4	246.5	25%	
Net finance costs	(108.4)	(39.1)		
Net foreign exchange/movement on derivatives	88.6	(55.0)		
Profit before tax pre separately disclosed items	287.6	152.4		
Separately disclosed items:				
Provision for HMRC settlement	(585.0)	-		
Amortisation of acquired intangibles	(110.2)	(51.5)		
Other	(40.5)	(61.4)		
(Loss)/profit before tax	(448.1)	39.5		
Tax	(54.4)	(11.4)		
(Loss)/profit after tax from continuing activities	(502.5)	28.1		
Discontinued operations	(3.7)	(3.1)		
(Loss)/profit after tax	(506.2)	25.0		

NGR and Revenue

Group reported NGR and revenue were +11% ahead of last year on a constant currency[2] basis, up +14% and 13% respectively on an actual basis, with Online NGR +15% and Retail NGR +12% year on year. Further details are provided in the Financial Performance Review section.

Underlying operating profit[4]

The Group reported underlying operating profit[4] of £307.4m, +25% ahead of 2022 (2022: £246.5m). Underlying EBITDA[3] was +6% ahead, with the increase in revenue offset by a lower contribution margin, operating costs associated with acquired businesses and inflation. Depreciation and amortisation was 19% higher than 2022, largely driven by depreciation on acquired businesses as well as on our recent investment in product and technology. The Group's share of JV losses in the period were £48.1m (2022: £106.1m), including £48.5m for the Group's share of BetMGM losses which were £60.1m lower than in 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[4] of £108.4m excluding separately disclosed items (2022: £39.1m) were £69.3m higher than 2022 with the increase in costs due to interest on the Group's new $1bn USD term loan, which was raised in Q4 of 2022 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 £88.6m in the period (2022: £55.0m 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.

Provision for HMRC settlement

During the period, the Group has made a provision of £585.0m in respect of its ongoing deferred prosecution agreement (DPA) negotiations with the Crown Prosecution Service (CPS). The Company previously announced an investigation by HMRC into its legacy Turkish facing business, which it sold in 2017, and subsequently announced that it is in DPA negotiations with the CPS to resolve the ongoing HMRC investigation.

The DPA negotiations have now progressed to the point where the Company believes that it is likely to be able to agree a resolution of the HMRC investigation insofar as it relates to the Company and the Group. While the full terms of a DPA are subject to judicial approval, the Company has a sufficient degree of confidence to take a provision of £585.0m against a potential settlement, which would be paid over a four-year period in relation to alleged offences under Section 7 of the Bribery Act 2010. The Company currently anticipates judicial approval will be sought during Q4 2023.

Section 7 of the Bribery Act 2010 relates to the failure of a relevant commercial organisation to have adequate procedures in place designed to prevent persons associated with it from undertaking bribery for the benefit of the commercial organisation.

The amount of the provision has been calculated on the basis that the Company will receive full credit for its extensive co-operation with the investigation prior, and subsequent, to entering into any DPA.

Since the investigation first commenced, the Group has undertaken a comprehensive review of anti-bribery policies and procedures and has taken decisive action to significantly strengthen its wider compliance programme and related controls.

Other separately disclosed items

Items separately disclosed before tax for the period amount to £150.7m (2022: £112.9m) and relate primarily to £110.2m of amortisation on acquired intangibles (2022: £51.5m), corporate transaction costs of £12.2m (2022: £12.5m), restructuring costs of £6.8m (2022: £4.5m) and legal and onerous contract costs of £5.6m (2022: £4.7m). The Group also incurred £2.3m on fees for refinancing and fee write-offs (2022: £nil) as well as recording an additional £13.6m in contingent consideration liabilities reflecting the latest estimate of the likely economic outflow (2022: £9.3m income). In the prior period, the Group also made a £45.5m repayment of amounts received in 2021 under the UK Government furlough scheme and recorded an impairment of £3.5m on closed shops in the UK.

Other separately disclosed items	**2023** **£m**	2022 £m
Amortisation of acquired intangibles	(110.2)	(51.5)
Corporate transaction costs	(12.2)	(12.5)
Restructuring costs	(6.8)	(4.5)
Legal and onerous contract costs	(5.6)	(4.7)
Impairment	-	(3.5)
Movement in fair value of contingent consideration	(13.6)	9.3
Other including issue cost write-off	(2.3)	-
Furlough repayments	-	(45.5)
Total	(150.7)	(112.9)

Profit before tax

Profit before tax and separately disclosed items was £287.6m (2022: £152.4m), a year on year increase of £135.2m with the growth in underlying EBITDA[3], 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 £448.1m (2022: £39.5m profit).

Taxation

The tax charge on continuing operations for the period was £54.4m made up of an underlying continuing tax charge of £70.5m (2022: £30.7m), reflecting effective tax rate pre-BetMGM losses and foreign exchange gains on external debt of 24.1% (2022: 11.4%), and a tax credit on separately disclosed items of £16.1m (2022: £19.3m).

TAB NZ

During the period, the Group acquired NZ Ent Limited, a business entitled to run the TAB NZ brand in New Zealand for 25 years. As part of the acquisition, the Group has committed to make minimum guaranteed funding payments to TAB NZ in the first 5 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, a financial liability for the provisional, discounted, estimate of consideration of £1,208.5m has been recognised in the period along with a corresponding intangible asset which will be amortised over the life of the agreement.

Cashflow

Period ended 30 June	2023 £m	2022 £m
Cash generated by operations	497.9	470.9
Corporation tax	(71.2)	(40.6)
Interest	(65.2)	(32.5)
Net cash generated from operating activities	361.5	397.8
Cash flows from investing activities:		
Acquisitions & disposals	(474.9)	(195.7)
Cash acquired/disposed	43.2	16.2
Capital expenditure	(130.2)	(103.9)
Investment in Joint ventures	(40.7)	(113.1)
Net cash used in investing activities	(602.6)	(396.5)
Cash flows from financing activities:		
Equity issue	590.6	-
Net proceeds from borrowings	1,142.8	-
Repayment of borrowings	(1,007.8)	(4.3)
Subscription of funds from non-controlling interest	129.0	-
Settlement of financial instruments and other financial liabilities	(204.8)	18.7
Repayment of finance leases	(35.0)	(48.6)
Equity dividends paid	(50.1)	-
Minority dividends paid	(3.4)	-
Net cash used in financing activities	561.3	(34.2)
Foreign exchange	(14.1)	11.3
Net increase/(decrease) in cash	**306.1**	**(21.6)**

During the period, the Group had a net cash inflow of £306.1m (2022: outflow of £21.6m).

Net cash generated by operations was £497.9m (2022: £470.9m) including £499.4m of underlying EBITDA[3] (2022: £471.0m) and a working capital inflow of £41.8m (2022: £60.9m). Included within working capital is a £30.1m inflow for balances held with payment service providers as well as customer funds, which are net debt neutral (2022: £21.7m inflow). This cash inflow was partially offset by separately disclosed items, excluding those relating to amortisation, depreciation and impairment, of £39.6m (2022: £57.9m) and a loss on discontinued operations of £3.7m (2022: £3.1m).

During the period £71.2m was paid out in relation to corporate taxes (2022: £40.6m) with a further £65.2m paid out in interest (2022: £32.5m).

Net cash used in investing activities for the period was £602.6m (2022: £396.5m), including cash outflows for acquisitions of £474.9m (2022: £195.7m), investment in capital expenditure of £130.2m (2022: £103.9m) and an additional £40.7m invested in BetMGM (2022: £113.1m). These outflows were partially offset by cash acquired with acquisitions of £43.2m (2022: £16.2m).

During the period the group received a net £561.3m (2022: £34.2m repayment) from financing activities. £590.6m was raised through the equity issuance with a further £1,142.8m through new financing facilities (2022: £nil) which were used, in part, to repay £1,007.8m of debt (2022: £4.3m). During the period, the Group also received £129.0m (2022: £nil) from EMMA Capital into Entain CEE to meet their obligations under the SuperSport earn-out and the STS acquisition. £204.8m was paid on settlement of other financial instruments and liabilities, primarily relating to contingent consideration on previous acquisitions (2022: £19.9m). In the prior period, the Group also received £38.6m on the settlement of one of the external swap arrangements.

During the period, the Group also paid £50.1m in equity dividends (2022: £nil) and £3.4m in dividends to the minority interest in Entain CEE (2022: £nil). Lease payments of £35.0m (2022: £48.6m) including those on non-operational shops, were made in the period.

Net debt and liquidity

As at 30 June 2023, adjusted net debt was £2,593.9m and represented an adjusted net debt to underlying EBITDA[3] ratio of 2.5x (3.1x proforma[5]). The Group has drawn down £150.0m on the revolving credit facility at 30 June 2023 (2022: £nil).

	Par value £m	Issue costs/ Premium £m	Total £m
Bonds	(400.0)	(1.4)	(401.4)
Term loans	(2,795.1)	61.8	(2,733.3)
Interest accrual	(46.3)	-	(46.3)
	(3,241.4)	60.4	(3,181.0)
Cash			964.6
Accounting net debt			(2,216.4)
Cash held on behalf of customers			(196.5)
Fair value of swaps held against debt instruments			(30.0)
Other debt related items*			124.9
Lease liabilities			(275.9)
Adjusted net debt			(2,593.9)

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

Going Concern

In adopting the going concern basis of preparation in the interim financial statements, the directors have considered the current trading performance of the Group, the potential impact of any settlement of the HMRC investigation, the principal risks and uncertainties as considered in the 2022 Annual Report and Accounts and longer term viability statement and the current economic environment. The assessment performed over going concern included assessing the impact of the crystallisation of the Group's principal risks in "severe but plausible" downside scenarios as well as downside sensitivities on trading.

Given the level of the Group's current financing facilities, the first material tranche of which does not mature until 2026, and the forecast covenant headroom even under the sensitised downside scenarios, the directors believe the Group is well placed to manage the risks and uncertainties it faces. As such, the directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the interim financial statements.

Notes

(1) 2023 and 2022 reported results are unaudited
(2) Growth on a constant currency basis is calculated by translating both current and prior period performance at the 2023 exchange rates
(3) EBITDA is defined as earnings before interest, tax, depreciation and amortisation, share based payments, share of JV income and separately disclosed items
(4) Stated pre separately disclosed items
(5) Proforma leverage reflects reported Net Debt adjusted to remove the benefit of the equity placing divided by proforma LTM EBITDA

Principal and emerging risks

During the first half of 2023, we have continued to integrate our Group Enterprise Risk Management programme and have undertaken formal, standardised risk workshops with each of our functions, and across all Group Principal Risks, which result in formalised Significant Risk Dashboards and action plans.

Quarterly reporting and deep dives of Principal Risks have been undertaken by both the Group Risk Committee and the Board.

We continue to bring newly acquired companies into the Entain Risk Management framework and the function works closely with Group Internal Audit to undergo critical control testing in line with the audit programme for risk management.

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

Data privacy and cyber security

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

Laws, regulations, licensing and regulatory compliance

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

Failure to maintain our technology platform excellence

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

Taxes

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

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

Strategy Execution in Growth Markets

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

Safer betting and gaming

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

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

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

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

Trading, liability management and pricing

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

Loss of key locations

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

Attracting and retaining key talent

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

As we progress through 2023, we will undertake formalised risk workshops with the regions to formalise their approach to Risks Management and report back to the Board, Audit, Sustainability and Compliance, People and Governance and Remuneration committees on the outputs of the ERM programme.

UNAUDITED FINANCIAL STATEMENTS
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

		2023			2022		
	Notes	Underlying items £m	Separately disclosed items (note 4) £m	Total £m	Underlying items £m	Separately disclosed items (note 4) £m	Total £m
NGR		**2,404.3**	**-**	**2,404.3**	**2,117.6**	**-**	**2,117.6**
VAT/GST		(26.7)	-	(26.7)	(22.7)	-	(22.7)
Revenue		**2,377.6**	**-**	**2,377.6**	**2,094.9**	**-**	**2,094.9**
Cost of sales		(919.9)	-	(919.9)	(767.1)	-	(767.1)
Gross profit		**1,457.7**	**-**	**1,457.7**	**1,327.8**	**-**	**1,327.8**
Administrative costs		(1,102.2)	(733.4)	(1,835.6)	(975.2)	(112.9)	(1,088.1)
Contribution		**1,126.2**	**-**	**1,126.2**	**1,025.5**	**-**	**1,025.5**
Administrative costs excluding marketing		(770.7)	(733.4)	(1,504.1)	(672.9)	(112.9)	(785.8)
Group operating profit/(loss) before share of results from joint ventures and associates		**355.5**	**(733.4)**	**(377.9)**	**352.6**	**(112.9)**	**239.7**
Share of results from joint venture and associates		(48.1)	-	(48.1)	(106.1)	-	(106.1)
Group operating profit/(loss)		**307.4**	**(733.4)**	**(426.0)**	**246.5**	**(112.9)**	**133.6**
Finance expense	5	(112.2)	(2.3)	(114.5)	(40.2)	-	(40.2)
Finance income	5	3.8	-	3.8	1.1	-	1.1
(Losses)/gains arising from financial instruments	5	(23.0)	-	(23.0)	63.5	-	63.5
Gains/(losses) arising from foreign exchange on debt instruments	5	111.6	-	111.6	(118.5)	-	(118.5)
Profit/(loss) before tax		**287.6**	**(735.7)**	**(448.1)**	**152.4**	**(112.9)**	**39.5**
Income tax (expense)/credit	6	(70.5)	16.1	(54.4)	(30.7)	19.3	(11.4)
Profit/(loss) from continuing operations		**217.1**	**(719.6)**	**(502.5)**	**121.7**	**(93.6)**	**28.1**
Loss for the period from discontinued operations after tax		-	(3.7)	(3.7)	-	(3.1)	(3.1)
Profit/(loss) for the period		**217.1**	**(723.3)**	**(506.2)**	**121.7**	**(96.7)**	**25.0**
Attributable to:							
Equity holders of the parent		206.9	(708.0)	(501.1)	123.7	(96.7)	27.0
Non-controlling interests		10.2	(15.3)	(5.1)	(2.0)	-	(2.0)
Earnings per share on profit/(loss) for the period from continuing operations[1]	8	21.8p		(83.9)p	29.5p		5.1p
From profit/(loss) for the period[1]		21.8p		(84.5)p	29.5p		4.6p
Diluted earnings per share on profit/(loss) for the period from continuing operations[1]	8	21.6p		(83.9)p	29.3p		5.1p
From profit/(loss) for the period[1]		21.6p		(84.5)p	29.3p		4.6p

Memo:

	2023			2022		
	Underlying items £m	Separately disclosed items £m	Total £m	Underlying items £m	Separately disclosed items £m	Total £m
EBITDA	499.4	(623.2)	(123.8)	471.0	(59.2)	411.8
Share based payments	(9.1)	-	(9.1)	(5.2)	-	(5.2)
Depreciation, amortisation and impairment	(134.8)	(110.2)	(245.0)	(113.2)	(53.7)	(166.9)
Share of results from joint ventures and associates	(48.1)	-	(48.1)	(106.1)	-	(106.1)
Group operating profit/(loss)	**307.4**	**(733.4)**	**(426.0)**	**246.5**	**(112.9)**	**133.6**

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 8 for further details.

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
(Loss)/ profit for the period	(506.2)	25.0
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency translation (losses)/gains	(164.3)	111.0
Total items that will be reclassified to profit or loss	(164.3)	111.0
Items that will not be re-classified to profit or loss:		
Changes in the fair value of equity instruments at fair value through other comprehensive income/(expense)	0.1	(2.7)
Re-measurement of defined benefit pension scheme	(4.6)	(0.1)
Tax on re-measurement of defined benefit pension scheme	1.6	-
Total items that will not be reclassified to profit or loss	(2.9)	(2.8)
Other comprehensive (expense)/income for the period, net of tax	**(167.2)**	**108.2**
Total comprehensive (expense)/income for the period	**(673.4)**	**133.2**
Attributable to:		
- equity holders of the parent	(661.2)	135.2
- non-controlling interests	(12.2)	(2.0)

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2023 £m	Restated 31 December 2022 (note 12) £m	30 June 2022 £m
ASSETS				
Non-current assets				
Goodwill	9	4,362.3	3,986.0	3,392.6
Intangible assets	9	3,703.3	2,672.7	2,231.6
Property, plant and equipment		518.1	507.2	486.4
Interest in joint venture		-	-	14.2
Interest in associates and other investments		55.1	53.5	57.1
Trade and other receivables		44.0	38.6	4.2
Other financial assets		-	0.2	8.0
Deferred tax assets		488.2	157.3	161.6
Retirement benefit assets		60.0	63.8	88.2
		9,231.0	**7,479.3**	**6,443.9**
Current assets				
Trade and other receivables		502.7	500.3	429.6
Income and other taxes recoverable		42.5	30.7	34.1
Derivative financial instruments	15	70.4	72.9	84.0
Cash and cash equivalents		964.6	658.5	465.5
		1,580.2	**1,262.4**	**1,013.2**
TOTAL ASSETS		**10,811.2**	**8,741.7**	**7,457.1**
LIABILITIES				
Current liabilities				
Trade and other payables		(823.9)	(719.8)	(702.7)
Balances with customers		(196.5)	(200.5)	(194.9)
Lease liabilities		(69.2)	(65.1)	(62.4)
Interest bearing loans and borrowings		(613.1)	(424.9)	(131.8)
Corporate tax liabilities		(59.9)	(47.1)	(52.8)
Provisions		(146.8)	(20.6)	(42.6)
Derivative financial instruments	15	(100.4)	(79.2)	-
Other financial liabilities	15	(121.4)	(208.8)	(62.4)
		(2,131.2)	**(1,766.0)**	**(1,249.6)**
Non-current liabilities				
Interest bearing loans and borrowings		(2,567.9)	(2,689.1)	(2,271.0)
Lease liabilities		(206.7)	(215.8)	(213.9)
Deferred tax liabilities		(794.5)	(495.4)	(407.8)
Provisions		(465.2)	(5.4)	(5.5)
Other financial liabilities	15	(1,457.0)	(253.4)	(2.8)
		(5,491.3)	**(3,659.1)**	**(2,901.0)**
TOTAL LIABILITIES		**(7,622.5)**	**(5,425.1)**	**(4,150.6)**
NET ASSETS		**3,188.7**	**3,316.6**	**3,306.5**
EQUITY				
Issued share capital		5.2	4.8	4.8
Share premium		1,796.8	1,207.3	1,207.3
Merger reserve		2,527.4	2,527.4	2,527.4
Translation reserve		83.0	240.2	174.4
Retained deficit		(1,520.9)	(846.9)	(605.6)
Equity shareholder's funds		**2,891.5**	**3,132.8**	**3,308.3**
Non-controlling interests		297.2	183.8	(1.8)
TOTAL SHAREHOLDERS' EQUITY		**3,188.7**	**3,316.6**	**3,306.5**

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium £m	Merger Reserve £m	Translation reserve[1] £m	Retained deficit £m	Equity shareholders funds £m	Non-controlling interest £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 period	-	-	-	-	27.0	27.0	(2.0)	25.0
Other comprehensive income	-	-	-	111.0	(2.8)	108.2	-	108.2
Total comprehensive income	-	-	-	111.0	24.2	135.2	(2.0)	133.2
Share options exercised	-		-	-	-	-	-	-
Share-based payments charge	-	-	-	-	6.2	6.2	-	6.2
Equity dividends	-	-	-	-	-	-	-	-
Purchase of non-controlling Interest	-	-	-	-	(0.2)	(0.2)	(1.2)	(1.4)
At 30 June 2022	**4.8**	**1,207.3**	**2,527.4**	**174.4**	**(605.6)**	**3,308.3**	**(1.8)**	**3,306.5**
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 period	-	-	-	-	(501.1)	(501.1)	(5.1)	(506.2)
Other comprehensive expense	-	-	-	(157.2)	(2.9)	(160.1)	(7.1)	(167.2)
Total comprehensive expense	-	-	-	(157.2)	(504.0)	(661.2)	(12.2)	(673.4)
Share options exercised	-		-	-	-	-	-	-
Share-based payments charge	-	-	-	-	9.1	9.1	-	9.1
Equity dividends	-	-	-	-	(50.1)	(50.1)	(3.4)	(53.5)
Equity issue	0.4	589.5	-	-	-	589.9	-	589.9
Transactions with minority interest[2]	-	-	-	-	(129.0)	(129.0)	129.0	-
At 30 June 2023	**5.2**	**1,796.8**	**2,527.4**	**83.0**	**(1,520.9)**	**2,891.5**	**297.2**	**3,188.7**

1. The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries with non-sterling functional currencies.
2. Relates to the subscription of equity in Entain Holdings (CEE) Limited by minority holders as well as the recognition of the financial liability for the put option on Entain Holdings (CEE) Limited. See note 12 for further details.

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Cash generated by operations	13	**497.9**	**470.9**
Income taxes paid		(71.2)	(40.6)
Net finance expense paid		(65.2)	(32.5)
Net cash generated from operating activities		**361.5**	**397.8**
Cash flows from investing activities:			
Acquisitions		(474.9)	(195.7)
Cash acquired on acquisition of business		43.2	16.2
Purchase of intangible assets		(92.0)	(56.5)
Purchase of property, plant and equipment		(38.2)	(47.4)
Investment in joint venture		(40.7)	(113.1)
Net cash used in investing activities		(602.6)	(396.5)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		590.6	-
Net proceeds from borrowings		1,142.8	-
Repayment of borrowings		(1,007.8)	(4.3)
Subscription of equity from non-controlling interests		129.0	-
Settlement of derivative financial instruments		-	38.6
Settlement of other financial liabilities		(204.8)	(19.9)
Payment of lease liabilities		(35.0)	(48.6)
Dividend paid to shareholders		(50.1)	-
Dividends paid to non-controlling interests		(3.4)	-
Net cash utilised from financing activities		561.3	(34.2)
Net decrease in cash and cash equivalents		320.2	(32.9)
Effect of changes in foreign exchange rates		(14.1)	11.3
Cash and cash equivalents at beginning of the period		658.5	487.1
Cash and cash equivalents at end of the period		**964.6**	**465.5**

The accompanying notes form part of these financial statements.

1. Corporate information

Entain plc ("the Company") is a public limited company incorporated and domiciled in the Isle of Man whose shares are publicly traded. The principal activities of the Company and its subsidiaries ("the Group") are described in Note 3.

2. Basis of preparation

In adopting the going concern basis of preparation in the interim financial statements, the directors have considered the current trading performance of the Group, the potential impact of any settlement of the HMRC investigation, the principal risks and uncertainties as considered in the 2022 Annual Report and Accounts and longer term viability statement and the current economic environment. The assessment performed over going concern included assessing the impact of the crystallisation of the Group's principal risks in "severe but plausible" downside scenarios as well as downside sensitivities on trading.

Given the level of the Group's current financing facilities, the first material tranche of which does not mature until 2026, and the forecast covenant headroom even under the sensitised downside scenarios, the directors believe the Group is well placed to manage the risks and uncertainties it faces. As such, the directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the interim financial statements.

(a) The Condensed Interim Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with International Accounting Standards 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board. It should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2022, which were prepared in accordance with applicable law and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Condensed Interim Financial Statements are not statutory accounts within the meaning of the Isle of Man Companies Act 2006 and do not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the Annual Report and Accounts of Entain plc for the year ended 31 December 2022 which were filed with the Registrar of Companies in the Isle of Man. This report is available either on request from the Company's registered office or to download from https://entaingroup.com/investor-relations/financial-reports/. The auditor's report on these accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under the Isle of Man Companies Act 2006.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022 other than those listed in 2(f).

Due to the timing of certain acquisitions in the previous financial year, the fair values applied to the assets and liabilities acquired were provisional, in accordance with IFRS 3 'Business Combinations'. Since the initial fair value assessment, certain measurement period adjustments have been identified resulting in reallocations between goodwill and other components of the net assets acquired. This has resulted in a restatement of the prior year balance sheet to reflect these changes. Net assets and Total shareholders' equity have not changed as a result of this restatement. See note 12 for further details.

The financial statements are presented in million Pounds Sterling, rounded to one decimal place.

The interim financial information was approved by a duly appointed and authorised committee of the Board of Directors on 10 August 2023 and is unaudited but have been reviewed by the Group's auditor.

(b) Critical judgements and estimates

In preparing these Condensed Consolidated Interim Financial Statements, the Group has made its best estimates and judgements of certain amounts included in the financial statements, giving due consideration to materiality. The Group regularly reviews these estimates and updates them as required.

2. Basis of preparation (continued)

(c) Critical judgements and estimates (continued)

The existing critical accounting estimates, assumptions and judgements set out in note 4.2 of the Group's Annual Report and Accounts for the 12 months ended 31 December 2022 remain relevant to these Condensed Consolidated Interim Financial Statements.

(d) To assist in understanding the underlying performance, the Group has separately disclosed the following items of pre-tax income and expense:

- 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;
- costs associated with business restructuring;
- corporate transaction costs;
- changes in the fair value of contingent consideration;
- the impact of significant litigation; and
- the related tax impact effect on these items.
- any other items are considered individually by virtue of their nature or size.

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

The items disclosed separately have been included within the appropriate classifications in the consolidated income statement and are detailed in note 4. The directors have also presented Net Gaming Revenue, Contribution and Underlying EBITDA as these are measures used frequently within the industry. All of these items are reconciled within the Income Statement.

(e) Accounting policies

Depreciation

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.

The estimated useful lives are as follows:

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

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. All indefinite lived assets are subject to an annual impairment review from the year of acquisition. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Retail licences	15 years, or duration of licence
Software	2 -15 years
Capitalised development expenditure	3 - 5 years
Trademarks and brand names	10 - 25 years, or indefinite life
Customer relationships	3 -15 years

2. Basis of preparation (continued)

(e) Accounting policies (continued)

Impairment

An impairment review is performed for goodwill and 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 gambling companies.

Within Retail the cash generating units are generally an individual Licensed Betting Office ("LBO") and therefore, impairment is first assessed at this level for licences, property, plant and equipment and right of use ("ROU") assets, any impairment arising booked first to licences then to property, plant and equipment and ROU assets.

Separately Disclosed Items

For a full explanation of what is defined as a separately disclosed item and how they are disclosed, please refer to note 2(d).

(f) Updates to IFRS

A number of amendments to IFRSs became effective for the financial year beginning 1 January 2023:

IAS 1	*'Presentation of Financial Statements'*	Presentation of Financial Statements and IFRS Practice Statement 2	1 January 2023
IAS 8	*'Accounting Policies, Changes in Accounting Estimates and Errors'*	Definition of Accounting Estimates	1 January 2023
IAS 12	*'Income Taxes'*	Deferred Tax related to assets and liabilities arising from a single transaction	1 January 2023
IAS 17	*'Insurance Contracts'*	Original issue	1 January 2023

None of the amendments to IFRS noted above had a significant effect on the financial statements.

3. Segment information

The Group's operating segments are based on the reports reviewed by the Executive management team (who are 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, and the Group's operating segments are now aggregated into the five reportable segments.

- Online: comprises betting and gaming activities from online and mobile operations. Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Sportingbet, SuperSport, Sport Interaction, TAB NZ and BetCity; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker, PartyCasino, Optibet, Ninja and BetCity;
- Retail: comprises betting and retail activities in the shop estate in Great Britain, Northern Ireland, Jersey, Republic of Ireland, Belgium, Italy, Croatia and New Zealand;
- 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 have chosen to assess the performance of operating segments based on a measure of net revenue, EBITDA and operating profit with finance costs and taxation considered for the Group as a whole. 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 six months ended 30 June 2023 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	1,684.3	709.3	13.5	-	-	(2.8)	2,404.3
VAT/GST	(26.1)	(0.6)	-	-	-	-	(26.7)
Revenue	1,658.2	708.7	13.5	-	-	(2.8)	2,377.6
Gross Profit	980.9	463.3	13.5	-	-	-	1,457.7
Contribution	659.8	457.9	13.3	(4.8)	-	-	1,126.2
Operating costs excluding marketing costs	(244.3)	(306.5)	(10.3)	(10.2)	(55.5)	-	(626.8)
Underlying EBITDA before separately disclosed items	415.5	151.4	3.0	(15.0)	(55.5)	-	499.4
Share based payments	(3.2)	(1.2)	-	(0.4)	(4.3)	-	(9.1)
Depreciation and Amortisation	(69.5)	(60.6)	(1.4)	(3.1)	(0.2)	-	(134.8)
Share of joint ventures and associates	(0.3)	-	1.3	(0.6)	(48.5)	-	(48.1)
Operating profit/(loss) before separately disclosed items	342.5	89.6	2.9	(19.1)	(108.5)	-	307.4
Separately disclosed items	(107.1)	(3.1)	-	-	(623.2)	-	(733.4)
Group operating profit/(loss)	**235.4**	**86.5**	**2.9**	**(19.1)**	**(731.7)**	**-**	**(426.0)**
Net finance expense							(22.1)
Loss before tax							(448.1)
Income tax							(54.4)
Loss for the period from continuing operations after tax							**(502.5)**
Loss for the period from discontinued operations after tax							**(3.7)**
Loss for the period after discontinued operations							**(506.2)**

3. Segment information (continued)

The segment results for the six months ended 30 June 2022 were as follows:

2022	Online £m	Retail £m	All Other Segments £m	New Opportunities £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	1,470.7	636.0	13.1	-	-	(2.2)	2,117.6
VAT/GST	(22.7)	-	-	-	-	-	(22.7)
Revenue	1,448.0	636.0	13.1	-	-	(2.2)	2,094.9
Gross Profit	886.1	428.6	13.1	-	-	-	1,327.8
Contribution	587.3	425.1	13.1	-	-	-	1,025.5
Operating costs excluding marketing costs	(202.6)	(284.0)	(10.1)	(14.6)	(43.2)	-	(554.5)
Underlying EBITDA before separately disclosed items	384.7	141.1	3.0	(14.6)	(43.2)	-	471.0
Share based payments	(1.3)	(0.5)	-	(0.1)	(3.3)	-	(5.2)
Depreciation and Amortisation	(57.2)	(53.0)	(1.3)	(1.6)	(0.1)	-	(113.2)
Share of joint ventures and associates	1.8	-	0.7	-	(108.6)	-	(106.1)
Operating profit/(loss) before separately disclosed items	328.0	87.6	2.4	(16.3)	(155.2)	-	246.5
Separately disclosed items	(50.5)	(50.1)	-	-	(12.3)	-	(112.9)
Group operating profit/(loss)	**277.5**	**37.5**	**2.4**	**(16.3)**	**(167.5)**	**-**	**133.6**
Net finance income							(94.1)
Profit before tax							39.5
Income tax							(11.4)
Profit for the period from continuing operations after tax							**28.1**
Loss for the period from discontinued operations after tax							**(3.1)**
Profit for the period after discontinued operations							**25.0**

Assets and liabilities information is reported internally in total and not by reportable segment and, accordingly, no information is provided in this note on assets and liabilities split by reportable segment.

Geographical information

Revenue by destination for the Group, is as follows:

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
United Kingdom	1,027.5	1,028.9
Australia	209.1	213.7
Italy	279.3	225.3
Rest of Europe[1]	687.4	456.4
Rest of the World[2]	174.3	170.6
Total	**2,377.6**	**2,094.9**

1. Rest of Europe is predominantly driven by markets in Croatia, Belgium, Netherlands, Germany and Georgia.
2. Rest of the World is predominantly driven by the market in Brazil and Canada.

4. Separately disclosed items

	Six months ended 30 June 2023 £m	Six months ended 30 June 2023 Tax Impact £m	Six months ended 30 June 2022 £m	Six months ended 30 June 2022 Tax Impact £m
Legal settlement [1]	585.0	-	-	-
Amortisation of acquired intangibles [2]	110.2	(19.1)	51.5	(6.9)
Restructuring costs [3]	6.8	(0.9)	4.5	(0.6)
Corporate transaction costs [4]	12.2	-	12.5	-
Legal and onerous contract provisions [5]	5.6	0.3	4.7	-
Movement in fair value of contingent consideration [6]	13.6	4.0	(9.3)	-
Refinancing fees / Issue cost write-off [7]	2.3	(0.4)	-	-
Impairment loss [8]	-	-	2.2	-
Loss on disposal [8]	-	-	1.3	-
Furlough [9]	-	-	45.5	(11.8)
Separately disclosed items for the period from continuing operations	735.7	(16.1)	112.9	(19.3)
Separately disclosed items for the period from discontinued operations	3.7		3.1	
Total before tax	**739.4**	**(16.1)**	116.0	**(19.3)**
Separately disclosed items for the period after discontinued operations	**723.3**		**96.7**	

1. Provision in respect of its ongoing deferred prosecution agreement negotiations with the Crown Prosecution Service (see note 16)
2. Amortisation charges in relation to acquired intangible assets arising from acquisitions. The majority of the charge is from acquisitions in the last two years, including Enlabs, Bet.pt, Avid, SuperSport, BetCity, and 365Scores.
3. Costs associated with the Group's restructuring programs including Evolve.
4. Deal fees associated with M&A activity in the period as detailed in note 12.
5. Relates primarily to costs associated with certain litigation and legal claims, including the HMRC investigation.
6. Expense reflecting a change in the estimated likely payments under contingent consideration arrangements.
7. Expenses incurred as part of the refinancing of loans.
8. During the prior period the Group recognised a non-cash impairment charge of £2.2m against vacated head office premises, and £1.3m loss on sale of certain assets.
9. Repayment of certain amounts received by the Group under the Government Coronavirus Job Retention Scheme ("Furlough Scheme").

5. Finance expense and income

	Six months ended 30 June 2023 Underlying items £m	Six months ended 30 June 2023 Separately disclosed items (note 4) £m	Six months ended 30 June 2023 **Total £m**	Six months ended 30 June 2022 Underlying items £m	Six months ended 30 June 2022 Separately disclosed items (note 4) £m	Six months ended 30 June 2022 **Total £m**
Bank loans and overdrafts	(106.3)	(2.3)	**(108.6)**	(33.9)	-	**(33.9)**
Interest arising on lease liabilities	(5.9)	-	**(5.9)**	(6.3)	-	**(6.3)**
Losses arising on financial derivatives	(23.0)	-	**(23.0)**	-	-	**-**
Losses arising on foreign exchange on debt instruments	-	-	**-**	(118.5)	-	**(118.5)**
Total finance expense	(135.2)	(2.3)	**(137.5)**	(158.7)	-	**(158.7)**
Interest receivable	3.8	-	**3.8**	1.1	-	**1.1**
Gains arising on financial derivatives	-	-	**-**	63.5	-	**63.5**
Gains arising on foreign exchange on debt instruments	111.6	-	**111.6**	-	-	**-**
Net finance expense	**(19.8)**	**(2.3)**	**(22.1)**	**(94.1)**	**-**	**(94.1)**

6. Taxation

The tax charge on continuing operations for the six months ended 30 June 2023 was £54.4m (six months ended 30 June 2022: charge of £11.4m) of which a credit of £16.1m (30 June 2022: credit of £19.3m) related to separately disclosed items. The effective tax rate on continuing operations (excluding the effect of JV results and foreign exchange on financing items) before separately disclosed items is 24.1% (30 June 2022: 11.4%).

The current period's tax charge on continuing operations before separately disclosed items was higher than the UK average statutory rate for the period of 23.5% due to unrecognised deferred tax assets on losses arising in BetMGM and on surplus interest expenses, partially offset by credits from updates to prior periods.

The Group's deferred tax assets and liabilities are measured at the tax rates of the respective territories which are expected to apply in the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets have been recognised based on the ability of future offset against deferred tax liabilities or against future taxable profits. The assessment of future taxable profits is based on forecasts and assumptions consistent with those used for impairment testing.

The underlying effective tax rate on continuing operations for the full year ended 31 December 2023, excluding the results of BetMGM and foreign exchange on financing items, is forecast to be c23%.

The Group's future tax charge, and effective tax rate, could be affected by a number of factors including the geographic mix of profits, changes to statutory corporate tax rates and the impact of continuing global tax reforms.

The Group continues to monitor the ongoing work of the OECD on the taxation of the digital economy and specifically the minimum level of taxation for multinational groups ("Pillar Two"). Each country is at a different stage in their process for adopting these rules. The UK has enacted initial legislation and the EU adopted a Pillar Two Directive on 22 December 2022, which is expected to be transposed into legislation by each of the member states during 2023. Once fully implemented, we anticipate the rules will apply to the Group from the year ended 31 December 2024. The Group expects this to increase the future Effective Tax Rate on underlying items, the extent and timing of which will depend on how the rules are ultimately implemented.

7. Dividends

An interim dividend of 8.9p per share (30 June 2022: 8.5p per share) has been proposed by the directors.

8. Earnings per share

Basic earnings per share has been calculated by dividing the loss attributable to shareholders of the Company of £501.1m (30 June 2022: profit of £27.0m) by the weighted average number of shares in issue during the six months of 593.0m (30 June 2022: 587.5m).

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 2 and disclosed in note 4.

Weighted average number of shares (million):	Six months ended 30 June 2023	Six months ended 30 June 2022
Shares for basic earnings per share	593.0	587.5
Potentially dilutive share options and contingently issuable shares	5.5	4.3
Shares for diluted earnings per share	598.5	591.8

8. Earnings per share (continued)

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
(Loss)/profit attributable to shareholders	(501.1)	27.0
- from continuing operations	(497.4)	30.1
- from discontinued operations	(3.7)	(3.1)
Losses/(gains) arising from financial instruments	23.0	(63.5)
(Gains)/losses arising from foreign exchange of debt instruments	(111.6)	118.5
Tax charge/(credit) on foreign exchange	10.8	(5.4)
Separately disclosed items net of tax	708.0	96.7
Adjusted profit attributable to shareholders	129.1	173.3
- from continuing operations	129.1	173.3
- from discontinued operations	-	-

	Standard earnings per share Six months ended 30 June		Adjusted earnings per share Six months ended 30 June	
Stated in pence	2023	2022	2023	2022
Basic earnings per share				
- from continuing operations	(83.9)	5.1	21.8	29.5
- from discontinued operations	(0.6)	(0.5)	-	-
From profit for the period	(84.5)	4.6	21.8	29.5
Diluted earnings per share				
- from continuing operations	(83.9)	5.1	21.6	29.3
- from discontinued operations	(0.6)	(0.5)	-	-
From profit for the period	(84.5)	4.6	21.6	29.3

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 29.9p (2022: 48.0p) and a diluted adjusted earnings per share of 29.7p (2022: 47.6p) from continuing operations.

9. 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 (restated)[1]	629.1	148.0	7.4	200.1	206.4	1,191.0
Disposals	-	(0.5)	(13.9)	-	-	(14.4)
Reclassification	-	-	(1.0)	-	-	(1.0)
At 31 December 2022 (restated) [1]	4,275.2	204.3	772.7	1,239.2	2,268.8	8,760.2
Exchange adjustment	(134.7)	(14.5)	(11.0)	(25.6)	(38.8)	(224.6)
Additions	-	-	92.0	-	-	92.0
Additions from business combinations (note 12)	492.1	799.3	32.8	75.1	264.3	1,663.6
Disposals	-	-	(0.1)	-	-	(0.1)
At 30 June 2023	**4,632.6**	**989.1**	**886.4**	**1,288.7**	**2,494.3**	**10,291.1**
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	(18.9)	(0.6)	(4.4)	(19.2)	(10.3)	(53.4)
Amortisation charge	-	16.0	63.0	57.5	41.0	177.5
Impairment charge	-	-	-	-	-	-
Disposals	-	-	(0.1)	-	-	(0.1)
At 30 June 2023	**270.3**	**41.7**	**579.3**	**1,056.3**	**277.9**	**2,225.5**
Net book value						
At 31 December 2022	3,986.0	178.0	251.9	221.2	2,021.6	6,658.7
At 30 June 2023	**4,362.3**	**947.4**	**307.1**	**232.4**	**2,216.4**	**8,065.6**

1. Restatement of prior year intangible valuations has been made in relation to the prior year SuperSport acquisition during the subsequent hindsight period. See note 12 for further details.

At 30 June 2023, the Group had not entered into contractual commitments for the acquisition of any intangible assets (31 December 2022: £nil, 30 June 2022: £nil).

Included within trade-marks and brand names are £1,398.4m (31 December 2022: £1,398.4m, 30 June 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.

Software relates to the cost of acquired software, through purchase or business combination, and the capitalisation of internally developed software.

Customer relationships, trade-marks and brand names relate to the fair value of customer lists, trade-marks and brand names acquired as part of business combinations, primarily relating to the bwin, Ladbrokes Coral Group plc, Enlabs, Sport Interaction, SuperSport, BetCity, 365Scores and TAB NZ businesses.

10. Impairment

IAS 36 Impairment of Assets states that an impairment review must be carried out at least annually for any indefinite lived assets, such as goodwill and certain brands. Furthermore, it is necessary to assess whether there is any indication that any other asset, or cash generating unit (CGU), may be impaired at each reporting date. Should there be an indication that an asset may be impaired then an impairment review should be conducted at the relevant reporting date.

No current indicators which might lead to a material impairment have been identified by the directors.

11. Net debt

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

	30 June 2023 £m	30 December 2022 £m	30 June 2022 £m
Current assets			
Cash and short-term deposits	964.6	658.5	465.5
Current liabilities			
Interest bearing loans and borrowings	(613.1)	(424.9)	(131.8)
Non-current liabilities			
Interest bearing loans and borrowings	(2,567.9)	(2,689.1)	(2,271.0)
Accounting net debt	(2,216.4)	(2,455.5)	(1,937.3)
Cash held on behalf of customers	(196.5)	(200.5)	(194.9)
Fair value swaps held against debt instruments	(30.0)	(6.5)	84.0
Other debt related items*	124.9	193.6	114.9
Adjusted net debt	**(2,318.0)**	**(2,468.9)**	**(1,933.3)**
Lease liabilities	(275.9)	(280.9)	(276.3)
Net debt including lease liabilities	**(2,593.9)**	**(2,749.8)**	**(2,209.6)**

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

12. 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 judgement. 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.

Due to the timing of certain acquisitions in relation to the previous financial year end, the fair values applied to the goodwill acquired was considered to be provisional. Since the initial fair value, certain measurement period adjustments have been applied as follows:

SuperSport

Hindsight 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 £6.8m, increase licences by £0.4m, increase trade-marks & brand names by £0.4m, decrease customer relationships by £5.8m, and increase other liabilities by £1.8m.

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 holders

During the period, the Group received by way of an equity injection into Entain Holdings (CEE) Limited £42.6m from EMMA GAMMA in relation to their 25% share of the 2022 earn-out under the SuperSport acquisition. In addition, the Group also received £86.4m by the way of another equity injection in Entain Holdings (CEE) Limited from EMMA GAMMA for the pre-steps in anticipation of the acquisition of STS. As EMMA GAMMA 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 in the first half to reflect the future liability against reserves. Following these two transactions, the 75%:25% equity split has been maintained.

Summary of acquisitions in the period:

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

12. Business combinations (continued)

TAB NZ

On 1st June, the Group completed the acquisition of a business (NZ Ent Limited) entitled to run the TAB NZ brand in New Zealand for 25 years for an initial payment of £85m. As part of the acquisition, the Group has also committed to make minimum guaranteed funding payments to TAB NZ in the first 5 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, the provisional, discounted, estimate of consideration for the TAB NZ acquisition is £1,208.5m.

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, the net assets acquired and goodwill of the TAB NZ acquisition are as follows:

	Provisional fair value £m
Intangible assets (excluding goodwill)	959.8
Property, plant and equipment	20.4
Trade and other receivables	9.8
Cash and cash equivalents	24.4
Deferred tax asset	297.0
Deferred tax liability	(237.4)
Trade and other payables	(44.6)
Lease liabilities	(14.4)
Total	**1,015.0**
Net assets acquired	1,015.0
Goodwill	193.5
Total net assets acquired	**1,208.5**
Consideration:	
Cash	85.3
Non-controlling interests	-
Deferred and contingent consideration	1,123.2
Total consideration	**1,208.5**

BetCity

On 11th 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 30th 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 9th 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.

12. Business combinations (continued)

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

	Provisional fair value £m
Intangible assets (excluding goodwill)	211.7
Property, plant and equipment	1.7
Trade and other receivables	24.5
Cash and cash equivalents	18.8
Deferred tax asset	0.6
Deferred tax liability	(53.0)
Trade and other payables	(42.7)
Lease liabilities	(1.0)
Total	**160.6**
Net assets acquired	160.6
Goodwill	298.6
Total net assets acquired	**459.2**
Consideration:	
Cash	381.9
Non-controlling interests	-
Deferred and contingent consideration	77.3
Total consideration	**459.2**

The acquired businesses contributed revenues of £101.9m and profit before tax of £7.7m pre the effect of any fair value adjustments to the Group for the period post acquisition up to 30 June 2023. If the acquisitions had occurred on 1 January 2023, consolidated proforma revenue and net profit for the period ended 30 June 2023 would have been £189.3m and £36.2m respectively before the effect of fair value adjustments and deal related costs.

13. Note to the statement of cash flows

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
(Loss)/profit before tax from continuing operations	(448.1)	39.5
Net finance expense	22.1	94.1
(Loss)/profit before tax and finance expense from continuing operations	(426.0)	133.6
Loss before tax and net finance expense from discontinued operations	(3.7)	(3.1)
(Loss)/profit before tax and net finance expense including discontinued operations	(429.7)	130.5
Adjustments for:		
Impairment (note 10)	-	2.2
Depreciation of property, plant and equipment	67.5	60.2
Amortisation of intangible assets	177.5	104.5
Share-based payments charge	9.1	5.2
Decrease in trade and other receivables	5.9	108.0
Increase/(decrease) in trade and other payables	36.2	(35.4)
Increase/(decrease) in other financial liabilities	0.5	(7.8)
Increase/(decrease) in provisions	584.1	(1.1)
Share of results from joint ventures and associates	48.1	106.1
Other non-cash items	(1.3)	(1.5)
Cash generated by operations	**497.9**	**470.9**

14. Related party transactions

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

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m
Equity investment		
- Joint venture[1]	40.7	113.1
Sundry income		
- Associates[2]	10.9	-
Sundry expenditures		
- Associates[2]	(36.2)	1.8

1. Equity investment in BetMGM.
2. Payments in the normal course of business made to Sports Information Services (Holdings) Limited, Infiniti Gaming Knokke NV, Grand Casino de Dinant SA, and Leaderbet NV.

The following table provides related party outstanding balances:

	30 June 2023 £m	31 December 2022 £m	30 June 2022 £m
- Joint venture receivables	77.4	87.8	29.3
- Associates payables	(6.0)	(0.3)	(0.3)
- Associates receivables	4.2	4.4	-

15. Financial instruments

Details of the Group's borrowing are set out in note 11.

Fair value of financial instruments

The major component of the Group's derivative financial assets measured at fair value consist of currency swaps held against debt instruments of £70.4m (30 June 2022: £84.0m, 31 December 2022: £72.9m). The fair value of the Group's other financial assets at 30 June 2023 is not materially different to its original cost.

The major components of the Group's financial liabilities measured at fair value consist of; the Group's currency swap liability £100.4m (30 June 2022: £nil, 31 December 2022: £79.2m), discounted deferred and contingent consideration of £1,245.9m (30 June 2022: £45.2m, 31 December 2022: £254.9m) principally on TAB NZ which has been discounted at rates relevant to the local market, put option liabilities of £309.0m on Entain Holdings (CEE) Limited (30 June 2022: £nil, 31 December 2022 £187.2m), ante post liabilities of £13.0m (30 June 2022: £17.2m, 31 December 2022: £17.2m) and other financial liabilities of £10.5m (30 June 2022: £2.8m, 31 December 2022: £2.9m).

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

There are no reasonably probable changes to assumptions or input that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results.

15. Financial instruments (continued)

The Group's financial assets and liabilities that are measured at fair value after initial recognition fall under the 3 levels of the fair value hierarchy as follows:

- Level 1 - £4.9m assets (30 June 2022: £0.4m, 31 December 2022: £5.5m), and £nil liabilities (30 June 2022: £nil, 31 December 2022: £nil).
- Level 2 - £72.2m assets (30 June 2022: £86.2m, 31 December 2022: £74.7m), and £100.4m liabilities (30 June 2022: £nil, 31 December 2022: £79.2).
- Level 3 - £8.0m assets (30 June 2022: £9.6m, 31 December 2022: £5.4m), and £1,261.6m liabilities (30 June 2022: £65.2m, 31 December 2022: £278.9m).

16. Provision for HMRC settlement

During the period, the Group has taken a £585.0m provision in respect of its ongoing deferred prosecution agreement (DPA) negotiations with the Crown Prosecution Service (CPS).

The Company previously announced an investigation by HMRC into its legacy Turkish facing business, which it sold in 2017, and subsequently announced that it is in DPA negotiations with the CPS to resolve the ongoing HMRC investigation.

The DPA negotiations have now progressed to the point where the Company believes that it is likely to be able to agree a resolution of the HMRC investigation insofar as it relates to the Company and the Group. While the full terms of a DPA are subject to judicial approval, the Company has a sufficient degree of confidence to take a provision of £585.0m against a potential settlement, which would be paid over a four-year period in relation to alleged offences under Section 7 of the Bribery Act 2010. The Company currently anticipates judicial approval will be sought during Q4 2023.

Section 7 of the Bribery Act 2010 relates to the failure of a relevant commercial organisation to have adequate procedures in place designed to prevent persons associated with it from undertaking bribery for the benefit of the commercial organisation.

The amount of the provision has been calculated on the basis that the Company will receive full credit for its extensive co-operation with the investigation prior, and subsequent, to entering into any DPA.

Since the investigation first commenced, the Group has undertaken a comprehensive review of anti-bribery policies and procedures and has taken decisive action to significantly strengthen its wider compliance programme and related controls.

17. Contingent liabilities

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 €275m at 30 June 2023.

18. Subsequent events

STS

On 13 June 2023, the Group launched a Tender Offer, through Entain CEE, to acquire 100% of STS Holdings S.A ("STS") at a purchase price of PLN 24.80 per share, valuing the equity of STS at approximately £750m and an enterprise value of £690m. As part of the acquisition, the current majority shareholder in STS will acquire a 10% economic stake in the enlarged Entain CEE business. The net consideration payable by Entain will be approximately £450m.

On 12 July 2023, the Group announced that it had received Antitrust approval for the acquisition of STS with the acceptance period for the offer now expected to close later in August ahead of completing the transaction shortly thereafter.

18. Subsequent events (continued)

New term loans and loan notes redemption

On 18 July 2023, the Group finalised its issuance of two new term loans for €230m and $385m respectively. Upon receipt, the Group used £407m of the net proceeds to repay the Group's loan notes and accrued interest that were due for repayment in September 2023.

INDEPENDENT REVIEW REPORT TO ENTAIN PLC

Conclusion

We have been engaged by Entain plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In preparing the condensed set of financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Mark Flanagan
for and on behalf of KPMG LLP
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NG1 5FS

10 August 2023