

7 January 2021

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

Entain extends into the Baltic Markets with £250m Offer for Enlabs AB
Full year expectations upgraded

Entain plc (LSE: ENT), the global sports-betting and gaming group, formerly known as GVC Holdings, has today announced a recommended cash offer for Enlabs AB ("Enlabs" or the "Company"). The acquisition further delivers on Entain's strategy of expansion across new regulated international markets.

Highlights

- A recommended cash offer of SEK 40 for each Enlabs share
- This values Enlabs at around SEK 2.80 billion (approximately £250 million) ⁽¹⁾
- The offer represents a premium of approximately 15.6% and 42.3% compared to the volume-weighted average price of an Enlabs share during the last 90 and 180 trading days prior to the announcement of the offer, respectively
- The offer has been recommended by Enlabs' board, and shareholders holding in aggregate approximately 42.2% of the total number of Enlabs shares have undertaken to accept the offer
- Enlabs is an established and leading gaming company operating in fast-growing markets across the Baltics, with further growth opportunities across Eastern Europe and the Nordics
- Based on analyst consensus⁽²⁾ for the year to 31 December 2021 Enlabs is estimated to generate net gaming revenue of €89.5m (c.£80.5 million) and EBITDA of €23.5m (c.£21.1 million) ⁽³⁾
- The acquisition is expected to be earnings accretive in Entain's first full year of ownership
- Full year 2020 EBITDA is now expected to be in the range of £825m to £845m, representing an increase of 6-8% compared to Q3 guidance

Delivering Entain's growth strategy

Enlabs predominantly operates online sports-betting and gaming brands across the fast-growing Baltic region with a small retail presence. It is the market leader in Latvia, the second largest in Estonia and a top-five operator in Lithuania. In November 2020 Enlabs completed the acquisition of Global Gaming, which enables Enlabs to extend its operations into the Nordics through successful and proven gaming brands, including Optibet, Laimz and Ninja.

The acquisition of Enlabs is directly aligned with Entain's stated growth strategy of entering locally regulated markets where it does not currently have a presence. The Group believes that Enlabs' regional market and brand strength combined with Entain's scale, proprietary technology, product, marketing and regulatory expertise can further accelerate growth and expansion into new territories - both through Enlabs' brands as well as by leveraging Entain's existing brands. The Group also expects to deliver synergy benefits through economies of scale, sharing of best practices and removal of Enlabs' public company costs.

Enlabs has a strong management team led by Niklas Braathen, who has been instrumental in driving the rapid growth of the business over the last seven years. Entain will retain the services of Niklas to develop the Group's operations in the region and its expansion into new markets. Furthermore, through a family holding company and subject to the offer being declared unconditional, Niklas has undertaken to invest EUR 15 million into shares in Entain within four months of receipt of the consideration under the offer. The holding company has undertaken not to sell or otherwise dispose of such shares before 31 December 2023.

Timing and financing

The transaction is expected to complete in Q1 2021, subject, *inter alia*, to requisite regulatory approvals being obtained and sufficient Enlabs shareholders accepting the offer such that Entain becomes the owner of shares in Enlabs representing more than 90% of the total number of Enlabs shares (on a fully diluted basis). Further details of the offer, including conditions relating to completion, are contained in the offer announcement issued separately this morning, a copy of which is available at www.entaingroup.com.

Entain will finance the cash consideration of approximately £250 million from its existing cash resources. It is expected that the acquisition will add approximately 0.2x to Entain's net debt to EBITDA ratio for 2021.

Shay Segev, Entain's CEO, commented:

"The acquisition of Enlabs is perfectly aligned with our strategy of expanding across new regulated international markets. We are hugely excited by the growth opportunities it presents both in its existing markets and through new market opportunities. Enlabs is already a strong and rapidly growing business in its own right, but we now have a fantastic opportunity to turbocharge its growth by leveraging the power of our unparalleled proprietary technology, scale, product and marketing expertise."

Niklas Braathen commented:

"When Entain's interest to acquire Enlabs emerged, we instantly saw the strategic logic. Our interaction with them so far has confirmed that they will provide an excellent home for the Company, its customers and employees. Entain's experience and track record in many different geographic markets, together with its market-leading proprietary technology and world-class marketing skills are key attractions for Enlabs as we look to grow in the Baltics and beyond. Finally, Enlabs has achieved an enormous amount as an independent business, but we recognise the established trend of industry consolidation and the growing importance of scale."

Current trading

Entain will announce trading for the fourth quarter and full year 2020 on 21 January 2021. However, following continued strong performance through the final quarter of 2020 and despite the adverse impact of localised lockdowns on our Retail business, full year 2020 EBITDA is now expected to be in the range of £825m to £845m, representing an increase of 6-8% compared to Q3 guidance.

On 22 December 2020 the Group received £217m from HMRC in settlement of historical tax claims. In combination with the strong EBITDA performance, year-end net debt to EBITDA for the financial year to 31 December 2020 is expected to be approximately 2.1x.

Conference call

An analyst call will be held at 9:00am (GMT) today. Participants may join the call by dialling one of the following numbers approximately 15 minutes before the start of the call:

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

UK +44 33 0606 1122

US +1 646 813 7960

Room number: 133775

Participant PIN: 6876

There will be a live audio webcast available via the following link:

<https://brrmedia.news/wd9nj>

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation EU 596/2014 as it forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018).

The acquisition of Enlabs constitutes a class 2 transaction for the purposes of the UK Listing Rules. For the purposes of LR 10.4.1 R (Notification of class 2 transactions), as at 30 September 2020, the gross assets of Enlabs were €90.6m and as at 30 June 2020 the gross assets of Global Gaming were SEK253.7m. In the financial year to 31 December 2019 the profit before tax for Enlabs was €9.4m and for Global Gaming was a loss of SEK119.0m.

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Notes

- (1) The SEK/GBP currency exchange rate applied for purposes of such conversion is 11.191, as derived from Oanda.com as of 5 January 2021.
- (2) Analyst consensus consists of financial estimates accessed through the Enlabs website and consists of Redeye (22 November 2020) with Sales of €93m and EBITDA of €25m, and Introduce / ABG Sundal Collier (12 November 2020) with Sales of €86m and EBITDA of €22m. The opinions, forecasts, estimates, projections or predictions made by these analysts reflect their own views and do not represent the opinions, forecasts, estimates, projections or predictions of either Entain or Enlabs or their management. Further, the reference to them does not imply that either Entain or Enlabs endorses, concurs with or adopts such analyst estimates. Neither Entain nor Enlabs assumes any liability for the accuracy or completeness of such estimates. Neither Entain nor Enlabs undertakes any obligation to update or revise such estimates, even if they differ from their own forecasts or expectations.
- (3) The GBP/EUR currency exchange rate applied for purposes of such conversion is 1.112, as derived from Oanda.com as of 5 January 2021.

LEI: 213800GNI3K45LQR8L28

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 such regulation forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018 and as amended (if applicable) by the Market Abuse (Amendment) (EU Exit) Regulations 2019 (Regulation 2019/310)), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), Entain undertakes no obligation to update or revise any such forward-looking statements. Nothing in this document should be construed as a profit forecast. Entain 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) (Formerly GVC Holdings PLC) 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 bwin, Coral, Crystalbet, Eurobet, Ladbrokes, Neds and Sportingbet; gaming brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino. The Group owns proprietary technology across all of 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's unique technology platform also powers BetMGM, the joint-venture it operates with MGM Resorts to capitalise on the rapidly regulating US sports betting and iGaming market. Entain is tax resident in the UK with licences in more than 20 countries, across five continents. The Group's commitment to delivering sustainability and growth is recognised through its membership of the FTSE4Good and DJSI ESG indices, which identify companies that meet globally recognised corporate responsibility standards. Further information about Entain is available at www.entaingroup.com

About Enlabs AB

Enlabs owns and manages companies that are active in the gaming and media sector. The Company creates entertainment in three business areas namely gaming, media and solutions. Gaming, online casinos and land-based gaming stores operate under prime brands such as Optibet and NinjaCasino. The firm's products are casino, betting, poker, bingo, fantasy- and virtual sports. Within the media segment, Enlabs conducts performance-based marketing towards the online gaming sector whereas, in the solutions business area, the Company's B2B operations include service for sports results and technology solutions. The Company generates a significant majority of its revenue from the gaming area. The operating subsidiaries hold national licences for their operations and the group employs approximately 330 employees. The corporate group has offices in Tallinn, Riga, Vilnius, Malta, Marbella, Minsk and Stockholm. Enlabs' shares are listed on the Nasdaq First North under ticker symbol NLAB.