

Entain

Investor Event

12<sup>th</sup> August 2021



Transcript

Disclaimer

This transcript is derived from a recording of the event. Every possible effort has been made to transcribe accurately. However, neither Entain nor BRR Media Limited shall be liable for any inaccuracies, errors, or omissions.

**Video:**

We are Entain, a \$15 billion global leader in sports betting and gaming, licensed in 27 markets worldwide. We're here to bring moments of excitement into people's lines with an unparalleled world-leading technology stack that sets us apart from our competitors. We have the most talented people in the industry and are home to an ever-growing family of brands loved and trusted by our customers creating moments of excitement across the globe. And thanks to our award-winning approach to safer gambling, our customers are always in control.

As a platform for sustainability and growth, we have a vision to expand into new areas of interactive entertainment. Combining scale, customer insight and marketing capability with our unique technology, product expertise and market access to reach new audiences and find new ways to entertain them while continuing to grow in markets where we're already a leader. We'll do this by delivering on our sustainability charter commitments, operating exclusively in regulated markets, while investing in the futures of our people and communities. As we deliver sustainability and growth and minimise our impact on the environment. We are Entain and we're on a mission to be the world leader in sports betting, gaming and interactive entertainment.

**Jette Nygaard-Andersen:**

Hello everyone. And thank you for taking the time to join us today to listen to our investor update. We've got an exciting story for you. We provided our financial update with our interims this morning, and a comprehensive update on our US business BetMGM in April. So today we'll focus on our international operations and set out in more detail, how we can extend the Entain platform into interactive entertainment and unlock a number of significant value pools. And in doing so, we create new growth opportunities and drive significant value for our shareholders. Sandeep Tiku, our COO, and formerly our CTO, will give you an insight into the secret sauce that makes our technology the best in the industry demonstrating why it's the bedrock of our strategy. Dom Grounsell our MD of UK Digital will give you an insight into how we're delivering on the ground today and how we are positioning for the future. His presentation is very much around the opportunities in Ladbrokes and Coral, but it does represent a good proxy for what we can leverage into our other brands around the world. We'll then pause for a short break before Rob Wood, our deputy CEO and CFO will join us for Q&A.

So let me start with where we are today and the in-built growth we already have. Entain is a truly differentiated global interactive entertainment business. Our growth profile is second to none, and we deliver growing profitability with that. We are a global business with market leading brands and positions in many markets with significantly more opportunity ahead. We have incredible technology, undoubtedly the most integrated platform in our industry with the flexibility and agility to power our growth, adapt to regulation, deliver a great customer experience and as importantly, lead the industry on player protection. With a rich data lake of 160 million accounts and coordinated thinking across our brands, we can mine, measure, personalise experiences, protect players, and ultimately drive the customer experience and better outcomes such as acquisition cost, retention and customer satisfaction.

You will hear from Dom how our digital marketing is not just industry leading, but at the cutting edge. In fact, Facebook recognised us as one of their most innovative and forward-thinking partners in the field of digital marketing. Our sustainability charter underpins our growth strategy and puts us in the forefront of our industry on responsibility. More of our revenue comes from regulated and regulating markets than any other operator, and that provides greater certainty and a higher quality of earnings. With that we're using the power of our technology alongside behavioural research and data analytics to deliver an intelligent ground-breaking approach, to player protection by making it proactive, working in the background often without the player being aware, but still providing that invisible safety net for our customers. All this is delivered by the best people and teams in the industry with an entrepreneurial mindset.

It's not just about quantity of earnings though. We know our growth is second to none, and we are equally focused on the quality of earnings, as we think that this is what investors also put a premium valuation on. We aim to deliver consistency in our earnings trajectory year-in and year-out. We convert a high percentage of those earnings into cash which will in turn, allow us to reinvest back into the business to further drive superior earnings quality alongside superior growth. Underpinning all of this is what we refer to as the Entain platform, which brings together a number of elements, giving us a unique set of competitive advantages that powers our growth. Our technology is obviously key to this and Sandeep will talk more about that shortly. Our fast pace of innovation and our growth both organically and through M&A has enabled us to attract and select the best talents, not only with significant industry experience, but also with broader experiences that will help us evolve.

Our global scale and brand strength enables us to unlock new growth opportunities and value pools as we expand our customer offer geographically. We have a proven M&A and integration track record that delivers significant value, such as for example Crystalbet and Neds have more than doubled the value of our original investment. And we are confident of repeating that with Bet.pt and Enlabs.

In addition, we have in-house content and content creation, advanced data analytics across our single customer data lake that drives marketing, personalisation and player protection all supported by our deep regulatory expertise across multiple markets. So these elements all create our Entain platform. One that I see as eminently scalable as we drive forward our strategic agenda and expand into new value pools.

We set out a new strategy last year, but going forward, we'll bring more focus in two key areas. Firstly, bringing the customer front and centre of everything we do. Companies that win are companies that deliver great experiences to their customers. Using our customer insight, data and analytics, we can drive decision-making based around customer insight to make our offer better for our customers and give them even better experiences. You will hear from Sandeep how we are improving every single touch point with customers. By removing friction, using insight to focus on what really drives acquisition retention and spend will make our business even more efficient in its processes and therefore easier for our people. Being customer focused makes us a better business all around.

And secondly, about extending into interactive entertainment and content areas. Our core is, and will continue to be, sports betting and gaming. But as I've done in my previous roles, I know that we can think more creatively around that. Technology and changing consumer behaviours open up new opportunities and ways to think about our business. And I'll spend a bit more time talking about this later. We have also brought our vision, our purpose, and our strategy more in line with how we are evolving to extend into these new opportunities and be even more customer centric. We have long said that we want to be the world leader at what we do, and that is still the case. And going forward, we're extending that claim into other areas of interactive entertainment.

Our purpose is simply to give customers great products and great experiences. Entertainment is all about excitement and fun. Betting and gaming is about adding that little moment of excitement while watching sport or in your leisure time, but doing it responsibly in order to continuously deliver a great and trusted experience to our customers. It's what we are here to do to bring moments of excitement into people's lives. Sustainability and growth remain the core pillars of our strategy and that doesn't change. Our track record on sustainability stands for itself, and we are doing more and more every day to deliver on our sustainability charter and lead the industry in player safety. Last week, we were included in Bloomberg's global leaders in sustainability and MSCI now rate us, double A in this area. We are planning an event around ESG including player safety and ARC for later in the year. So I'll leave the deeper dive on those topics for then.

So today is about growth and the opportunities Entain has to drive significant value for our shareholders built around each of our four growth drivers. I'll take you through each of these, starting with the US. There is no question that we are now winning in the United States, we're the number two

operator in the market with a 22% share in sports betting and iGaming over the three months to June. We have good momentum in the business, and we have many plans to enhance the customer proposition from a single wallet to improve customer journeys. The success of BetMGM in the US is built on the technology skills and experience from the global online market that we bring to the US and we continue to contribute a significant proportion of the resource that enables its continued growth. Our ambition of leading the US market is on track, achieving our expected market share of 20 to 25%. As we set out in April, we expect the North American online market to be worth some \$32 billion US dollar over the long-term. And with our expected EBITDA margin of 30 to 35%, we'll deliver significant value.

Drilling down into the performance in the United States a bit more the chart on this page shows the momentum we're delivering across both sports betting and iGaming. We are the clear leader in iGaming in the four states in which we operate with a market share of 30% over the three months to June. In sports betting, we continue to grow our share with 17% in the three months to June, but if we strip out New Jersey and Pennsylvania, where we're still building positions after joining the market late, our market share is 22%, so in line with our long-term objective of 20 to 25%. The summer months are traditionally quieter periods for sports in the US with lower levels of marketing. And we see momentum picking up again as the NFL season kicks off next month.

The strength of our market share in Tennessee and Colorado demonstrate how combining our online platform with relationships that provide player access such as with the Tennessee Titans and Denver Broncos, as well as early launches and strong marketing campaigns can reap market leadership. We have a number of partnerships across sports, sports teams and media nationally, as well as locally, such as Yahoo, the Athletic, New York Jets and Washington Nationals, as well as Major League Baseball's that provide access to a broad range of engaged sports fans. You'll hear me explain why this is important later and how this enables us to bring new customers into our network and provide them with a more engaging experience to drive conversion and revenue as well as higher retention.

Turning now to our second growth driver, growing our presence in our core markets. Entain is a digital high growth and highly scalable business. We have now delivered 22 quarters of consecutive double digit online growth or 20% compound annual growth over three years. This is something we are very proud of, and it puts us in a select group of high growth companies, such as Netflix, Peloton, DoorDash and other major digital operators. And we also deliver highly profitable growth with a consistent and healthy EBITDA margin from our online operations of around 29%. Looking at our existing online and retail operations today, their markets are worth around 40 billion and have plenty of growth drivers built in for many years to come.

Our consumer research shows that there is potential growth of new betters and gamers in our markets with up to 40% of adults who are interested in betting and gaming who are not doing so today. There is the opportunity for more engagement will up to two thirds of adults in our markets interested in betting more. Additionally up to two thirds are interested in participating more in gaming. These are all drivers that we think will grow the markets we're operating in today, significantly over the long-term to a size of around 70 billion US dollars. Today, we average around 13 to 15% share across these markets and we've often referred to the fact that almost all of our NGR is in markets where we are growing at over 10%. with these markets set to grow at a combined growth rate of over 8% to 2025, combined with our proven ability to grow ahead of our markets and gain share, we can see this provides significant growth in what we are doing today with the potential to more than double our NGR and profitability. And that's before we add growth from new emerging fast-growing markets.

So this brings me to our third growth driver, new regulated markets. We have carried out some detailed analysis on potential markets that we could enter both in the short term, meaning by 2025, and the longer term, where we believe there is either regulation taking shape, or there is a likelihood it will do so. New markets are going through regulation all the time and at an ever faster pace with a fivefold

increase in the number of markets that have regulated over the last 10 years. This provides us with potentially 50 new markets we can enter in the medium term and that number is likely to rise. These are markets that are growing rapidly and are expected over the long-term to be at least four times larger than they are today.

Therefore, by entering these markets, we get access to an opportunity of around 40 billion US dollars across Europe, Africa, and Latam. We're already well set up to do this with operational presence across Central Europe and in the Baltics with potential to extend across Eastern Europe. We're the market leader in Brazil and we launched recently in Columbia with our Bwin brand, which is a very well recognised brand across region as a result of its association with Ronaldo and the football shirt sponsorship. In addition, markets like Mexico and Peru provide further potential. We have established our centralised hub for LATAM and Iberia in Lisbon to drive growth in the Latin and Central American markets.

As we highlighted this morning, we acquired the assets of a business operating in Africa to give us the technology we need to operate there. Given the more recreational nature of products, as well as it being a market very much based on 2G and 3G mobile. We expect to launch in at least one country across Africa by the end of this year. So we are already making inroads into these new markets and with our track record of accretive M&A and potential for organic market entry, we are well-placed to take leadership positions as these markets grow.

Just sum up at this stage. Today, Entain has the potential to access markets expected to be worth around 142 billion US dollars, comprising the growth in the markets we're in today, the growth of the US markets and those potential new regulated markets. Each market will be different. And while we expect to have leadership positions, our market shares will vary. As the markets mature and consolidate around major operators, we estimate that we'll have around 15 to 20% market share in many of these markets. Although in the US we have said we're aiming for 20 to 25% share. Entain doesn't just deliver growth, but we deliver profitable growth, and we believe we can deliver an EBITDA margin of around 30% over the long-term. So I hope you can see that Entain has many years of growth ahead from just what we do today. And delivering on this has potential to increase our EBITDA several times over, at least tripling the size of the business.

But there is more opportunity for us, with my background I can see that we have an opportunity to do something new and different as media, entertainment, technology and gaming converge. This convergence will have a profound impact on the future of sports betting and gaming, and allows to think more broadly about new interactive entertainment opportunities. This provides us with an opportunity to use our unique Entain platform to expand our position and offer customers a much more engaging 360 degree experience. We can leverage our significant and growing database of 160 million profiles, combined data, stats, analytics, immersive technology, offer new products and experiences across our customer base to be the leading digital betting, gaming and interactive entertainment platform. This will open up new opportunities and growth drivers for our business and add incremental value for our shareholders.

There are powerful trends in consumer behaviour occurring across our customer base, both those of today and those of tomorrow. And in these trends, we can see opportunities for the next evolution of engagement with them. There is demand from customers for richer, more joined up experiences. Technology is enabling this but it's also driving more demands. Customers want more content and interactive and social experience, more streaming, more video, more audio, and free to play experiences. All of these provide opportunities for Entain to drive a deeper engagement with customers. Let me share some of the insights we have from our customer research that demonstrates this.

Customers tell us that they want more from us, and we can see opportunities to respond to that need. For example, sports betters are almost three times more likely to watch betting content than those who just follow sports. So by delivering more content through partnerships and directly ourselves, we can

better meet their needs and drive engagement. Sports betters are similarly more likely to play free to play games, which with our in-house studios gives us another opportunity to serve their needs and engage better with them. And finally, there is clearly a greater thirst for stats and analytics amongst those sports betters. We are data powered, we live on data, our sports book is driven by data and with our marketing algorithms, we know and continually learn what our customers like. So this is again another opportunity to serve the needs of our customers and engage with them better. This provides the first principle on which we can build out the Entain platform, provide customers who come to us for sports betting more streaming, more video, more free to play games and more stats and analytics so that we drive acquisition retention and spend.

What our consumer analysis also told us was that video gamers are over four times more likely to participate in betting than non-video gamers. When we look at their interests in our gaming products they are up to four and a half times more likely to want to use our products versus non video gamers. These are clearly powerful growth opportunities. By accessing the needs of video gamers, we can access a significant group of interested and engaged customers. It is probably no great surprise that video gamers want richer, more immersive experiences to engage with than non-video gamers. This group is more likely to watch video or listen to audio content as well as want to have a social experience while engaging with products. So it's clear that we can engage more with this broader audience by continuing to build richer content for customers.

So I hope you can appreciate that by meeting these needs and expanding our offerings, we provide better engagement with our existing customers, as well as attract new ones, but also continuously provide them with more reason to engage with us and so creating that 360 degree experience, I mentioned already. By providing content, stats and programming, we can meet these needs. By creating more interactive entertainment, such as free to play games we also meet these needs. And by extending the products we offer today, we again meet their needs.

As we industrialise this across our platform and extend into content and partnerships, cross sell becomes a powerful marketing tool driven by the network effects. That is important because as we look forward, ways of marketing are changing and personalisation of experiences for customers depends on what you know about a customer. We're already leaders in betting and gaming, so over the next few minutes, we can explore how we will add interactive entertaining experiences and content to create this flywheel.

Starting with content and media. We know that our customers want more, but we also know that others, particularly those who have a propensity to engage with betting and gaming, also want more content and media. The good news is we're doing some of this already, and I'll take through some examples where we extend into media and create new programming. But we will develop this further, leveraging our own capabilities bringing them in-house through M&A and through partnerships that give us access to an engaged customer base in some ways similar to what we're doing at BetMGM, with The Athletic. This makes sense as doing this will enable us to drive acquisition retention and spend.

We are already creating video and audio content across some of our brands. In the UK we are partnering with ITV in producing a series of documentaries on sporting greats. This will drive brand awareness and therefore drive customers to our sites. We can also make original content available through our websites to drive activity. We are in fact, doing that in Australia, where we have a series of short videos telling engaging stories in and around the racing industry. Such as ones about famous horses or jockeys or insight into different courses. We are looking at ways to develop this further, to create more immersive content for racing fans. We also work with one of Australia's major racing pundits on a podcast called Moody on the Mic. These are designed not just to engage with our existing customers, but leverage digital media to reach new customers who want to follow and consume this media, bringing them into our network.

The video content in Australia is doing just that, with average reach of over two and a half million people per episode, with the most recent episodes reaching four and a half million, that is more than the cumulative TV audience for the whole of Cheltenham week this year. Demonstrating that with the right content we can broaden our engagement. Bwin has a number of media partnerships with popular sports sites to drive contextual targeting with some of the biggest publishers in sports and media like Bild or Kicker. These include social media, dynamic live tickers and content integrations. And these are working, for example during the Euros in Germany alone, we generated more than 6k new customers, 14k deposits and 130k additional bets

Bwin has adopted a follow-the-fan approach, providing relevant content at the relevant time creating contextual targeting. This delivers both a high level of customer personalisation whilst reaching new and existing customers. As a part of this bwin provides infographics with interesting stats in several of its markets with experts and players which customers love, but it also draws in new customers as it gets picked up organically by national headline news and sport portals featuring bwin helping to drive acquisition. Following the success of this in Germany, bwin now plans to deploy this strategy across all its markets.

We have huge success with our free to play offering. We already have a comprehensive range of free to play games, to excite and engage customers. Here. We show you three examples. Neds is planning to introduce a live trivia quiz while sports are in play, where customers can win things such as a bonus bet. This is an interesting one as it also feeds into the statistics and analysis strand that customers are interested in. In Coral, we have arcade style games that enable customers to win prizes. And on Ladbrokes a prediction game enables customers to win free bets. The results from these games are reflecting all the customer trends I've just been talking about. In the UK our six free to play games are attracting 700,000 customers with an average conversion rate of 70% to real money play. Now, not all of those turn into long-term real money betters and gamers, but around 300,000 new customers have now been acquired fruitfully to play games.

These are incredible stats, cross sell numbers like these are industry leading. And with our in-house studios, we can create these games ourselves. Meaning the acquisition cost for us is practically zero. This is clear evidence that through free to play games and engaging products we can bring customers into our network and continuing to leverage our free in-house studios or partner with third-party studios we can expand this profitable customer acquisition channel. You will hear from Sandeep shortly, what we're doing around innovation. But with our own in-house product studios and developers, we are constantly innovating to create new experiences for customers.

As we recently announced, we're developing a virtual sports club experience where customers can meet and hang out with friends, watching sports, play against each other in virtual games, engage with new and unique games, as well as place bets. This innovation led mindset means that we can continually bring new and engaging products forward for customers so that we can grow our network.

Let us now look at how we can grow further into the interactive entertainment segment. One part of this is esports and the opportunity to build new products for the large community of esports fans and viewers. You will have seen that we announced today that we've agreed to acquire the assets of Unikrn, and we expect the acquisition to complete later this year. But before I talk more about that, let me set the scene on this market. Players can broadly be grouped in three categories. There are the esports professionals, these are the professional players who train at least eight hours every day being paid and or sponsored to be a part of a team that compete at major tournaments, often organised by or with the publishers. Betting on these teams and professional tournaments is available across the market already in the form of traditional esports books.

The next groups are the amateur players, some trying to get into the professional teams, but the vast majority are enthusiastic players.

These are often ranked by skill and performance, and some even make a good living streaming their gameplay across platforms, such as Twitch. We think there is a fairly sizeable untapped wagering markets amongst this group. Then there is a significantly larger market of casual gamers, those seeking general entertainment. This is the group of consumers driving real change in behaviours. They typically spend their leisure time watching stream play, playing on their own, or playing socially with friends. They tend to watch little or no conventional television, but are keen on streaming content, online shopping, betting, and so on, through the gaming ecosystem. This is where the interesting skill-based wagering market is starting to evolve. Players can wager on themselves, as social groups against each other, against others in the game, or even outcomes on others in the game. Let me show you a short video that brings it to life a bit more.

#### **Video:**

The global interactive gaming and entertainment market is exciting, huge, and growing at a phenomenal pace. This growth is more than just size. It's expanding, broadening, and evolving along the way. Currently, there are more than 2 billion video gamers around the world, with the market estimated to be worth an excess of \$155 billion dollars last year. This market is rapidly expanding, audiences are growing with both players and viewers.

Over the next three years, estimates see the value of the market reaching \$200 billion. Esports is one of the fastest growing segments of video gaming. The popularity of esports has exploded and is now amongst the top viewed sports globally. It is currently played and watched by millions of people around the world. The League of Legends World Championship was seen by 100 million people. That's up there with the Super Bowl.

Today, globally, there are over 450 million esports viewers, and this is estimated to increase by more than 30% by 2025. That's nearly 600 million viewers globally. The esports market currently has 1.2 billion active players and it's estimated to be worth over \$3.4 billion. The success and growth of esports are seated in an entirely new and exciting market of skill-based wagering. Adult video gamers now enjoy wagering on themselves, against a friend or competitor, or on their favourite gamer or team.

This market within esports is currently worth \$3 billion and is growing rapidly. It is estimated that the combined wagering market for esports and skill-based gaming will be worth around \$12 billion by 2025. With the ever-increasing uptake of 5G, we are now at the dawn of a new era of mobile gaming, with increased network speeds, enabling greatly enhanced gaming products and a playing experience closer to that on a console or PC.

Entain's focus is our customer. So, as their entertainment demands and experiences evolve and grow, so must we. And that is exactly what we're doing. We're extending into new interactive ecosystems of the worlds of gaming, media and entertainment converge. We at Entain want to use our expertise to deliver an engaging, immersive and safe betting experience in these new and exciting virtual worlds of interactive entertainment.

#### **Jette Nygaard-Andersen:**

Esports has a large and growing fan base. There are over 450 million esports viewers today. It really is now a global mainstream sport, particularly when you compare it to major sports like the NFL, NBA, and so on. The major events and competitions that take place in esports attract huge global audiences with, for example, the League of Legends World Championships in 2019 attracting audiences of over 100 million online. That's up there with the Super Bowl in 2019, and these audiences are growing.

A significant majority are adults over 21, with most aged between 18 and 35. And they are keen sports followers, watching around 12 hours of sports per week, actually higher viewing than all the traditional sports watchers. They are much more engaged with sports generally. And over half that time is spent watching esports. There's huge affinity amongst this group for wagering, with the vast majority of them



already doing so in sports betting or gaming, which suggests that there is not only a latent market in skills-based wagering, but also opportunities to cross-sell into real money betting in other sports.

This is a nascent and rapidly growing market providing a huge opportunity. By 2025, we estimate that the esports and skill-based wagering market will grow rapidly to be worth around 12 billion US dollars. But there is a likely to be further growth beyond that. A fantastic opportunity to add to the growth of Entain and a long-term opportunity to build a sizeable and leading sustainable business, creating further significant value for our shareholders.

In looking for the right way to enter this market. We engaged with a number of operators, and in doing so, we identify a number of key success requirements. These range from developing the right underlying technology, gaining industry expertise, access to the platforms and game developers, navigating and helping formulate regulation, including age-gating, to more fundamental areas like scale and capital.

Unikrn stood out to us as the most advanced business in this space by quite some margin. They bring skills and assets in a number of key areas and are already making inroads into this market. They have an esports book that can build on the esports offering we have today. But importantly, they've built a skill-based wagering sportsbook that provides products to the broader, casual gaming audience, which, for example, enables players to bet against each other or against the platform. They've also developed original content that drives engagement with customers as well as provides streaming and social activities that starts to create the flywheel effect around the esports wagering market.

With the acquisition of Unikrn, we are laying the foundation for our future esports business. Unikrn and Entain perfectly complement each other, creating a winning combination. Unikrn will bring the products and capabilities and Entain's platform provides the key enablers. What's important here is that with Entain's existing technology and capabilities, we can solve some of the challenges the emerging market is facing into.

For example, with our scale and technology, we are well-placed to partner with the major global game and platform providers. We also well place to help navigate the evolving regulatory environment as the market develops and legislation is adapted or created around the opportunity. And also very importantly, we have the skills, experience and DNA to ensure player protection.

As you have seen a couple of weeks ago, we announced partnerships to help protect players in the video game and esports markets. We expect to be able to leverage our behavioural analytics algorithms and markers of protections, as well as ultimately ARC. It's still early days and we are now busy planning our go-to-market approach and establishing the appropriate mass market product. But we now have the core assets in place and believe these will enable us to have a first-mover and scalable advantages in this exciting market.

We're building the first esports wagering platform for the community of esports players. No one else is doing this. And so we'll have a first-mover advantage of a fully integrated business on a large and scalable platform. The casual mobile gaming market has grown rapidly in recent years and provides a further interesting opportunity. These are game I'm sure we've all got on our phones and play in moments of downtime as relaxing entertainment, but it does span many different games categories. And as we look at casual mobile gaming, we're looking for games categories with attributes that align to our own strategy and our core offering and capabilities.

We're looking at areas of high growth, but that fit with our strategy, whether it's a strong affinity with real money gaming and we can achieve high levels of acquisition and engagement to attract new users to our core offering. We're looking at a number of categories that could be a natural extension to our core offering.

One example of such casual mobile gaming category is social casino. This includes popular casino games like roulette, poker, slots, et cetera, which have become highly popular with audiences on mobile

phones, but where no real money gaming is required to play. In addition, these games have interesting social features such as the ability to play, collaborate and communicate with friends and others within the game. This is a big and growing market that could be worth around 8 billion US dollars by 2025. But we are at the early stages and we are still developing our strategy here. We have the ability to enter this or other categories in a number of ways. When we do, we'll update you on our plans.

So as you can see, we are steadily creating our flywheel. But there's more that we can do through extending what we do today, building new product categories, acquiring new businesses and partnering to provide greater customer reach. Understanding how to enrich a customer's experience and to attract them to our ecosystem will be a powerful way to get a better understanding of their needs, and importantly, to put personalised products in front of them.

The ability to cross-sell to a richer data pool is the most powerful and most economic way to grow our business. As we're building our platform, increasing our reach and scale, the network effects from the increased customer base has clear economic benefits. We grow our customer base, increase their ARPU, increase our retention rates, and lower our acquisition costs. All this is possible because the Entain platform is scalable and expandable.

So, as we create the next generation Entain, we will leverage the capabilities of our global gaming business with the right platform in terms of geographic footprint, technology, digital analytics, people, and scale to build our global entertainment platform. And as we build out the content adjacencies and leverage the data analytics, we'll increase connectivity with audiences, which will enable us to extend into further adjacencies and so on.

Our ambition is to create a fully integrated global ecosystem, positioning us as a global category leader across sports, games, communities, content, social, and streaming, which expands the funnel for our core offering around real money gaming. As we do that, we unlock significant market opportunities. Our markets today outside the United States are worth 40 billion US dollars. If we add on the expected growth in these markets, as well as North America, the market opportunity we face today is expected to be worth around 100 billion US dollars over the long-term.

New market opportunities available to us today through organic or inorganic growth, will add a further 40 billion US dollar to that opportunity. The interactive entertainment market of esports and relevant casual mobile gaming categories presents a further potential market of around 20 billion US dollars. Therefore, by expanding into new audiences, we can unlock a market that is potentially worth around 160 billion US dollars.

Remember, these are the opportunities we see today. I'm certain that continuing technology innovation and further changes in customer behaviour will create new markets. But the exciting thing is that the Entain platform is almost infinitely expandable into all these opportunities. I'll go back to where we started today when we said Entain has a strong track record of profitable growth. I'm confident that we'll be able to continue saying that for many years to come. And I'm sure you'll agree that there is the potential opportunity here to triple the size of our business, or even more. With that, I'll hand you over to Sandeep.

**Sandeep Tiku:**

Thank you, Jette. Good afternoon, everyone. My name is Sandeep. I joined Entain seven years ago as Chief Technology Officer. Since then, I have been talking about Entain's superior technology. But today I'm excited to tell you something that I have never spoken about in public before. Yes, I am going to share our secret sauce, the key ingredients for our business success.

But before I get to that, let me set some context. Seven years ago, we set ourselves an ambitious target. We wanted to provide the best customer experience, build the strongest technology, more importantly, give our customers awesome products and be future ready. So, we started looking around, you know

what we noticed? That our competition was busy assembling boxes. What do I mean by that? They were taking sportsbook from one provider, casino platform from another provider, and so on, and then trying to force with them together and on top, bumping the marketing money to acquire the customers.

Well, you know what's the problem with such a setup? They are never smart. These setups are never smart. You might be able to acquire customers for a short term, but you will never be able to achieve long-term stickiness. With customer first being a key differentiator, we at Entain decided to do something completely different. We decided to build a powerful technical ecosystem and build it with intelligence.

Imagine a technical ecosystem that can listen, think, and act for the best of our customers. Well, this is possible only when you have your own products to start with, then your infrastructure services, and thousands of supporting services integrated and wired in a powerful and intelligent way. So, without any further delay, let me show this power to you.

#### **Video:**

One platform powering Entain. So, let's look under the hood. More than just the sum of its parts, the magic is in the wiring. So, no matter which brand you love or how you find us, you'll get the best experience. With hundreds of data points, artificial intelligence models, and safety tools working in parallel behind the scenes, so every recommendation, every touch point is tailored for every single customer in real time and underpinned by our safety net engine. And that takes a lot of tech power to bring entertainment to millions around the world. And we're not stopping here. We're bringing the thrill to all our customers and they love it. One platform powering Entain as the global leader in betting, gaming and interactive entertainment.

#### **Sandeep Tiku:**

Pretty amazing. This is the result of years of research and development that positions us way ahead of our competition. Now, if you've ever wondered why companies like Apple, Amazon, Netflix retain their top positions, it's because they do something completely different. Likewise, we do at Entain.

Now, how does it help us? To start with, it enables us to solve one of the most critical problem of the linear approach. Most of our competition, they take the linear approach where you end up only chasing the customers. However, with the cognitive approach, we at Entain stay ahead of everyone else. You know how? Every tiny bit of customer interaction is analysed, the products they like, their next best action, the lifetime value and the safety needs, all of them in the real time.

And with such a rich information, you know what we do at Entain? We revolve the entire technical ecosystem, our bonusing systems, our CRM, our safety, and all the products around our customers at the moment when they need it. Not only it makes us the most customer-centric company in the world, but this approach also enables us to learn about our new audiences, who are key to our flywheel strategy as explained by Jette earlier.

More importantly, this powerhouse enables us to operate at scale. Every single Saturday, in UK, we handle more than Amazon's UK Black Friday transactions. Every single minute, we generate 71,000 and more trading events, compatible to any leading stock exchange. We mitigated hundreds of cybersecurity attacks with zero impact to our services or to our customers.

If this was not enough, to prove this further, on May 12th last year, in the middle of pandemic, we delivered massive projects successfully. First one, the largest even migration known in the history of our industry with 25 million customers migrated. Second, a large regulatory change in Germany, which was time bound. Third, migration of our two major backend systems. And we launched in a brand new US state. All of them these without any impact to our customers and in one single day. This is absolutely remarkable.

If you think why we did it, simple answer is because we could do it, as simple as it could get. Now, what does it mean further? It simply means delighted customers, far more agility and flexibility to launch new regulated markets, new features and innovation across our brands. It also means we will be able to turbocharge the new categories of interactive entertainment by using our technical ecosystem. So, the same power, same scale, same player protection and agility. Imagine what this combined power of our platform and the new verticals can bring to our customers. So, we continue to grow and we continue to grow fast.

So, with all of this, let's see what do the numbers have to say? But I know by now you must have already guessed it. Five and a half years of continuous double digit growth and leading in all top markets. This is truly amazing. And to validate this further, we engaged a world leading independent agency to review our technology ecosystem.

And the results, on all the top five criteria, we were ranked way above our peers of several domains. So, that's it, our secret sauce. One intelligent technology ecosystem. You're seeing the platform in action. You're seeing our growing numbers. And behind our secret sauce, there are hundreds of ingredients, but today I'm going to talk about the top five.

The number one, our AI for strategy. Now, why do we need AI for strategy? You remember our cognitive approach? While every tiny bit of customer interaction is analysed in real time and we revolve our entire ecosystem around that individual customer. You know how? Because our AI for strategy made this possible.

First of all, we are very lucky to have 160 million unique customer profiles with different cultures, different demographics and different age groups. What does it mean? It means our algorithms are trained faster and are far more accurate. Also important to mention to you that all our data is in one single data lake, making the life easier for our AI scientists, who continuously keep improving our algorithms.

And you know what's important to understand? It's that this strategy enables us to create hyper-personalised experience for every customer. It makes us understand a new customer in less than 12 hours with 70% accuracy, and in less than 3 days with 90% accuracy. Imagine the power this brings to manage our customers. So not only we remain the customer-centric organisation, we maximise return on investment on every investment we make.

And the second one, engineering innovation. This is one of my favourites. Mergers and acquisitions are a powerful growth mechanism, but it does come with high risks. Sometimes, due to human errors and misguided decisions, people end up destroying the value while trying to bring two healthy businesses together. Well, at Entain we don't do this. That's why we at Entain have developed our revolutionary self-migration technology, which is based on self-detection, self-learning, and self-migration. This absolutely removes the risk of any human errors and it saves us years of delivery efforts. It does work like magic.

In our Ladbrokes and Coral migration, known as the largest migration in our industry. Of course, we delivered it faster. Most importantly, both the brands have witnessed 38% growth since migration to Entain's platform. And this is not a surprise, because historically every business migrated to Entain's platform has seen double digit growth. Also, they have witnessed better stability, richer marketing tools and CRM capabilities to power their growth.

Now, the third one, again, one of my favourites. Our proprietary software development ecosystem, you know what we have done? Over the last five years, we have reorganised our software development teams to be aligned with the businesses. And more importantly, we have invented a new delivery ecosystem and we call it the multiplier.

Now, how does it work? Every single year the centralised software team at Entain receives about thousands of requests from various brands. Some of these requests will be unique to a particular brand. I mean, that's a given, sure. But others will be relevant to other verticals. And you know what we call this? We call this a relevance factor, prioritising and delivering requests with higher relevance factor has resulted in us delivering 332% more than the business units ever requested. Can you understand the magic?

And you know what's important? This is by design, not by accident. When we acquired Ladbrokes Coral in 2018, their technology landscape was complex. Using our multiplier model, we could quickly fix it. We in-sourced all the critical functions. We hired internal teams that cost us a fraction of what the providers were being paid. This resulted not only in 15 million pounds of cash saving, but also resulted in 150% increase in the delivery throughput. This is something that we at Entain are absolutely proud of.

Now, the fourth reason I'm so excited about Entain is our advanced responsibility and care system. It's not only our obligation to protect our customers, it's business critical, and it's important to protect the customers without compromising their fun at all whatsoever. So, as always, we being Entain, we invented ARC. It's a scientific approach and a breakthrough innovation.

ARC combines, the power of artificial intelligence and academic research first to detect the customer problematic behaviour, and then, at the runtime, deploy a personalised customer safety net at the specific moment, for the specific customer, only when they need it. Think about it like a Tesla car, fit for the purpose without compromising luxury whatsoever. Still in the early stages, but ARC is effective, very, very effective.

Finally, and of course the thing that really gets me out of my bed in the morning is our awesome products. We have rich product profile across the industry, proprietary, so no dependency on any third-party, which means we lead the way. And more importantly, we keep adding thousands of new features every single year.

Now, as investors, you might be wondering about the price tag, how much do we really spend on technology? Again, I'm saying, being Entain, amazingly, we are doing all of this while reducing the cost every single year, every single year.

Now, to some more exciting stuff. And today, I am so excited to share with you that in the upcoming quarters and months, we will be launching multiple features, multiple product lines. But the top three that I would like to mention here. First is our new trading platform. We have been working on it for the last four years. This platform will significantly increase our ability to offer additional markets, offer personalised pricing that our brands can use for our customers, for the different demographics and categories they would like to choose, which means our new trading platform is going to revolutionise many things in terms of markets, events, and algorithms behind it, that we are absolutely so sure about it, that not only will it add to our NGR, but it will help our customers and brands in a completely different way. Stay tuned for the announcement.

Secondly, we'll be launching, in fact, we already started rolling these out, our in-house group bet stations. Of course, this will result in some cost savings, but more importantly, this will bring Entain-class rich product experience to our retail customers.

And finally, the most important thing will be launching a next generation of personalisation engine based on our AI, based on our new product lines. And this will bring our products closer to our customers as never before. It will be almost like product and the customer interacting in real time. Again, wait for the announcement, but this is going to be super exciting.

Now for some of the furthermore interesting stuff. Some of you must have already heard about Guy Kawasaki's ice analogy, but for some of those, some of you who haven't heard about it, let me share

this inspiring story. In the late 1800s, there was an ice business in North America. It was a significant business. People would wait for lakes to freeze. Icemen will go and cut the blocks of ice and ship it to the end customer, ship it to the people's home.

By design, it was seasonal. And the only scope for innovation was stronger horses, better ways of cutting the ice, and faster ways of delivering it to people's home. 30 years later, we had ice factories. Imagine the revolution that it brought in. Now, you no longer have to depend on seasonality. You no longer have to depend on winter. You no longer have to depend on lakes to freeze and icemen to go and start cutting the ice. You have ice generated in the factories. Revolution, innovation.

But what do you learn from here? That the ice factories were never, ever invented by the people who are cutting ice. It was a completely different industry. You need disruption in order to innovate. And more often than not, this disruption comes from external agencies, comes from external people, comes from external thinking. What it means, it simply means disruption or innovation are defining your next goal. It's not about doing the same thing better or faster. It's about jumping to the next goal.

So, today I'm super excited to reveal how Entain is jumping to the next goal. We are launching our innovation lab this year in London, where our colleagues, developers, and consumers can play, imagine and innovate. We are building multiple disruptive product lines, and this will fundamentally change how our customers and audiences will interact with our brands.

We'll be launching some of these amazing immersive products before Christmas this year, and finally to bring it to life and to make it fast, as a part of our flywheel strategy, we're extending key partnerships with a unique technology media, it's not with everyone. Very, very unique technology medias, entertainment, and other organisations to fast track our delivery. We don't want to spend years together to figure it out. So as exciting as it could get, let me give you a quick overview.

## **Video**

### **Sandeep Tiku:**

All right, stay tuned. This is going to be amazing. Well, to get this done, we are investing a hundred million pounds over the next three years in our innovation stream, but being Entain, you must have guessed it by now, this investment is being hundred percent funded by our internal cost optimisation program called The Wall. So you can understand we would do the best for our shareholders as good as we do it for our customers.

So to summarise, a powerful technology ecosystem, years ahead of our competition, ready to shape the future of our industry. And with this, let me hand over to Dom who will share some key insights into how we are delivering on the ground.

### **Dominic Grounsell:**

Hello, my name is Dominic Grounsell and I'm the managing director of UK Digital & Entain. I'm going to talk to you today about our growth plans for the UK. I'll start with some foundational context on the market and our business in general, and I will spend the majority of the session outlining our plans to drive our two main UK sports brands, Ladbrokes and Coral, to even greater success in the future.

Whilst my presentation today is focused on our UK business, it's worth noting that many of the initiatives and innovations I'm going to talk to are also being driven across our other markets due to the way that we share best practices and align capabilities around the world. But before we get into it, a quick introduction to me. I have a varied background having held marketing and commercial roles for a range of blue chip businesses, including Unilever, BT, RSA, and Capital One. I've worked for Entain since 2019, and as MD of UK Digital, I'm responsible for the UK brands and businesses, with a particular focus on commercial performance, marketing, and the customer proposition more broadly.

So that's a bit about me. To kick us off, here's a short film highlighting the key themes I will cover in my presentation today.

## **Video**

### **Dominic Grounsell:**

Hope you enjoyed that. Now let's move on to a quick overview of the UK market and our UK business. The UK digital sports betting and gaming market was worth approximately 6 billion in net gaming revenue in 2020 according to Regulus. This represented a 16% increase on 2019, continuing the trend of year on year sector growth we've seen for over 15 years now. Growth in the UK has been driven by a combination of new customers coming into the digital market over time, and by innovations that have driven increasing levels of customer engagement and activity.

There are a number of sports betting and gaming operators active in the UK, but the tier one players like Entain, account for the majority of the value. Competition between tier one operator is intense, and in order to stay ahead, businesses must have strong capabilities in marketing, propositions, data and technology. Entain deploys, a wide range of successful high quality brands in the UK, with offerings right across the product spectrum, including sports betting, slots, casino games, poker, and bingo.

Our total market share in 2020 was 17%, up from 15% in 2019, making us the second biggest digital operator in the UK today. In addition to covering all major product verticals, the virtue of having such a diverse portfolio of brands is that it enables us to engage with a wide range of customer audiences. From Ladbrokes, which attracts younger male football betters, to Gala, which attracts older female bingo and slots players, to Party, which attracts male recreational poker players.

This diverse customer base is a major strength. It means we can engage right across the market in the pursuit of growth, something that wouldn't be possible where we to have a smaller portfolio of brands, or a portfolio that targets more or less the same core male betting audience. In addition to providing growth opportunity, the diversity of our customer base means our commercial performance is resilient to the headwinds that impact certain parts of the market from time to time. It gives us optionality in how we react and adapt. All our brands benefit from the unique and highly effective Entain operating model, which is based on having focused commercial marketing teams driving activity at a local level, supported by world-class centralised operational functions, on our integrated global platform.

This operating model doesn't just deliver significant efficiency benefits, it enables our brands to differentiate at a market level, whilst ensuring consistency in how we deliver products and services, how we innovate, how we use data, and critically, how we adapt to regulation and protect our customers around the world. Over the past five years, we have seen consistently strong performance in the UK market. We built strong, especially Ladbrokes, which as the graph on the top left shows, is the most well-known brand for UK customers.

We've grown our customer base. The graph on the top middle shows the growth trend for monthly actives, which have increased by 76% since January 2019. We're attracting more diverse audiences. Our recreational customer growth is shown on the top right of the slide, it's up over 40% year on year, materially outstripping non-recreational growth. We've improved customer satisfaction, as indicated bottom left. There's been a 20% increase since the UK brands migrated to the Entain platform last year. And all of this has translated into consistent double digit revenue growth, resulting, as you can see from the chart bottom right, in Entain UK being the fastest growing operator in the UK digital sector over the past three years, with a category average growth rate of 17%.

It is these successes that will serve as the foundation for the next phases of our growth strategy, which is where I'd like to turn next, focusing on Ladbrokes and Coral specifically. We have identified four key pillars that we believe will power our future revenue growth, and ensure that we are truly customer first in everything we do. Number one, world-class insight, data, and analytics. Number two, building

bigger, even more differentiated brands. Number three, step changing how we innovate, and last, but by no means least number four, digital marketing excellence. We are making significant investments in all four of these areas and I'll touch on each of them now to provide more specifics on what we've done so far, and crucially, some of the exciting plans we have coming up. So let's start with insight, data and analytics, something which is core to everything we do within Entain. We continually analyse market and customer research from a wide variety of sources, including a significant number of proprietary continuous research studies that track the behaviours and attitudes of thousands of UK customers each month.

All of this adds up to hundreds of thousands of data points, which we then translate into insights that feed directly into our growth strategies. For example, by combining data related to socio demographics, psychographics, market share, and customer attitudes, and then combining it with data from our retail estate, we have developed very granular insights into where we have acquisition and retention opportunities for our brands, down to a postcode level. This is illustrated by the heat maps on the right of the slide, which we have simplified for the purposes of this presentation.

These heat maps represent a very powerful set of insights which guide our marketing targeting and investments, enabling us to unlock profitable growth that would have been missed if we were still relying on a more rudimentary market analysis of the past. We are constantly experimenting with the latest, most innovative research techniques to drive deeper understanding of the customer. For example, our adverts are now being tested using neuroscience, which involves measuring changes in customer brainwaves, visual attention, and skin conductivity to assess how well we are engaging people and communicating messages.

This is a highly innovative technique used by only the most advanced marketing organisations globally. And also interestingly, by the film industry, that uses it to optimise movie trailers. Neuro-testing is only one of many innovations we are trialling, and so we are step changing investments to accelerate this drive towards deeper customer insight. And as a result, in the last year alone, our UK market research investment has increased more than 100%. Finally, we've developed a truly world-class market segmentation for the UK. Having a market segmentation is critical for our growth ambitions. We need high quality, proprietary insight that goes beyond simply looking at betting behaviours. We need to understand the whole UK population, the audiences we currently engage and serve, and the additional audiences we can engage in the future with new products, services, and brands.

Our segmentation was created using a series of large scale research studies and involved talking to over 16,000 customers. It is a fully ethnographic segmentation, and it looks beyond our category to understand customer lifestyles, needs, and attitudes, in the very broadest sense. It's only recently landed and so we're still getting to grips with it, but it's clear even now that is going to transform our understanding of the UK audience, right across the spectrum. And as it rolls out, it will underpin the decisions we make across all our UK brands, enabling us to create tailored marketing, proposition service experiences, that truly deliver to segment needs. It will also be the means by which we plan our portfolio strategy, meaning we can be even more effective, by using our stable of brands to address different parts of the market to drive growth. With regards to data and analytics, we are very data rich, given the scale of our customer base and the volume of transactional data points we track and analyse each day.

Here on the slide, you can see an overview of just some of our leading edge capabilities, and it is the analytical insights these capabilities generate, that enable our data powered decision-making approach. Each and every day, a wealth of focused, automated reports, and analytical models run within our systems, providing a continually updated flow of high quality BI and MI to all levels of the business. This gives us an incredible grip on the commercial leaders and allows us to continue to optimise volume, revenue, and profit, even in the face of the obvious volatility in sports and gaming margins. Beyond these core capabilities, we are also accelerating our use of data science, AI, and



machine learning to help us understand and protect our customers better, and to further maximize growth. One example of this in action is our AI lifetime value models. These are fully embedded into the business and have a predictive accuracy close to 100%, which means we can make longer term decisions about promotions or marketing investments with almost complete certainty of return.

These models also guide our acquisition and retention activities so that we can drive improved customer value. And this has been very effective for us and led to an almost 50% improvement in our customer lifetime values over the past two years. Another example is related to bonus abuse, which is a very difficult thing to spot. Meaning that historically it's sometimes took three to four weeks of detailed manual analysis to identify the minority of customers that were gaming our offers and impacting performance. We've now introduced machine learning bonus abuse models that are fully automated and running continually. These produce detailed reports each morning on what happened yesterday, not four weeks ago, which has allowed us to work more quickly and more effectively to deal with bonus abuse as it is happening, which means we can spend time focused on customers that want to play with us and enjoy our products in the right way.

Going forward, there is a lot more we plan to do in this broad space. We are already working on overlaying our market segmentation onto our customer base, which is the holy grail for marketers. This will enable us to add a segmentation lens to how we measure and assess our business, and most importantly, allow us to use these segments for targeting across the digital immediate landscape. We are rolling out world-class marketing measurement capabilities, which we built in-house, that give us the ability to evaluate marketing performance at an incredibly granular level. These capabilities will help us drive to the very bleeding edge of marketing optimisation, but more on that shortly. As these innovations and others rollout, our understanding of our customers and our business will continue to deepen. And the decisions we make will get faster and sharper. Moving on, our second pillar, building bigger, more differentiated brands.

In any highly competitive sector, the strength of your brand, how many people know about it, what it stands for, how appealing it is, is a huge driver of your business performance. With Ladbrokes and Coral, we already have two of the biggest brands in the UK market. They're also the brands with the richest heritage. As you can tell from some of the images on the slide here. Ladbrokes has been around since 1902, and Coral since 1926. And so their authority, expertise and credibility in the category are second to none. We make significant investments in marketing each year to drive our brands. Or combined marketing spend for Ladbrokes and Coral pots is in the top 10 of marketing businesses in the UK. These investments are planned and executed in a focused data-driven manner using the wealth of analytical capabilities you've just seen, to ensure we maximise brand, volume and revenue performance, from our campaigns. This data powered approach has been instrumental in our ability to build the brand strength I referenced earlier, and has enabled stellar improvements in marketing return on investment which has increased almost 60% for Ladbrokes and Coral since 2019.

So with our brands really firing, how do we take them to the next level? Well in 2020, we redefined our brand strategies and created roadmaps to deliver true differentiation versus the competition in the years to come. Marketing is a critical part of these roadmaps, obviously. It's the most visible way our brands come to life for our customers. Our aim is to turbocharge our brand marketing, to build stronger emotional affinity with UK audiences. We want to market with the same impact as the best brands in the world. Brands like Nike, Apple, and O2. Clearly they represent a very high bar, but we want to set our sights high and challenge ourselves to become truly world-class. We've already taken big steps on this journey. We have reinvented our advertising to make it more human and to introduce cinematic production values. We've been innovating in our use of digital channels, including most recently, creating a Tinder app for horses to make the experience of choosing who to bet on during Cheltenham a little bit more enjoyable and entertaining.

This contributed to record breaking volumes through Cheltenham Week of 90% year on year, and ultimately contributed to Ladbrokes and Coral being the fastest growing tier one brands in Q1 this year. Our recent activity for the Euros moved the needle even further. We produced a campaign for Ladbrokes called drummers, that is worthy of brands like Nike, in my opinion, and we started to take steps into the wider entertainment space, through partnerships with the music industry. These initiatives are not just important in terms of helping us to reposition our brands, they are also fantastic ways to connect with customers beyond just the bet.

Now, with that said, I just want to pause and show our recent drummers ad, and also give you a sneak preview of a new Ladbrokes ad that will break in September, called balloon, which is all about the enjoyment of playing together.

## **Video**

I hope you liked the ads. I think you'll agree, they're very different to everything else that's in our marketplace right now, and the kind of ads the truly engaged customers on an emotional level. Finally, in addition to turbo charging our marketing, we have plans in-train to maximise the brand benefit of our massive retail network. Our store windows represent an unparalleled marketing asset for us, which when converted to media value, equates to tens of millions of free permanent advertising space each year.

To tap into this, we've begun the process of rolling out large digital screens in store windows across our network, enabling us to communicate directly to our customers about our brands as they pass by. These screens are controlled using the same sophisticated targeting technology we use on our websites, meaning we can show highly relevant messaging to every customer at store level, every minute of the day. This is a unique capability on our sector, and something that none of our online only competitors can emulate.

And needless to say, in a world of increasing advertising constraints, being able to leverage one of the UK's biggest retail networks to help us stay top of mind with customers will be a huge competitive advantage. Moving on. Whilst brand marketing is obviously critical, our ability to grow also hinges on our third pillar, step changing innovation. At the heart of our innovation agenda is our technology platform. Now, as Sandeep mentioned, our systems have huge capacity and handle incredible volumes, week in, week out, with ease. And now that the UK brands have fully migrated to the Entain platform, we are really reaping the benefits.

Firstly, in terms of cost efficiency versus the outsource model we previously relied on, and secondly, in terms of stability, something we had previously struggled with on the old Ladbrokes Coral group technology. With our major UK migrations now complete, we've been focused on rolling out new customer centric propositions. As you heard from Jetta, we have the largest range of free to play propositions of any UK operator. These are proving to be hugely engaging for our customers. We're averaging close to 700,000 players across the various propositions in an average week, and these customers aren't just coming in for the free to play games, they are converting to real money betting, at rates around 70%, and so materially contributing to our revenue growth.

In the sports betting space, we've created an entirely new betting experience for Ladbrokes called 5-A-Side, which is the most innovative propositions to be launched in sports for a long time. Borrowing cues from fantasy football, customers build a team around a specific football match, and each player they choose for their team represents a different type of bet. This has been live since the second half of 2020, and we are already seeing hundreds of thousands of players engaging each month. In Casino, we benefit hugely from the capabilities of the Entain platform, which has around 40 gaming suppliers directly integrated, which in turn gives us access to 140 different game development studios, all of which means our customers have access to the very best and latest games and content.

Finally, in parallel to launching new propositions, we continue to improve our underlying customer experience, and reduce points of friction. For example, by making password reset journeys faster and smoother, or redesigning how we present important safer gambling features to make them easier to use. The examples I've just shared are only the tip of the iceberg though. We have much bigger, more ambitious agendas ahead of us, and as with brand marketing, our bar for innovation isn't our competitors, our bar is the best businesses in the world. The slide here indicates the level of brands we are measuring ourselves against when we are designing products and services to deliver on customer needs.

Like us, these brands are both customer first, and data-driven in their approach. And like us, they set out to wow their customers with the quality of the experiences they provide. We're making fantastic progress on our innovation agenda, and this will only accelerate with the launch of the new innovation lab. Ladbrokes is going to be the first UK brand to launch one of our new immersive products towards the end of this year and I am super excited to see how customers respond to what promises to be a truly ground-breaking experience.

Finally, let's move on to our last pillar, digital marketing excellence, clearly a vital capability for any business in our sector. The past few years, we have invested heavily in marketing technology and digital marketing capabilities, which have positioned Entain very much at the forefront of what's possible. Within our MarTech estate itself, we have successfully integrated a wide range of best-in-class tools and platforms from leading players like Google, Optimove, Salesforce, and Adobe, to name just a few.

These platforms work together in a highly synchronised way, taking rich data from our customer database and using it to generate impactful individualised campaigns across the full mix of digital marketing channels. One example of this in action is a capability we've built called grandstand. This is a unique capability in our market and enables us to engage customers in real time around live sports. Literally, as a match, or game is being played, we're communicating highly targeted, highly relevant messages to customers, based on their interests, their betting choices, and based on what is happening on the field that very moment. These campaigns produce very high levels of customer response, upwards of 30% in many cases, far exceeding the industry benchmarks for customer marketing performance. Another example is the personalised emails we send to customers who like to bet using football accumulators. These emails dynamically render accumulator, recommendations and offers to each customer, based on real-time information about their recent betting choices.

These campaigns also produce exceptional performance, with conversion rates far above the expected norms for ECRM. At an overall level this data-driven marketing approach, combining leading edge analytics, marketing technology, and digital marketing capability, has enabled us to grow volume while simultaneously reducing the cost to acquire. Over the past two years, our annual customer acquisition volumes have increased over 40%, while CPAs have reduced by 20%, boosting the profitability of the business significant.

Despite this progress, we have the potential to go even further. Our roadmap of digital marketing innovation looks a long way into the future, and is designed to ensure that we stay at the forefront of best practice, whether in the form of the channels we use, or the technology we build and buy. As an established, integrated global business, working on an integrated global platform, we have the ability to speak with one voice to the major global digital players, which elevates the level of partnership we can achieve, relative to smaller single market operators, or larger operators who aren't set up to work collectively or globally.

This has contributed to us being the only operator from our sector represented on Facebook's global gaming council. And this is the kind of relationship we can replicate right across the board to give us an edge. We are also working on a new, highly innovative capability called flow marketing. This involves leveraging the very latest in data analysis and marketing technology, to market to the

customer as an individual, across the entire media landscape. This is more than just sending out personalised communications, it's about delivering campaigns that seamlessly integrate into each customer's life, tailoring the messages each individual sees in any given week to engage them more effectively over time.

Flow marketing represents the very bleeding edge of digital marketing, but when we crack it, we will be one of the first businesses globally to do so, and it will unlock huge value for us. It's only early days in our testing, but our initial results show promise. And when you consider that a 10% increase in our customer volumes has the potential to deliver on a hundred million of incremental NGR in the UK alone, we're really excited about the future growth this new approach can deliver.

So that brings my presentation to a close. I just want to finish by reiterating some of the key points. The UK business has a consistent track record of outperformance versus the market as a whole, and versus our major competitors. We aim to continue this into the future, through making significant investments to further develop critical capabilities. We have ambitious innovation agendas already under way, across insight, data, marketing, and product, and we believe the future is full of opportunity in the UK, especially if we continue to focus on being truly data-driven and customer first.

Long-term, our aim is to be a world leader in everything we do, not just the best in our narrow category. We recognise that is a very high bar, but is one we're very excited and motivated to meet. And with that, we're now going to have a five minute break before the Q&A session. Thank you.

**Operator:**

Welcome back. We will now proceed with the Q&A. If you wish to ask a question, please signal by pressing star one on your telephone keypad. If you're using your speaker phone, please ensure that your mute function is turned off. Again, press star one for a question, we now pause for this one moment. And our first question comes from Ed Young from Morgan Stanley. Please go ahead.

**Ed Young:**

Hello. Thank you for taking my questions and thank you for the detailed presentation. I guess all three of mine are around the new opportunities segment. So first of all, on Unikrn itself, yes you said it lined up as the strongest company and you looked at it from a range of different metrics. I wonder if you could just elaborate a little bit more on what it was that stood out and what the unique assets are. And I guess, connected to that, do you think there are other acquisitions to make that you'll need to sort of build up that business over time? Or is this the right foundation and the rest of it from here could be organic?

Second one, just a clarification, I guess, on the sizing of esports, there's a slide saying it's worth £3 billion, could be worth £12 billion. What do we mean by size? We talking wagering? Are we talking revenue? Just, if you could help us understand what exactly you mean by that. And I guess within that, you said the customers are very engaged about betting, are these customers that are already betting and you're gaining share of wallet, do you think, and you got products that appeal to them, or are they customers that have somehow been immune to your marketing and they're new customers that you can get into the system?

And then the third one, social casino, you've trailed it, but obviously there's nothing done in that space as of yet. It's a bit of a cautionary tale for the sector, as you know, so what do you think the lessons to be learned from the past are in terms of the gambling sector engaging with that space, and how do you assess the competitive environment? There were already obviously some big social casino companies out there. Thanks.

**Jette Nygaard-Andersen:**

Yeah, thanks Ed. I'm not sure I remember all of them, but I'll come back to you one on one.

So the first question you asked was around Unikrn and the companies we looked at. And as you will have read, we've acquired really technology and products. And of course, the great team there. And some of the things that we looked at outside of this was really how advanced the product was. So not only are we acquiring an esports book, but we also looked at skill based products. So things like bet on yourself versus the house, bet on yourself versus friends. We looked at virtual esports product, we looked at streaming betting. We looked at how robust the betting platform was.

So overall it was a number of things. And then of course, as always, when we look at M&A, we looked at the team and the culture and how they will fit together with our teams. So a number of things that went into it, but really it was around technology and product. So we could add to the capabilities that we have in-house. So that was really what we were looking for there.

In terms of next steps, so right now we are laying out the business plan and we are building from here. Now, whether there'll be other roll ups or additional acquisition we'll do, I think that's too early to say. But what we have right now is we have the foundation and we're really ambitious here. So we see an opportunity to build a fully integrated platform for the future. Not only with esports books, which are products that you know today, but really also tapping into this skill based wagering market where we think there is a quite significant and untapped opportunity.

Now, when we talk about the market sizing, that's what you will refer to as GGR as we talk about it today in traditional betting and iGaming. And what was your next question then, Ed? Remind me.

**Ed Young:**

Sorry. It was kind of part B of that, I guess on the esports side was, you talked about the profile of these esports viewer or esports players, and you said how engaged they were across a range of metrics, including their propensity to bet or to play gaming. What I'm trying to understand is are these customers already in your system, do you think, and they're just an avenue that they're not really being accessed in? Or are they customers that have sort of ignored the Ladbrokes and Coral brand because it's not really what ... it doesn't really sort of fit within their area of the products from the right place and these kinds of new incremental players you can add to your system? I'm just trying to understand what's new, what's share of wallet.

**Jette Nygaard-Andersen:**

Yeah, no good question. So to put it simply, the way that we look at it is esports is a sports probably most, and the typical age group here is 18 to 35. And very often they're not watching traditional TV, but they are certainly watching a lot of online content. And we know they like to both bet on sports and also bet on esports. So there will be some overlap here. But I think overall, when you think about it, it's that we are attracting a new audience and we're doing it in a, what I call authentic way. Because what we're really trying to do is build something that doesn't exist today. If you look at the markets for esports betting, then it's quite disjointed offering that you can get, but we're trying to create a platform here from the start that really appeals to the fans and offer them everything that they have. So while there might be some overlap, we're building a new platform around esports. I hope that answered the question a little better.

**Ed Young:**

It does. The final one, sorry I know it's probably ended up being four. I asked two this morning, so perhaps it evens out at three. On social casino, it's been a bit of a cautionary tale for the sector. There's not been a lot of success of gambling companies trying in this area. So I just wondered if you had any thoughts on what the lessons from the past are, and just have any thoughts on the competitive environment. Thanks.

**Jette Nygaard-Andersen:**

Yeah. So I think the way that we have approached this is that when you look at the flywheel, whether we're building around our core offering, we're looking at casual mobile gaming categories that we think fit well with our current offering and our current capabilities, and really aligned with what we're doing today, but also have a high growth opportunity. And when we go through the different potential targets out there, we are looking at both companies that at a standalone basis are profitable and with a strong product, but also where we see a good fit into our current strategy and where we believe there is a real wager crossover. So it's a little bit too early to talk about our precise strategy here and potential companies, but it is a profitable segment and we believe it will be around \$8 billion. And we're really looking at categories that sits well with our current offering.

**Ed Young:**

Understood. Thanks very much for the answers. Thanks.

**Jette Nygaard-Andersen:**

Thanks, Ed.

**Operator:**

Our next question comes from Kiranjot Grewal from Bank of America. Please go ahead.

**Kiranjot Grewal:**

Hey, afternoon guys. Just a few questions from me. Firstly, on your acquisitions, could you maybe elaborate on how big or how much you paid for Unikrn and also the acquisition in Africa that you've mentioned? Also on Unikrn, any idea on what that market share looks like for esports? And lastly, you've delivered five and a half years of double digit growth. Do you think your tilt towards more regulated markets could risk such a performance going forward? Thank you.

**Jette Nygaard-Andersen:**

Thanks, and hello again. Let me start out with the acquisition around Unikrn. So we are not disclosing the specific deal terms here, but what we are saying is that during the second half of this year, we'll expect to be investing a little over £50 million pounds, five zero pounds, and that includes the acquisitions of these assets. But when it comes to market share, it's still very early days. So that's too early to say, but we are doing this because we believe that we can take a leading position and really have a first mover advantage here in building an integrated platform that can scale across multiple countries and territories.

And then you talk about regulatory, and listen, we are fully committed. First of all, of course, to our sustainability charter and having the best player protection and being the best at responsible gaming. So we believe that actually with our skills and expertise and DNA around ensuring player protection, we can really navigate some of these, you could say potential challenges that you see in a new market, engage with the regulators. So in that sense, we will be fully compliant. We will only look at markets that are regulated and we look to implement, we can say all the things that we are doing today in terms of responsible gaming, also into what we do on esports going forward.

When you talk about Africa, this is not something we disclose. But maybe just to clarify, on Africa, what we've acquired here is really a technology platform. And the reason is that we are building a new market here where products are somewhat different because it's a really recreational market, typically mobile based, based on 2 and 3G. So it's a market where we see ourselves building. And in terms of what we're spending here, it's cashflow in the first half and probably around \$40 billion or something like that.

**Rob Wood:**

\$40 million.

**Jette Nygaard-Andersen:**

\$40 million. Sorry.

**Kiranjot Grewal:**

Thank you very much.

**Operator:**

Our next question comes from Gavin Kelleher from Goodbody Capital Markets. Go ahead.

**Gavin Kelleher:**

Hi, good afternoon. Yeah. Hey, good afternoon, Rob. Just a few from me, if you would. Just the esports arena, what you're going into, will you be using existing brands to push that product or will you start off a completely new brand to push esports? Just a follow-on question on that. How do you get over the obvious age issues with esports given the age of some players that you could be betting against are under 18, and how do you get over the potential regulatory noise around potentially marketing to these under 18 year olds? How do people get comfort around that would be what I'd ask on esports first.

**Jette Nygaard-Andersen:**

Yeah. And good afternoon, Gavin. So on the first one around brand, so we are building a new product here and platform, so we will not use our existing brands. Now we have one brand and that's Unikrn, and whether we are going to add more brands in the future, let's see, but we will launch under a separate brand and really a brand that resonates in an authentic way with the esports fans and the esports community. And as I just said earlier, when it comes to responsible gaming, we are fully committed to responsible gaming and to our very strong player protection.

So this is something that we will bring into esports. So there will be strong age-gating built into the product, and we'll basically use all our technology that we have today to leverage that. So we expect to be able to leverage our behavioural analytics and our algorithms and our markers of protection when we are building this platform going forward and really also engage with the regulators along the way and sharing our expertise, both in terms of responsible gaming, but also in terms of the markets as such.

And as you will see, over the last couple of weeks, we announced a number of partnerships which are really around protecting players in video gaming and esports markets. So we are absolutely committed to making sure that the high standards that we've set around player protection, that we take these over also when we now build out in esports going forward.

And then I would say the average esports fan is actually around 30 years old, and 70% of all viewers are older than 21 years old. So while of course there are younger that are watching esports, there is a substantial market of adults, and that's the only market we are targeting here.

**Gavin Kelleher:**

Perfect. Just two questions for just to define definitions used in the presentation. How do you define a UK recreational customer? Can you give us any sort of input on that? And then you talk about 2025 and then you talk about long-term on the market growth estimates, when should we think ... How long is long-term? Is it 10 years? Is it 15? Just kind of input on that please.

**Jette Nygaard-Andersen:**

Yeah. So why don't I take the last one around long-term, and then maybe, as we have Dom on the call, I'll hand over to Dom and he can talk a little bit about the recreational markets in the UK. So long-term is long-term, Gavin, but the way that we look at it is around 2030. So when we look at the mid-term we talk about 2025, and then long-term is around 2030. But it is for the esports in particular, it isn't a new market, but when we are modelling this out, we use 2030 as the so-called long-term. Dom, do you want to comment a bit on UK and recreational market and recreational players?

**Dominic Grounell:**

Yeah, certainly. I think from the point of view of how do we assess a recreational player? What I'd say is we have a series of methodologies that we use to assess the cohorts within our base. Looking at different transactional characteristics in terms of the games they play, the sports they bet on, the frequency of play, the value of play. And we use specific definitions to define recreational versus top players. What I'd say to you is it's really proprietary how we would do it, but what I would say looking at our growth of recreational is, we are bringing in more of those players who are betting around football, more of those players who are betting with their friends over the weekend, which is the sweet spot for brands like Ladbrokes in the UK.

**Gavin Kelleher:**

That's great. Thanks a million, Jette. Thanks, Dom.

**Jette Nygaard-Andersen:**

Thanks, Gavin.

**Operator:**

I'm going to pass the call over to Mr. David Lloyd-Seed to take questions via the webcast.

**David Lloyd-Seed (webcast questions):**

Hi. Yeah, just a couple on the US. What happened to the trends in US sports in recent months? And what do we think will drive that back into growth going forward? And then the other one is, do we have a strategic preference between sports betting and gaming? Is one higher quality or better growth long-term?

**Jette Nygaard-Andersen:**

I'll take those, David. For me. So in terms of US sports share, and I think the question was that it had weakened. I wouldn't say that it had weakened, if you look at our Q2 sports betting share, it's 17%, and that's the same as Q1, which is up from 11% in Q4 and 9% in Q3. And also, if you look at some of the newer states where we launched in, in terms of sports betting, Tennessee and Colorado, for example, our performance there is just really stand-out. And then if you look at our overall share and you take out the two markets that we entered late, so New Jersey and Pennsylvania, our share in online sports betting is 22%. So we're very pleased with where are we on US sport share.

And then you asked about further initiatives to grow in the US markets around sports. We are launching a number of things that Adam Greenblatt talked about at the BetMGM capital markets day back in April. So we'll be launching single accounts, single wallets. We are migrating our platform in Nevada to the Entain platform, which is the same platform as all the other states are operating on. And then we have of course, ongoing product development in terms of adding further into the game parlay features. We're doing more on in-play.

In terms of the content, you've seen some of the recent announcements that we partnered with Cheddar and Cheddar News. And I think it was just yesterday or the day before BetMGM announced



the partnerships coming up for Arizona around the stadium there. So all in all, these are developments that are happening every day.

And then I think the last question was whether we had a strategic preference between sports betting and iGaming, and no, we don't. Both expected to deliver profitable margins and both of them are growing. So we don't have any preference for any of those. David, back to you, I think.

**Operator:**

Next question. Next question comes from Richard Stuber from Numis. Please go ahead.

**Richard Stuber:**

Hi. Morning, everyone. Just ask three questions, please. The first one. UK's market share and EBITDA margins of course of the US and the core markets previously, what sort of assumptions do you think we should make for the new markets? And in the interactive entertainment market, what sort of market share and margins do you think you can get?

The second question is on the new markets. I think you've talked about 40 billion TAM. How should we think about the split in terms of entering those markets, M&A versus organic? And then the third question maybe for Dominic is, I think you've mentioned that CPAs have fallen by 20% over the last two years, and LTVs have gone up 50%. Could you say how quickly the payback now for a new UK customer is? I know Flutter said they can get 1.2 times back in the first year. So just wondering how a UK customer compares. Thank you.

**Jette Nygaard-Andersen:**

Thanks. And hi, Richard. I think I got most of them, but let me start out with your first question, which as I understood was around market share in the US and EBITDA margin also around the new states. So we've said that-

**Richard Stuber:**

Not-

**Jette Nygaard-Andersen:**

Long-term we're expecting ... I'm sorry. Go ahead, Richard.

**Richard Stuber:**

So not the US, sorry. I meant the new markets. You talked about sort of entering new markets. Do you think you can get, say this 13 to 15% market share in new markets that you have in other markets? Thank you.

**Jette Nygaard-Andersen:**

Okay. I got you there. So listen, we're targeting, first of all, as always, we're targeting building a leadership position, and in that sense, we also believe that we can get the same market shares as we have today in the more mature markets we're in, let's just say around 13 to 15%, and that's outside of the US. And also, longer term, we expect that we'll be able to have an EBITDA margin in those markets of around 30% as is the target that we are having today. So, but it will depend of course on how long it takes and how we enter the markets and so forth. But that is our overall targets there.

And then further on new markets and M&A and what the share will be. Richard, I think that will be very different from market to market. For example, in LATAM, as you've seen, we've taken a license in Columbia, so we'll be the first international operator there to get our own license, but we are also actively looking at potential M&A opportunities in Africa. You've seen that we've chosen to acquire a

technology platform, and then we'll take up licenses market by market. So that's really difficult for us to say. Every time we looked at these markets, we look at what is the best way in. If it's M&A, we look at is there a good team there? And can we invest and do M&A in a disciplined manner? You had a second question before I handle what you Dom, which I've forgotten, Richard.

**Richard Stuber:**

Yes. Sorry. Any sort of the market share, or what's the margins you can get on the interactive entertainment? It's a market which I'm less familiar with.

**Jette Nygaard-Andersen:**

Yeah. So that's too early for us. When it comes to esports, as we say, we just acquired the platform of Unikrn and we are now, I would say laying out our business plan on how we go to market here. So that's too early to say, but we are certainly ambitious here and want to take a leadership position. And when it comes to other areas of, for example, cash or mobile gaming categories that we might acquire, that will depend on the assets. These are typically mature markets and assets that are profitable. So a little bit too early for that. And then to your fourth question, I'll handle to you, Dom, around the CPA.

**Dominic Grounell:**

Yeah. Sure. Thank you. In terms of the specifics of kind of time to payback, it's not really a metric I want to disclose on this call. What I would say is that for all the technology and the capabilities outlined in the presentation, we are very effective at maximising the benefit of our campaigns, pulling the levers of our spend versus volume versus CPA versus predicted lifetime value to drive ROI from a marketing investment. Again, as I said in the presentation, our ROIs have increased by 60% over the past two years. And we'll continue to drive that as a key lever of profitability for the business.

With regard to, I think where Flutter came out, it's hard to compare because I don't know how they calculate ROI. It's famously one of those metrics that people look at in different ways across businesses. What I'd say is our payback times all reducing and for our new acquisitions, payback is a lot less than a year.

**Richard Stuber:**

Great. Thank you very much.

**Dominic Grounell:**

Thank you.

**Operator:**

Next question comes from Simon Davies from Deutsche Bank. Please go ahead.

**Simon Davies:**

Yeah. Hi, two for me two, please. Firstly, on the interactive entertainment markets, you talked a lot about the scale of the opportunity, can you give some kind of feel for the level of start-up losses that you'd be prepared to tolerate from that business and when realistically you think we could expect it to come breakeven? And secondly, on esports, historically there've been some concerns expressed in terms of the potential for match fixing. Is that an issue, and how confident are you that you can mitigate that to avoid reputational risk?

**Jette Nygaard-Andersen:**

Yeah. Hi Simon. So on the first one and scale of opportunity and losses, it depends on the different segments. When it comes to esports, we are investing into this space, so you should expect us to do

investments going forward here. But we are certainly ambitious around building a platform that's sustainable and profitable in the longer term as the market matures.

When it comes to cash and mobile gaming, that's a different category. And here we would probably be looking to acquire, and hence we would acquire with exactly the same discipline as we do in all other segments. And when it comes to match fixing, and this is this is something that we solved mostly a couple of years ago out in Asia and China. And I think first of all, we will work with all the different operators in the space, but we are certainly going to build a platform where we'll make sure that we are protected against these things. But there are, when you look at the professional tournaments, they are very protected around this and you have all the different protections around match fixing, and it's really like professional sports in that sense.

So yeah, you have the different integrity measures and protections in place. So I think for us, it's more a matter of working with the different people in the industry here to make sure that we are protected against that, but it's not something that you see on the bigger professional tournaments anymore. And I should make sure, maybe also mention that the integrity commission, which is called ESIC, we're already working with them to ensure that.

**Simon Davies:**

Thank you.

**Operator:**

I'm going to pass the call back over to Mr. David Lloyd Seed to see if there are any additional questions via the webcast.

**David Lloyd-Seed (webcast questions):**

Hi, thank you. You probably addressed them a little bit already. Really a couple of questions around monetising investment in social casino and video content. What's the revenue model? And whether there's any more that we can say about rollout plans on Unikrn and where it's legal and where it's not. That was it.

**Jette Nygaard-Andersen:**

Yeah. So on the first one, you have two questions around monetisation. The first one was around video content, and this is really about building, you could say the flywheel effect around our current products in betting and iGaming. So really by adding video content, you increase the engagement of your customers. You therefore also increase the lifetime value. And the flywheel has real economic benefit. So whether it's increased lifetime value or decreased CPA or increased cross-sell. So we very much see video content as part of our overall offering to our customers. And we're already doing some of this today, but the way we think about it now is that we can industrialise this in a way so we also roll it out to all the brands.

And on social casino, that's a different business model. Today the monetisation on social casino is in-app purchase. So there is a large and loyal user base here who use social casino games as entertainment. And the way you monetise is that you make in-app purchases, for example, to increase your gameplay. So that's the main monetisation model here. There is also a smaller revenue stream around ad sales, but the real monetisation model is around in-app purchasing. And then of course, as I said, early on, we're looking for cross-sell opportunities between our different customer segments.

In terms of rollout and regulation, so there are a number of markets today where esports is regulated and licensed. So when we are looking at our rollout plan, and not saying too much too early here, we're only going to rollout in countries that of course are regulated and will be fully compliant. So that will, to a certain extent, drive, you could say the rollout plan in terms of which markets goes where, and then

of course, we will also look at the market opportunities here. But there are markets today where it's both regulated and we either have licenses or can get licenses.

**Operator:**

Once again, if you wish to ask a question with audio, please press star one. The next question comes from James Rowland Clark from Barclays. Please go ahead.

**James Rowland Clark:**

Hi there. Good afternoon. Thanks for taking my questions. First one is just on the new growth opportunities around esports and social gaming. I think Rob he said earlier that you'll disclose this as a separate division in future. Roughly when do you think you'll do this? And I know you've got plenty of M&A to do in this space, but any sort of near term revenue expectations about what that division could deliver would be very helpful.

And then secondly, on esports betting, could you share anything around the spend per capita when people are betting on esports and how the sort of sportsbook looks in terms of gross win margin or net win margin? And then the final question is just around incentivisation on the new growth opportunities division. How will management be incentivised on the performance of that division? And will senior management also be incentivised around the performance of that division in future? Thank you.

**Jette Nygaard-Andersen:**

Thanks. And good afternoon, James. Why don't I start with the last one? And then for the first one, as we also have Rob on the call, I'll hand over to Rob to talk a little bit about our segment reporting.

So when it comes to the new growth opportunities and organisation and incentivisation and so forth, the way we are thinking about it at launch is that we will set up a separate vertical. And the reason we do this is that we are bringing in, you could say entrepreneurs. So we really want to be able to make sure that we focus and have different metrics here, which is about building the platform and so forth. And then as the market matures and our product matures, we will look at that vertical just as we are looking at all other verticals within the business. And we'll be incentivised in the management group around that.

But right now we are setting it up as a separate venture, you could almost say within Entain, to make sure that it gets the attention that is needed when you are building a new business from within. Rob, can I hand over to you on segment?

**Rob Wood:**

That's a straightforward one. So with our next results, our full year results will be in March. That's the point where we'll introduce the new segment. We'll report our investment in innovation through there and we'll also report activity in areas like esports and these new areas of opportunity, so that we keep the core business reporting lean and transparent for everybody to understand.

In terms of, I'll just pick it up quickly, there was a question around revenue expectations for that segment. Definitely too early for us to guide on that at this stage. We're still working through operational plans. Justin, his appointment we've announced today, he needs to get into the business and have a look. So we'll share that in due course.

**Jette Nygaard-Andersen:**

And I think, James, you had a question also around gross win margins. It's early days, of course, but typically some of the things we've seen it's around 8%, and for some of the different features it's higher than that. You'd have higher margins, for example, in parlays.

**James Rowland Clark:**

Thank you. That's very helpful. Thank you.

**Operator:**

It appears there are no further questions at this time. I'll pass the call back over to you for any additional or closing remarks.

**Jette Nygaard-Andersen:**

Thank you. And yeah, again, thank you to all of you for taking the time to listen in to our investor updates. So I hope you can see that we are a truly differentiated global interactive entertainment business. And today we've provided further insight, not only in the tremendous power of our platform, but also the scale of the opportunities ahead. And as we broaden, and expand, and extend into new and exciting markets and audiences, as well as the pathway to at least triple the size of the Entain business and drive significant incremental value for our shareholders. So on that note, again, thank you for calling in today and listening in, and we look forward to speaking to you again in October for our Q3 update.