

The industry in which we operate

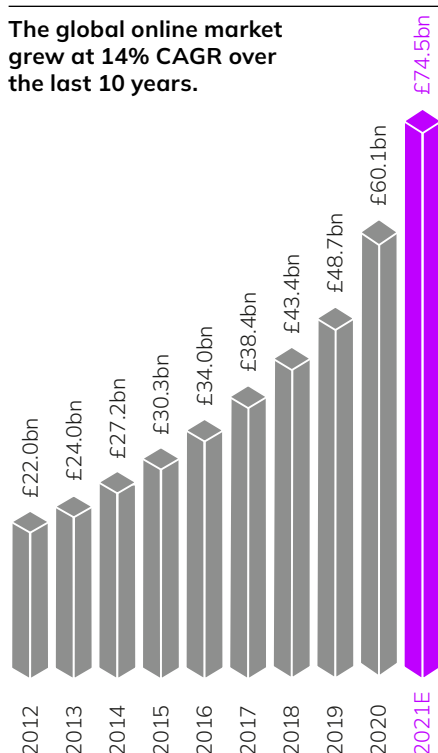


Global Online Growth

Entain operates in the global online gaming market, which is estimated to be worth c£75bn in 2021. Over the past 10 years the market grew at 14% CAGR and growth from 2020 to 2021 was 24%, driven by channel shift from pandemic enforced retail closures and the increasing number of US states legalising online gaming.

14%

The global online market grew at 14% CAGR over the last 10 years.

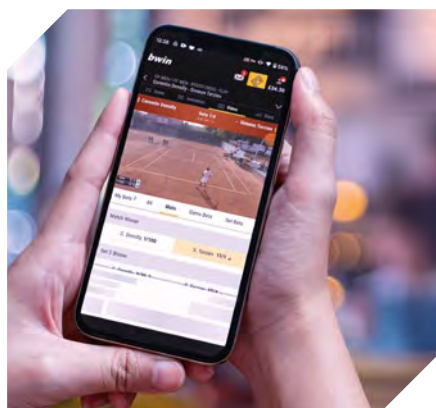


Source: Data provided by H2 Gambling Capital, unless otherwise indicated.

Online Europe

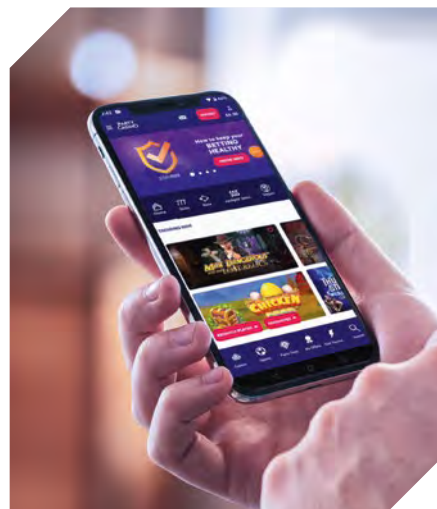
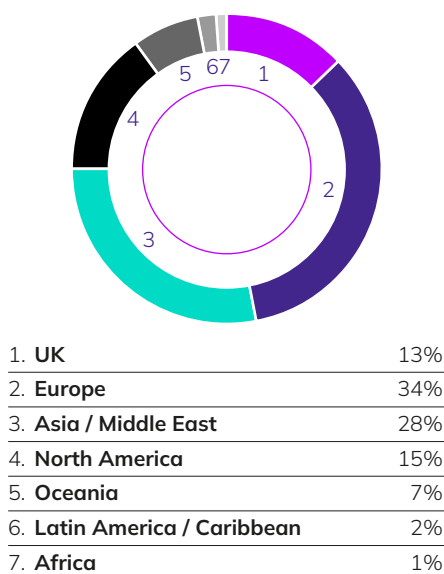
Geographically, the combined Online UK and European market represents 47% of the total online gaming market in 2021, with year-on-year growth of 18% and 20% respectively. Entain's Online proforma NGR in Europe represents over 70% of total Group Online NGR in 2021.

The next largest market is the unregulated Asian market (where Entain does not operate) which represents 28% of the global total, followed by North America (15%), Oceania (7%), Latin America (2%), and Africa (1%). Entain also has online operations in Australia, Brazil, and North America.



47%

UK and Europe represent half of the global online gaming market in 2021.

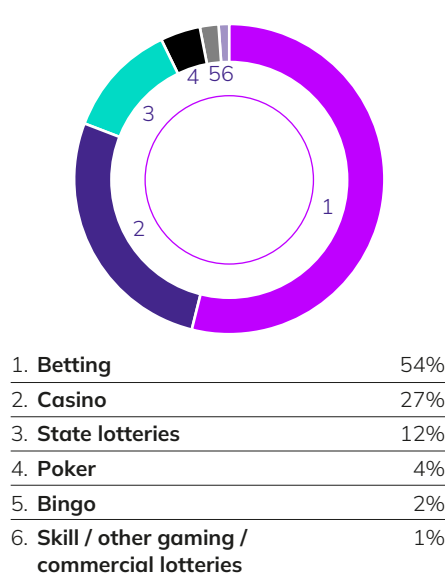


Online Market by Product

Online growth has been driven by product development, with the fastest growing product areas, Betting and Casino, growing at 29% and 23% vs. 2020 respectively. Entain's brands offer online betting, casino, bingo, and poker; these products represent 87% of the total online gaming market in 2021.

87%

Online betting, casino, bingo and poker represented 87% of all online gambling in 2021, with betting and casino forecast to have grown 27% globally.





Retail

Entain's key Retail operations are in the UK, Italy, Belgium, and the Republic of Ireland (ROI).

The UK Retail market (excluding lotteries) is estimated to be worth £2.5bn in 2021, a small decline from £3.0bn in 2020 and significantly lower than the £5.0bn market in 2019. This decline is a direct result of enforced shop closures due to the pandemic.

Excluding the pandemic, the UK Retail market has remained relatively flat over the past 10 years, with growth in machines offset by the £2 B2-machine (Fixed Odds Betting Terminals) stake limit implemented in April 2019 and the decline in betting driven by online channel shift.

The UK Retail betting sector is dominated by four operators which account for over 85% of all betting shops. Entain is the number one operator in the UK, operating under the Ladbrokes and Coral brands.

The Italian Retail betting market is estimated to be worth £0.7bn in 2021, a decline from £0.8bn in 2020 and £1.1bn in 2019, as enforced closures and restrictions as a result of Covid-19 impact the market. Entain operates via the Eurobet brand as

the third largest operator in the market for over the counter sports betting in Italy.

The ROI and Belgium Retail betting markets are much smaller, estimated to be worth £0.2bn and £0.1bn respectively in 2021. Entain operates in Belgium and the ROI via the Ladbrokes brand and is the largest operator in Belgium and third largest in the ROI.

>85%

Four operators account for over 85% of all UK betting shops.

	Total Market Size – £bn	Betting	Casino	Machines	Bingo	Lottery
UK	4.8	14%	11%	24%	3%	48%
Italy	8.8	7%	1%	43%	1%	48%
ROI	0.5	29%	3%	36%	5%	28%
Belgium	0.8	8%	6%	25%	0%	61%

(Entain areas of operations are highlighted)

Forecast

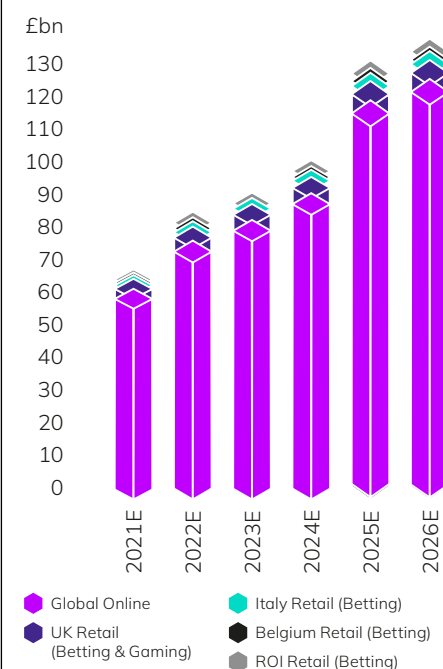
The Online gaming market is forecast to grow at 11% CAGR over the next five years driven by US regulation, product innovation, mobile growth, and the return of Retail. The US gaming market is forecast to grow at 23% over the next five years.

UK Retail betting and gaming is forecast to grow at 2% CAGR post the pandemic between 2023 to 2026. In our smaller Retail betting businesses, forecasted growth in Italy, Belgium and ROI is flat between 2023 to 2026.

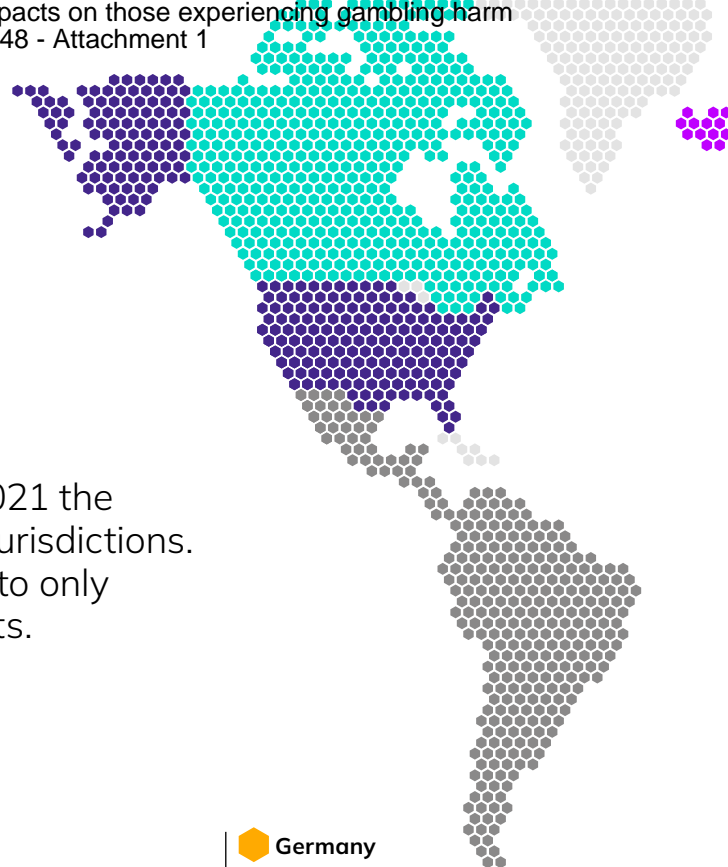


11%

Online gaming is forecast to grow 11% CAGR between 2021 and 2026, with the US growing at 23%.



Regulatory Update



Gaming is a truly global market and in 2021 the Group held licences in 31 territories and jurisdictions. By the end of 2023, we have committed to only operate in regulated or regulating markets.

The UK

The UK Government's review of the 2005 Gambling Act is ongoing, with the promise of a white paper setting out its conclusions sometime in 2022. We continue to engage government actively in this process, both directly and via our trade body. It is our consistent view, based on the experience we have with customers, that it is more sensible to target interventions on the small minority who may develop gambling problems, than to penalise the responsible majority. We therefore have continued to develop and enhance our Advanced Responsibility and Care™ ("ARC™") programme, which offers tailored identification of customers who may be at risk, as well as targeted interventions and interactions. However, we fully support sensible additional regulation where justified. We are participating in a trial of an industry-wide database of those with gambling problems and working to develop a new industry ombudsman. Many of these changes can be implemented without the delay inherent in primary legislation and would represent the most expedient path.

United States

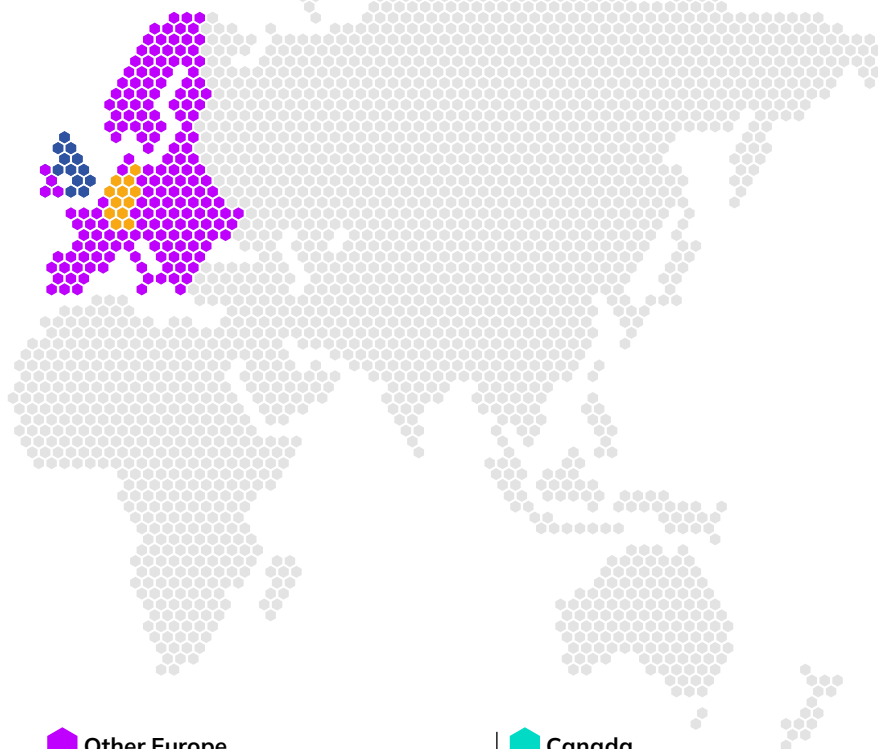
The sports betting regulatory activity continues at pace in the United States. Arizona, Louisiana, Maryland and South Dakota are amongst the US states that have regulated and launched their sport betting markets in 2021 or early 2022. Crucially, the state of New York opened up its mobile sports betting market in early January 2022. In addition, other US states such as Massachusetts, Missouri and Georgia continue their efforts to regulate throughout 2022, with Ohio, having adopted sports betting legislation, launching its regulated sports betting market no later than on 1 January 2023. Indiana and Illinois continue to explore potential expansion of their markets to cover online casino. In light of the fact that some 30 US states have already allowed for sports betting in one form or another, the Group remains of the view that in the coming years some 35 to 40 US states will have regulated sports-betting, which will provide BetMGM, the Group's US JV, with even broader market access across the country. The number of states that permit online casino is also expected to grow.

Germany

On 1 July 2021, the new German online betting and gaming regulation (Interstate Treaty on Gambling) came into effect. Additionally, the new Joint Gambling Authority ("GGL") in Saxony-Anhalt has been established on 1 July but will not be operational until 2023. With the new regulation entering into force, operators were able to apply for nationwide slots and poker licences. As a result, the Group submitted three slots and two poker licence applications for its key German facing brands at the end of August 2021. Due to various delays on the side of the licensing authority, no licences have been issued to this day, but the Group still fully expects its applications to be successful.

Unlike slots and poker, casino table games will be regulated on a state-by-state, as opposed to nationwide, basis. The states may either create a monopoly or issue as many licences as the state has land-based casinos. By the end of 2021, only the states of Schleswig-Holstein and North Rhine-Westphalia opted for a licensing system, with the tendering process not yet released. The Group has been taking steps towards securing adequate market access for these products.

Furthermore, a newly implemented 5.3% stake tax on virtual slots came into effect on 1 July 2021. Entain has been taking steps to file a complaint against this stake tax at an EU Commission level as well as on an administrative court level in Berlin.



Other Europe

Following a sudden change in enforcement policy by the Dutch authorities, Entain ceased its offering to players in the Netherlands on 1 October 2021. In December we were able to submit our licence application and are currently awaiting feedback from the regulator. We hope to receive a licence later in H1 this year and enter the regulated Dutch market.

In 2021, we were granted permanent operating licences for our brands in Greece and we also relaunched the bwin brand in Portugal following our acquisition of bet.pt earlier in the year.

Looking ahead, a new Responsible Gambling Royal Decree will come into force in Spain in July 2022 which will require us to make adjustments to the way we interact with certain customers. In Italy, the Government is expected to announce gambling market reforms later this year, including reconciling national and local regulations; amendments to licensing rules; and new measures to tackle problem gambling. In Georgia, new online casino regulations will come into force in the Spring bringing new taxes, a ban on advertising and increasing the minimum age for gambling from 18 to 25.

In Sweden, the Government recently announced that it would not reimpose Covid-19 related deposit and bonusing limits, instead opting to consolidate its efforts into a new gambling regulation bill, which will include provisions on B2B licences, marketing restrictions and measures to tackle illegal gambling.

Elsewhere in Europe, we are still expecting the Austrian Government to announce reforms to its online casino market and, in the meantime, continue to make the case for an open EU compliant licensing regime.

Canada

The regulated Ontario online gambling market will launch on 4 April 2022. Ontario will have thus become the first Canadian Province to allow for licensing of private operators, with other Provinces such as Alberta expected to follow in the foreseeable future. The Ontario regulation allows for sports betting, including single sports wagering (following the removal of the previously existing federal ban) betting on esports, as well as online casino and poker. Entain has applied for an Ontario licence.

Latin America

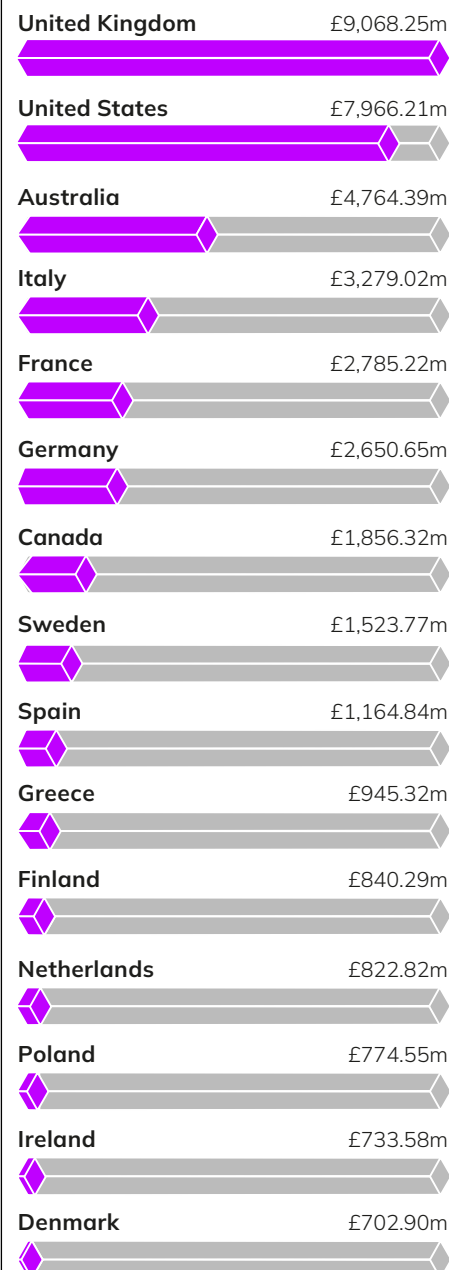
The Group was one of the first global operators to obtain a Colombian online betting and gaming licence in late 2020 and continues to deploy its Latin American regulatory strategy. The Group expects that the Brazilian sports betting market will be regulated by the time of the 2022 Football World Cup, with Entain entering the regulated market at that time pursuant to a domestic licence. In addition, the Chilean government remains on track to have regulated its online betting and gaming market by the end of 2022.



Read more about our engagement with regulators: [page 39](#)

2021 Global online gross gaming revenue

In 2021 online global gross gaming revenue was estimated to be valued at £74.5bn¹. Below are the largest 15 markets that are either regulated or in the process of regulating.



1. Source: H2 Gambling Capital (including both regulated and non-regulated GGR).