Entain

For the good of entertainment

Entain plc
Annual Report 2020

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We are Entain.

We are bold, ambitious and disruptive. Our purpose is to revolutionise betting and gaming to create the most trusted and exciting entertainment for every customer.

We are Entain

At Entain, everything we do is for the good of entertainment. We are one of the world's largest sports betting and gaming entertainment groups, operating in the online and retail sectors. Using our unique, proprietary, cutting edge technology platform, we provide safe and exciting gaming experiences, to millions of customers, through many iconic brands.

A new way forward

In December 2020 we began a brand-new chapter in our history, renaming the Group Entain. More important than our new name and corporate identity was the clear strategic direction we set out to help us meet our ambition to be the world's leading betting and gaming entertainment company with customers at the centre of everything we do.

Where we're heading

Our purpose is clear – to revolutionise betting and gaming to create the most exciting and trusted entertainment for every customer. We will fulfil this purpose by delivering our core strategic pillars of growth and sustainability. A technology company to our core, we are uniquely positioned amongst our peers to innovate for customers, enabling us to grow in regulated markets both old and new, while ensuring the highest levels of player protections.

Operational highlights

- Delivery of new corporate identity built on clear strategy to deliver growth and sustainability.
- BetMGM now live in 12 states with strong momentum as a leader in the US market.
- Strong growth across the Group with market share gains in all major markets.
- 20 consecutive quarters of double digit online NGR growth.
- Launch of Sustainability Charter to reinforce the Group's commitment to delivering industry best in class ESG and customer protection.

Financial highlights

Online Net Gaming Revenue

£2.7bn

+28% (constant currency)

2019: £2.2bn

Group Underlying EBITDA[1]

£843m

+11%

2019: £761m

BetMGM Net Gaming Revenue

$178m

+59%

2019: $112m

Operating Profit[1]

£530m

+2%

2019: £521m

Adjusted Diluted EPS[1]

62.8p

-2%

2019: 64.3p

Adjusted Diluted EPS excluding US[1]

73.1p

+10%

2019: 66.4p

Net Debt

£1.8bn

+£0.4bn

2019: £2.2bn

Leverage

2.1x

2019: 2.8x

1. From continuing operations.

Our commitments

We have long held the view that the most sustainable business in our industry will be the most successful business in our industry. We aim to meet the highest standards in everything we do, from the way we run our business to the way we support our colleagues, our customers and our communities.

Our sustainability commitments

- An exclusive focus on regulated markets – we have committed that by 2023 we will only operate in domestically regulated markets. We are now at 99%, in regulated and regulating markets, more than any other major global operator.
- Lead on Safer betting and gaming – provide our customers with the safest environment to play.
- Pursue the highest levels of Corporate Governance with rigorous processes and oversight through a diverse Board.
- Invest in people and communities – we want to Entain to be recognised as the best place to work in the industry as well as ensure we make a positive impact on the communities and markets in which we are based and operate.

Our culture commitments

We are guided by a culture that help us to define what being the 'best place to work' means. At Entain we 'Keep it Real', 'Do the 'Right Thing', 'Get Involved' and 'Bring it on':

- To Keep it Real our colleagues bring their character and are always themselves.
- We value our employees' judgement and encourage them to bring their ethics to work – to 'Do what is Right'.
- Our peoples' energy is infectious, they 'Get Involved' and engage in all areas of life at Entain.
- The attitude that underpins the outlook of everyone at Entain is 'Bring it On'.

Customer commitments

- Customers will be the focus of everything we do.
- We will provide moments of excitement.
- We will provide them with exciting and trusted entertainment products and services.
- Using our technology platform, we will continuously work to upgrade and personalise the experience and protections for our customers.

>50 Licences in >20 jurisdictions
50+

Offices worldwide
20+

Employees & contractors
c.24,000

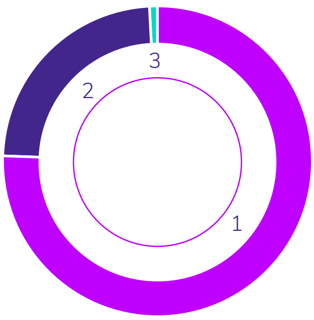
Leading brands
24

Currencies
42

Languages
33

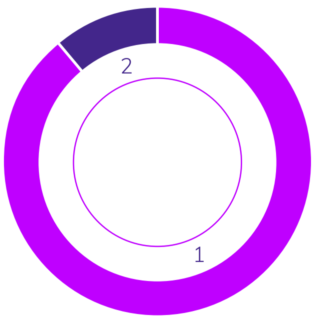
Our divisions

2020 NGR



1. **Online**	75.7%
2. **Retail**	23.6%
3. **Other**	0.7%

2020 EBITDA



1. **Online**	89.1%
2. **Retail**	10.9%

* **Other** excluded as EBITDA is negative

Market position

Online

Online sports wagers
£11.8bn
+5% (+7cc)
2019: £11.2bn

UK
#2

Germany
#2

Italy
#1

Australia
#3

Georgia
#1

Retail (4,500+ global outlets)

Retail sports wagers
£2.8bn
-43% (Covid-19 impacted)
2019: £4.8bn

UK
#1

Belgium
#1

Italy
#3

Ireland
#3

Chairman's introduction

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Our new strategy and name defines a clear way forward for us in our ambition to be the world leader in sports betting and gaming entertainment.

Under our new corporate identity, we will continue to use our unique technology platform to build on the exceptionally strong momentum that we have in our existing markets, grow into new markets, reach new audiences, enhance the customer experience, and provide industry-leading levels of player protection."

J M Barry Gibson
Non-Executive Chairman

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Our clear priorities from the outset were to keep our people and our customers safe, and to ensure that the business was strongly positioned both to withstand the impact and to take advantage of growth opportunities as they presented themselves.

It has been humbling to see the resilience, perseverance and professionalism that our outstanding teams around the world have shown, as well as their ability to quickly adapt to the challenges of a new operating environment. On behalf of the Board, I would like to thank each and every Entain colleague for their hard work and commitment, often in very difficult circumstances.

It is a great testament to the quality of our people and the strength of our business model that the Group's growth continued during 2020, despite the Covid-19-related sporting cancellations and retail closures that were necessary at times during the year. We have long talked about the importance of having a truly diversified business model and of not being overly reliant on any one product, brand, territory, or channel, and it was this approach that mitigated the impacts of the pandemic on our business so effectively.

In addition to the strong performance of our underlying business, during the year we also significantly enhanced our Board, continued to invest in our hugely exciting and fast-growing joint-venture, BetMGM, in the US, carried out M&A projects, entered new territories, and launched a wide range of strategic initiatives – including a fresh corporate identity – aimed at realising our ambition to be the world-leader in sports betting and gaming entertainment.

A new-look Board for a new way forward

Your Board was substantially strengthened and revitalised in the last 12 months and we now have in place a robust corporate governance structure that befits our status as a FTSE 100 company and a world-leading betting and gaming business. We are committed to bringing greater diversity to Entain at all levels of the Group, and we now have a much greater range of experience and backgrounds at Board level than ever before.

In July, Kenny Alexander announced his decision to retire from the Board and from the Group after 13 hugely successful years as CEO, during which time the business grew from being a small AIM-listed company to the international FTSE 100 business that it is today. We were fortunate to have a readymade replacement for Kenny in the form of Shay Segev, whose transition from COO to CEO was carried out seamlessly and successfully.

We were sorry to subsequently lose Shay to DAZN after five years at the Group but only a short time in the role of CEO. Our regular and rigorous succession planning meant that we were able to replace Shay swiftly and efficiently with Jette Nygaard-Andersen. Jette joined the Entain Board as an independent Non-Executive Director in 2019, and played an instrumental role in developing our growth and sustainability strategy. Jette's background in fast-growing disruptive next generation online and mobile entertainment companies fits perfectly with Entain's evolution into an entertainment focused company, and we are hugely excited about the Group's future prospects under her leadership. As part of Jette's appointment, Rob Wood had the role of Deputy CEO added to his existing role of CFO, reflecting the critical role that he has played in driving the financial performance of the Group and in delivering our new strategy.

We announced a number of other additions to the Board in the last 12 months, both by promoting people internally and also through external recruitment. The appointments of Robert Hoskin, Entain's Chief Governance Officer, who joined the Board on 1 January 2021, and Sandeep Tiku, our Group COO, who will join the Board shortly, demonstrate the strength and depth of our wider management team as well as our commitment to developing internal talent. The fact that regulation, governance and our technology are now represented at Board level gives us even greater oversight of these crucial areas.

Read more about our Board:
pages 80–81

At our heart we are a technology company. Our industry-leading proprietary technology is key to delivering on our goals and clearly distinguishes us from our competitors.

We were delighted that in August, Emily Carey, joined us as Company Secretary. Emily was previously at BP plc and brings experience and rigour to the role as we embed best in class corporate governance.

We were also joined on the Board by David Satz, who has played an important role in successfully lobbying for online gaming and sports betting to be licensed in the US, and was most recently Senior Vice President of Government Relations and Development for Caesars Entertainment Corporation in Las Vegas.

This year we announced the appointments of Stella David and Vicky Jarman to the Board. Stella, who will become our Senior Independent Director ("SID"), was previously Chief Executive Officer of William Grant & Sons following more than 15 years with Bacardi Ltd. Vicky is a chartered accountant who qualified at KPMG before spending over 10 years with Lazard and Co Ltd, working in the Investment Banking team and then as Chief Operating Officer for the London and Middle East operations until 2009.

We said goodbye to Stephen Morana, our SID, who stepped down from the Board on 4 March 2021 to pursue his executive career with Cazoo, and to Jane Anscombe, who left us on 31 December to pursue other opportunities.

On behalf of the Board, I would like to formally welcome our new additions and to extend our sincere gratitude to Stephen and Jane for their valuable contributions to Entain.

We are proud that as one of only six companies in the FTSE100 with a female CEO, a Board comprising 40% women as well as having BAME representation, Entain is clearly demonstrating its commitment to diversity and inclusion throughout the Company.

Entain's vision is to be the world leader in sports betting and gaming entertainment and as such we operate across the global stage and want to attract and retain leading talent that can maximise the value we can deliver for all our stakeholders. While the UK market represents one reference point for talent, the Board recognises that we are also competing against a much broader range of companies, including US and privately-owned technology businesses. Within this context, while our current Directors' Remuneration Policy is aligned with the UK-listed environment, we are of the view that it does not provide the scope necessary to attract, retain and appropriately remunerate the people we need to deliver the exceptional performance we know Entain has the potential to achieve. This has just been made clear with the departure of our previous CEO, Shay Segev. As such, we will be consulting with shareholders on what measures we can put in place to ensure that our remuneration policy provides the appropriate level of incentivisation to reward exceptional performance that will maximise value for shareholders.

> We aim to provide the world's safest and most trusted gaming platform."
>
> **J M Barry Gibson**
> Non-Executive Chairman

Financial performance

Against the backdrop of a hugely challenging trading environment as a result of Covid-19, Entain's diversified business model – by product, brand, territory, and channel – was proven to be exceptionally resilient. While Group Net gaming revenue ("NGR") was flat, our online business performed strongly with NGR up 28%cc in the full year and up 41% in the final quarter marking the Group's 20th consecutive quarter of double-digit online NGR growth. With growth in all our major markets we continue to deliver on our core market growth ambitions. Momentum in our US business, BetMGM, continues to build culminating in an 18% market share across the states in which it operates over the three months to January 2021. This is a remarkable achievement, considering it was only operational in three states at the start of the year. We are well on our way to achieving our ambition of a leading position in this market which we believe will be worth around $20bn by 2025. In spite of the challenges presented by Covid-19 we managed to grow our overall EBITDA by 11% in the year to £843.1 million, as well as continue to generate cash that gives us the flexibility to deliver on our strategic growth ambitions.

A new way forward: sustainability and growth

In November, we unveiled our ambitious plans for the future under two core strategic pillars of sustainability and growth. As part of this process, and to better reflect our position and purpose as a technology-enabled entertainment business, we renamed our company Entain plc.

At our heart we are a technology company. Our industry-leading proprietary technology is key to delivering on our goals and clearly distinguishes us from our competitors. It provides us with the agility and flexibility to deliver on our growth ambitions, adapt to regulatory change as well as protect our customers.

Our new strategy and new name defined a clear way forward for us and is much more than a corporate rebrand. ESG is important to our shareholders, our people and indeed our wider stakeholder community – the most sustainable business in our industry will be the most successful business in our industry. With that philosophy in mind, and as a key element of our growth and sustainability strategy we launched a new Sustainability Charter based around four cornerstones:

1. An exclusive focus on regulated markets
2. Continuing to take the lead on responsibility
3. Pursuing the highest standards of corporate governance
4. Providing the best place to work and investing in local communities

During the year we took a number of actions to demonstrate our commitment to these important tenets, including: moving the Group's tax residence to the UK in February; committing, in November, that by 2023 100% of our revenues would come from nationally regulated and regulating markets, achieving 99% by the end of 2020; and, announcing our Advanced Responsibility and Care programme that will see us continue to lead the industry in player protection through research, analysis and technology.

Entain has a strong track record of growth as well as a clear strategy to continue that growth for many years to come. This includes delivering on our clear ambition to be the leading operator in the US through BetMGM, growing in our core markets, entering into new regulated markets – both organically and via M&A – and expanding to reach new audiences in areas such as eSports and digital gaming.

Towards the end of the year we were approached by our US joint venture partner, MGM Resorts International with a potential offer for the Company. However, in the Board's opinion the proposal was not compelling for Entain's shareholders and did not reflect the value we know we can deliver for shareholders through our Sustainability and Growth Strategy. We continue to have a good relationship with MGM and look forward to closely working with them to finance and support BetMGM's exciting prospects in the US.

For our colleagues, this re-focused strategy will enable us to recruit, retain and nurture the very best people in our industry, giving them an inspiring and rewarding environment in which to build their careers. For our customers, it means providing them with an exciting and trusted range of products and services. And for our shareholders, it means delivering sustainable returns and a stake in a business that places environmental, social and corporate governance at the very top of its agenda.

JM Barry Gibson
Non-Executive Chairman

4 March 2021

Read more about our strategy:
pages 24 and 25

Chief Executive's Review

"We believe scale, diversification and a responsible approach will enable us to continue to create sustainable shareholder value through capital and income growth."

Jette Nygaard-Andersen
Chief Executive Officer

A new way

A new way forward as Entain

On 12 November 2020 we announced a clear strategy, together with a new corporate identity, to reflect our ambition to be the world's leading betting and gaming entertainment company with our customers the focus of everything that we do. Our two core strategic pillars of growth and sustainability are underpinned by our industry leading proprietary technology platform. It is through this strategy that we will continue to drive significant value for our stakeholders.

Powered by technology

Technology is the beating heart of our business. It is what powers us and distinguishes us from our competitors, supports our customer centric focus and ensures value creation. Owning our technology means that over 3,000 world class developers are focused on delivering exclusively for our customers, and that we are in control and not reliant on third party management teams with their own challenges and demands. It gives us the flexibility, agility and scale to deliver on all of our strategic priorities, at pace.

It empowers us to think differently as we deliver on being a responsible entertainment company and gives us advantages in five key strategic areas:

1.
Enabling us to continuously improve the customer experience, such as being best in class at each individual customer touch point and rolling that across all our brands and markets (build once, deploy multiple times), or personalising the engagement with a customer.

2.
Supporting our growth, whether that be launching in new states in the US, integrating new businesses acquired, launching new products – in-house and third party – or expanding into new markets or to new audiences.

3.
Providing us with an engine for innovation, be that exploring new markets and new audiences or exploiting new technologies such as AI, virtual reality or 5G to enhance the customer experience.

4.
Approaching customer protection in new and more powerful ways. Across the industry protection for customers reacts to triggers defined by markers of protection, but at Entain we are moving to implement an advanced proactive player management platform that navigates each customer journey in real-time around any identified risk specific to that customer, promising never before seen levels of player protection.

5.
Driving efficiencies through our business. These come from maximising cost and revenue synergies – both from acquisitions as well as from process improvements across the Group. Operating our own platform also means that we operate at a lower cost than our competitors who pay revenue fees to third parties.

In summary, it is our technology that gives us a significant competitive advantage and has enabled us to achieve the 20 consecutive quarters of double-digit online growth we have now delivered.

forward

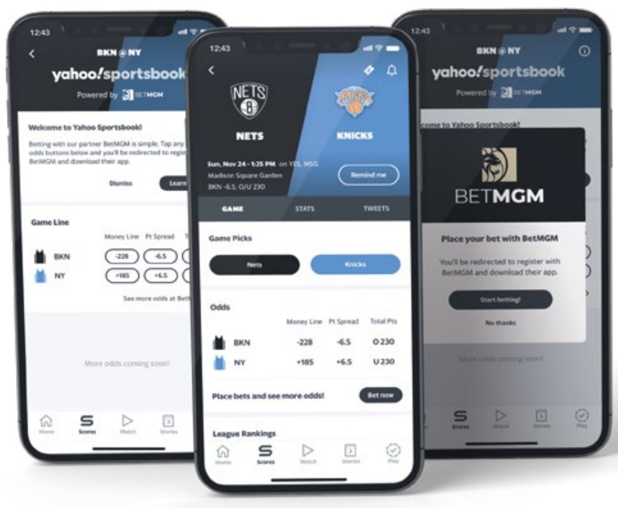
Growth

We have a number of growth opportunities that will continue to drive the Group's performance and increase our scale. These include delivering on our clear ambition to be the leading operator in the US through BetMGM, growing in our core markets, entering into new regulated markets – both organically and via M&A – and expanding to reach new audiences.

Leadership in the US

We estimate that the betting and iGaming market in the US will be worth some $20bn by 2025. With our joint venture partner, MGM Resorts, we have created a winning formula around a strong brand with significant competitive advantages. This includes our own industry leading proprietary technology, product set, digital marketing and player safety, as well as unrivalled player access through MGM Resorts retail operations, M life Rewards programme and other partnerships and affiliations.

Having started 2020 operational in just three states, significant growth and momentum has accelerated BetMGM into a leading online sports and iGaming operator in the US market. It is now live in 12 states and has over 500 employees. During the year BetMGM launched in West Virginia (online sports-betting (OSB) & iGaming (iG)), Indiana (OSB), Nevada (OSB adding to Retail Sports (RS) which went live in 2019), Michigan (RS), Colorado (OSB), Oregon (RS), Tennessee (OSB) and Pennsylvania (OSB & iG). That momentum continued into 2021 with the launch in January of online sports-betting in Iowa and Virginia, as well as online sports-betting and iGaming in Michigan. BetMGM has now achieved approximately 18% market share in the states in which it is live in the three months to the end of January 2021. BetMGM aims to be operating in around 20 states by the end of this year, reaching approximately 40% of the adult population.



Read more about how we create value: pages 30-31

As momentum in the business grew, BetMGM was able to deliver highly successful online sports launches in a number of states such as Tennessee and Colorado where it is delivering market leading shares of 35% and 34% respectively in aggregate in the three months to the end of January 2021. Having launched in Pennsylvania in December, in January BetMGM became the leading iGaming operator across the US. This clearly demonstrates the potential of the business and the appeal of the BetMGM brand to customers across both online sports-betting and iGaming.

During the year BetMGM launched a highly successful advertising campaign featuring Jamie Foxx, reinforcing the entertainment credentials of the brand in sports-betting and iGaming. In October, a single nationwide app was launched making it easier for customers to access our sportsbook and iGaming products.

The integration with M life Rewards (MGM Resorts' loyalty programme) provides a valuable customer advantage, from customer acquisition to ongoing engagement and retention. It enables BetMGM customers to earn M life Rewards Tier Credits that can unlock exclusive benefits and also earn points to convert to bonuses within the BetMGM app, vouchers to use at MGM's retail destinations, and cash. In Q4, 17% of BetMGM sign-ups had a pre-existing relationship with MGM Resorts and M life Rewards.

During the summer, integration with the Yahoo Sports platform provided Yahoo Sports customers with a seamless betting and gaming experience. With Yahoo Sports now licensed in Michigan and Virginia we see it continuing to be a leading and valued source of customer growth.

We also have a number of other partnerships that drive player access such as: Buffalo Wild Wings (with BetMGM the exclusive betting partner across their 1,200 sports themed restaurants); affiliations with a number of sports teams, such as the Denver Broncos, Tennessee Titans and Las Vegas Raiders in football, as well as others across golf, basketball, baseball and NASCAR; in 2021 BetMGM signed an agreement with the Athletic (a direct-to-consumer digital sports media company); and other affiliations, the latest being TopGolf.

With strong momentum in the business, Entain and MGM Resorts committed a second tranche of investment in July, bringing the total committed investment to $450m, of which $210m was invested by 2020 year end. During the year BetMGM grew its online NGR by 140% and delivered total NGR of $178m for 2020, ahead of our Q3 guidance of $150m-$160m. Entain's share of losses for the joint venture for 2020 was £60.6m and, given the significant growth of the business, it is expected that both NGR and losses will increase significantly in 2021.

In summary, BetMGM is firmly on track to realising its ambition of being a leader in the US sports-betting and iGaming market and expects to achieve a 15-20% market share.

Grow core markets

We currently operate in over 20 markets worldwide. Our combination of customer focus, strong brands, great products and digital marketing expertise has enabled us to grow online across all of our major markets. We have now delivered 20 consecutive quarters of double-digit growth in online NGR with a three-year compound annual growth rate of 20%.

We continue to see further growth potential in our existing markets. Excluding Germany (where recent regulatory changes are impacting the market), 97% of our NGR is in markets where we are growing at over 10%. Excluding the UK, 87% of our NGR comes from markets where online penetration is less than 35%.

"Growth and momentum has accelerated BetMGM into a leading online sports and iGaming operator in the US market now live in 12 states and with over 500 employees."

Jette Nygaard-Andersen
Chief Executive Officer

We have a diversified business model both through geographic reach as well as product range. This enabled the Group to respond well to the disruptions caused by sports cancellations, with customers benefiting from the wider range of sports our brands offer as well as our leading gaming products. Online also saw significant uplifts as a result of retail closures. Whilst we expect online volumes to ease back when shops in our core online territories re-open, we expect the trends seen during the pandemic to be positive for the global online gaming market, and particularly for Entain's brands, which we anticipate will more than cover any permanent channel loss from our retail estates in the UK and Europe.

In the UK, our Ladbrokes and Coral brands delivered a fifth consecutive year of online growth. This growth has been underpinned by improvements to brand advertising, performance marketing and the customer proposition, including product and user experience enhancements. Our bingo and other gaming brands in the UK continue to grow market share through an ongoing focus on personalisation, customer experience improvements and product development. During the year, these brands transitioned onto the Group's proprietary technology platform. We are continuing to evolve the customer propositions and brand identities to widen their appeal to a mass market recreational customer base.

Ladbrokes and Neds in Australia continued to grow strongly, driven by the reactivation and increased engagement of existing customers, as well as significant new customer acquisitions driven by the displacement of retail customers and other recreational spend as a result of lockdowns. The strength of our portfolio of brands, market-leading product innovation and racing focused business mix has also allowed Ladbrokes and Neds to capture increased market share throughout 2020. On 2 February 2021, we announced that we had submitted a non-binding indicative offer for the Wagering and Media business of Tabcorp Holdings Limited. Whilst discussions remain at an early stage, this transaction is in-line with our strategy of expanding across regulated international markets.

In the fourth quarter, we were pleased to receive four sports-betting licences in Germany, and the 16 Lander (German federal states) also confirmed that they had agreed to a transitional tolerance policy for gaming for the period ahead of implementation of the Interstate Treaty 2021.

These two developments, while a long time coming and implemented in stages, are bringing clarity to German regulation of online betting and gaming after 20 years of ambiguity. The issuance of sports licences and implementation of the tolerance policy were accompanied by certain restrictions that are being implemented from mid-October last year through the first quarter this year. These restrictions are expected to impact revenue and the dynamics of the market and, so far, the impacts have been broadly in line with our expectations.

In addition there is a proposal to introduce a 5.3% turnover tax on online poker and slots from the beginning of July this year. If such a tax were introduced, it would make certain parts of the market uneconomic for many operators. For us, it would reduce contribution this year by around £15m – £20m before any mitigating actions. The tax is yet to be ratified and its implementation will be subject to challenge by the industry.

In Georgia, Crystalbet has cemented its position as the number one operator in that market.

Retail operations in the UK, Italy, Belgium and Republic of Ireland were heavily impacted by enforced closures due to Covid-19 restrictions. However, when shops were allowed to open, we saw trade rapidly return to within single digits of pre-pandemic levels, clearly demonstrating that customers continue to enjoy the in-store betting and gaming experience. This indicates that customers will continue to want the in-store experience for years to come. In December 2019, we opened our 'shop of the future' in the UK that better connects the retail environment with the online digital experience, as well as improving the overall customer experience. We plan to open further stores in this format in the year ahead. To make the retail and online experience even more seamless, as well as drive cost efficiencies, we have integrated the till systems in our shops onto our own proprietary technology platform and we are also developing our own SSBT software.

Enter new markets

There are significant growth opportunities across the globe with around $50bn in gross gaming revenues in over 50 regulated markets in Central & Eastern Europe, Latin America and Africa where we do not currently operate today.

On 9 December we launched the bwin brand in Colombia, as one of the first major operators to gain a licence in the Latin American market. This provides the Group with a good foothold in this exciting region alongside our offering in the regulating Brazilian market.

We have a strong track record of integration and value creation through M&A. Following a pause due to the Covid-19 pandemic, we restarted our M&A programme on 8 October 2020 with the announcement of the acquisition of Bet.pt, which is expected to complete during the first half of the current financial year.

This takes the Group into the recently regulated, and rapidly growing, Portuguese market which is expected to more than double to around €450m in value by 2023. Bet.pt is one of the leading online betting and gaming operators in Portugal with a particular strength in sports-betting. By leveraging our technology, extensive portfolio of gaming content, marketing and CRM capabilities, as well as growing the sports offering, we see plenty of opportunities to grow its market position and profitability.

On 1 March 2021 we announced an increased offer for Enlabs AB of SEK53 per share as well as securing irrevocables to accept this final offer from shareholders representing around 51% of Enlabs AB's shares. Enlabs predominantly operates online sports-betting and gaming brands across the fast-growing Baltic region, with a small retail presence. It is the market leader in Latvia, the second largest in Estonia and a top-five operator in Lithuania. In November 2020 Enlabs completed the acquisition of Global Gaming, which enables Enlabs to extend its operations into the Nordics through successful and proven gaming brands, including Optibet, Laimz and Ninja. Enlabs' regional market and brand strength combined with Entain's scale, proprietary technology, product, marketing and regulatory expertise, can further accelerate growth and expansion into new territories – both through Enlabs' brands as well as by leveraging Entain's existing brands. The offer remains subject to regulatory approval and acceptance by Enlabs shareholders.

We continue to look for further opportunities to enter new, growing and regulating or regulated markets where we can drive further value.

Expand to new audiences

Technology is changing consumer behaviour with new trends and ecosystems creating exciting opportunities. This means we must adapt and innovate to drive further growth across new audiences.

Firstly, in our existing markets we will pivot our brands to appeal to a broader mass-market, recreational and engaged, customer base. Doing so will give us a better quality, and greater sustainability, of earnings.

Secondly there are adjacent markets, such as those evolving around skill-based gaming, where we can leverage our product development expertise to expand our offering to provide marketing opportunities through free to play games.

Thirdly, we must adapt to develop products for customers in new and emerging markets and ecosystems. For instance, the gaming market is huge and growing every day with around 2.7bn gamers around the world. 100m people watched the League of Legends world championship and the e-sports-betting market is estimated to be worth over $1bn today and is growing rapidly. This is a new and exciting growth market for us and, whilst we understand that there are challenges to be navigated, we will take it step by step and aim to be an important player in this market.

“Technology is changing consumer behaviour with new trends and ecosystems creating exciting opportunities.”

Sustainability

Sustainability is at the heart of everything we do, and we firmly believe that the most sustainable business will be the most successful business in our industry. In November we announced our Sustainability Charter to underpin this element of our strategy. This was built around four core principles: an exclusive focus on regulated markets; continuing to take the lead on responsible betting and gaming; best in class corporate governance; and investing in our people and local communities.

Focus on regulated markets

We have committed that by the end of 2023 we expect 100% of revenues to come from regulated markets. We only want to operate in domestically regulated markets as these provide the right balance between customer enjoyment and customer protection, while also providing greater clarity and certainty for our business and earnings.

At the end of 2020, 99% of our NGR was from nationally regulated or regulating markets, up from around 96% previously. We will keep an eye on the regulatory timetable for the remaining 1% and, where possible, work closely with the relevant in-country authorities and trade bodies to help develop a robust framework that protects players and maintains the highest regulatory standards.

We are becoming much more proactive in our engagement with regulators. In the UK, the 2005 Gambling Act is currently under a much-needed review that will set out the regulatory framework for years to come. It will address all forms of betting and gaming in the UK and is an opportunity to address the fringes of the industry as well as dealing with the mainstream.

Read more about our Sustainability Charter: pages 20-21

We are contributing to this process to help find a balance between protecting the minority that are at risk while supporting a healthy entertainment experience for the remaining majority – as well as an environment that is commercially viable for operators.

Actions taken by betting and gaming operators over the last couple of years have resulted in a meaningful reduction in problem gambling. For example the UK Gambling Commission reported that problem gambling in the UK was 0.3% in 2020, compared to 0.6% in the previous year. It is critical now that any revised legislation is not draconian as this will have the unintended consequences of pushing customers, particularly those at risk of problems towards using un-licensed black-market operators which will simply exacerbate the problem.

Lead on Responsibility

We continue to lead the market in the critically important area of responsible betting and gaming. In the UK in 2019, we withdrew from football shirt sponsorship and led calls for the whistle-to-whistle advertising ban. As the Covid-19 pandemic set in, we increased our monitoring and markers of protection to ensure that customers didn't inadvertently run in to problems while stuck at home during lockdowns. We also increased our communication and messaging to all customers on the importance of safer betting and gaming, including the removal of TV adverts during the Q2 lockdown. We were encouraged to see that in May, the UK Gambling Commission found no evidence of a rise in problem gambling as a result of the pandemic and, as mentioned above, that problem gambling reduced in 2020.

During the year, we announced our Advanced Responsibility and Care ("ARC") programme, which is a scientific and technology based proactive preventative approach to player protection that identifies, addresses and averts potential problem play in real time. We truly believe that this initiative opens a new era in player protection.

As part of this programme, we appointed Professor Mark Griffiths, Distinguished Professor of Behavioural Addiction and Psychology at Nottingham Trent University. He is working with the business to apply findings from the behaviours of our anonymised global player database to help develop stronger rules, measures and interventions for implementation under ARC.

This approach will enable us to use our technology to provide a personalised proactive journey for our customers when using our services, so that we can more effectively navigate the small minority of customers who are at risk of harm away from any such risk. Using advanced BI, our specialists and data scientists have built the first stage of this to track player behaviour in real-time and identify problem play before it escalates. Each player will have a dynamic risk rating that automatically updates in line with their play patterns and other measures. The first trials are underway and we expect to start to implement ARC in the UK in the summer with other geographies to follow.

It is important that we embed this approach right through the Group as well as demonstrate our commitment to the safeguarding of those at risk. To this end we are introducing a responsible betting and gaming metric to our Group-wide remuneration policy.

Best in class corporate governance

As a world-leading company we are committed to the highest standards of governance in all areas of our operations and our Board has been strengthened and revitalised during the year, particularly with the appointment of Barry Gibson as Group Chairman in February 2020 and the appointment of Robert Hoskin as Chief Governance Officer at the start of 2021. To underpin, and demonstrate this commitment, we are undertaking an independent audit of our corporate governance and compliance processes.

In December, the Group relocated its place of management and control – and consequently its tax residence – to the UK.

Best place to work and investing in our communities

We want to be an organisation in which our people are empowered to do great work for our customers and to build brilliant global careers.

We are proud of our inclusive culture, and are attracting a more diverse selection of candidates from a wider range of sectors than ever before. Over 36% of our senior leaders are women, which is a significant step up on previous years but we are still working to improve upon this further. We look after our people, for example, during the year we offered all colleagues a range of mental health care initiatives as well as virtual learning programmes. We invest in leading development and progression for long-term careers at Entain and we like to promote talent internally.

As part of our Sustainability Charter, we are committed to reducing the Group's environmental impact. Having made a strong start by hitting our 2018 – 2021 target of a 15% reduction of greenhouse gas emissions, we have today announced our commitment to dramatically accelerate this process, becoming carbon net zero by no later than 2035, 15 years ahead of the target set by the Paris Agreement on climate change. In doing so we have formerly joined the Science Based Target initiative and are seeking to demonstrate leadership within our sector.

In November we launched the Entain Foundation, which will manage the donation by Entain of £100 million to be made over five years. The Foundation is focused on supporting good causes in four key areas; research, education and treatment in relation to safer betting and gaming; the promotion of grass roots, women's and disabilities sports; diversity and technology; and, community projects. As part of our focus on grass roots sport, the Foundation runs our flagship Pitching In investment fund, which has launched a non-branded partnership with English non-league football as well as SportsAid, investing in aspiring UK athletes.

Jette Nygaard-Andersen
Chief Executive Officer

4 March 2021

What makes us Entain?

Exciting growth opportunities

BetMGM

Our joint venture with MGM Resorts International, BetMGM is establishing itself as a market leader in the rapidly expanding US market.

NGR

£3.6bn

Flat (despite Covid-19)

2019: £3.6bn

Employees and contractors

c.24,000

Leading Global brands

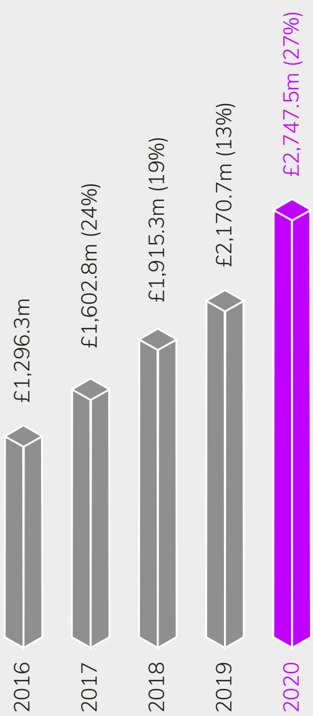
24

Online wagers processed

£11.8bn

+5% (+7%cc)

Online NGR for 2016 – 2020 by year



2016-2018 are proforma numbers and on an actual currency basis

We have a range of exciting growth opportunities that can significantly increase the value of the Group. These opportunities are based on four strategic imperatives:

Growth: four key strategic imperatives

1. Leadership in the US:

We have a clear ambition to be the leading operator in the US through BetMGM, our joint venture with MGM Resorts. We have strong momentum already with an estimated market share of 18% across the states in which BetMGM is active.

2. Grow our core markets:

We have achieved a huge amount in our existing markets, but there is still substantial headroom for further growth. We currently operate in over 20 markets worldwide. Our combination of customer focus, strong brands, great products and digital marketing expertise has enabled us to grow online across all our major markets. We have now delivered 20 consecutive quarters of double-digit growth online.

3. Enter new markets:

We see significant opportunities for expansion into new regulated markets through organic opportunities as well as M&A. There are significant growth opportunities across the globe with around $50bn in gross gaming revenues in over 50 regulated markets in Africa, Latin America and Central and Eastern Europe where we do not currently operate today.

4. Expand to new audiences:

New technology-enabled forms of entertainment are constantly emerging, and we intend to be at the forefront of capturing them. For instance, esports and digital gaming are becoming the hub for a rapidly growing audience out of which are evolving new betting markets, and we see significant potential for us in this area.

“We plan on growing and evolving the business in a responsible way. We will grow in a way that is underpinned by sustainability, responsibility and player protection.”

Jette Nygaard-Andersen
Chief Executive Officer

Read more about our new strategy: **pages 24-25**

A new charter to ensure our long-term success

"We know that the most responsible operator will also be the most successful operator, which is at the heart of Entain and our new strategy."

Jette Nygaard-Andersen
Chief Executive Officer

Enhancing leading player protection technologies

Dr Mark Griffiths, Distinguished Professor of Behavioural Addiction and Psychology at Nottingham Trent University will be auditing Entain's policies and processes on responsible gaming and suggest improvements, drawing on academic and scientific experience gained over more than 30 years studying online behaviours and addiction.

Safer Betting and Gaming Commitment
RET investment

1% UK GGR
by 2022 (10-fold increase)

2019: 0.1%

Revenue (regulated markets)

100%
by 2023

Female senior leaders

36%

Entain Foundation donations

£100m
over five years

Read more about our corporate and social responsibility: **pages 96–98**

In November 2020, we launched our new Sustainability Charter. We believe that the most sustainable business in our industry will be the most successful business in our industry. Our Sustainability Charter is based around four cornerstones:

Regulation	Responsibility	Corporate governance	People and communities
Only operate in regulated markets	Scientific approach to safer gaming	Best in class corporate governance	Best place to work
100% regulated markets by end of 2023	Leverage technology for player safety	Strengthened Board	Reduce environmental impact
Pro-active regulator engagement	New responsibility algorithms	Strengthened Processes	£100m to Entain Foundation over five years
	Remuneration tied to responsibility		

Long-term sustainability = Long-term success

Our Sustainability Charter

1. An exclusive focus on regulated markets

By the end of 2023, 100% of our revenues will come from regulated markets, which means that we are exiting markets in which there are currently no viable paths to regulation. By the end of 2020, 99% of our revenue came from nationally regulated or regulating markets, and we will work closely with regulatory authorities in the remaining 1% towards the highest regulatory standards. If it becomes apparent that regulation in those markets is unlikely, we will exit them.

2. Continuing to take the lead on responsible betting and gaming

Ensuring the highest possible levels of player safety and protection is the best way of guaranteeing our long-term success. Our technology enables us to continuously upgrade and personalise our protections for customers. As such we launched our Advanced Responsibility & Care ("ARC") programme which will move player protection from being reactive to proactive to advert potential problems before they occur. From 2021, a responsible betting and gaming metric is being incorporated into our annual Group-wide bonus conditions.

3. Pursuing the highest standards of corporate governance

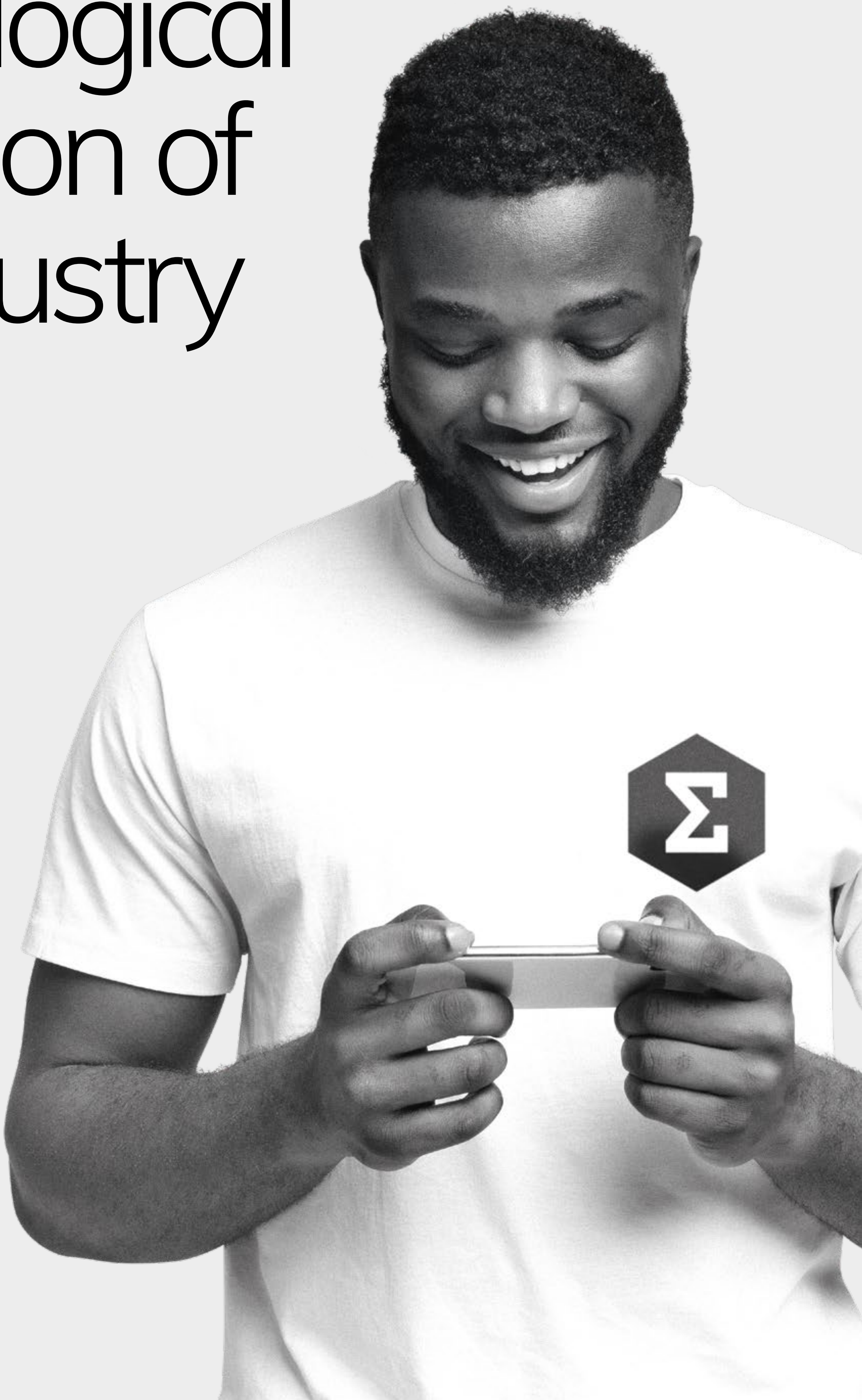
We recognise that to be a world-leading company we need to adhere to the highest standards of governance in all areas of our operations. Our Board has been strengthened and revitalised over the last two years, notably with Barry Gibson becoming Chairman in February 2020. We have a robust corporate governance structure and policies in place that befit our status as a FTSE 100 company.

4. Investing in our people and local communities

We have a long history of recruiting, retaining and nurturing the best people in our industry as well as a commitment to diversity, looking after our people, and creating the best place to work.

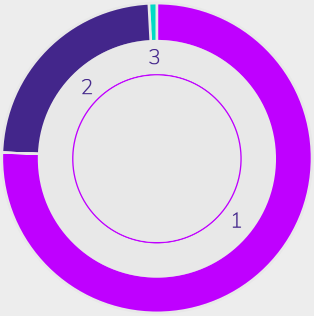
We are proud to be able to contribute to the wider communities in which we operate, through the Entain Foundation, which is committed to donating £100 million over the next five years including our flagship Pitching In programme that supports grass roots sports and sports people.

Leading the technological revolution of our industry



PlayPause

Entain is the first official partner of PlayPause, a new multi-state responsible betting and gaming tool which will operate across state lines in the United States, with the feature due to launch with BetMGM.



Our Divisions
2020 NGR

1. **Online**	75.7%
2. **Retail**	23.6%
3. **Other**	0.7%

Platform availability

99.95%

Technology specialists

3,000+

Sports bets a day

2m+

Casino spins a day

21m+

At its core, Entain is a pioneering technology business. Critically, we are unique amongst our peers in owning and operating 100% of our proprietary technology platform.

Our tech teams comprise of over 3,000 world-class developers, specialists software engineers and data scientists. Collectively they deliver one of the most advanced platforms either inside or outside of our industry.

Operating our own platform gives us unparalleled flexibility, agility and scale to adapt to challenges and opportunities and deliver against strategic priorities, at speed, rather than being reliant on third-party suppliers. It provides a number of distinct competitive advantages:

- Enhance the customer experience.
- Innovate our products and services.
- Expand our organic growth opportunities.
- Enter new regulated markets.
- Rapidly integrate acquisitions.
- Innovate our products and services.
- Adapt to changing regulatory requirements.
- Enter new regulated markets.
- Protect our customers through early risk detection and intervention.
- Drive efficiencies throughout the business.

Entain's 20 consecutive quarters of double digit online growth have been driven by our technology, it's what supports our leading-edge approach to digital marketing and has meant that we have been able to grow faster than our competitors while enhancing the protection of our players.

We own 100% of our technology, which has been the key driver behind our long-term success."

Jette Nygaard-Andersen
Chief Executive Officer

Read more about our technology platform across our brands:
pages 30-31

Our strategic framework

Our corporate strategy is focused on growth and sustainability, underpinned by our technology and innovation.

2020 priorities	2020 progress
Growth	
Leadership in the US Clear ambition to be the leading operator in the US sports betting and iGaming market through BetMGM.	BetMGM had approximately18% market share in the states in which it is live in the three months to the end of January 2021.
Grow our core markets Continue to grow rapidly in the 20 international markets in which we already operate.	We have now delivered 20 consecutive quarters of double-digit growth in online NGR with a three-year compound annual growth rate of 20%.
Enter new markets Significant opportunities exist for expansion into new regulated markets through organic opportunities as well as M&A.	Announced the acquisition of Bet.pt, to complete H1 2021. Became first major operator to be licensed in Colombia. Announced offer for Enlabs AB in January 2021.
Expand to new audiences Entain will be at the forefront of leveraging opportunities created as new technology-enabled forms of entertainment continuously evolve.	Broadened focus to new areas of gaming entertainment, exploring new partnerships and opportunities.
Sustainability	
An exclusive focus on regulated markets All revenues to derive from regulated markets by end of 2023.	By the end of 2020, 99% of our revenue came from nationally regulated or regulating markets.
Continuing to take the lead on responsible betting and gaming Our technology enables us to continuously upgrade and personalise our protections for customers.	Launch of Advanced Responsibility & Care ("ARC") programme to use technology to proactively intervene to prevent betting and gaming related harm developing. Establish appropriate safer betting and gaming metric to link remuneration with safer betting and gaming practices.
Pursuing best in class standards of corporate governance Ensuring the highest standards in all areas of our operations.	Strengthened and diversified our Board and governance practices under new Chairman Barry Gibson.
Best place to work and investing in our people and local communities Ensure Entain is the best place to work while contributing to society where we are based and operate.	Establishment of the Entain Foundation with commitment to donate £100m over next five years. Named top of the betting and gaming industry's All-in Diversity Index for approach to D&I.

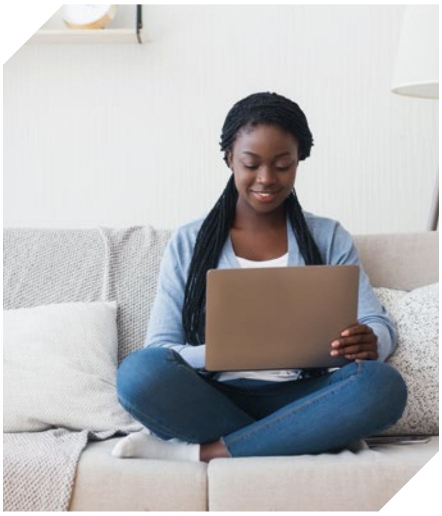
Key

Achieved	
On target	
Not achieved	

Priorities for 2021	KPIs	Risks	Remuneration
• Enter new States as they regulate with market leading customer offer. • Continue to innovate in existing markets focusing on product, brands and marketing. • Identify new opportunities in the 50 regulated markets where we do not currently operate. • Deliver new customer propositions outside of our traditional product offer.	**Market access** **150m** people **Leverage** **2.1x** **Online net revenue** **£2,747.5m** **Underlying EBITDA** **£843.1m**	• Technology failure. • Loss of key locations. • Trading, liability and pricing management. • Increased cost of product.	• Executive Committee agreed three month wage cut and waived 2020 bonuses. • Revised bonus target for employees paying out at 50% of original scheme. • Executive bonus and Long Term Incentive Plans linked to EBITDA, Cash generation and safer betting and gaming targets.
• Work with authorities in the remaining 1% of markets to find a path to regulation. • Continue to develop ARC and increase investment in all areas of research, education and treatment of problematic behaviour. • Introduction of safer betting and gaming metric to account for 15% of 2021 bonus payments for all office based employees. • Continue to diversify Board and evolve governance best practice. • Roll-out programme of investment from Foundation in international projects.	**Contribution to safer betting and gaming initiatives** **£9.7m** **Employee satisfaction with approach to wellbeing** **87%** **Reduction in carbon emissions 2018-20** **15%** **Commitment to Entain Foundation over five years** **£100m** Read more: **pages 34–55**	• Ensuring health, safety and wellbeing of our stakeholders. • Ability to recruit and retain both customers and employees. • Data breach and cybersecurity. • Changes in betting and gaming legislation. • Changes in betting and gaming tax regimes. • Continued impact of Covid-19. Read more: **pages 72–75**	• Furloughed employees received 100% of salary. • Safer betting and gaming metric for 2021 bonus schemes implemented. Read more: **pages 102–121**

The industry in which we operate

Entain operates multiple brands in the highly competitive global gaming and sports betting sector, in both the retail and online worlds.

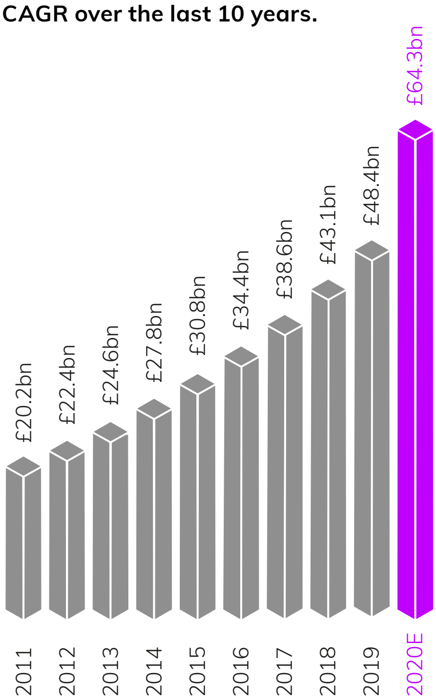


Global Online Growth

Entain operates in the global online betting and gaming market which is estimated to be worth c£64bn in 2020. Over the past ten years global online gaming grew at 12% CAGR and the market growth from 2019 to 2020 was 33% as a result of channel shift from enforced retail closures due to the pandemic.

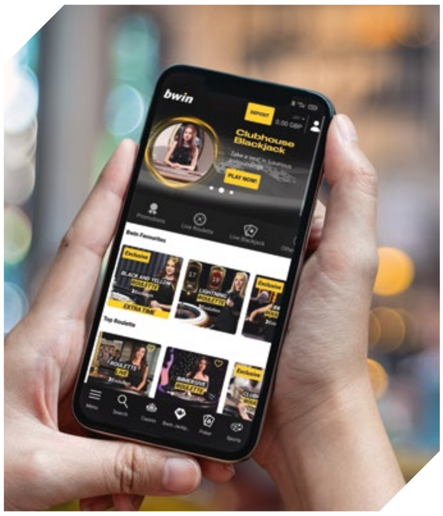
12%

The global online market grew at 12% CAGR over the last 10 years.



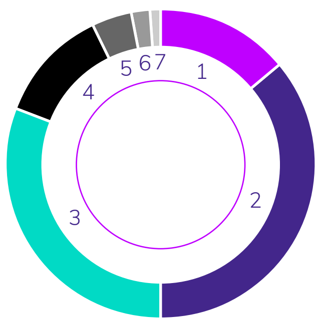
Online Europe

Geographically the Online UK and European market is the largest at 50% of the total online global market in 2020 which grew year-on-year at 26% and 9% respectively. Entain's Online proforma NGR in Europe represents over 75% of total Group Online in 2020. The next largest market is the unregulated Asia market which represents 31% of the global total followed by North America (12%), Oceania (4%), Latin America (2%), and Africa (1%). Entain also has online operations in Australia, Brazil and the US.



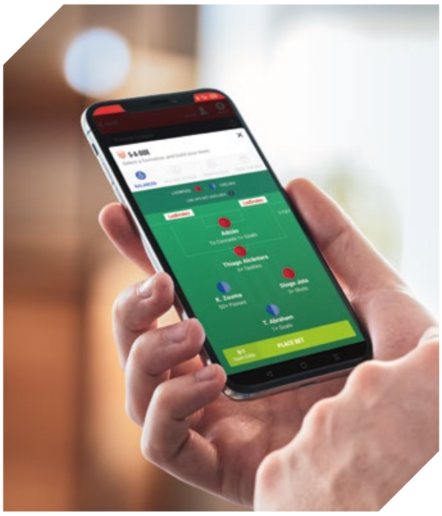
50%

UK and Europe makes up more than half of the global online gaming market.



1.	**UK**	14%
2.	**Europe**	36%
3.	**Asia / Middle East**	31%
4.	**North America**	12%
5.	**Oceania**	4%
6.	**Latin America / Caribbean**	2%
7.	**Africa**	1%

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

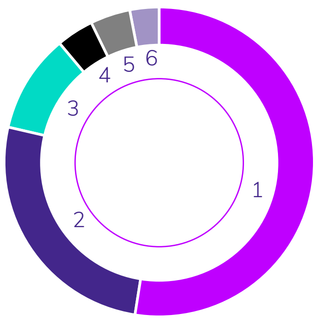


Online Market by Product

Online growth has been driven by continued product development across all areas. Online betting, casino, bingo and poker represent 85% of total online gaming revenue which are all offerings the Group delivers.

85%

Online betting, casino, bingo and poker made up 85% of all online betting and gaming in 2020, betting and casino were forecasted to grow at 17% globally.



1. **Betting**	52%
2. **Casino**	26%
3. **State lotteries**	10%
4. **Poker**	4%
5. **Bingo**	4%
6. **Skill / other gaming / commercial lotteries**	3%

Retail

The key retail countries Entain operates in are UK, Italy, Belgium and Republic of Ireland (ROI).

The UK Retail market (excluding lotteries) is estimated to be worth £2bn in 2020, a significant decline from £5bn in 2019 as a result of enforced closures due to the pandemic. Over the last 10 years the market remains flat with growth in machines offset by the change to £2 B2 machines stakes implemented April 2019 and the decline in betting. UK Retail betting sector is dominated by four operators which account for over 85% of all betting shops. Entain operates via the two brands Ladbrokes and Coral as the number one operator.

The Italian betting retail market is estimated to be worth £0.7bn in 2020, a decline from £1bn in 2019 as a result of enforced closures. Entain operates via the Eurobet brand as the third largest operator in the market for over the counter sports betting in Italy.

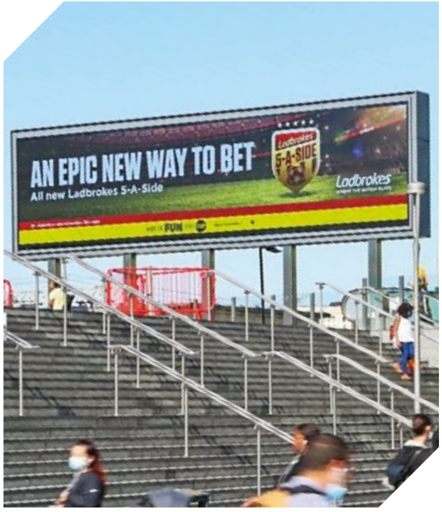
The ROI and Belgium betting market is much smaller estimated to be worth £0.2bn and £0.1bn respectively in 2020. Entain operates in Belgium and ROI via the Ladbrokes brand as the largest operator in Belgium and third largest in ROI.

>85%

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

	Total Market Size – £bn	Betting	Casino	Machines	Bingo	Lottery
UK	**5.0**	**13%**	7%	**20%**	2%	57%
Italy	**9.4**	**8%**	1%	55%	1%	35%
ROI	**0.7**	**33%**	2%	18%	2%	44%
Belgium	**0.9**	**11%**	5%	25%	0%	60%

(Entain areas of operations are highlighted)



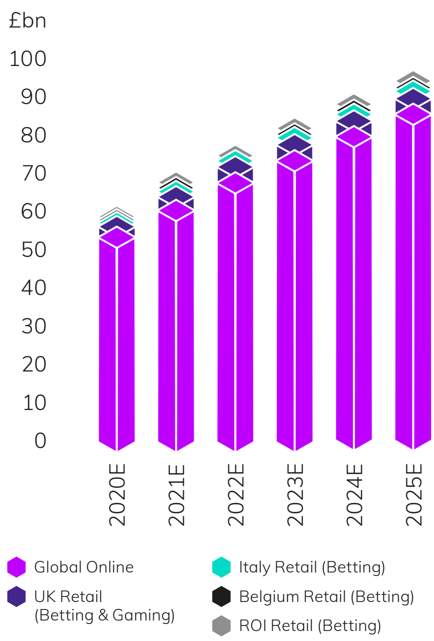
Forecast

The online gaming market is forecasted to grow at 9% CAGR over the next five years driven by US regulation, product innovation, mobile growth. The US gaming market is forecasted to grow at 19% over the next five years.

UK Retail betting and gaming is forecasted to decline 2% CAGR post the pandemic between 2022 to 2025. In our smaller Retail betting businesses, forecasted growth in Italy, Belgium and ROI is low single digits between 2022 to 2025.

9%

Online gaming is forecast to grow at 9% CAGR between 2020 and 2025 with the US growing at 19%.



Regulatory Update

Gaming is a truly global market and in 2020 the Group held licences in more than 20 territories and jurisdictions. By the end of 2020, over 99% of the Group's revenues were from markets that were either regulated or in the process of regulating.

The UK

The UK Government launched the Review of the 2005 Gambling Act in December 2020. We are formally responding to the Call for Evidence and engaging with political stakeholders and our industry counterparts to provide evidence-base submissions as part of this process. In parallel, the Gambling Commission has consulted on a number of issues, including whether there should be mandatory affordability thresholds for all betting and gaming customers. We maintain that imposing arbitrarily low and disproportionate blanket thresholds will unfortunately push customers to the black market and not protect the small minority of players who are at risk of harm. Instead, we are committed to rolling out 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. Importantly, throughout these debates, we feel the voice of the customer should be heard – which is why we launched the Players' Panel earlier this year.

United States

The sports betting regulatory activity continues at pace in the United States. Michigan, Colorado, Tennessee, Iowa and Virginia have all launched its regulated sports betting markets in 2020 or early 2021. Many other US states are in the process of considering sports-betting bills: the New York Governor has for the first time indicated his willingness to allow mobile betting in the state; states such as Massachusetts, Georgia, Maryland, Ohio, Louisiana, and even Texas might allow sports betting throughout 2021, with markets launching this year or in 2022. Indiana and Michigan are looking into expansion of internet gaming in their states. It is expected that other states that have regulated their sports betting markets will be looking into allowing internet gaming as well. The Group is of the view that in the next few years some 35 to 40 US states will have regulated sports-betting, which will provide the Group's US JV with even broader market access across the country. The number of states that will have allowed internet gaming will grow as well.

In another positive development, the US courts have sided with the industry in the Wire Act litigation, which is expected to allow for more cross border regulatory flexibility going forward, in particular US wire poker liquidity and progressive jackpots.

Germany

In October 2020, the Group obtained four sports betting licences for its key German facing brands under the existing online betting and gaming regulation. The German authorities have also introduced a toleration policy for online poker and slots, which the Group is compliant with. These developments have materially increased the levels of regulatory certainty surrounding the Group's operations in Germany. This trend will be reinforced further by the new German online betting and gaming regulation that come into effect on 1 July 2021.

The new regulation introduces licensing of all online betting and gaming verticals, including for the first time online casino, slots and poker. The Group intends to apply for German licences as soon as they are available and fully expects that these applications will be successful. As casino table games will be regulated on a state-by-state, as opposed to nationwide, basis the Group has been taking steps towards securing adequate market access for these products as well.

The 1 July 2021 regulation sets out certain restrictions on products, such as deposit limits and maximum wagering limits on slots, as well as new rules for betting and gaming related advertising. Most of these restrictions can however be further relaxed subject to regulatory discretion. In addition, the future regulation allows for a broader portfolio of in-play betting markets, which will facilitate channelling of the Group's existing sports betting and casino offers into the future regulated market.

Other Europe

In Holland, we expect the licensing process to begin once the requisite law has come into effect on 1 April 2021. The regulation will allow for all online betting and gaming verticals to operate, subject to a GGR tax. Entain expects to be able to apply for Dutch licences at the end of 2021 with a view to becoming fully licensed in mid-2022. In the meantime, we continue to fully comply with the Dutch regulator's prioritisation criteria for unlicensed operators.

In Spain, the Government has passed a Royal Decree that will impose restrictions on betting and gaming related advertising, including a TV watershed, limitations on bonuses and a sponsorship ban. The restrictions are due to come into force later in 2021. We have launched a legal appeal against the restrictions via the local trade association – as have the Spanish media association and La Liga – but it is not yet clear what impact these appeals could have. In addition, we expect a further Royal Decree on safer betting and gaming to be published in the coming months and we will engage constructively with the Spanish authorities to advocate for a balanced and proportionate measures.

The Greek regulator has announced that the granting of permanent licences to operators will be delayed until early summer, but this should not have an impact on our existing Greek operations. In parallel, we are working with other operators to clarify planned reforms to the method of calculating customer winnings taxes on the basis that, as currently proposed, they risk breaching EU state aid rules.

Elsewhere, we are actively engaging with local authorities in the Ukraine as the process of regulating online betting and gaming continues. In Sweden, we will be working with other industry stakeholders on various consultations and a governmental inquiry. The proposed regulatory reforms include restrictions on online casino advertising and improved measures to combat black market activity.

Canada

In November 2020, the Ontario government announced its intention to regulate its online betting and gaming market. Public consultations on the future regulation are expected to be launched in early 2021, with the market potentially regulating throughout the year. In addition, the Canadian federal government has proposed a bill to revoke the longstanding ban on single sports wagering which is likely to be adopted. All these developments will present Entain with an opportunity to enter the Canadian regulated market in a foreseeable future.

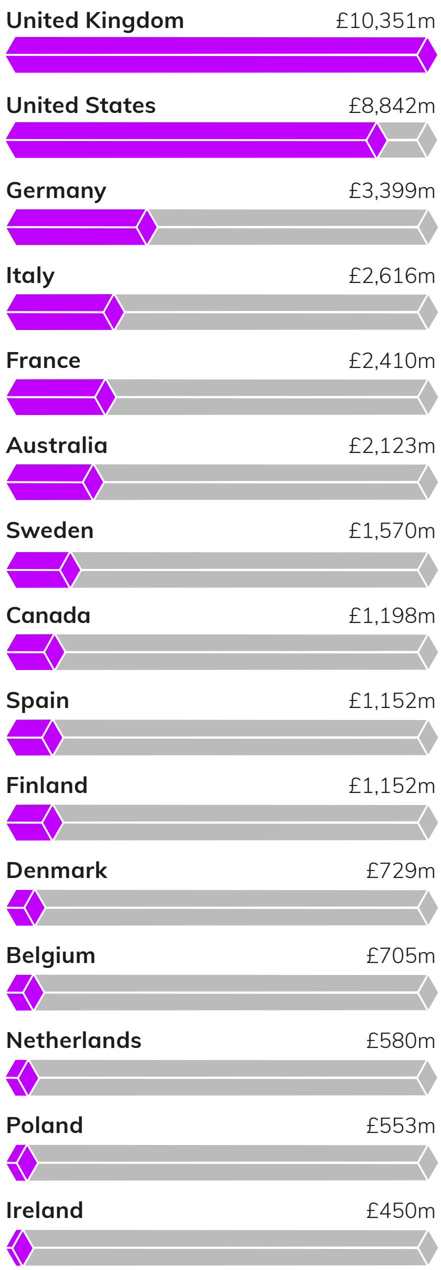
Latin America

The Group was one of the first global operators to obtain a Colombian online betting and gaming licence in late 2020. There is clear evidence that more countries within Latin America are firmly on the path to regulation: 1) The Brazilian Federal Government continues working towards regulating sports betting by the end of summer 2021, with licences potentially being available in early 2022. This is expected to provide the Group with a major opportunity to build on its existing position in this market; and 2) The Chilean Government has announced its intention to introduce online betting and gaming regulation to the Chilean Parliament in the first half of 2021.

Read more about our engagement with regulators: **page 33**

2020 Global online gross gaming revenue

In 2020 online global gross gaming revenue was estimated to be valued at £64.3bn[1]. 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).

How we create value

Our purpose

To revolutionise betting and gaming to create the most exciting and trusted entertainment for every customer.

What makes us different

Customer focus

Understanding our customers and delivering them great products, experiences and entertainment in a trusted environment is what drives us.

New online customers in 2020

4m

Proprietary technology

Our unique tech platform distinguishes us from our competitors, providing the flexibility and agility to innovate, protect and adapt.

IT Specialists

3,000+

Leading brands

Entain has a portfolio of more than 20 established brands, each with a regional focus and distinct localised customer offer. Our brands enjoy high levels of customer awareness.

Leading brands

24

Best people

Entain is a people-driven business in a highly dynamic sector. We focus on identifying, developing and retaining the best talent from all backgrounds.

All-in Diversity Index ranking

1

How we add value

Create moments of excitement

- Personalised offers.
- Effective marketing.
- Omni-channel approach.
- Great customer experience.

Read more: pages 20–23

Grow our business

- Gain market share.
- Maximise US opportunity.
- Enter new markets.
- Innovate for new audiences.

Read more: pages 18-19

Strengthen the quality of our earnings

- Diversify geographic and product mix.
- Broaden our customer base.
- Focus on regulated markets.
- Deliver scale efficiencies.

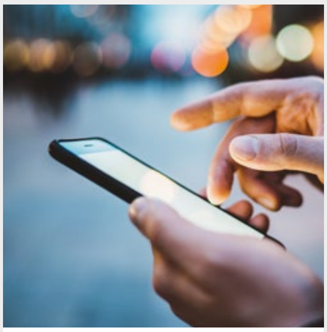
Read more: pages 24-25

Ensure sustainability

- Be a great place to work.
- Deliver ARC.
- Be a great place to work.
- Support our communities.

Read more: pages 34-35

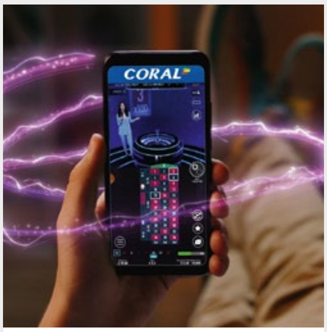
How we're a responsible business



Regulated

We have committed to operate exclusively in regulated markets by the end of 2023. This will enable us to deliver higher quality of earnings to our business and ensure we can continue to grow into the future.

Read more: **pages 28-29**



Player protection

Ensuring the highest possible levels of player safety and protection through our *Changing for the Bettor and ARC* programmes is the best way of guaranteeing our long-term success.

Our technology enables us to continuously upgrade and personalise our protections for customers.

Read more: **pages 36-37**

Environmental impact

All areas of society must play their part in addressing the challenge of climate change. That is why we have committed to achieving net zero carbon emissions across our global operations by no later than 2035.

Read more: **pages 96-98**

Communities

Through the Entain Foundation we support a variety of good causes and community projects. Our four areas of focus are: research, education and treatment in relation to safer betting and gaming; the promotion of grass roots sport; diversity and technology; and projects in the communities where we are based.

Read more: **pages 32-33**

Our stakeholder outcomes

Customers

Best betting and gaming experience
We are focused on delivering our customers the most exciting and trusted entertainment.

Online performance

+20% NGR CAGR 2018–2020

Our people

Great place to work
In a Global Pulse Survey 87% of respondents reported that they felt Entain genuinely cared about our people

Satisfaction

87%

Communities

Community activity
We actively support the communities in which we operate.

Entain Foundation

£100m
committed over five years

Investors

Positive returns
Everything we do is ultimately focused on delivering value to our shareholders.

Underlying EBITDA

£843.1m +11%

2019: £761.4m

Dividends
We are committed to returning to dividends once the uncertainty caused by Covid-19 subsides.

Read more: **pages 63-67**

Engaging with stakeholders

The Board recognises the importance of effective governance and intends to operate in line with the UK reporting regulations. The information below should be read in conjunction with the rest of the Strategic Report.

Section 172 of the Companies Act 2006 imposes a general duty on Directors to act in a way that they consider, in good faith, to most likely promote the success of the company for the benefit of shareholders as a whole. The Directors in setting policies and strategies continue to have regard to the interests of the Group's employees, shareholders, investors, suppliers, customers, regulators, including the impact of its activities on the community and on the Group's reputation. These factors underpin the way in which the Directors discharge their duties and the Board is cognisant of the need to foster strong relationships with all stakeholders to help the Group deliver its strategy and support its long-term values including sustainability.

Our approach

The Board understands the importance of effective engagement with all of its stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and not every decision the Board makes will necessarily result in a positive outcome for every stakeholder.

The Board at each meeting ensures that the process of considering its stakeholders is embedded in papers it receives to enable it to discharge its duties. The Board monitors the progress and delivery of strategic initiatives through metrics reported in meetings.

In addition, the Remuneration Committee assesses the overall performance of the Group, including progress against its responsible betting and gaming ambitions as well as delivery against its Environmental, Social and Governance ("ESG") strategy to support decision making on remuneration outcomes.

To ensure that the Group continues to operate in line with good corporate practice, Directors as part of their induction receive training on the scope and application of Section 172 to ensure that they are aware of how a Board, in its decision making, must consider its stakeholders.

Colleagues

While the Board's ability to meet with colleagues in person in 2020 was limited by Covid-19 related restrictions, Board members have taken part in virtual employee events, including the Group-wide internal launch of Entain in November and heard colleagues around the Group giving their reaction to our new strategy, purpose and responsible betting and gaming commitments.

Virginia McDowell, Chair of the ESG Committee, was appointed as Designated Workforce Director in 2019. She has attended two meetings of our Employee Forum (representing retail and business colleagues) and engaged in discussions on topics including protecting our customers and how the Company has supported colleagues during Covid-19. Our CFO, Rob Wood, and newly appointed CEO, Jette Nygaard-Andersen, also attended the Employee Forum, with Jette answering questions from colleagues around the Group on her priorities and reflections following her appointment.

We do not discriminate on the basis of age, disability, gender or gender reassignment, pregnancy or maternity, race, religion or belief, sexual orientation or marriage/civil partnership.

For further details see **page 49**

Customers

Our customers interests range from product availability, ethical behaviour, service, pricing and promoting responsible attitudes to betting and gaming. The Group, as part of its commitment to responsible and safer betting and gaming, engages through initiatives such as Responsible Gambling Week, where responsible betting and gaming messages dominated our websites and social media channels.

In addition, the Group offers the Gamban software which blocks access to thousands of betting and gaming sites. In early 2021, the Group commissioned independent research to survey the views of the general public on betting and gaming related issues. We also established 'The Players' Panel' to provide consumers with a platform to voice their opinions on issues relating to the regulation of betting and gaming in the UK.

For further details see **page 45**

Shareholders

The Group's investors and shareholders expect, and get, a comprehensive view of the financial and sustainable performance of the business as well as a clear commitment to, and delivery against objectives of, ESG. The Group in its engagement undertakes regular conference calls and meetings with investors through roadshows, investor conferences, one to one and group calls, publication of the Annual Report, press releases and stock exchange announcements. In 2020, much of this activity was conducted virtually due to the limitation imposed by Covid-19 restrictions. During the year the Group conducted a total of 835 investor meetings. These meetings involved a combination of the CEO, CFO, the Chairman, the IR Director and other management as appropriate.

The Board receives feedback on shareholder views in different ways, including through the Chairman and executive management who meet regularly with shareholders throughout the year. During the year the IR team introduced a regular feedback and audit process to better understand investors views based on a number of satisfaction and confidence measures – including perception of the Group's strategy, management and opportunities as well as delivery vs expectations and transparency.

The quantitative analysis and qualitative feedback were presented to the Board twice during the year. The audits showed positive progress in investor engagement through the year with Entain performing more positively than the benchmark in all measures. In addition, Board members listen in to results and trading updates held by the Group for analysts and institutional investors and can hear directly the questions and comments on Company performance and are kept abreast of relevant newsflow and commentary on the Company throughout the year.

For further details see **page 86**

Suppliers

The Group works responsibly with its suppliers and regularly reviews its Customer and creditor payment policies. The Modern Slavery Statement sets outs the steps taken to prevent modern slavery in our business and various supply chains. Our supplier interests range from fair trading, payment terms, success of the business and long-term partnerships. The Group engages with suppliers by direct engagement, supplier conferences and corporate responsibility and ethics reporting. The Board in its duties receives regular reporting on retail performance and modern slavery.

For further details see **page 87**

The Community

As set out in the Company's Sustainability Charter (See page 96 for further details) Entain is committed to supporting the communities in which it is based and operates. Through the Entain Foundation, the Group has committed to investing £100m over five years on a range of projects and good causes including safer betting and gaming measures, investment in grassroots sport, reducing environmental impact, diversity in technology and projects with a clear link to our local communities.

A flagship project of Entain Foundation was the Group's Pitching In grassroots sport investment programme which saw the Group partner in the UK with The Trident Leagues, made up of 228 clubs at the heart of England's non-league football pyramid. The Company engages through the publication of its CSR report and employee-matched funding for charity policy.

The Board has the overall oversight of corporate responsibility plan and reporting and the involvement in corporate affairs strategy and with delegation to the ESG Committee. The ESG Committee is advised by the executive ESG Steering Group and also works with external consultants which assist the operational units and review the environmental and social performance data.

For further details see **pages 47-54**

Regulators

As a global operator and one of the world's largest online betting and gaming companies, Entain engages with a wide variety of stakeholders. These include regulators, investors, trade associations, safer betting and gaming charities and customers. This engagement is core to our ability to offer first class player protection through our cutting edge technology and product platform, while upholding all licensing objectives, across multiple jurisdictions. One of the key relationships we maintain is with our regulators. Liaising with our regulators on an open and regular basis helps us to ensure that each of them are fully apprised of our operating practices. Through this process we can help policymakers shape our industry environment to best serve our stakeholder group whilst operating in a legal and fair way.

Governments and regulators

- UK Government departments.
- The UK Gambling Commission.
- Governments and regulators in territories where we hold gaming licences.
- US state licensing bodies.
- National information commissioners.
- Domestic and International trade Associations.

What are their expectations?

- Providing an enjoyable and safe leisure experience.
- Making sure we operate legally and in a fair manner.
- Minimising harm and maximising player protection.
- Ensuring that we protect the young and the vulnerable.
- Reducing crime and unlawful behaviour.

How we engage

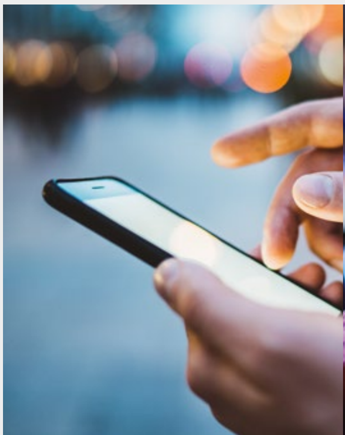
- Ongoing dialogue with regulators, domestic and international trade associations and local authorities.
- Responding to the UK Government's Review of the 2005 Gambling Act.
- Numerous face-to-face meetings bilaterally or as part of industry meetings.
- Quarterly meetings, at a minimum, between the UK Gambling Commission and senior members of Entain's leadership team.
- Detailing governance, risk management and safer betting and gaming strategies through submission to the UK Gambling Commission Annual Assurance Statement process.
- Partnerships with the GB Health & Safety Executive.
- Hosting a Safer Betting and gaming Research Symposium with international thought leaders, researchers and academics.
- Formal meetings with our regulators in Gibraltar, Malta, the US and our other global regulated jurisdictions.
- Engage with the Department of Justice in Ireland as it implements new Anti-Money Laundering ("AML") requirements.
- Respond to formal regulatory consultations including most recently the call for evidence on affordability by the UK Gambling Commission and RG consultations in Spain and Sweden.
- e-betting and gaming international workshops in Spain, annual industry meeting in Denmark and the 'Licensing information session' in Germany.
- Suspicious activity disclosed to relevant national bodies and membership of national match-fixing platforms (e.g. Spain).
- Engagement with regulatory authorities in regulating markets via local associations and advisors in the run up to licensing (e.g. Netherlands, Brazil).

For further details see **pages 28-29**

Sustainability

Our refreshed commitment to sustainability

In November 2020 we launched our new Sustainability Charter. We have long held the view that the most sustainable business in our industry will be the most successful business in our industry. Our Sustainability Charter is based around four cornerstones.



Regulation	Responsibility	Corporate Governance	People & Communities
Only operate in regulated markets	Scientific approach to safer betting and gaming	Best in class corporate governance	Best place to work
100% regulated markets by end of 2023	Leverage technology for player safety	Strengthened Board	Reduce environmental impact
Pro-active regulator engagement	New responsibility algorithms	Strengthened Processes	£100m to Entain Foundation over five years
	Remuneration tied to responsibility		

Long-term sustainability = Long-term success

> Our governance structure is now fully bedded in and has proved fit for purpose in managing the increased scale, complexity, and expectations of the Group."

Robert Hoskin
Chief Governance Officer

How we govern for sustainability

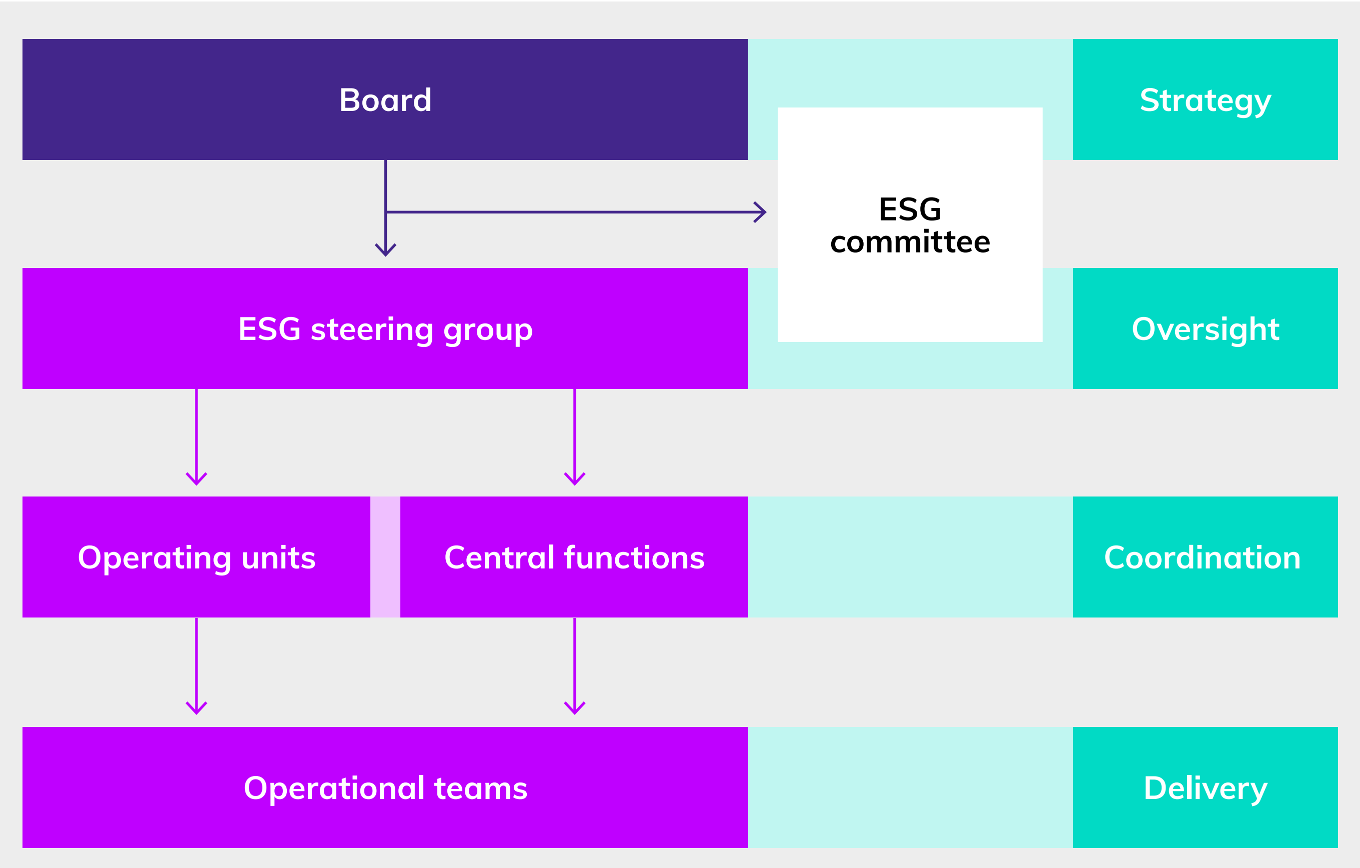
Strong governance of our Sustainability Charter and our overall approach to ESG is crucial to managing our non-financial risks effectively and efficiently, and it reflects how integral sustainability is to our long-term success. Launched in 2018, our governance structure is now fully bedded in and has proved fit for purpose in managing the increased scale, complexity, and expectations of the Group.

The ESG Committee

The Board-level ESG Committee covers regulatory compliance, AML, anti-bribery & corruption ("ABC"), responsible gaming, health and safety, environmental impact, data protection and diversity in the workplace. Chaired by Virginia McDowell, the Committee has four members and guides the business on all aspects of ESG strategy, agreeing on targets and monitoring our performance.

The ESG Steering Group

The ESG Steering Group consists of functional leaders from across the business, including Investor Relations, Human Resources, Corporate Affairs, Legal, Health, Safety & Security, Operations, and Communications. Convened by our Head of ESG and Chaired by our Chief Governance Officer, the Group oversees the implementation of our sustainability strategy.



Safer betting and gaming

Changing for the Bettor

It all starts with our seven principles for safer betting and gaming:

Understand the problem
To reduce gambling harm, we need to know as much as possible about it. So we're funding research to help us find the best solutions.

Educate stakeholders
We're helping to educate thousands of young people and professionals about the potential risks of gambling harm and how to avoid them.

Promote responsible attitudes
Through advertising, marketing and sponsorships we're promoting social responsibility.

Empower customers
Within our products, we're adding features that help customers to gamble safely. Within our processes, we're using tech to lead the way in detecting problematic play, and within our industry we're working to collaborate and innovate.

Fund treatment for those in need
We're funding treatment and support for people who suffer from gambling harm.

Champion responsible product design
With 'responsible design' principles, we're making sure our products are safe as well as fun.

Change ourselves for the bettor
At Entain, safer betting and gaming is everyone's business. We're making sure that everyone we work with knows safer betting and gaming is core to all that we do.

The cornerstone of our Sustainability Charter, and our most material ESG issue, is to ensure the highest possible levels of player safety and protection. Over the past 12 months, Entain has continued to pioneer work to combat betting and gaming-related harm. The Covid-19 pandemic and lockdowns have presented new challenges to which we have had to quickly respond to protect our customers, whilst ensuring that our previous commitments were not delayed as a result.

As we pass the first-year anniversary of our safer betting and gaming strategy, Changing for the Bettor, we continue to progress our priority areas. In 2020, we have further built on this strategy by introducing our Advanced Responsibility and Care ("ARC") programme. This section describes the work behind our commitment to safer betting and gaming across our industry, reporting our progress across the seven pillars of Changing for the Bettor. Our strategy is fully aligned with the UK Gambling Commission's principal objectives to ensure that betting and gaming is crime-free, fair, conducted openly, and protecting children and other vulnerable persons. We pursue these objectives across all our global operations.

We continue to be part of a changing regulatory environment. In December 2020, the UK Government announced a review of the Gambling Act, calling for evidence from stakeholders. We completely support and welcome the review, which is a step towards creating the highest possible regulatory standards without driving the most vulnerable customers into the unlicensed black market. In 2021, we will continue compiling evidence and coordinating our response with other betting and gaming operators, together with our industry body, the Betting and Gaming Council ("BGC") to ensure the best possible outcomes for players and the regulated marketplace.

In 2020, we further scaled up our spend on research, education, and treatment ("RET") of problem betting and gaming to 0.75% of gross gaming yield ("GGY"). This was provided directly to our partner organisations, and through the Entain Foundation (please refer to page 53). The four largest operators in the UK continue to deliver on their commitment to increase RET funding to 1% by 2023 – ten times higher than the Gambling Commission's guidance. Entain has gone further and committed to reach this ten-fold increase one year earlier by 2022. GambleAware will be responsible for commissioning the new funding.

To demonstrate the strategic significance of safer betting and gaming, we will incorporate a safer betting and gaming metric into remuneration. From 2021, colleagues will be assessed against whether certain milestones have been achieved in implementing our Advanced Responsibility and Care programme, as part of the conditions of their annual bonus.

With this renewed focus, we are doubling down on our ESG leadership position within the sector. In 2020, we retained our position in the Dow Jones Sustainability Index as the only European betting and gaming company, as well as our membership of the FTSE4Good Index. Our efforts to promote safer betting and gaming were also recognised at the EGR Operator Awards, the industry's premier awards event, where Entain was named Safer Gambling Operator of the Year and at the SBC Awards where we were awarded the title of Socially Responsible Sportsbook of the Year.

Read more about our Sustainability Charter: pages 20–21

1.

Understand the problem and best solutions

Our flagship initiative on understanding the multi-faceted issue of problem betting and gaming is our £5.5m commitment to a five-year partnership with Division on Addiction, a Harvard Medical School Faculty. We provide a detailed update of this partnership see page 38. As well as reaching major milestones in the research itself, in 2020 we started using the results to inform product design and customer interactions as part of our new Advanced Responsibility and Care ("ARC") programme.

"The issues of harm prevention and player protection have never been so relevant in the UK, Europe and increasingly in the USA. The programmes with Entain and Entain Foundation US are vital to the populations we collaborate with and we look forward to a successful and impactful 2021."

Paul Buck
Chief Executive, EPIC Risk Management

Cutting edge research into problem betting and gaming behaviour with Division on Addiction, a Harvard Medical School Faculty.

2020 marked the second year of the five-year research collaboration between The Division on Addiction and Entain to better understand and reduce the potential for problematic betting and gaming behaviour. Much of the project's activity in the year focused on sharing our knowledge more widely and advancing the first research studies involving Entain player records, with highlights across seven topic areas including completed and ongoing research:

- **Safer betting and gaming limits.** One peer-reviewed paper evaluating lower risk betting and gaming guidelines is now published in Psychology of Addictive Behavior.
- **Betting and gaming and self-harm.** One peer-reviewed paper about the association between problem betting and gaming and self-harm is now published in Addiction Research & Theory.
- **Updating the epidemiology of internet betting and gaming.** Continued work to determine how betting and gaming has changed from reports more than a decade ago, with three papers under review at high-quality journals.
- **Product safety.** Continued work to determine the strength of evidence available for product safety features and interventions in betting and gaming, with one paper under review at a high-quality journal.
- **Open Science.** Two peer-reviewed papers addressing how open science can buttress academic-industry research partnerships and how betting and gaming researchers understand and engage with open science are now published in Addiction Research & Theory and International Gambling Studies, respectively.
- **Retail triggers and interventions.** Analysis of the retail environment and Entain's responsible betting and gaming interactions with retail customers is in progress.
- **Player survey.** A large-scale player survey to understand how player betting and gaming information relates to diverse topics like flourishing and competitiveness among Entain players is in progress.

"With Entain's support, we've been able to make considerable progress on understanding today's online betting and gaming landscape. We look forward to continuing our work with Entain and striving toward safer play advances together during 2021 and beyond."

Debi LaPlante, Ph.D
Director, Division on Addiction, Cambridge Health Alliance, Assistant Professor, Harvard Medical School

Our partnership with EPIC Risk Management

We are now in the third year of the partnership with EPIC Risk Management, the leading harm reduction consultancy. The partnership continues to grow from strength-to-strength and deliver some of the most innovative and ground breaking harm prevention programmes anywhere in the world.

Notable achievements in 2020

- Delivery of face-to-face and virtual state school awareness sessions to over 130 schools and 25,000 pupils aged 15+. The sessions covered important areas including product safety, advertising, the potential harms of betting and gaming and real-life personal stories from those with lived experience.
- Working with our senior leadership team to ensure harm prevention is central to all decisions in every part of the business.
- Training key departments on markers of harm, interventions, effective interactions, affordability and vulnerability.
- Creating new innovative partnerships in the US including with the NFLPA, selected NCAA colleges, Rugby United New York and research with The Division of Addiction at Harvard University.

Impact of Covid-19

While Covid-19 restricted face-to-face contact, projects were quickly pivoted to digital and virtual delivery. This enabled the programmes to reach more people in more countries than ever before. As and when restrictions are lifted, we envisage returning to a blend of face-to-face and digital delivery, to maximise the effectiveness and reach of our harm minimisation programmes.

Looking ahead

As the world reopens, we expect to ramp up the delivery of our harm minimisation programmes in the UK, Europe and US. The rapidly regulating US market represents a significant opportunity to promote our approach to safer betting and gaming at the start of what is potentially the world's largest regulated betting and gaming market. We are excited to be in a position to pioneer our player protection programmes across the sporting and academic fields in the US. EPIC will also continue to work with Entain's senior leadership to ensure that harm prevention remains embedded at the core of all decision making.

"The issues of harm prevention and player protection have never been so relevant in the UK, Europe and increasingly in the USA. The programmes with Entain and Entain Foundation US are vital to the populations we collaborate with and we look forward to a successful and impactful 2021."

Paul Buck
Chief Executive, EPIC Risk Management

2.

Educate our key stakeholders

We continue our commitment to partner charities and organisations, and to their important work preventing vulnerable audiences from potential betting and gaming harm. This includes our programme with EPIC Risk Management, which has continued both in-person and online – especially during lockdown – to educate state school children. We also worked with EPIC in other areas. They have provided bespoke training to our customer service and high-value customer teams (see our Changing Ourselves for the Better pillar) and high-level advice on our Changing for the Bettor strategy.

Following feedback from the EPIC sessions, we recognised there was a gap in the support network – namely for parents and guardians who are concerned about loved ones and looking for some additional support and information about betting and gaming harm. This is why we worked with the Young Gamers & Gamblers Education Trust (YGAM) to create a digital Parent Hub. This new portal provides information, activities, and support to help carers understand the potential risks associated with betting and gaming – including products such as loot boxes, the digital items that are bought with real-world money and contain random items of unknown value.

In 2021, we will continue to work with these organisations to educate our key stakeholders. In February, we launched The Players' Panel in the UK, providing consumers a voice on the issues around betting and gaming. This comes at a critical moment for the 99% of the UK's consumers who bet safely and responsibly – but whose interests are often overlooked in the debate around regulatory changes which impact what they do in their leisure time. The views of the Players' Panel are their own and they will be interacting with political decision-makers, stakeholders and the media to give the perspective of the everyday customer.

3.

Promote responsible attitudes

The third pillar of our safer betting and gaming strategy focused on responsible attitudes toward advertising. We have a history of leading the industry in this area, being the first UK betting and gaming company to implement a whistle-to-whistle advertising ban. After its first full year since the ban, total betting and gaming advertising exposure over the full duration of live sport pre-watershed programmes declined by 78%, resulting in 103 million fewer advertising views between comparative weekends. In addition, betting and gaming advertising views by children (aged 4-17) reduced by 70% over the full duration of live sporting programmes.

During lockdowns, we increased responsible betting and gaming messaging on our homepage and throughout all websites, with a new page advising on how to keep betting sensible and enjoyable during the current crisis. Entain gaming brands are also running responsible betting and gaming-led, multi-channel advertising and marketing campaigns to promote responsible betting and gaming to customers while they enjoy time on our sites.

We continue to work proactively with regulators to develop advertising standards as part of our work in regulating markets. For example, we have been engaging with the European Gaming and Betting Association ("EGBA") to help develop a responsible advertising code for the betting and gaming sector in EU markets.

160,000,000

players on Entain's global database to help develop stronger rules, measures and interventions

84%

increase in customers using our safer betting and gaming tools to set time and spend limits

4.

Empower customers

In November, we launched our new Advanced Responsibility and Care ("ARC") programme. ARC builds on our existing work on markers of protection, where we have developed evidence-based 'markers' that may suggest a player is exhibiting risky behaviour. The programme aims to deploy the Group's proprietary technology platform and behavioural play data to provide proactive end-to-end player protection and interaction. This will allow us to monitor real-time interactions with players across our brands, intervening before harm occurs.

As well as our partnerships, we have also engaged world-leading expertise to support the delivery of the ARC programme. In November 2020, we were delighted to announce the Professor Mark Griffiths, Distinguished Professor of Behavioural Addiction and Psychology at Nottingham Trent University.

Professor Griffiths' work will be instrumental in delivering ARC. He will work with the business to apply anonymised findings from the behaviours of over 160 million players on Entain's global database to help develop stronger rules, measures and interventions.

We introduced a series of safer betting and gaming tools, including our curfew deposit blocker, and the ability for players to set their own max stake limits. The latter has been fully rolled out across all of our slots brands, with the roll-out across our sports brands completed in January 2021. In 2020, there was an 84% increase in customers setting a time and spend limit with our brands when compared to 2019. Over the same period the percentage of customers using time-outs increased by 102%. We also found that customers who use a voluntary safer betting and gaming tool, reduce their wagering by 55% and their deposit limits by 56%." We also continued to promote the use of the GAMBAN software, which is freely available to all of our customers.

78%

decline in total betting and gaming advertising exposure over the full duration of live sport pre-watershed programmes

103,000,000

fewer advertising views between comparative weekends

5.

Fund treatment for those in need

As part of our spend on RET, we support charities and organisations that are helping those suffering from problem betting and gaming recover. In the UK, we continue to partner directly with Cognacity at Leon House – supporting them to provide betting and gaming treatment services. Our contributions through our RET spend also fund treatment via GamCare, the US National Council on Problem Gambling, Gordon Moody, Digital Therapy Solutions, other national gaming addiction and support charities in Austria, the Spielsuchthilfe Gemeinnuetziger Verein, and in Spain, FEREJ.

6.

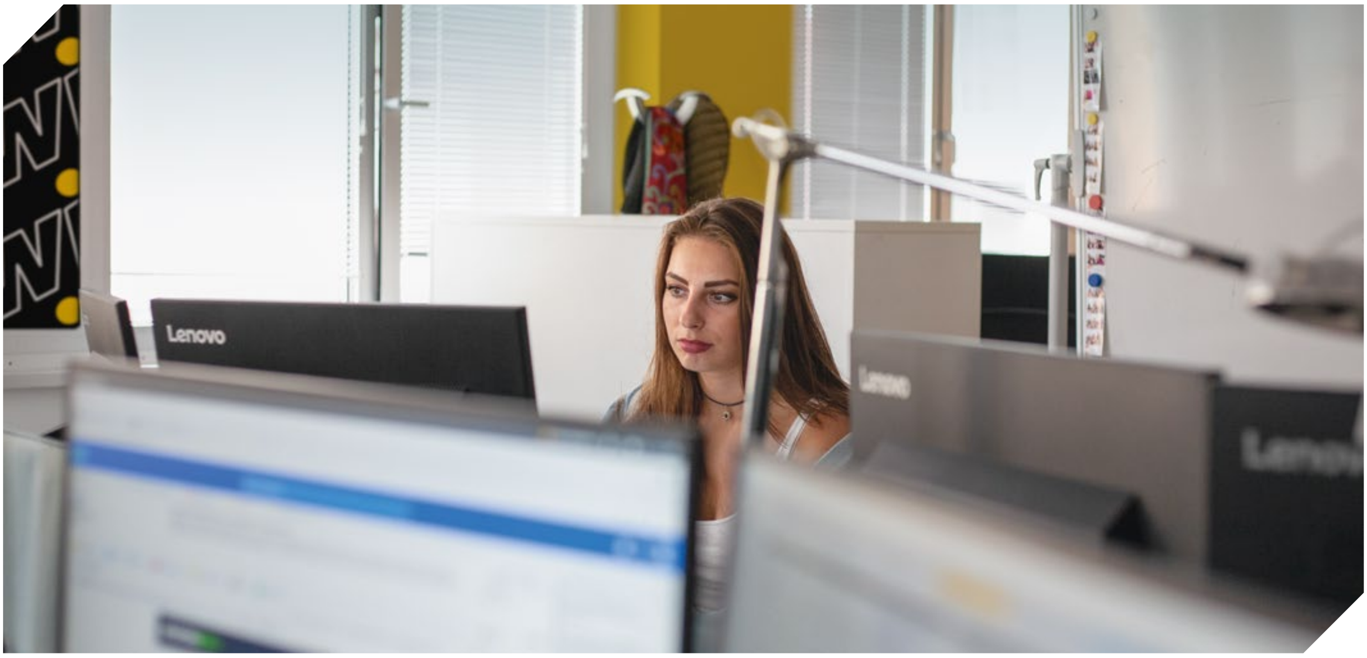
Champion responsible product design

As our Changing for the Bettor strategy continues to mature, we see a stronger interconnectivity between the seven strands of our approach. One of the most pronounced links is that between our ARC programme – outlined on page 9 – and championing responsible product design. By embedding more advanced risk markers into our product design, including automated real-time interventions, we will further empower our customers to use our products safely.

We are working with leading experts to design a code of conduct for product design, both within our business as part of our and for external suppliers. We are currently part of the industry working group under the Betting and Gaming Council to produce an effective industry code for product design. This is an area where to be effective as a company, we need commitment and buy-in from the wider industry.

The Group has also partnered with Mindway AI and Future Anthem. By doing so, we are utilising behavioural, neuroscientific, and academic-based algorithmic learnings to pioneer world leading harm minimisation solutions. Embedding our understanding of the problem and best solutions to inform our product design as well as contributing to the development of ARC.

Protecting our players also means protecting personal data. That is why we have embedded privacy-by-design, ensuring that we balance the need for data-driven insights to enhance player protection, whilst also protecting our customers' personal data and complying with data privacy laws. Our data privacy teams are working with our customer insights experts to understand our customers' level of trust with Entain processing their data. More on our work on data privacy is included on page 52.



7.

Change ourselves for the bettor

We are determined to change the mindset of our industry, starting with our own Company. In 2020, we continued to work on making safer betting and gaming underpin everything that we do. We did this through increased colleague training and engagement across the board, growth and capacity building of our safer betting and gaming teams, and incorporating safer betting and gaming factors into remuneration.

All staff are required to undertake training on safer betting and gaming, with additional tailored training for specific roles. For example, we partnered with EPIC Risk Management to train our customer service and VIP teams. We also delivered behavioural and interaction training delivered to teams delivering formal safer betting and gaming interactions.

In 2020, we reported that we'll introduce a safer betting and gaming metric that will be used as part of Entain colleagues' annual bonus assessment. From 2021, colleagues will be assessed against the successful delivery of the Group's ARC programme. See pages 36 to 42 for further details on the safer betting and gaming metric.

Organisationally, our anti-money laundering and safer betting and gaming functions have been brought closer together, with both now reporting into the newly created role of Head of Operations for Safer Gambling and Anti-money Laundering. This new way of working will combine the expertise of both teams to create a more holistic view of our customers to manage risks and provide the best possible player protection.

We also appointed a Customer Ombudsman Director ("COD"). This innovative new role will ensure that the customer is protected in everything that Entain do. The COD requires proactive and reactive initiatives to improve the customer experience, both at the strategic and process level. The COD evaluates the quality of interactions with our players, reviews how complaints are handled, and suggests ways in which we can improve our service in a measured, consistent and responsible manner whilst ensuring the business is protected from unjustified complaints.

Safer betting and gaming performance	2020	2019	2018
Cash and in-kind contributions towards responsible betting and gaming charities	£9.7m	£3.6m	£2.5m
Customer interactions regarding problem gambling	1,391,901	1,072,416	1,124,079
Customer complaints[1]	15,822	22,543	13,503
Customer complaints which specifically relate to a betting and gaming transaction[1,2]	1,723	2,338	2,771
Self-exclusions made	70,170	147,473[3]	334,746
Robberies	45	110	154
Anti-Social Behaviour incidents ("ASB")	4,760	6,065	8,236
Assaults	204	345	455

1. Data covers all UK licences.
2. Data only includes self-exclusions made via Entain's own processes (e.g. via customer services), and does not include third-party self-exclusion schemes such as, for example, GAMSTOP (National Online Self-Exclusion Scheme) and the Multi Operator Self Exclusion Scheme.
3. Data has been re-stated from 2019 Annual Report.

Read the Report of our ESG Committee: **pages 96–98**

Covid-19

Putting our colleagues and customers first

2020 introduced unprecedented and serious challenges to businesses, society and individuals, and we are no exception. Following the announcement of lockdowns and additional restrictions to protect citizens and health care systems, in line with Government directions we suspended our entire retail estate from March to June 2020, with subsequent regional suspensions based on the tiered systems and restrictions in the different UK nations.

Our priority through this challenging period is to continue to adapt to keep our colleagues and customers safe. There are still many uncertainties around the further course of the Covid-19 pandemic and its long-term impacts, but we hope that by putting customers and colleagues first, we will emerge stronger at the other end.

Protecting our colleagues

Shop closures meant that 15,835 of our Entain colleagues were furloughed at some point in 2020. All colleagues that were placed on the UK Government's furlough had their payments topped up by Entain to full salary. Teams across Entain also worked hard to support colleagues in every corner of our business using a comprehensive suite of wellbeing tools such as Unmind and the Employee Assistance Programme to support wellbeing, weekly management podcasts to share latest business news and multiple engagement activities to ensure our colleagues remained connected to each other.

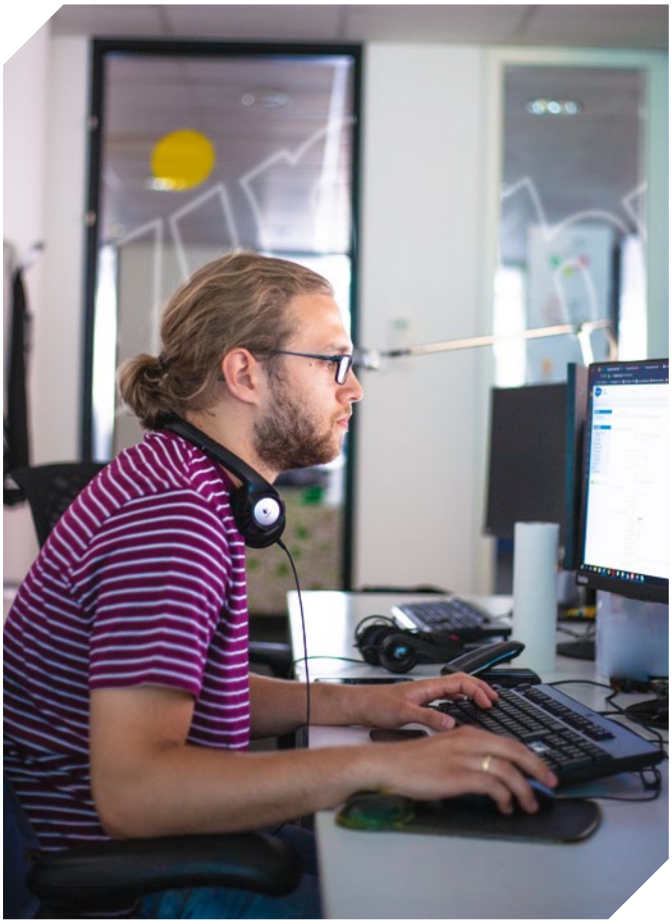
Prioritising wellbeing

To support our colleagues through these challenging times, we accelerated many of our wellbeing initiatives. We focused on offering free 24-7 support for everyone in Entain. This was via both a new partnership with Unmind, a digital workplace mental health platform with science backed resources and also the global rollout of our Employee Assistance Programme. From a Pulse Survey in May 2020, 87% of colleagues reported that they felt that Entain genuinely cared about the wellbeing of colleagues. For more information on our approach to wellbeing, please refer to page 48.

Staying connected

We found new ways to communicate with colleagues to keep everyone connected to both Entain and each other. Through regular podcasts, virtual events and updates, our executive team shared the latest on business-critical topics and more personal news. Our May 2020 Pulse Survey confirmed that 92% were satisfied with Entain's response to Covid-19 and 88% were getting what they needed from their manager.

All colleague virtual sessions with the executive team are now a regular fixture, sharing stories from across the business, need to know updates and providing a forum for listening.



We have given colleagues a platform to share their amazing stories of working together whether that be raising money for charity or keeping up the team spirit when working from home.

Entain Live, our annual all colleague event, went virtual this year, with over 10,000 people joining to hear who we are and where we're heading with the launch of our new strategy, purpose and vision.

Learning & Leading

Through Learning@Entain and Managing@Entain, we have provided virtual training content for colleagues and people managers to stimulate professional development. See pages 46-48 for more detail.

Protecting our customers

While in-store betting and gaming has fallen dramatically, the pandemic and associated restrictions have introduced unprecedented levels of isolation and anxiety whereby at-risk online gamblers may find themselves in a vulnerable position. We were one of the first operators to introduce additional safeguards. In addition, we committed to Betting and Gaming Council ("BGC") ten-part pledge to protect our customers throughout the pandemic, and implemented the UK Gambling Commission's guidance on prioritising customers through the national lockdown.

Read more about our customer-centric approach: **pages 10–14**

Protecting our customers during Covid-19

1. **Increase safer betting and gaming messages across all sites and direct to all customers.**	We increased responsible betting and gaming messaging on our homepage and throughout all sites, with a new page providing dedicated advice on keeping betting sensible and enjoyable during the crisis. In addition, gaming brands ran responsible betting and gaming-led, multi-channel advertising and marketing campaigns to promote responsible betting and gaming to customers while they enjoy time on our sites.
2. **Step up interventions if customers increase time and spend beyond normal pre-crisis patterns.**	We took this further, introducing a range of additional safeguarding measures to ensure that we are able to rigorously monitor and protect anyone who may be vulnerable at this time. These measures include two new Markers of Protection indicators to our safer betting and gaming algorithm, to factor in the evolving betting and gaming behaviour caused by the pandemic, enabling the identification of potentially problematic betting and gaming behaviour at an earlier stage.
3. **Actively promote deposit limits.**	In addition to promoting deposit limits as part of our safer betting and gaming promotion, we introduced a new maximum stakes tool across our slots brand.
4. **Take action to ensure appropriate and responsible advertising, including monitoring volume of placements.**	We adopted BGC's voluntary ban on all UK broadcast gaming advertising, and its replacement with responsible betting and gaming messaging during the lockdown period.
5. **Report all illegal, rogue advertising from black market online operators.**	We continued to work with local enforcement agencies if we detect these issues, and encourage colleagues to speak up if they spot anything that breaches our employee Code of Conduct.
6. **Enforce a one-strike-and-you're-out policy where affiliates breach pledges.**	Specific guidance and restrictions mandated to all affiliates preventing them from referencing the pandemic or encouraging excessive play due to boredom or isolation. This advice includes a specific blacklist of banned terms.
7. **Signpost help to GAMCARE and the National Gambling Helpline and GamStop for self-exclusion.**	We continued to promote GAMBAN throughout 2020.
8. **Ensure continued funding for Research Education and Treatment ("RET").**	In 2021, we will continue as planned to contribute 0.75% of UK GGY to RET – this will be delivered despite the impact of the pandemic.
9. **Provide welfare checks and wellbeing help for staff.**	Due to the pandemic, we brought forward our delivery of Well-me, Entain's colleague wellbeing strategy, to provide additional support for our staff. This is outlined above.
10. **Support the UK government's 'National Effort' with volunteers and facilities.**	All stores implemented the NHS Track and Trace procedures.

Keeping our shops safe for everyone

When our stores were able to open again, we took every measure possible to ensure our colleagues and customers' safety.

Given the unprecedented action required to stop the spread of the virus, we rewrote our shop operating procedures, and invested over £3m in implementing social distancing measures. We reopened all our 3,000 shops with strict procedures in place, including:

- Limited shop occupancy levels, with a maximum of one customer per $10m^2$.
- Signage and floor marking providing direction whilst in the shop.
- Protective equipment, hand-sanitising products and screen pens available for our colleagues and customers.
- Machines dividers, sneeze screens, and till dividers.
- Enhanced training and utilisation of our cleaning teams.

We participated in the UK's NHS Track & Trace system to identify and isolate colleagues who may have been in contact with someone who had tested positive for Covid-19. Colleagues who displayed symptoms, even minor, to self-isolate immediately. We opened a hotline to help local teams deal with staff being unexpectedly off work.

Supporting our communities

The pandemic has not prevented us from supporting our communities. In September 2020, we launched the Pitching In Investment Fund – a major new multi-million-pound investment programme designed to support and promote grassroots sports. The programme will deliver vitally needed support at a time when sports clubs and organisations are faced the unprecedented impact on their finances as a result of the Covid-19 pandemic. For more information on the Entain Foundation, refer to page 53.

"I am delighted to be taking up the role of ambassador for Pitching In, as I'm passionate about the importance of investing in grassroots sports and in developing young talent. I started out playing for Wealdstone FC before joining Coventry City, so I understand how important funding is to the non-league game. Grassroots football is facing huge challenges at the moment and many clubs are struggling to stay afloat. Entain's Pitching In investment will help make a big difference to hundreds of clubs and thousands of players across the country."

Stuart Pearce
Pitching In Ambassador

Investing in people and communities

One of the key pillars of our new Sustainability Charter is to continue investing in our people and communities. We have a long history of recruiting, retaining, and nurturing top talent, and this remains a key part of our business – especially as our people are integral in delivering technology-enabled entertainment opportunities. We also contribute to the wider communities in which we operate, which extends to supporting community organisations via the Entain Foundation and reducing our impact on the environment.

Best place to work

Everyone's in the Game: Diversity and Inclusion at Entain

Entain is a people-driven business in a highly dynamic sector. As our international operations grow, we recognise the need to identify, retain, and develop talent from many backgrounds to meet our customers' needs and stay at the forefront of innovation. We launched our international diversity and inclusion ("D&I") strategy in 2018, Everyone's in the Game, which set out a three-year roadmap towards a more inclusive business. The strategy set out initiatives and interventions to take place across four focus areas: recruitment, process & policy, people development and awareness & education.

In our final year of Everyone's in the Game strategy, we understand that there is still plenty of work to do. And whilst across our business, 47% of our colleagues are female – slightly above the industry average of 46% – this drops down to 23% at the Senior Manager level. This represents an improvement over the previous three years, but we recognise there is still room for improvement. At Board level, the share of female Directors was 30% at the end of 2020, rising to 40% at the date of publication of this report (4 March 2021). With our renewed focus on stronger governance through our Sustainability Charter comes a drive from the Board and Nominations Committee to bring greater diversity at the Director level.

We have engaged with the wider sector through the All-in Diversity Project[1] – an industry-driven initiative that benchmarks diversity, equality, and inclusion for the global betting and gaming sector, driving positive change. As a Founding Member, we have accelerated our leadership role in this area by providing guidance and support sharing best practices and resources with other organisations within the sector. In 2020, we were delighted to be recognised by the initiative, with Entain ranking first on the All-Index list – the industry benchmark on diversity and inclusion practices.

1. The All-Index 2019 Annual Report, All-In Diversity Project

> Entain have demonstrated a commitment and passion to D&I which clearly runs throughout their global business. Their drive to continuously improve is a great example to the whole sector of what is needed to make further progress and help us become a more inclusive industry."

Kelly Kehn
Co-Founder of All-in Diversity Project

Diversity at Entain	2020	2019	2018
Employees worldwide	23,987	24,614	25,541
Female employees	11,336	12,189	12,422
% female employees	47%	50%	49%
Part-time employees	10,138	11,269	10,497
% part-time employees	42%	47%	42%
Employee Engagement Index	N/A[2]	57%	53%
Median hourly pay difference between male and female colleagues (Gender Pay Gap)	7%	4%	3%
Mean Hourly pay difference between male and female colleagues (Gender Pay Gap)	15%	18%	17%
Median bonus pay difference between male and female colleagues	13%	36%	25%
Mean bonus pay difference between male and female colleagues	19%	83%	85%

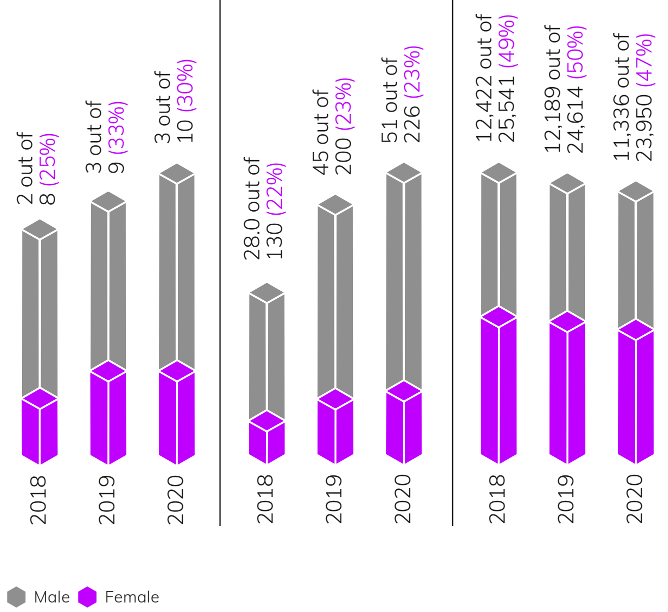
2. Due to Covid-19 and the launch of the Entain brand, the 2020 YourVoice employee survey was postponed until 2021.

Gender Diversity at Entain

Group Board
30%

Senior Managers
23%

All Employees
47%



At Entain, we're working to create a culture that promotes positive wellbeing every day of the year – not just for a week – but the Well-me Festival was a chance for our colleagues to have a full-on week of all things wellbeing and hear from our senior leaders, our partners and top experts in the field."

Stella Gavinho
Senior Heath and Wellness Manager

Well-Me: Wellbeing at Entain

To support our colleagues through this challenging time, we accelerated the implementation of our three-year wellbeing strategy. The 'Well-Me' programme was launched in 2019 to help our colleagues feel healthy and happy at work and at home. It cuts across three focus areas:

- **'Think Well'** – Supporting our colleagues' mental and emotional health.
- **'Live Well'** – Supporting our colleagues' physical health.
- **'Work Well'** – Making sure our working environment promotes well-being.

Our priority in 2020 was to support colleagues in taking care of their own wellbeing through challenging times. During the first UK lockdown, we partnered with Unmind to offer a free mental health platform. Unmind provides clinically-backed digital tools for all colleagues to proactively look after their mental health. 15% of Entain colleagues have registered to date, a figure that favourably compares to peers. We also delivered face-to-face and virtual resilience-building sessions to over 700 colleagues. In October 2020, we rolled out our Employee Assistance Programme globally. Every colleague at Entain and their immediate family can now receive professional help at any time, with 8.5% of our colleagues taking advantage of this in 2020. During October, we also organised our Well-Me Festival – a week-long virtual event that engaged over 4,000 colleagues across the globe and supported World Mental Health Day. We also launched our 'Live Well' programme that provides resources on sleep, hydration, exercise, and nutrition.

2021 will see us bedding in the 'Think Well' and 'Live Well' programmes further, and implementing the last strand of our strategy: 'Work Well'. The Covid-19 pandemic proved that homeworking is feasible and, for some of us, beneficial. We know that many Entain colleagues want to retain that flexibility post Covid-19. We will develop an agile working policy to empower colleagues to choose where and how they work. Partnering with UnWork, we will also redesign our London office to create inspiring and collaborative workspaces. This was among our first examples of our work on the Future of the Office – an initiative being led by our Director of Property to incorporate lessons learnt and ways of working during the pandemic into business as usual. We hope this new way of working will positively impact our colleagues' wellbeing, as well as our environmental footprint by reducing daily commute.

Health, Safety and Security ("HSS") remain core priorities for us. We continue to encourage a positive health and safety culture throughout the business and to maintain a safe environment for our customers and colleagues. To that effect, we approach HSS risks proactively, using a fully integrated policy and management framework that allows us to identify risks early and act accordingly.

3. Office for National Statistics, Coronavirus and depression in adults, *Great Britain: June 2020.*

Committed to colleague development

In 2020 we revolutionised how we learn at Entain. In March, we launched our first, truly global learning called "The Moments that Matter". Delivering 111 new pieces of content to support our 3,300+ leadership population in leading our people during the pandemic. In Q3 we delivered 'The Virtuals', a two-part, two-hour session for our people leaders, focusing specifically on leadership style and leading with intention. In Q4, to support the rebrand from GVC to Entain, the learning team delivered 12 sessions to support landing our new purpose and leading the Entain revolution. To enable our people to deliver our new corporate strategy, in Q1 of 2021, we launched a custom-built performance platform – Entain & Perform – and hosted 28 two-hour learning camps to 515 of our people leaders to support the launch and really embed our high-performance philosophy and culture. The total investment in learning across retail, corporate and digital for 2020 was £1.2m.

Our learning stack for 2021 focuses on selected key areas that we're investing in: our Performance Philosophy & Process (Entain & Perform), our People leader learning strategy (Entain & Lead), our professional qualifications & sponsorship (Entain & Qualify), Technical, functional & future skills (Entain & Skill), behavioural learning tracks for all our people (Entain & Grow), new talent programme (Entain & Land), people Hiring Skills (Entain & Hire), diagnosing regrettable leaver reasoning (Entain & Leave), Compliance Learning Strategy (Entain & Mandate) and creation of The Learning Room – our central learning platform.

We are also committed to apprenticeships as one of the most effective tools for social mobility. In 2020, we used 23.9% of our apprenticeship levy. 169 Entain colleagues enrolled on apprenticeships, with 44% of them working towards GSCE or A-level equivalents. To date, we have supported over 50 colleagues to attain level-2 functional skills in Maths and English.

The focus of our learning team is to create, build and foster a high performance, learning focused culture creating somewhere where great people want to join, stay, move, learn, grow, flourish and perform. We make sure our performance culture is lived and breathed through all we do and how we act. We work hard to be in our business, to ensure all our stack is aligned to our purpose and our business priorities. Through our organisational wide approach to learning, we will play our role in revolutionising betting and gaming to create the most exciting and trusted entertainment for every customer.

Best place to work performance indicators	**2020**	2019	2018[4]
Central L&D investment	£1.2m	n/a	n/a
Whistleblowing incidents reported and investigated	34	34	2
Employee accidents	137	179	292
Employee reportable incidents	4	8	12
Public accidents	31	24	287
Public reportable incidents	0	0	3

4. Proforma figures for both Entain and Ladbrokes Coral combined businesses for the relevant calendar year.

Reduce environmental impact

With climate change already affecting the lives of millions, limiting global warming to no more than 1.5°C is one of the biggest challenges facing society. With our global network of offices, over 4,500 retail stores and stadia, and business travel, we understand that we have a role to play in reducing our greenhouse gas ("GHG") emissions and environmental footprint. It was a year of firsts for our environmental work. We received our first independent verification of GHG emissions data from the Carbon Trust – a trusted third-party specialising in GHG emissions reduction and resource efficiency. It was also the first year that we reported to CDP's Climate Change questionnaire to benchmark our climate approach against peers, scoring a D for this first disclosure. We are also reporting our first Task Force for Climate-related Financial Disclosures ("TCFD") statement, reflecting the growing importance that Entain and our investors place on identifying and managing climate-related risks.

In 2018, we set ourselves a target of reducing our scope 1 and 2 GHG emissions by 15% per colleague by the end of 2021. We are proud to announce that we have achieved this target early, with an 15% reduction on 2018 levels in 2020. Despite a downward trend in our emissions prior to the pandemic, this significant carbon reduction in 2020 was undoubtedly due to our shop and office closures due to the lockdown. However, our trend of GHG emissions reductions up to March 2020 data indicate that we were on track to meet our target even under a business-as-usual scenario, due to our rolling-out of energy efficiency measures taken as part of our shop refurbishment scheme. With our GHG reduction target period set to end at the end of 2021, we plan to step up our ambitions on climate change, and will develop and set a new ambitious science-based target to be effective from the beginning of 2022.

Understanding that there are emissions left over even after our reduction measures, we also invested in GHG offsets for the first time. We purchased these offsets from Brynk, an independent platform which facilitates tree planting and reforestation projects, and we've funded the planting of half a million mangrove trees already. By 2032 it's expected that these alone will be balancing our global scope 1 and 2 emissions. We will continue to evolve our approach to offsetting in line with best practice. We are also looking to actively source our energy from renewable sources and from April 2020 we switched our UK electricity contract to 100% renewable energy, to complement the renewable supply we already use in the Republic of Ireland. This now amounts to over 85% of the Group's total electricity consumption that is actively sourced from renewables.

We made progress towards ISO14001:2015 Environmental Management System accreditation, which will help demonstrate that our processes are in line with best practice. Our first physical audits will take place in 2021, as we will increase the coverage of the business covered by this accreditation. We will also continue to work with the Carbon Trust to achieve their Carbon Management standard.

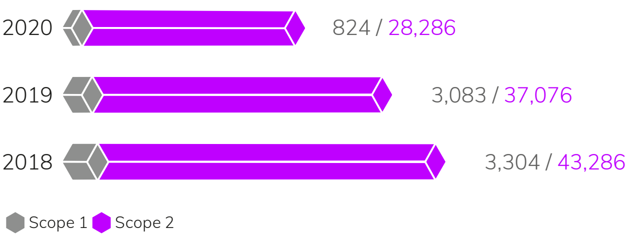
5. All water withdrawn is from municipal water supply.

Scope 1 and 2 GHG emissions

Tonnes CO_2e

2020 Total Scope 1&2:

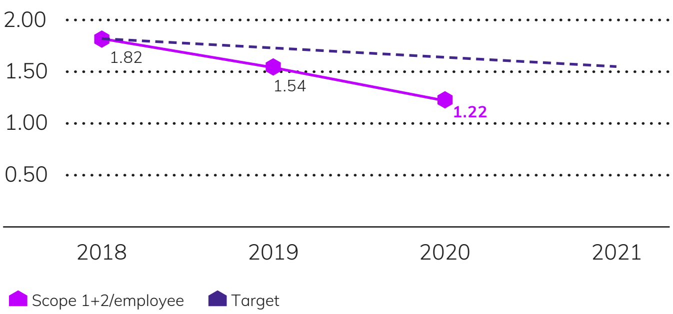
29,110



GHG emissions intensity (2021 target: 1.55)

Tonnes CO_2e/headcount

1.22



> We all need to play our part to address the challenge of climate change and we are committed to leading the industry to help build a sustainable future."

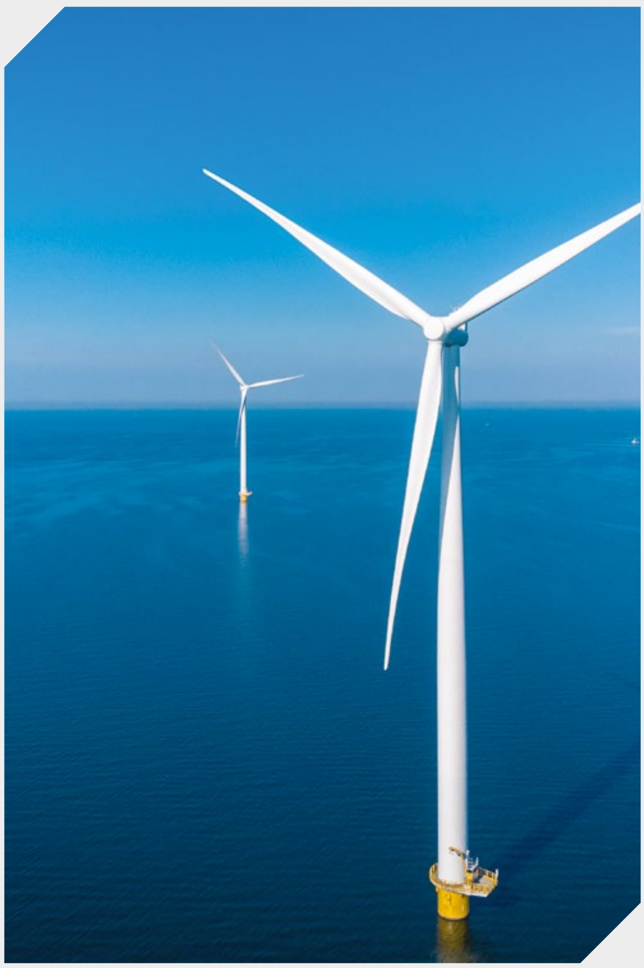
Jette Nygaard-Andersen
CEO

Whilst GHG emissions is our most significant environmental impact, we also measure and look for ways to reduce our waste and water consumption. We started deploying a new recycling programme across our shops, which we plan to roll out fully as our retail estate reopens in 2021.

It is also important to bring our colleagues along on the journey and highlight their key role in reducing our impact. We do this by offering an e-learning module that gives participants a better understanding of Entain's impact on the planet, and how they can help reduce our environmental footprint. In 2020, 65% of colleagues had completed the module. When more colleagues return to Entain offices in 2021, we will also continue to build our Green Ambassadors – a 120-strong network that was established in 2019 across the Group to help us identify practical ways we can improve environmental efficiency in the workplace.

Reporting on climate-related risks and opportunities aligned with the TCFD

Entain supports the recommendations of the Task Force for Climate-related Financial Disclosures ("TCFD"). The recommendations fit well with our new Sustainability Charter to help us achieve long-term success. We took our first step towards implementing the TCFD recommendations in 2020, by reporting our first CDP climate change submission in 2020. We will take a step-wise approach to implementing the recommendations, with the following page being our first TCFD statement.



Task Force for Climate-related Financial Disclosures ("TCFD") Statement

Governance	• The effective understanding, acceptance and management of risk is fundamental to the Group achieving its strategic priorities. Climate-related risks and opportunities are included within our risk governance framework, which is outlined on risk management process on pages 70–71. • Responsibility for overseeing this framework is with the Risk Committee, which is overseen by the Audit committee.
Strategy	• In addition, our board-level ESG Committee is responsible for steering our approach to environmental issues, including climate change and who has recently approved our updated environmental policy. • To double-down our focus on the environment and climate change, we formed an environmental steering committee. Reporting to the ESG Committee, its purpose is to advise on the environmental strategy and its implementation globally. • We will continue to encourage and enhance connected, strategic thinking about the risks that climate change poses to the business, across divisions and functions.
Risk management	• Our overall risk management framework is overseen by the Audit Committee, with the Risk Committee responsible for managing it. • The risk management policy and framework outline an iterative approach between the top down view of commercial risk and the bottom up assessment of operational risks. • Physical and transition climate-related risks have been identified on our operational risk registers. • To date, climate related risks have not been escalated to the Group risk register and thus climate-related risks have not been deemed as a principal risk. • In the coming year, we will take steps towards systematically reviewing the risks and opportunities that climate change pose to Entain over the medium and long term under different climate change scenarios. We will provide further details of our progress in 2021.
Metrics and targets	• In 2018, we set a target to reduce our GHG emissions per colleague by 15% by 2021. We are pleased to announce that Entain has achieved this target one year early, with a reduction since 2018 levels of 15%. Whilst the Covid-19 pandemic saw a significant reduction in business travel, office-based working, store opening hours, our trend over time suggested we were on track to achieve our emissions reductions despite Covid-19. • In 2021, we will continue to drive emissions reductions, and commit to setting a science-based target ready for our next. • Our environmental KPIs can be found below.

Environmental KPIs, including Streamlined Energy and Carbon Reporting (SECR) data	2020	2019[1]	2018
Total energy consumption (kWh)[2]	114,863,928	147,154,414	155,771,722
UK	93,149,707	123,723,097	
Rest of the world (ROW)	21,714,220	26,253,400	
Total GHG emissions[3] – direct and indirect (tonnes CO_2e)	29,110	40,160	46,572
UK	21,676	28,149	
Rest of the world	7,434	12,010	
Total GHG emissions intensity per employee (tonnes CO_2e/headcount)	1.22	1.54	1.82
Total direct emissions (scope 1) – direct (tCO_2e)	824	3,083	3,304
Total indirect emissions (scope 2) – indirect (tCO_2e)	28,286	37,076	43,268
Water withrawal[4,5] (cubic metres)	252,345	527,694	434,475
Waste generated[6] (kg)	7,715	6,560	13,811

1. Energy and GHG data from 2019 differs from that reported in the 2019 Annual Report, due to incomplete data at the time of reporting.
2. Coverage of energy consumption and emissions data is 100% for the UK, and 97.6% globally, by employee headcount. Global and ROW energy and emissions data is scaled up based on this coverage to estimate totals across global operations.
3. Location-based emissions methodology used for all GHG calculations. Emissions calculated using the GHG Protocol, and consumption data converted to emissions using 2020 BEIS emissions factors and 2020 IEA emissions factors for non-UK grid electricity. We have excluded fugitive emissions from refrigerants, which represent less than 2% of GHG emissions from our business operations.
4. All water withdrawn is sourced from public water supplies. Data for the UK (our major source of water use) was not available at the time of reporting. 2019 data was used, and extrapolated based on number of UK-based employees.
5. Water data is sourced from our operations in Austria, Belgium, Bulgaria, Gibraltar, India, Ireland, Israel, Philippines, UK, Uruguay. This makes up 85% of our overall headcount. Our 2020 figures are not prorated to 100% coverage. Primary data for the UK was unavailable at the time of reporting and we estimated the figure based on 2019 data, decreasing by 50% to reflect the reductions we observed in our other operations due to the coronavirus pandemic. We will disclose full data in our standalone ESG report if available.
6. Waste data is sourced from our operations in Austria, Bulgaria, India, Ireland, UK, and Uruguay. This makes up 82% of our overall headcount. These figures are not prorated to 100% coverage.

Supply Chain

Effectively communicating who we are, how we conduct business, and the high standard we expect of our suppliers is of paramount importance to Entain. In order to do this, in 2020 we updated our Supplier Policy, detailing our values, and what we expect from our business partners and their subcontractors, and outlining our right to audit. The policy sets out minimum standards on social, environmental, and ethical issues, and we encourage our suppliers to exceed these requirements. This policy is available publicly on the Entain corporate website, and is included in our standard terms and conditions. All new suppliers and business partners must formally acknowledge and accept the policy as an onboarding requirement.

We also continued to strengthen our internal procedures for identifying supply chain risks – harmonising our processes across the Group. We conduct due diligence for every new supplier, with an escalated process for suppliers based on size, risk level, and strategic alignment. This risk evaluation includes ethical, data protection, and sustainability standards. Notably, we evaluate social risks by drawing on the Walk Free Foundation Global Slavery Index, to determine whether a supplier requires additional checks.

To support our work on driving social and environmental improvements in our supply chain, we developed guidelines designed to engage our procurement teams. We will support these guidelines with colleague training, which will be delivered in 2021. This training was due be held in 2020, but was reprioritised as our procurement colleagues needed to meet the supply challenges caused by the pandemic, and secure supplies of PPE for our stores and offices to comply with Covid-19 guidelines and keep our colleagues and customers safe.

Data Privacy & Cybersecurity

Data Privacy & Cybersecurity continues to be a high priority for Entain, as our technology offering goes from strength to strength. We take the safeguarding of our customer and corporate information very seriously. Our approach has been bolstered by a growth in head count and a strengthening of our governance procedures, with our Chief Security Officer and our Chief Privacy Officer (who is also our Data Protection Officer) regularly updating the Board committees.

In 2020, we further embedded our Data Protection Policy, with 18,000 colleagues completing GDPR training across the Group. We built on this framework by developing our Data Retention Policy, which is set to have a transformative impact on our data management & retention practices and drive operational efficiency and compliance. Data privacy is also built into in developing our safer betting and gaming initiatives. Our teams closely collaborated to strike the right balance between protection harm and customer privacy. We strengthened our privacy-by-design protocols across the Group, and we collaborated with other betting and gaming operators to improve the way we share data on self-excluded players while protecting our customers' privacy.

We continued to invest heavily in cybersecurity. This included expanding our team's headcount and investing in automation to free up resources, tools, and external security providers. We underwent 20 external cybersecurity audits and certified all new games by independent cybersecurity testing labs. We also implemented several improvements to our programme:

- we extended security responsibility to all Entain group companies to reduce number of breaches in the organisation;
- we moved marketing sensitive information to a protected environment to reduce exposure to attack; and
- we increased security testing and red teaming capabilities to reduce time to detection of security issues.

This commitment allowed us to score in the top percentile of the Dow Jones Sustainability Index for cybersecurity, with an overall 79% score (a 10% increase from 2019).

Contributing to the economy by paying taxes and levies

As the Group employs c.24,000 people across over 4,500 retail outlets and offices in 20 countries, our economic footprint is significant. During 2020, we paid £962m in taxes and levies across our countries of operation. This comes in addition to the £524m we paid in wages and salaries.

Contributing to the economy	2020	2019	2018[6]
Proforma net gaming revenue (NGR)	**£3,628.5m**	£3,632.7m	£3,571.4m
Proforma underlying EBITDA[7]	**£843.1m**	£761.4m	£755.3m
Taxes paid[8]	**£962m**	£927m	£949m
Wages and salaries[9]	**£524.0m**	£671.2m	£627.1m

6. Proforma figures for both Entain and Ladbrokes Coral combined businesses for the relevant calendar year.
7. 2018 EBITDA is on a pre-IFRS 16 basis.
8. Includes corporation tax, business rates, foreign tax, Machine Games Duty ("MGD"), Amusement Machine Licence Duty ("AMLD"), employers, National Insurance Contributions ("NIC"), VAT, and other duties and levies.
9. Including pension contributions and share based payment costs.

Entain Foundation

The Group originally launched its Global Foundation in September 2019 to coordinate and support the Group's ESG initiatives, objectives, and donations around the world. In November 2020, under its new identity as the Entain Foundation, we a committed to donating £100m over five years to projects including our new Pitching In programme that supports grass roots sports and sports people.

The Foundation is initially focusing the four key areas of:

- Responsible betting and gaming, sports integrity and betting and gaming regulation research, education, and treatment;
- Grass roots, women's and disability sport;
- Diversity in technology; and
- Projects with a clear link to the local community in Entain's major office locations.

The Foundation has also taken on responsibility for administering the Group's existing CSR projects, including its £2 million community fund as well as with SportsAid, EPIC Risk Management, Gordon Moody, the US National Council on Problem Gambling and the Division on Addiction of Cambridge Health Alliance, a Harvard Medical School teaching hospital. Our work with safer betting and gaming charities is included earlier in this report.

Pitching In grassroots sport investment fund

Pitching In has launched at a time when football clubs and sporting organisations are facing the unprecedented impact on their finances of the Covid-19 pandemic. Launched in September 2020, the multi-million-pound, multi-year, investment programme kicked-off with a flagship partnership with The Isthmian, Northern Premier and Southern Leagues – collectively known as The Trident Leagues – which make-up levels seven and eight of the English football league pyramid.

SportsAid

Through our multi-year strategic partnership with SportsAid, the charity which supports aspiring athletes, and part of our Pitching In investment programme, Entain provides British athletes with financial support, recognition and personal development opportunities. Each athlete receives an annual award which contributes towards costs such as travel, accommodation, and equipment. Through the partnership, Entain is helping 50 up-and-coming sports stars across the country each year.

Ruth Mwandumba

Supported by Entain in 2018 and 2019, Ruth made a huge social impact over the last year, using her voice and platform to be an advocate for young black athletes in Shooting. picking up the GB Shooting 2020 Social Impact Award at the end of last year. Ruth has made it her mission to become a role model in her sport. Ruth has also been working as a clinical coder at Countess of Chester Hospital throughout the Covid-19 pandemic and is now undertaking a PhD in Epidemiology and competing for the University of Manchester. Ruth is aiming to compete at the Paris 2024 Olympics.

Inter Milan Football Club – promoting participation in women's football

The Entain Foundation has launched a collaboration with Inter Milan Football Club to promote participation in women's football in Italy. Backed by a national media campaign, partnered with Gazzetta dello Sport, the project is developing a football-related talent show for aspiring female footballers.

US Fund to Support Research on Sports Wagering

The Foundation has become a Bronze Donor to the Fund to Support Research on Sports Wagering, which was recently launched by the US National Center for Responsible Gaming. The objective of this project, which is first of its kind in the US, is to competitively award researchers at top tier institutions with the resources needed to uncover novel insights into what the introduction of legalised, regulated sports betting means for public health.

"I started receiving the funding in April and it's definitely made a huge difference already. I've been able to buy new trainers, new kit for training and equipment to train at home, so it's allowed me to stay at the top of my game in the current climate in which there is still a lot of uncertainty because of the impact of coronavirus. I wouldn't have been able to stay at my current level without it, and going forward it's going to make a massive difference in enabling me to afford things like travel and accommodation, especially now that I've moved to university."

Aliyah Zaranyika, Netball Athlete
Sponsored by the Entain Foundation via SportsAid

German Sports Integrity Forum

Together with German Bundesliga clubs Borussia Dortmund and 1.FC Koeln, and the sports integrity platform, the Play Fair Code, the Entain Foundation recently launched the German Sports Integrity Forum. The aim of the Forum is to raise further awareness of sports integrity programmes in Germany and other German speaking countries.

Professional Players Federation

The Foundation has entered a partnership with the Professional Players Federation (the "PPF"), the national organisation for the professional player associations in the UK, to fund its anti-match-fixing player education programmes. The partnership enables the PPF to support the development and delivery of online learning and face-to-face education to hundreds of sports people in sports such as football, cricket, rugby union, golf, darts, and snooker.

Business Review

Financial Results and the use of Non-GAAP measures

Due to the nature of the Group's lease renewal programme and response to the Triennial Review, the shape of the Group's underlying trading results continues to be affected by implementation of the new IFRS 16 "Leases" standard. Whilst the Group's primary form of reporting is on a statutory, post IFRS 16 basis, management believe that the provision of financials on a pre IFRS 16 basis, in addition to the statutory financials, aids in the understanding of the Group's results. In addition, management have also provided additional information in the form of Contribution, EBITDAR and EBITDA as these metrics either assist in the understanding of the of the impact of IFRS 16 adoption, or are industry standard KPIs. Full reconciliations of the statutory results to the pre IFRS 16 financials are provided below:

2020 results	Reported underlying results[1,4]	IFRS 16 impact[2]	Pre IFRS 16 underlying results
Net gaming revenue	3,628.5	–	3,628.5
Revenue	3,561.6	–	3,561.6
Gross profit	2,308.6	–	2,308.6
Contribution[3]	1,740.2	–	1,740.2
Underlying EBITDAR[3]	862.1	–	862.1
Underlying EBITDA[3]	843.1	(78.4)	764.7
Share based payments	(14.8)	–	(14.8)
Underlying depreciation and amortisation	(238.6)	56.1	(182.5)
Share of JV income	(60.2)	–	(60.2)
Underlying Group operating profit	529.5	(22.3)	507.2

2019 results	Reported underlying results[1,4]	IFRS 16 impact[2]	Pre IFRS 16 underlying results
Net gaming revenue	3,632.7	–	3,632.7
Revenue	3,578.1	–	3,578.1
Gross profit	2,368.8	–	2,368.8
Contribution[3]	1,874.9	–	1,874.9
Underlying EBITDAR[3]	782.9	–	782.9
Underlying EBITDA[3]	761.4	(82.5)	678.9
Share based payments	(12.7)	–	(12.7)
Underlying depreciation and amortisation	(218.9)	52.7	(166.2)
Share of JV income	(9.2)	–	(9.2)
Underlying Group operating profit	520.6	(29.8)	490.8

Notes

1. Excludes the impact of separately disclosed items.
2. IFRS 16 has also resulted in an additional £15.3m of interest in 2020 (£16.8m in 2019).
3. EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Contribution reflects gross profit less marketing costs.
4. Reflecting the results of continuing operations

Group

Year ended 31 December	Reported results[1,2,8] 2020 £m	2019 £m	Change %	CC[4] %	Pre IFRS 16 results[3,8] 2020 £m	2019 £m	Change %
NGR	3,628.5	3,632.7	flat	1%	3,628.5	3,632.7	flat
VAT/GST	(66.9)	(54.6)	(23%)		(66.9)	(54.6)	(23%)
Revenue	3,561.6	3,578.1	flat		3,561.6	3,578.1	flat
Gross profit	2,308.6	2,368.8	(3%)		2,308.6	2,368.8	(3%)
Contribution	1,740.2	1,874.9	(7%)		1,740.2	1,874.9	(7%)
Operating costs	(878.1)	(1,092.0)	20%		(878.1)	(1,092.0)	20%
Underlying EBITDAR[5]	862.1	782.9	10%		862.1	782.9	10%
Rent and associated costs	(19.0)	(21.5)	12%		(97.4)	(104.0)	6%
Underlying EBITDA[5]	843.1	761.4	11%		764.7	678.9	13%
Share based payments	(14.8)	(12.7)	(17%)		(14.8)	(12.7)	(17%)
Underlying depreciation and amortisation	(238.6)	(218.9)	(9%)		(182.5)	(166.2)	(10%)
Share of JV income	(60.2)	(9.2)	(554%)		(60.2)	(9.2)	(554%)
Underlying operating profit[6]	529.5	520.6	2%		507.2	490.8	3%

Reported Results[1,2,8]:

While 2020 was a year disrupted by Covid-19 with temporary closures in our Retail estates and sports calendar interruptions during Q2 and Q3, the Group delivered NGR in line with the prior year (+1% cc). In the first half NGR decreased by 11% (-10% cc), with strong performance prior to the Covid-19 restrictions offset by shop closures and sports cancellations in Q2. Despite the opening and re-closing of our Retail estate as restrictions were eased and then re-imposed in the second half, the good momentum in online resulted in NGR up 10% (+10% cc) in the second half of the year vs the prior year.

Contribution in the full year of £1,740.2m was 7% lower than last year reflecting the higher Online segmental mix. Operating costs (before rent) were 20% lower, primarily as a result of cost mitigation actions in response to Covid-19 and ongoing synergy delivery from the Ladbrokes Coral acquisition. Underlying EBITDA[5] was 11% higher at £843.1m.

Share based payment charges were £2.1m higher year-on-year. Underlying depreciation and amortisation was 9% higher following the ongoing investment in the business and accelerated amortisation on legacy assets no longer used following the migration of Ladbrokes and Coral in the UK to the Group's proprietary technology platform earlier in the year. Share of JV loss of £60.2m includes a loss of £60.6m from the US Joint Venture, BetMGM. Group underlying operating profit[6] was 2% ahead of 2019. After charging separately disclosed items of £170.6m (2019: £686.7m), operating profit was £358.9m, an increase of £525.0m on 2019.

Online

Year ended 31 December	Reported results[1,2,8] 2020 £m	2019 £m	Change %	CC[4] %	Pre IFRS 16 results[3,8] 2020 £m	2019 £m	Change %
Sports wagers	**11,780.9**	11,216.7	5%	7%	**11,780.9**	11,216.7	5%
Sports margin	**12.7%**	11.1%	1.6pp	1.6pp	**12.7%**	11.1%	1.6pp
Sports NGR	**1,196.8**	966.5	24%	26%	**1,196.8**	966.5	24%
Gaming NGR	**1,534.8**	1,189.1	29%	30%	**1,534.8**	1,189.1	29%
B2B NGR	**15.9**	15.1	5%	5%	**15.9**	15.1	5%
Total NGR	**2,747.5**	2,170.7	27%	28%	**2,747.5**	2,170.7	27%
VAT/GST	**(66.9)**	(54.6)	(23%)		**(66.9)**	(54.6)	(23%)
Revenue	**2,680.6**	2,116.1	27%		**2,680.6**	2,116.1	27%
Gross profit	**1,708.7**	1,367.8	25%		**1,708.7**	1,367.8	25%
Contribution	**1,147.4**	887.2	29%		**1,147.4**	887.2	29%
Contribution margin	**41.8%**	40.9%	0.9pp		**41.8%**	40.9%	0.9pp
Operating costs	**(342.5)**	(352.2)	3%		**(342.5)**	(352.2)	3%
Underlying EBITDAR[5]	**804.9**	535.0	50%		**804.9**	535.0	50%
Rent and associated costs	**(1.4)**	(1.1)	(27%)		**(16.2)**	(12.9)	(26%)
Underlying EBITDA[5]	**803.5**	533.9	50%		**788.7**	522.1	51%
Share based payments	**(4.3)**	(5.5)	22%		**(4.3)**	(5.5)	22%
Underlying depreciation and amortisation	**(120.1)**	(116.0)	(4%)		**(105.8)**	(105.2)	(1%)
Share of JV income	**0.1**	0.8	(88%)		**0.1**	0.8	(88%)
Underlying operating profit[6]	**679.2**	413.2	64%		**678.7**	412.2	65%

Reported Results[1,2,8]:

Our Online business delivered an exceptionally strong performance in 2020 as the business responded to the challenges presented by Covid-19 providing customers with a great range of products as well as enhanced protection measures. As a result Online NGR was up 27% (+28% cc) versus the prior year with Q4 being the 20th consecutive quarter of double-digit growth. Whilst Online NGR growth has clearly benefited from Retail closures during the year, we have also seen market share gains in all of our key territories. Underlying EBITDAR[5] of £804.9m and underlying EBITDA[5] of £803.5m were both 50% ahead of 2019.

After adjusting for the impact of the annualisation of 2019 tax and duty increases in the UK, underlying EBITDA[5] was 53% ahead. Underlying operating profit[6] of £679.2m was 64% ahead. After charging £304.5m of separately disclosed items (see below), operating profit[6] was £374.7m, £536.2m ahead of last year.

Sports NGR was up 24% (+26% cc) compared to 2019 driven by the increase in Online while shops were closed, and favourable trading margins. Sports wagers were 5% higher (+7% cc) and sports margins of 12.7% were 1.6pp ahead due to favourable results, product and geographic mix and increases in retail style betting. We expect margins to normalise over time, particularly once retail reopens around the world.

Gaming NGR was 29% (+30% cc) higher versus 2019 with the performance particularly strong during Q2 benefiting from lockdowns and partial substitution from sports following sporting fixture cancellations. Momentum continued in the second half with gaming NGR +27% ahead of last year indicating growth in the overall market as a result of Covid-19 and market share gains.

In the UK, NGR was 27% ahead of the prior year. UK sports brands NGR was 22% ahead, with strong performance in sports and gaming across both the Ladbrokes and Coral brands. Sports margins were particularly strong, 2.6pp ahead for the full year, with favourable results and an increase in the recreational customer base the primary drivers. Gaming NGR was 25% ahead and particularly strong in Q2, due to lockdowns and a number of new and exclusive product releases. In addition, the launch of Free to Play Games on both brands during Q2 helped drive a significant increase in the number of recreational actives.

UK Gaming brands NGR grew 40% during 2020. The Foxy brand, in particular, saw strong growth, supported by the launch of exclusive bingo variants, the 'Foxy Fabulous' initiative, continued sponsorship of Friends on Channel 5, a relaunched loyalty scheme and the rebranding of Foxy Casino to Foxy Games. Bingo products have also performed well, supported by the 'Bingo like a Boss' campaign launched in February 2020, aimed at attracting a more diverse audience to Galabingo.com whilst retaining the existing player base, as well as the continued high profile sponsorship of 'The Chase'.

During the year the Group completed the migration of its UK brands on to the Entain digital platform and we have already seen benefits in improved site and core wallet transactional stability along with improved gaming product depth and promotional capability. We look forward to future developments which will further optimise the customer experience and leverage our market leading product innovation.

In Germany, full year NGR growth was +3% in constant currency. In the first nine months of the year NGR in Germany was + 12% cc, however the impact of the introduction of the tolerance regime in October which meant switching off casino table games, the introduction of a €1,000 deposit limit for poker and slots and further enhanced KYC obligations has reduced the size of the overall market, impacting our performance in Q4. Notwithstanding those changes Germany remains a relevant market for the Group and we continue to invest in the bwin brand as evidenced by the launch of the bwin.de mobile sports app.

NGR in Australia was 55% cc ahead year-on-year with national lockdowns, strong margins and the reactivation of existing customers increasing underlying growth. The strength of our brands, market-leading product innovation and racing focused business mix has also allowed us to capture increased market share throughout 2020. Whilst reactivation of customers was one of the principal drivers of the NGR growth, customer acquisition has also been stronger than expected during the year, boosted by the displacement of retail customers and other recreational consumer spending.

In Italy, NGR growth across our three major brands, Eurobet, Bwin and Gioco Digitale, was 53% ahead (+52%cc). The strength of our omni-channel offering in Italy has ensured that the Group has recaptured a significant proportion of the displaced retail revenue during lockdowns, with the resulting market share gains confirming Entain's position as the market leader in our addressable market as well as driving record numbers of active customers and FTD volumes in Q4.

NGR in Brazil was +56% cc ahead of 2019. The second half was particularly strong, 77%cc ahead year-on-year following the rescheduling of the Spanish and Brazilian football leagues. Customer acquisition and reactivation has been good with tailored and locally focused marketing campaigns driving website traffic. As at the end of the year, c58% of the active customer base had been acquired through 2020.

Partypoker delivered a strong performance with NGR +47% (50% cc) ahead of last year driven by an increased focus on the recreational customer base and targeted marketing. During 2020, first time depositors almost doubled over the previous year with 47% more active customers than in 2019, albeit slightly curtailed by the introduction of restrictions from the Tolerance Policy regime in Germany coming into effect during Q4.

Crystalbet in Georgia continues to grow strongly and lead the market with 40% cc of NGR growth. This reflected a strong performance in Casino where NGR was 54% cc higher than 2019. Disruptions from Covid-19 resulted in Sports NGR only 2% cc ahead of the prior year. However, Q4 trends were encouraging with 11% cc growth year-on-year.

Online contribution margin of 41.8% was 0.9pp higher than last year. This was driven by a 1.7pp reduction in the marketing rate, partially offset by a 0.8pp reduction in gross profit margin as a result of business mix (geographic and regulatory) and the annualisation of UK duty changes in 2019. As discussed above, online NGR benefited from retail closures, so while marketing spend was £80.7m higher than 2019, spend did not keep pace with the NGR growth, particularly while sports were cancelled. This has resulted in an artificially low marketing rate in 2020 of 20.4%. We expect to return to previously guided levels once the market normalises and Covid-19 restrictions are eased.

Operating costs (before rent) were 3% lower than last year as a result of ongoing synergies from the acquisition of Ladbrokes Coral, partially offset by inflation.

Rent and associated costs were £1.4m in 2020, compared with £1.1m in the prior year, leaving underlying online EBITDA[5] of £803.5m, 50% ahead of last year.

Share based payments were 22% lower than last year, underlying depreciation and amortisation of £120.1m was 4% higher and share of JV income was only £0.1m following the disposal of the Group's 50% interest in Sportium to Cirsa S.A. in H2 2019, leaving underlying operating profit[6] 64% higher at £679.2m.

Total Retail

	Reported results[1,2,8]				Pre IFRS 16 results[3,8]		
Year ended 31 December	2020 £m	2019 £m	Change %	CC[4] %	2020 £m	2019 £m	Change %
NGR/Revenue	**857.1**	1,417.6	(40%)	(40%)	**857.1**	1,417.6	(40%)
Gross profit	**577.5**	961.3	(40%)		**577.5**	961.3	(40%)
Contribution	**571.7**	950.6	(40%)		**571.7**	950.6	(40%)
Operating costs	**(456.1)**	(655.9)	30%		**(456.1)**	(655.9)	30%
Underlying EBITDAR[5]	**115.6**	294.7	(61%)		**115.6**	294.7	(61%)
Rent and associated costs	**(17.3)**	(20.4)	15%		**(80.9)**	(91.1)	11%
Underlying EBITDA[5]	**98.3**	274.3	(64%)		**34.7**	203.6	(83%)
Share based payments	**(1.5)**	(1.3)	(15%)		**(1.5)**	(1.3)	(15%)
Underlying depreciation and amortisation	**(115.8)**	(101.7)	(14%)		**(74.0)**	(59.9)	(24%)
Share of JV income	–	1.0	(100%)		–	1.0	(100%)
Underlying operating (loss)/profit[6]	**(19.0)**	172.3	(111%)		**(40.8)**	143.4	(128%)

Our Retail business is made up of our UK & NI business and our European Retail business which operates across Italy, Belgium and Republic of Ireland. A review of the performance of each of these businesses is provided on the following pages.

UK Retail

Year ended 31 December	Reported results[1,2,8] 2020 £m	2019 £m	Change %	CC[4] %	Pre IFRS 16 results[3,8] 2020 £m	2019 £m	Change %
OTC wagers	**1,835.2**	3,182.7	(42%)	(42%)	**1,835.2**	3,182.7	(42%)
OTC margin	**19.4%**	17.9%	1.5pp	1.5pp	**19.4%**	17.9%	1.5pp
Sports NGR/Revenue	**355.0**	565.9	(37%)	(37%)	**355.0**	565.9	(37%)
Machines NGR/Revenue	**323.6**	561.9	(42%)	(42%)	**323.6**	561.9	(42%)
Total NGR/Revenue	**678.6**	1,127.8	(40%)	(40%)	**678.6**	1,127.8	(40%)
Gross profit	**497.3**	817.7	(39%)		**497.3**	817.7	(39%)
Contribution	**495.1**	812.6	(39%)		**495.1**	812.6	(39%)
Contribution margin	**73.0%**	72.1%	0.9pp		**73.0%**	72.1%	0.9pp
Operating costs	**(401.3)**	(585.1)	31%		**(401.3)**	(585.1)	31%
Underlying EBITDAR[5]	**93.8**	227.5	(59%)		**93.8**	227.5	(59%)
Rent and associated costs	**(16.6)**	(19.6)	15%		**(71.4)**	(81.7)	13%
Underlying EBITDA[5]	**77.2**	207.9	(63%)		**22.4**	145.8	(85%)
Share based payments	**(1.2)**	(1.0)	(20%)		**(1.2)**	(1.0)	(20%)
Underlying depreciation and amortisation	**(86.2)**	(72.7)	(19%)		**(52.0)**	(37.6)	(38%)
Share of JV income	**–**	–	–		**–**	–	–
Underlying operating (loss)/profit[6]	**(10.2)**	134.2	(108%)		**(30.8)**	107.2	(129%)

Reported Results[1,2,8]:

Total UK Retail NGR of £678.6m was 40% behind last year and 36% behind on a LFL[7] basis reflecting a year significantly impacted by Covid-19. Underlying EBITDAR[5] of £93.8m was 59% behind and underlying EBITDA[5] of £77.2m was 63% behind last year. Underlying operating loss[6] was £10.2m versus a profit of £134.2m in 2019 and, after including the benefit of separately disclosed income of £231.3m, operating profit was £221.1m, £86.1m ahead of last year.

Sports NGR was 37% behind 2019 and Machines NGR 42% behind with temporary closures due to Covid-19 significantly impacting the business during 2020. Despite spending large periods of the year with our doors closed, trading has been promising whilst the estate has been open. In the period pre Covid-19 up to 15th March, LFL NGR was only 5% down despite the annualisation of the Triennial Review with substitution from displaced B2 spend into sports and competitor shop closures benefiting our estate. During the same period LFL SSBT wagering was 43% ahead of 2019.

Following the first lockdown, thanks to the professionalism and dedication of our operations team, we were able to open all of our shops safely on the first day possible. Being able to provide a safe environment for both our colleagues and customers helped volumes return swiftly, with our omni-channel data showing all cohorts of customers returning to shops. Gaming machines proved to be particularly resilient and the roll-out of our Next Generation SSBT's helped volumes return to within single digit of pre-Covid-19 levels. Focus now turns to store readiness ahead of the re-opening of non-essential retail when permitted and the roll-out of our new till system to our Ladbrokes estate. We also look forward with our initiatives programme, including "shop of the future" and digitisation, all of which will help us further cement our position as the market leading retail sports-betting company in the UK.

Operating costs (before rent) were 31% lower than 2019, largely as a result of cost mitigation actions in response to the Covid-19 pandemic, furlough receipts and tight underlying cost control.

Rent and associated costs were £16.6m in 2020, compared with £19.6m in the prior year, leaving underlying EBITDA[5] of £77.2m, 63% lower than 2019.

Charges for share-based payments were 20% higher than last year and underlying depreciation and amortisation of £86.2m was 19% higher, as a result of the deployment of our new till system and SSBTs across large parts of the estate, leaving an underlying operating loss[6] of £10.2m (2019: 134.2m profit).

At 31 December 2020, there were a total of 2,845 shops in the estate (2019: 3,233). During the period 388 shops were closed as we complete the resizing of the retail estate as a result of the Triennial Review.

European Retail

Year ended 31 December	Reported results[1,2,8] 2020 £m	2019 £m	Change %	CC[4] %	Pre IFRS 16 results[3,8] 2020 £m	2019 £m	Change %
OTC wagers	**925.5**	1,659.9	(44%)	(45%)	**925.5**	1,659.9	(44%)
OTC margin	**19.1%**	17.4%	1.7pp	1.7pp	**19.1%**	17.4%	1.7pp
Sports NGR/Revenue	**138.8**	218.2	(36%)	(37%)	**138.8**	218.2	(37%)
Other OTC NGR/ Revenue	**37.6**	69.3	(46%)	(46%)	**37.6**	69.3	(46%)
Machines NGR/Revenue	**2.1**	2.3	(9%)	(6%)	**2.1**	2.3	(9%)
Total NGR/Revenue	**178.5**	289.8	(38%)	(39%)	**178.5**	289.8	(38%)
Gross profit	**80.2**	143.6	(44%)		**80.2**	143.6	(44%)
Contribution	**76.6**	138.0	(44%)		**76.6**	138.0	(44%)
Contribution margin	**42.9%**	47.6%	(4.7pp)		**42.9%**	47.6%	(4.7pp)
Operating costs	**(54.8)**	(70.8)	23%		**(54.8)**	(70.8)	23%
Underlying EBITDAR[5]	**21.8**	67.2	(68%)		**21.8**	67.2	(68%)
Rent and associated costs	**(0.7)**	(0.8)	13%		**(9.5)**	(9.4)	(1%)
Underlying EBITDA[5]	**21.1**	66.4	(68%)		**12.3**	57.8	(79%)
Share based payments	**(0.3)**	(0.3)	–		**(0.3)**	(0.3)	–
Underlying depreciation and amortisation	**(29.6)**	(29.0)	(2%)		**(22.0)**	(22.3)	1%
Share of JV income	**–**	1.0	(100%)		**–**	1.0	(100%)
Underlying operating (loss)/profit[6]	**(8.8)**	38.1	(123%)		**(10.0)**	36.2	(128%)

Reported Results[1,2,8]:

European Retail NGR of £178.5m was 38% behind last year (-39% cc) driven by the temporary closure of shops due to Covid-19. Resultant underlying EBITDAR[5] of £21.8m and underlying EBITDA[5] of £21.1m were 68% behind 2019. Underlying operating loss[6] of £8.8m was £46.9m behind 2019 and after charging £5.0m of separately disclosed items, operating loss was £13.8m, £29.8m behind last year.

Similar to the UK, performance during 2020 has been significantly impacted by temporary shop closures across our estates in Italy, Belgium and the Republic of Ireland. Whilst it has been a challenging year for all of our retail businesses, underlying trading has been positive whilst shops were open. Prior to the first lockdown and suspension of sport, NGR, aided by strong margins, was 24% cc ahead year-on-year. Following the re-opening of shops throughout June and July, we saw a quick return of volumes across all of our estates, with NGR reaching pre-Covid-19 levels prior to the second wave of lockdown restrictions during Q4. This was no more evident than in Italy, where our strong omni-channel offering enabled us to remain in contact with large portions of our customer base through our Online product.

Contribution margin of 42.9% decreased 4.7pp driven by geographic mix, the implementation of Covid tax in Italy and costs associated with supporting our Italian franchisees through the Covid-19 pandemic.

Operating costs (pre rent) were 23% lower as a consequence of cost mitigation in response to shop closures. Underlying EBITDAR[5] of £21.8m and underlying EBITDA[5] at £21.1m were both 68% lower than last year.

Share based payments were in line with last year and underlying depreciation and amortisation of £29.6m was 2% higher, leaving underlying operating loss[6] of £8.8m, £46.9m behind 2019.

As at 31 December 2020, there were a total of 1,744 outlets/shops (2019: 1,730): Italy 905 (2019: 883), Belgium shops 304, outlets 402 (2019: shops 311, outlets 397) and Ireland 133 (2019: 139).

Other

Year ended 31 December	Reported results[1,2,8] 2020 £m	2019 £m	Change %	CC[4] %	Pre IFRS 16 results[3,8] 2020 £m	2019 £m	Change %
NGR/Revenue	**27.8**	48.0	(42%)	(42%)	**27.8**	48.0	(42%)
Gross profit	**22.4**	39.7	(44%)		**22.4**	39.7	(44%)
Contribution	**21.1**	37.1	(43%)		**21.1**	37.1	(43%)
Operating costs	**(25.0)**	(37.5)	33%		**(25.0)**	(37.5)	33%
Underlying EBITDAR[5]	**(3.9)**	(0.4)	(875%)		**(3.9)**	(0.4)	(875%)
Rent and associated costs	**(0.3)**	–	–		**(0.3)**	–	–
Underlying EBITDA[5]	**(4.2)**	(0.4)	(950%)		**(4.2)**	(0.4)	(950%)
Share based payments	**–**	(0.1)	100%		**–**	(0.1)	100%
Underlying depreciation and amortisation	**(2.7)**	(0.8)	(238%)		**(2.7)**	(0.7)	(286%)
Share of JV income	**0.3**	1.5	(80%)		**0.3**	1.5	(80%)
Underlying operating (loss)/profit[6]	**(6.6)**	0.2	(3,400%)		**(6.6)**	0.3	(2,300%)

Reported Results[1,2,8]:

On a reported basis, NGR of £27.8m was 42% lower than 2019 as a result of the impact of Covid-19 on our smaller sports-betting businesses, Telebet, Betdaq and our greyhound Stadia. Despite the careful management of operating costs, which were 33% lower than last year, underlying EBITDAR[5] loss was £3.9m and underlying EBITDA[5] loss was £4.2m versus a £0.4m loss in 2019. Underlying operating loss[6] and operating loss after charging separately disclosed items was £6.6m (2019: £0.2m profit), £6.8m behind last year.

During the current year Intertrader, the Group's non-core financial services business, was classified as discontinued and, therefore, both the 2020 and 2019 results have been stated excluding the results of Intertrader.

Corporate

Year ended 31 December	Reported results[1,2,8] 2020 £m	2019 £m	Change %	CC[4] %	Pre IFRS 16 results[3,8] 2020 £m	2019 £m	Change %
Underlying EBITDAR[5]	**(54.5)**	(46.4)	(17%)		**(54.5)**	(46.4)	(17%)
Rent and associated costs	**–**	–	–		**–**	–	–
Underlying EBITDA[5]	**(54.5)**	(46.4)	(17%)		**(54.5)**	(46.4)	(17%)
Share based payments	**(9.0)**	(5.8)	(55%)		**(9.0)**	(5.8)	(55%)
Underlying depreciation and amortisation	**–**	(0.4)	100%		**–**	(0.4)	100%
Share of JV income	**(60.6)**	(12.5)	(385%)		**(60.6)**	(12.5)	(385%)
Underlying operating (loss)/profit[6]	**(124.1)**	(65.1)	(91%)		**(124.1)**	(65.1)	(91%)

Reported Results[1,2,8]:

On a reported basis, Corporate costs[5] of £54.5m were 17% higher than last year as underlying cost savings were more than offset by additional investment under our Sustainability Charter as we move towards our 1% target of GGR spend on research into problem gambling by 2022. After share based payments, depreciation and amortisation and share of JV losses, underlying operating loss[6] was £124.1m, an increase of 91%, largely as a result of the incremental loss in the US JV, BetMGM, which grew significantly during 2020, increasing the number of states where it is operational to 12 by January 2021. After charging separately disclosed items of £92.4m, the operating loss of £216.5 was £60.7m behind 2019.

Notes

1. 2020 and 2019 reported results are audited.
2. Reported results are provided on a post IFRS16 implementation basis.
3. Pre IFRS 16 results are unaudited and show the Group's results before any adjustment is made for IFRS 16.
4. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2020 exchange rates.
5. EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items.
6. Stated pre separately disclosed items.
7. UK Retail numbers are quoted on a LFL basis. During 2020 there was an average of 3,024 shops in the estate, compared to an average of 3,341 in the same period last year.
8. Reflecting the results of continuing operations.

Chief Financial Officer's Review

NGR in line with 2019 despite the impact of Covid-19, with Online NGR 28%cc ahead year on year."

Rob Wood
Chief Financial Officer

Results

NGR and revenue

Group reported NGR and revenue were in line with 2019 with growth in Online offsetting the reduction in Retail revenue largely caused by the impacts of temporary shop closures due to Covid-19. Further details are provided in the Business Review section.

Underlying operating profit[6]

Group reported underlying operating profit[6] of £529.5m (2019: £520.6m) was 2% ahead of 2019, with 11% growth in underlying EBITDA[5] offset by incremental depreciation and amortisation and an increased loss in the BetMGM joint venture. Analysis of the Group's performance and the results of our BetMGM joint venture are discussed further in the Business Review section.

Financing costs

Finance costs of £74.2m (2019: £86.1m), excluding issue cost write offs of £5.3m on refinancing, were £11.9m lower than 2019, with the reduction driven by interest rate savings from the 2019 and early 2020 debt refinancing projects.

Foreign exchange losses of £104.7m (2019: credit of £101.9m) in 2020 reflect the charge arising on the retranslation of the Group's Euro denominated debt following the strengthening of the Euro since the 2019 year end. The Group operates a commercial hedging strategy and, as such, this loss is offset by a £137.7m gain, which has been recorded in equity on the retranslation of net assets in overseas businesses.

	Reported results[1,2]				Pre IFRS 16 results[3]		
Year ended 31 December	2020 £m	2019 £m	Change %	CC[4] %	2020 £m	2019 £m	Change %
NGR	3,628.5	3,632.7	flat	1%	3,628.5	3,632.7	flat
Revenue	3,561.6	3,578.1	flat		3,561.6	3,578.1	flat
Gross profit	2,308.6	2,368.8	(3%)		2,308.6	2,368.8	(3%)
Contribution	1,740.2	1,874.9	(7%)		1,740.2	1,874.9	(7%)
Underlying EBITDAR[5]	862.1	782.9	10%		862.1	782.9	10%
Underlying EBITDA[5]	843.1	761.4	11%		764.7	678.9	13%
Share-based payments	(14.8)	(12.7)	(17%)		(14.8)	(12.7)	(17%)
Underlying depreciation and amortisation	(238.6)	(218.9)	(9%)		(182.5)	(166.2)	(10%)
Share of JV income	(60.2)	(9.2)	(554%)		(60.2)	(9.2)	(554%)
Underlying operating profit[6]	529.5	520.6	2%		507.2	490.8	3%
Net finance costs	(74.2)	(86.1)	14%				
Net foreign exchange	(104.7)	101.9	(203%)				
Profit before tax pre separately disclosed items	350.6	536.4	(35%)				
Separately disclosed items:							
Amortisation of acquired intangibles	(307.0)	(374.0)	18%				
Other	131.1	(326.8)	140%				
Profit/(Loss) before tax	174.7	(164.4)	206%				
Tax	(60.9)	33.2	(282%)				
Profit/(Loss) after tax from continuing operations	113.8	(131.2)	187%				
Discontinued Operations	(34.4)	(9.5)	(262%)				
Profit/(Loss) for the year	79.4	(140.7)	156%				

Separately disclosed items

Items separately disclosed before tax mostly relate to items previously disclosed within the first half results. For the year they amounted to a £175.9m charge (2019: £700.8m charge) and relate primarily to £307.0m of amortisation on acquired intangibles (2019: £374.0m), a £5.0m impairment of Right of Use assets following a reassessment of anticipated lease terms (2019: £245.0m against our Australian business), integration costs associated with the Ladbrokes Coral acquisition of £25.1m (2019: £44.9m), costs of £8.3m associated with right sizing our Retail estate following the implementation of the £2 FOBT stakes restriction (2019: £8.7m) and £8.9m of onerous costs associated with shop closures and other one-off legal expenses (2019: £3.4m). In addition, the Group recorded a £42.4m charge associated with the discount unwinds and reassessment of the anticipated payments under Dusk Till Dawn and Crystalbet contingent consideration arrangements (2019: £37.7m) and £9.6m of other exceptionals, predominantly the write-off of issue costs following the refinancing during H1 of £5.3m (2019: £14.1m), Covid-19 related costs and costs associated with the wind-up of the Ladbrokes Pension Plan (2019: £17.7m).

The Group has also separately recorded a net £223.5m (2019: £11.6m largely against Greek tax) income in the year, predominantly against a historic VAT claim in our Ladbrokes Retail business following a recent court ruling and £6.9m (2019: £19.0m) on the sale of assets.

Separately disclosed items	2020 £m	2019 £m
Amortisation of acquired intangibles	(307.0)	(374.0)
Impairment	(5.0)	(245.0)
Integration costs	(25.1)	(44.9)
Triennial restructuring costs	(8.3)	(8.7)
Legal and onerous contract costs	(8.9)	(3.4)
Movement in fair value of contingent consideration	(42.4)	(37.7)
Other including issue cost write-off	(9.6)	(17.7)
Tax litigation/one-off legislative impacts	223.5	11.6
Profit on sale of assets	6.9	19.0
Total	(175.9)	(700.8)

Profit before tax

Profit before tax and before separately disclosed items was £350.6m (2019: £536.4m) reflecting a year-on-year decrease of £185.8m with underlying operating profit[6] £8.9m ahead and finance costs £11.9m favourable offset by a £206.6m swing in foreign exchange on debt retranslation as a result of the relative movements in the GBP:EURO exchange rate year-on-year. After charging separately disclosed items, the Group recorded a pre-tax profit of £174.7m (2019: loss of £164.4m).

Taxation

The tax charge for the period ended 31 December 2020 of £60.9m (2019: credit of £33.2m) reflects a £63.0m charge on underlying trading (2019: £46.4m) and a £2.1m credit on separately disclosed items (2019: £79.6m credit). The underlying tax charge reflects a 12.2% (2019: 9.5%) effective tax rate before the impact of foreign exchange and BetMGM losses.

Discontinued Operations

During the year the Group has classified its Intertrader business as discontinued as the Directors believe that it is highly probable that a sale of the business will be completed within the next 12 months. During the year the Intertrader business recorded a loss after tax from underlying operations of £14.4m (2019: £0.6m), the majority of which was disclosed in the interim results, and separately disclosed costs of £20.0m (2019: £8.9m) which includes a £19.3m impairment on intangible assets, as discussed in the interims. The resulting total loss after tax was £34.4m (2019: £9.5m).

Cash flow

Year ended 31 December	2020 £m	2019 £m
Underlying EBITDA	**843.1**	761.4
Discontinued EBITDA	**(14.1)**	(0.3)
Underlying working capital	**(12.6)**	(13.9)
Capital expenditure	**(158.3)**	(164.1)
Finance lease (incl IFRS 16)	**(85.9)**	(77.7)
Corporate taxes	**(59.2)**	(37.5)
Underlying Free cash flow	**513.0**	467.9
Investment in BetMGM	**(61.8)**	(3.8)
Free cash flow	**451.2**	464.1
Interest paid (incl IFRS 16)	**(95.3)**	(68.9)
Separately disclosed items	**24.6**	(162.0)
Net movement on debt & cost of debt issuance	**(30.0)**	(53.6)
Equity issue	**8.6**	1.5
Net dividends paid	**(12.4)**	(202.4)
Net cash flow / (outflow)	**346.7**	(21.3)
Foreign exchange	**13.0**	(10.5)
Net cash generated/(outflow)	**359.7**	(31.8)

The Group had a net cash inflow of £359.7m (2019: outflow of £31.8m). Free cash flow for the period was £451.2m (2019: £464.1m) with underlying EBITDA[5] of £843.1m (2019: £761.4m) offset by the loss on discontinued operations of £14.1m (2019: £0.3m), investment in capital expenditure of £158.3m (2019: £164.1m), lease payments of £85.9m, including those on non-operational shops (2019: £77.7m) and £59.2m in corporate taxes (2019: £37.5m). During the year, there was a working capital outflow of £12.6m (2019: outflow of £13.9m) and further investment in the BetMGM joint venture of £61.8m (2019: £3.8m).

During the year, the Group paid £95.3m of interest on loans and leases (2019: £68.9m), £17.9m of which related to the unwind of timing differences from 2019. In addition, the Group received £24.6m (£162.0m paid) on items which have been separately disclosed, primarily driven by the receipt for historic VAT in our Ladbrokes Retail business (£217.5m received) partially offset by amounts paid against the historical Greek (£45.4m) and Austrian (£69.1m) tax provisions, integration costs (£30.1m), triennial costs (£6.0m) and payments of contingent consideration against historic acquisitions (£24.8m). The Group paid a net £30.0m (2019: £53.6m) on the repayment of debt, predominantly repaying the £35.0m drawn down on the revolving credit facility at the 2019 year end. The Group also raised £8.6m in equity issuances (2019: £1.5m) on the exercising of historic option agreements. £12.4m was paid in minority dividends (2019: £202.4m including equity dividends and dividends received).

Net debt and liquidity

As at 31 December 2020, net debt post IFRS 16 was £1,766.6m and represented a net debt to EBITDA ratio of 2.1x (1.9x pre IFRS 16). At 31 December 2020, there was no drawdown on the Group's revolving credit facility.

	Par value £m	Issue costs/ Premium £m	Total £m
Bonds	(500.0)	(17.9)	**(517.9)**
Term loans	(1,582.4)	8.1	**(1,574.3)**
Interest accrual	(7.6)	–	**(7.6)**
	(2,090.0)	(9.8)	**(2,099.8)**
Cash			**749.8**
Accounting net debt			**(1,350.0)**
Cash held on behalf of customers			**(396.1)**
Fair value of swaps held against debt instruments			**(26.1)**
Short-term investments/Deposits held			**171.2**
Balances held with payment service providers			**172.4**
Finance lease debt			**(30.9)**
Adjusted net debt pre IFRS 16			**(1,459.5)**
Lease liabilities recognised as a result of IFRS 16			**(307.1)**
Adjusted net debt post IFRS 16			**(1,766.6)**

Going Concern

In adopting the going concern basis of preparation in the financial statements, the Directors have considered the current trading performance of the Group, the financial forecasts and the principal risks and uncertainties, including the impact of Covid-19 and in particular the impact of the potential for further disruption to the Retail business across Europe. In addition, the Directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios such as legislation changes impacting the Group's Online business and extended lockdowns affecting the Group's Retail operations.

Given the level of the Group's accessible cash (£0.7bn), available financing facilities (including an undrawn revolving credit facility of £0.5bn), debt maturity profile, and the forecast covenant headroom even under the sensitised downside scenarios, the Directors believe that the Group is well placed to manage the risks and uncertainties that it faces. As such, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence and meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the financial statements.

Notes

1. 2020 and 2019 reported results are audited.
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3. Pre IFRS 16 results are unaudited and show the Group's results before any adjustment is made for IFRS 16.
4. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2020 exchange rates.
5. EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income on continuing activities. EBITDA is defined. as EBITDAR after charging rent and associated costs. Both EBITDAR and EBITDA are stated pre separately disclosed items.
6. Stated pre separately disclosed items.

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

The Directors are required to prepare Group and parent Company financial statements for each financial year. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements under FRS 101 "Reduced Disclosure Framework". In addition the Group financial statements have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation ("EC") No 1606/2002 as it applies in the European Union.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- for the Group financial statements, state whether they have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU");
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Rob Wood
Chief Financial Officer

4 March 2021

Chief Governance Officer's Review of Risk

> In a year of uncertainty, our risk management framework has never been more important in helping the Group navigate these challenging times."

Robert Hoskin
Chief Governance Officer

Manage

2020 has been a significant year for many with the Covid-19 global pandemic causing disruption around the globe. The impact of Covid-19 has been felt by all corporates and the Entain Group is no different with our Retail estates temporarily closed for large portions of 2020 and into 2021, sporting event cancellations and the temporary closure of our head offices all impacting the business.

Given the unprecedented nature of these events on our business, our risk assessment, management and mitigation procedures have been imperative in helping the Group navigate this uncertain time.

While the short-term outlook remains uncertain as a result of the ongoing impacts of Covid-19, we have entered 2021 with good trading momentum and a firm understanding of the risks we continue to face and, as such, we remain as confident as ever in Entain's longer term prospects.

Ongoing changes to regulation and the evolving expectations of regulators continue to present significant risk for the business to navigate, requiring careful management and mitigation, particularly in the UK and Germany, which both remain complicated and in states of transition.

Whilst, understandably, our risk function has been focused on addressing the immediate risks associated with Covid-19 during 2020, we have also continued to push forward with improving and refining our approach to risk management. Looking back at our achievements in 2020 and our priorities for 2021:

Key successes in 2020

- Further development and enhancement of our divisional/functional risk registers and risk mitigation activities.
- Reviewed and agreed the principal risks for 2021 with the Board and their allocation for monitoring between the Board, Audit and ESG committees.
- Continued roll-out of the Group risk management processes to new areas of the Entain business including BetMGM
- Derivation of a specific pandemic and business continuity risk register with actions taken throughout 2020 to address the ever-changing landscape.

Key priorities for 2021

- Refinement of our risk management processes to ensure they are fully aligned with the recently announced Group strategy and the focus on sustainability and growth.
- Continued roll-out of the Group's risk management procedures to newly acquired businesses, most notably Bet.pt and Enlabs (should the deal complete).
- A continued commitment to reduce risk through the introduction of new business processes where it makes commercial sense to do so.

Emerging risks

The Covid-19 pandemic has increased our focus on the need to consider emerging risks with the same level of rigour that we do our current risks. During 2020, the Group has put even more emphasis on the consideration of emerging risks, with the discussion a key part of Risk Committee agendas and the annual Audit Committee cycle. Any emerging risks which are considered significant in the short to medium term are elevated to the core risk registers and Group principal risks as seen with Covid-19.

Brexit

The UK and Gibraltar left the EU in 2020 with the transition period ending on 31st December. The Group has implemented its Brexit plans to mitigate the risks identified, which were not considered to be significant given the nature of our business. In particular, the Group located the servers which host the online betting and gaming platform for EU customers in the Republic of Ireland, and established subsidiaries in Malta which provide our online betting and gaming offering to customers in those EU countries requiring operators to be established and licensed in an EU member state. Our online businesses continue to be headquartered in Gibraltar and these plans will have no significant impact on our employees there.

Additionally, the Group has made certain practical contingency arrangements to help employees who live in Spain but work in Gibraltar should there be a significant increase in delays crossing Gibraltar's border with Spain.

The following risk report details our approach to risk management, the Group's principal risks and the Board's assessment of viability in line with provision 31 of the 2018 Corporate Governance Code.

Robert Hoskin
Chief Governance Officer

4 March 2021

Risk management process and methodology

Risk management structure and governance

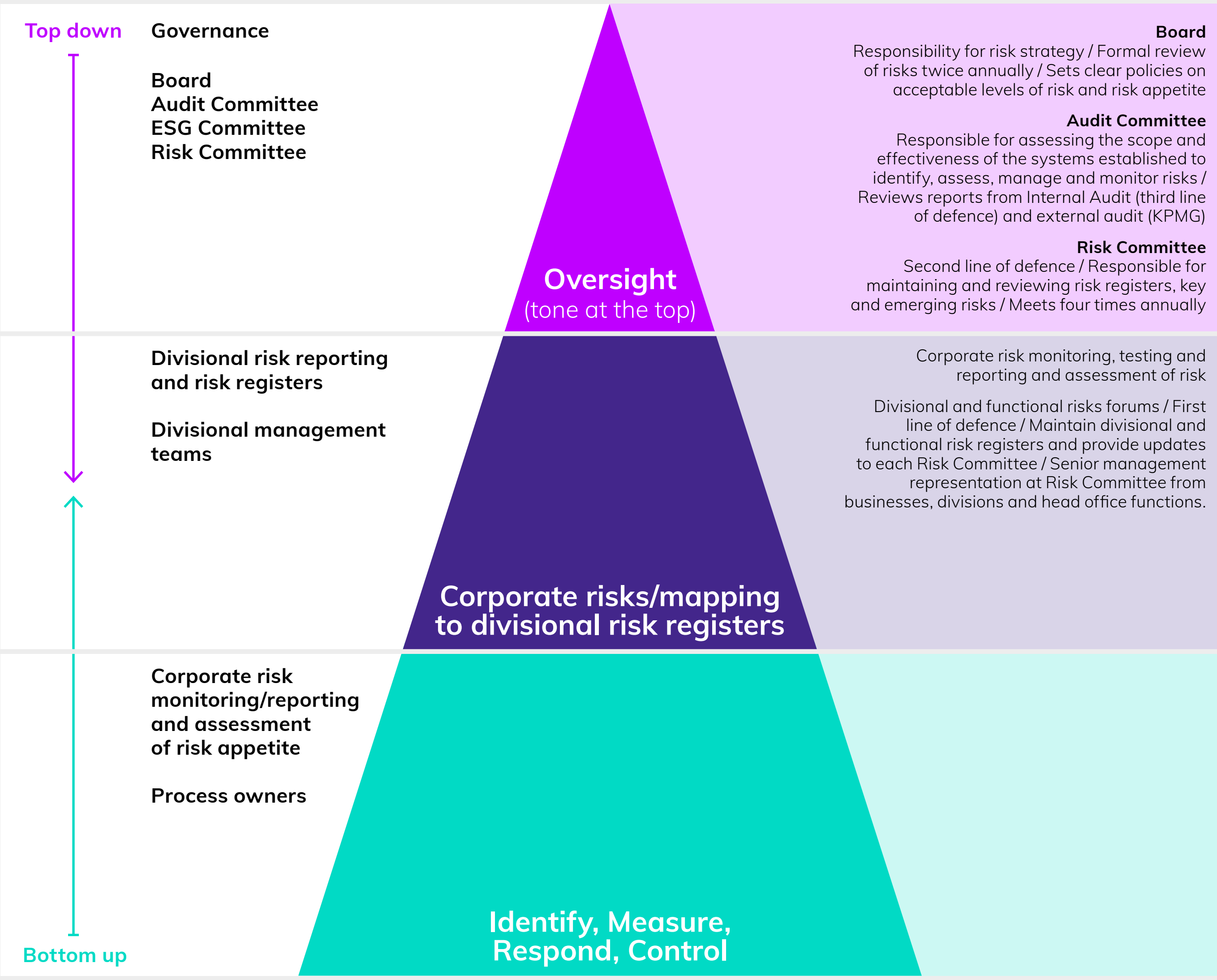
The effective understanding, measurement, acceptance and mitigation of risk is fundamental to the Group achieving its strategic priorities. As such, over the course of the year, the Group has continued to enhance its risk management capabilities, improving its ability to identify, evaluate, manage and mitigate its principal risks as well as responding to the challenges presented by new and emerging risks.

Structure

The Group has developed and deployed an integrated and proactive approach to risk management with operational management and functional specialists at the heart of our processes and governance structure. We continue to challenge ourselves to improve our ability to detect, understand and debate risk whilst also continuing to strengthen our three lines of defence model through improved processes and investment in resources.

Our first line of defence are our day-to day-business operation teams and functional/divisional risk forums, who actively evaluate and manage risks as part of their day-to-day activities. The second line of defence is our risk oversight function and Risk Committee which is overseen by the Director of Financial Control and Risk. This oversight function provides our businesses with expert advice, challenge and assistance in ensuring risks are appropriately identified, evaluated, managed and mitigated in line with the Group's risk appetite.

Our third line of defence is provided by Internal Audit, who provide independent and objective assurance over our risk assessment processes and the design and operating effectiveness of our risk mitigation control activities.



Governance

The Board recognises the benefits of ensuring its risk management processes are in line with the UK Corporate Governance Code and the expectations of listed companies. As part of this process we not only assess risk but also evaluate the level of risk the Group is willing to take, also referred to as risk appetite. This process forms a key part of the Enterprise Risk Management ("ERM") Framework. The ERM Framework is the vehicle which defines and delivers risk management across the business and includes a standard risk scoring matrix to ensure a consistent approach to the identification, measurement and response to risk.

The Group Risk Committee, chaired by the Chief Governance Officer, are responsible for the ERM and Group Risk Management policy. The Committee meets formally four times each year and comprises operational management and functional area specialists. Whilst the Committee considers all identified risks to the business, it focuses on the principal risks.

The Entain Group Risk Management policy details how risks are managed and monitored. For each risk identified, the impact, likelihood, consequence, risk owner (Executive Committee member) and operational lead are identified. The risk owner and operational lead are responsible for identifying the relevant mitigating controls and remedial actions required to manage risk appropriately. The Risk Committee opine on the adequacy of the businesses risk mitigation with Internal Audit testing the effectiveness of the controls identified.

The Board maintains a consolidated view of key risks across all business segments and takes advice from the Group Risk and Audit Committees, on the Group's risk appetite and strategy as well as the effectiveness of our risk management processes.

Whilst we recognise that we have limited control over certain risks faced by the Group, such as the current pandemic, macroeconomic events and the complex regulatory environment in which we operate, we continue to monitor developments in these areas closely and identify emerging risks through horizon scanning whilst ensuring that the Group has appropriate response plans in place.

The risk management approach is subject to continuous review and updates in order to reflect new and developing issues which might impact business strategy. Emerging or topical risks, such as the pandemic or Brexit, are examined to understand their significance to the business.

Read more on our governance framework
page 83

How risks are measured

As part of the risk management process, all risks identified are measured against a defined set of criteria using a standard 5 x 5 risk matrix which assesses both the impact and the likelihood of a risk arising. In assessing the impact and likelihood of a particular risk arising, consequences in the following areas are considered: financial performance, operational process, legal, PR and health and safety. In particular:

- **The potential impact/consequence to the Group should the risk materialise:**
  - The impact of each risk is measured with reference to the financial implications (EBITDA and cash), its potential operational impact (including the security of our data), the effect on the reputation of our brands and whether or not it affects our commitment to health and safety. The impact is measured on a scale, where 1 is low, with limited damage to a minor stakeholder, and 5 being severe, which may have a substantial impact on the Group affecting many key stakeholders, including customers.
- **The likelihood of the risk materialising:**
  - The extent to which an event is likely to occur is scored from 1-5, 1 being remote i.e. very unlikely to occur and 5 being probable i.e. where it has the potential to occur or has already happened.

The product of both scores gives rise to the risk score that determines the relative importance of the individual risk.

"The risk management approach is subject to continuous review and updates in order to reflect new and developing issues which might impact business strategy."

Stuart Smith
Director of Financial Control and Risk

Principal Risks

The principal risks and uncertainties, which are considered to have a material impact on the Group's long-term performance and achievement of strategy, are set out on the table opposite.

The risks represent a snapshot at a point in time, and as the environment we operate in is constantly evolving, new risks may arise, the potential impact of known risks may increase or decrease, and our assessment of a risk may change. They do not include all those risks associated with the Group's activities and are not set out in any order of priority.

This is not intended to be an exhaustive and extensive analysis of all risks which may affect the Group.

Read more on the Board's review of Principal Risks on **pages 88, 90 and 96**

Data Breach and Cyber Security

Chief Operating Officer and Chief Technology Officer

Risk category

- Technology
- Legal and regulatory
- Reputational
- Financial

Impact: High
Likelihood: High

Oversight: Audit Committee

Principal Risk/Uncertainty

The Group operations depend on the fairness of its gaming engines, the processing of customer data (protected by strict data protection and privacy laws in all jurisdictions in which the Group operates) and the ability of customers to access its services on a 24x7 basis.

The Group is exposed to the risk that the integrity of gaming, confidentiality of data or availability of its services would be compromised through a cyberattack or a breach in data security, which would impact the trust of its customers and could result in prosecutions including financial penalties.

How we manage and mitigate the risk

The Group has a dedicated Cybersecurity function entrusted with protecting the security of all its operations.

The function also encapsulates the necessary in-house security technology expertise to adapt to emerging threats. Operating under a ISO27001 Information Security Management System certification, the Cybersecurity controls and associated harmonised policies are constantly being evaluated and applied, where deemed relevant across the enlarged Group.

A Data Privacy team, led by the Group's Chief Privacy Officer is tasked with aligning the Group's data privacy strategy and governance structure, providing regular updates to the Group's Corporate Social Responsibility Committee.

Strategic relevance

Crystallisation could lead to significant reputational and operational issues that limit the Group's ability to drive Online growth and deliver technology synergies.

Laws, Regulations, Licensing and Regulatory Compliance

Chief Governance Officer

Risk category

- Commercial
- Legal and regulatory
- Reputational
- Financial

Impact: High
Likelihood: Medium

Oversight: Board

Principal Risk/Uncertainty

Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes at short notice.

Such changes could benefit or have an adverse effect on the Group and additional costs might be incurred in order to comply with any new laws or regulations in multiple jurisdictions.

How we manage and mitigate the risk

The Group closely monitors regulatory, legislative and fiscal developments in key markets allowing the Group to assess, adapt and takes the necessary action where appropriate.

Management takes external advice, which incorporates risk evaluation of individual territories. It also engages in promoting licensing solutions that provide commercially viable opportunities for responsible online gaming operators.

Regulatory updates are provided on a weekly basis to senior management with updates provided to the Board of Directors each month and discussed at every Board meeting.

Strategic relevance

Whilst changing regulatory and tax regimes offer opportunities to the Group as well as posing risks, a significant adverse regulatory change in the jurisdictions where the Group operates could have a significant impact on the Group's future profitability and cash generation.

In addition, changes in regulation may require the Group to change procedures and policies in order to adhere to its commitment to responsibility and sustainability.

Key: Risk increased Risk decreased Risk static New risk

Technology Failure

Chief Operating Officer and Chief Technology Officer

Risk category

- Technology
- Legal and regulatory
- Reputational
- Financial

Impact: High
Likelihood: Low

Oversight: Audit Committee

Principal Risk/Uncertainty

The Group's operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail.

In particular, any damage to, or failure of online systems and servers, electronic point of sale systems and electronic display systems could result in interruptions to financial controls and customer service systems.

How we manage and mitigate the risk

The Group's technology resilience levels are mature, established and supported by robust operational procedures and business continuity plans.

All critical revenue generating systems are built to mission critical and high availability standards with all operational data across the ecosystem protected, replicated, and safeguarded.

As part of the Group's technology strategy and objectives, enhancements are underway into 2021 to make further improvements and, where necessary, automate the Group's global disaster recover capability.

Strategic relevance

Significant technology failings or product outage is likely to impact the Group's ability to attract and retain the customers required to deliver the Group's growth strategy

Taxes

Chief Financial Officer and Director of Tax, Treasury and Insurance

Risk category

- Commercial
- Legal and regulatory
- Financial

Impact: Medium
Likelihood: High

Oversight: Audit Committee

Principal Risk/Uncertainty

The Group is subject to a range of taxes, duties and levies in many of the countries where we have operations or in which our customers are located. The taxes imposed upon betting and gaming companies have changed over time, and the levels of taxation to which the Group is subject may change in the future.

The Group's geographical diversity and the nature of taxation in our industry lead to complexity in our tax affairs. There may be areas of differing legal interpretation regarding the scope and scale of taxation.

How we manage and mitigate the risk

The Group's tax strategy is approved annually by the Board of Directors. Responsibility for the execution of the Group's tax strategy is delegated to the Chief Financial Officer who reports the Group's tax position to the Directors on a regular basis.

In order to mitigate tax risks that arise, the Group actively identifies, evaluates, manages and monitors its tax risks and the geographies in which it operates.

The Group has an appropriately qualified and resourced tax team to manage its tax affairs.

In addition, where there is significant uncertainty or complexity in relation to a tax risk, the Group may use the services of external, expert tax advisors.

Strategic relevance

Adverse changes in the tax regimes in jurisdictions where the Group operates, or a significant tax assessment, may impact our profitability and cash position.

Increased Cost Of Product

Managing Director – Retail
Managing Director – Digital

Risk category

- Commercial
- Financial

Impact: Medium
Likelihood: Medium

Oversight: Board

Principal Risk/Uncertainty

The Group is subject to certain arrangements intended to support the customer offering. Examples are the horseracing and the voluntary greyhound racing levies, data and content supply, and the provision of marketing services. The combined cost of these third party services is material and they collectively have a significant impact on the profitability for the business globally.

A number of the contracts that underpin the provision of third party services are under negotiation at any one time. The pricing of these services is subject to inflationary cost increases and can also be volatile based on the changeable business environment that many of our suppliers operate in.

How we manage and mitigate the risk

Senior management engages regularly with the relevant trade associations and the principal bodies of sports and events with regard to sports rights payments, including the statutory horse racing levy, animal welfare and other issues.

Across the wider supplier base, a central procurement function and cost oversight processes exist to ensure that pricing is effectively controlled both at contract stage and on an ongoing basis.

Strategic relevance

Material increases in the cost of content may increase the operating costs at higher than anticipated levels impacting profits.

Health, Safety & Wellbeing of Customers and Employees

Retail Managing Director, Chief People Officer and Chief Governance Officer

Risk category

- Operational
- Reputational
- Strategic

Impact: Medium
Likelihood: Low

Oversight: ESG Committee

Principal Risk/Uncertainty

Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and our responsibilities and commitments towards customers (both retail and digital) could expose the Company (and individual employees and Directors) to material civil, criminal and/ or regulatory action with the associated financial and reputational consequences.

How we manage and mitigate the risk

Entain's retail and digital businesses have numerous policies and procedures in place. Annual training and communication plans to all staff within these segments, as well as specific communications to staff across the wider Group continue to take place.

The Group's Corporate Social Responsibility Committee also oversee all aspects of Health, Safety, Security and Environmental ("HSSE") practices.

We provide a caring and supportive environment for our colleagues and take their welfare seriously.

In addition to Private Medical support available for many colleagues, we provide mental health support for our people via our global employee assistance programme, wellbeing app and various wellbeing initiatives run throughout the year.

We know that only a responsible business can be a sustainable one which is why we have continued to invest in this area, in particular with the recent launch of our Sustainability Charter. One of the key pillars of this is our Advanced, Responsibility and Care ("ARC") programme. ARC is an intelligent and innovative platform that uses behavioural insight and research, data science and analytics to assess risk in play, enabling us to identify, interact and intervene early with customers, who show signs of gambling-related harm.

Strategic relevance

Breaches in the Group's HSSE and safer betting and gaming policies could lead to criminal, civil and or regulatory sanctions, along with significant reputational damage and negative implications on employee morale and customer goodwill.

Failure to protect our customers and employees may result in Entain not achieving our strategic aim of being a responsible operator.

Trading, Liability and Pricing Management

Chief Operating Officer

Risk category

- Commercial
- Operational
- Strategic

Impact: Medium
Likelihood: Medium

Oversight: Audit Committee

Principal Risk/Uncertainty

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

How we manage and mitigate the risk

The Group has some of the leading expertise in trading liability management and the Group's trading team has developed the skills and systems to be able to offer a wide range of betting opportunities.

Events are priced in order to achieve an average return to the bookmaker over a large number of events and therefore, over the long term.

The Group's underlying sports margin has remained fairly constant in recent years. Executive management monitor the gross win margin on a daily basis in order to ensure the long-term targets are achieved.

Strategic relevance

A run of customer favourable results as a result of the mismanagement of the trading book could significantly impact the Group's profitability.

Key: Risk increased Risk decreased Risk static New risk

Loss Of Key Locations

Chief Operating Officer

Risk category

- Operational

Impact: Medium
Likelihood: Low

Oversight: ESG Committee

Principal Risk/Uncertainty

Whilst the Group operates out of a number of geographical locations, there are a number of key sites which are critical to the day-to-day operations of the Group, including our offices in Central London, Gibraltar, Ireland, Vienna, Hyderabad, Australia, Italy and Manila. Disruption in any of these locations could have an impact on operations.

How we manage and mitigate the risk

Existing continuity plans and arrangements for off-site data storage, alternative system availability and remote working for key operational colleagues and senior management are subject to ongoing review.

Given the Covid-19 pandemic these plans were enacted during the current year and have proven to be effective.

Strategic relevance

Loss of a key location could impact the Group's ability to offer product to its customers impacting its ability to generate revenues.

Pandemic

Chief Executive Officer, Chief Operating Officer and Chief Financial Officer

Risk category

- Operational
- Financial
- Commercial

Impact: High
Likelihood: High

Oversight: Board

Principal Risk/Uncertainty

Further waves of pandemic affecting individual countries or continents resulting in the closure of all or part of our Retail estate or the cancellation/postponement of major sporting events, e.g. football, horseracing which may result in financial losses, service outage or an inability to protect our colleagues wellbeing.

How we manage and mitigate the risk

In March 2020, the Group was quickly able to enact its plans to move the majority of its colleagues to home working without any loss of service (excluding Retail closures) despite the announcement of worldwide lockdowns.

Through its diverse product and geographic offering, the business has been able to leverage its business model to quickly respond to changing customer needs and, therefore maintain strong trading throughout 2020 in the face of challenging circumstances.

The Group continues to monitor the risks in each of its local operations both on trading and the health & safety of its colleagues, the latter of which is our number one priority.

Strategic relevance

Closure of our retail shops or the cancellation of sporting events may result in financial losses, our ability to generate revenues and affect overall profitability.

Recruitment and Retention of Key Employees

Chief People Officer

Risk category

- Operational

Impact: Medium
Likelihood: Low

Oversight: Board

Principal Risk/Uncertainty

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

How we manage and mitigate the risk

Building on the successful launch of our award-winning employer brand in 2019, our People Strategy focuses our efforts on securing and retaining the best talent, providing a market leading working environment and the best employee experience.

Our talent management and reward and recognition programmes are continually assessed through a number of regular colleague feedback mechanisms and external benchmarking.

Strategic relevance

A pre-requisite to achieving all of the strategic priorities is ensuring we have the right people with the right skills, deployed within the right area of the business. Failing to recruit/retain the best people could significantly impact the Group achieving all of its strategic objectives.

Viability Statement

In accordance with provision 31 of the 2018 Corporate Governance Code, the Board and Directors have completed an assessment of the prospects and viability of the Entain Holdings PLC Group over a longer period than the 12 months required by the "Going Concern" provision.

The Directors have concluded that three years was an appropriate period for assessment, as this is aligned to the Group's strategic planning process and is considered to be the period for which reliable estimates can be made for variations in both industry and customer dynamics, regulatory change, technological advancements and the economic backdrop in the betting and gaming industry taking into account the changing landscape as a result of the Covid-19 pandemic.

The objectives of the strategic planning process are to further develop the business' understanding of the markets in which the Group operates, assess the risks and opportunities facing the business and develop a Group-wide strategy and associated financial forecasts.

The Directors have utilised these strategic forecasts, the 2021 Board approved budget and the current financial position of the Group to assess the potential impact on viability of certain severe, but plausible, "risk events" arising which represent the crystallisation of the Group's principal risks and uncertainties as identified on pages 72 to 75 of this Annual Report. The assessment conducted considered the Group's revenue, EBITDA, operating profits, cash flows, risk management and controls, its current debt maturity and anticipated refinancing profile and mitigating actions should baseline assumptions change.

The financial impact of the identified risk events has been assessed both individually and in combination and include:

- The impact of a significant change in the Group's duty profile, including further changes in gaming taxes in key geographies.
- Significant changes in the regulatory environment including gaming restrictions in key markets, further focus on AML legislation in the UK by the Gambling Commission and breaches in GDPR regulations.
- Cyber security failings, and major disruption in supplier/customer contracts.
- Downturn in trading as a result of a failure to retain key staff
- Impacts on trading as a result of restrictions introduced globally due to the Covid-19 pandemic.

The Directors have also performed reverse stress tests to assess the level of liquidity and covenant headroom in the underlying forecasts as well as considering the potential impacts of Brexit in forming their view on viability.

Based on the results of this analysis and the mitigating actions available to the business, the Directors confirm that they have a reasonable expectation that the Company will be able to meet its liabilities as they fall due over the three-year assessment period to December 2023.

Governance

Governance

Board of Directors

(as at 4 March 2021)

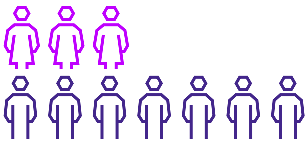
The Board continues to focus on maintaining a well-balanced membership with the right mix of individuals who can apply their diverse business knowledge and experiences to the oversight and guidance to the delivery of the Group's strategy in the jurisdictions in which it operates. As at the date of this report the Board is comprised of the Chairman, three Executive Directors and six independent Non-Executive Directors.

Board at 31 December 2020

Tenure (years)	0-1	1-2	2-3	3-4	4-5	5+
Barry Gibson [1,5,7]						
Jane Anscombe [1,2]						
Pierre Bouchut [2,4,7]						
Peter Isola [1,2,3]						
Stephen Morana [1,2,4,7]						
Virginia McDowell [1,4,5,7]						
Jette Nygaard-Andersen [4,5,6]						
David Satz [1,3]						

Experience / Skills:
1. Gaming Sector
2. Financial
3. Legal / Regulatory
4. Technology / eCommerce
5. Marketing
6. Entertainment
7. Leadership

Gender diversity 31 December 2020



3:7

Board at 4 March 2021 (date of publication)

Tenure (years)	0-1	1-2	2-3	3-4	4-5	5+
Barry Gibson [1,5,7]						
Pierre Bouchut [2,4,7]						
Stella David [5,7]						
Peter Isola [1,2,3]						
Vicky Jarman [2]						
Virginia McDowell [1,4,5,7]						
David Satz [1,3]						

Experience / Skills:
1. Gaming Sector
2. Financial
3. Legal / Regulatory
4. Technology / eCommerce
5. Marketing
6. Entertainment
7. Leadership

Gender diversity 4 March 2021

4:6

J M Barry Gibson
Chairman

Tenure: Appointed to the Board November 2019 and became Chairman on 27 February 2020.

Outside interests: Chairman of HomeServe plc (will retire in May 2021).

Age: 69 **Nationality:** British

Committee / attendance:
N 4/4

Biography: Barry was previously a Non-Executive Director of William Hill plc and bwin.party digital entertainment plc, where he was the Senior Independent Director. He was the Group Retailing Director at BAA plc, Group Chief Executive of Littlewoods plc, Non-Executive Chairman of Harding Brothers Holdings Ltd, and Non-Executive Director of both Somerfield plc and National Express plc.

Key strengths and experience:
Barry is an experienced chairman, chief executive, senior independent director and non-executive director. He has deep knowledge of the betting, gaming and retail sectors and a track record of leading change in corporates.

Jette Nygaard-Andersen
Chief Executive Officer

Tenure: Appointed to the Board as Non-Executive Director in December 2019. Appointed as Chief Executive Officer and Executive Director on 21 January 2021

Outside interests: Non-Executive Director of Coloplast AS.

Age: 52 **Nationality:** Danish

Biography: From 2003 to 2019 she held senior leadership roles at Modern Times Group AB (a listed international entertainment group) including CEO of MTG International and MTGx Digital Content which had ownership in next generation digital entertainment businesses. Jette also chaired the board of Astralis Group A/S, an international eSports organisation.

Key strengths and experience:
Jette has over 20 years' experience in leadership positions in the media, sports and entertainment sectors, with experience of working with companies to disrupt industries through technology in international markets. Previously a Non-Executive Director of Entain, she was involved in the Group's strategy set out in late 2020, positioning the business for sustainable growth by leading in innovation, safety and responsibility.

Rob Wood
Chief Financial Officer and Deputy CEO

Tenure: Appointed to the Board as Chief Financial Officer in March 2019; the role of Deputy CEO was added to his portfolio on 21 January 2021.

Age: 41 **Nationality:** British

Biography: Rob joined Entain in 2012 and served as Chief Financial Officer of the Group's retail business. Prior to Entain, he was Senior Vice President at Cerberus Capital, overseeing the private equity firm's European portfolio companies and worked in restructuring advisory at Rothschild. Rob started his career at KPMG where he qualified as a chartered accountant.

Key strengths and experience:
Rob brings strong financial and accounting experience to the Board from private equity and banking. His knowledge of Entain's operations and experience in creating value through mergers and acquisitions make him uniquely placed to undertake his expanded role as Deputy CEO.

Robert Hoskin
Chief Governance Officer

Tenure: Appointed 1 January 2021

Age: 49 **Nationality:** British

Biography: Robert joined Entain in 2005 and served as Group Director of Legal, Regulatory and Secretariat, overseeing its corporate governance, legal and regulatory requirements across more than 20 countries in five continents and supported various M&A transactions. Prior to Entain, he headed up the Investment Company Secretariat at Aberdeen Asset Management.

Key strengths and experience:
Robert is a qualified and experienced chartered secretary with significant insight into Entain and the markets in which it operates following his 15 years at the Group, over which time he has overseen the Group evolve from holding two betting and gaming licences to more than 60. His appointment as Chief Governance Officer reflects the importance the Board places on regulatory, legal and governance matters and their role in our long-term growth plans to build a world-class responsible and sustainable business.

Key:

- A Audit Committee Member
- R Remuneration Committee Member
- N Nominations Committee Member
- E ESG Committee Member
- A Audit Committee Chair
- R Remuneration Committee Chair
- N Nominations Committee Chair
- E ESG Committee Chair

Sandeep Tiku
Chief Operating Officer

Tenure: Will join the Board in 2021

Age: 44 **Nationality:** Indian

Biography: Sandeep joined Entain in 2014 and became Group Chief Operating Officer in 2020, having been the Group Chief Technology Officer for four years. Prior to this, he was a Global Social, Mobile, Analytics and Cloud ("SMAC") Practice Head and built larger scale platform and global teams for various Fortune 500 companies.

Key strengths and experience: Sandeep has been integral to the development of Entain's unique proprietary technology platform, which is a source of significant competitive advantage. His appointment to the Board not only reflects his contribution to the success of Entain but is aligned with the Board's wish to have a broader range of experiences and inputs in its composition.

Pierre Bouchut
Independent Non-Executive Director

Tenure: Appointed September 2018

Outside interests: Non-executive director and chairman of the audit committees at Hammerson plc, Firmenich SA, Albioma SA and GeoPost SA.

Age: 65 **Nationality:** French

Committee / attendance:
A 5/5 N 3/3

Biography: Pierre was the chief operating officer for Europe at Koninklijke Aholddelhaize N.V. (2016-2018), chief financial officer at Delhaize Group SA (2012-2016), Carrefour SA (2009-2012), Schneider Electric SA (2005-2009) and Casino (1995-2003), where he also served as the chief executive officer from 2003 to 2005. Prior to this, Pierre worked for Citibank, Bankers Trust and as a consultant with McKinsey.

Key strengths and experience: Pierre has over 40 years of experience in senior management roles across finance, retail, property and industry as well as deep familiarity of audit committee practice. This broad experience makes him suited to chair Entain's audit committee and to act as its financial expert.

Stella David
Senior Independent Director

Tenure: Appointed 4 March 2021

Outside interests: Non-executive director of Domino's Pizza Group plc, HomeServe plc (having previously been the Senior Independent Director and Remuneration Committee Chair), Bacardi Ltd and Norwegian Cruise Line Holdings.

Age: 58 **Nationality:** British

Committee / attendance:
R -/- N -/- E -/-

Biography: Stella David was previously Chief Executive Officer of William Grant & Sons following more than 15 years with Bacardi Ltd. Until recently she was Chair of C&J Clark Ltd and spent seven years as a Non-Executive Director at the Nationwide Building Society, where she chaired the Remuneration Committee.

Key strengths and experience: Stella brings marketing and strategic experience to the Board. Her extensive management and non-executive roles have given her an insight into UK corporate governance practices and investor expectations which will be beneficial to the Board in her role as Senior Independent Director.

Peter Isola
Independent Non-Executive Director

Tenure: Appointed February 2016

Outside interests: Commissioner to the Gibraltar Financial Services Commission. Non-executive director of Gibraltar International Bank.

Age: 62 **Nationality:** British

Committee / attendance:
E 5/5

Biography: Peter is the Senior Partner of ISOLAS LLP, Gibraltar's longest established law firm. He is a former President of the Gibraltar Chamber of Commerce and advises the Government of Gibraltar on a number of committees in both financial services and gaming.

Key strengths and experience: Peter has worked in the gaming and financial services sector all of his professional life and is widely recognised and respected as a leading expert in gaming law and regulation. His wealth of experience and in-depth knowledge enables him to contribute important insight to the Board and ESG Committee discussions as well as provide constructive challenge on strategy.

Vicky Jarman
Independent Non-Executive Director

Tenure: Appointed 4 March 2021

Outside interests: Non-executive director of Great Portland Estates and Signature Aviation plc.

Age: 48 **Nationality:** British

Committee / attendance:
A -/- R -/-

Biography: Vicky spent over 10 years with Lazard and Co Ltd working in the Investment Banking team and then as Chief Operating Officer for the London and Middle East operations until 2009. Prior to this she was at KPMG where she qualified as a chartered accountant. She was previously a Non-Executive Director and Chairman of the Audit Committees of each of Equiniti Group plc, Hays plc and De La Rue plc, the Senior Independent Director at Equiniti Group plc and a Non-Executive Director at Knight Frank LLP.

Key strengths and experience: Vicky has deep corporate finance and accounting experience from her career in investment banking. Her successful and varied non-executive career at international FTSE companies, including membership of audit and remuneration committees, will bring further depth to Entain's Board.

Virginia McDowell
Independent Non-Executive Director
Designated Workforce Director

Tenure: Appointed June 2018.

Outside interests: Vice President of Global Gaming Women and Trustee of Saint Louis University

Age: 63 **Nationality:** American

Committee / attendance:
E 5/5 N 3/3 R 7/8

Biography: Virginia was the President and CEO of Isle of Capri Casinos, Inc. in the United States from 2011 until her retirement in 2016, and the president and COO of Isle of Capri from 2007 to 2011. Prior to this she was the Chief Information Officer at Trump Entertainment Resorts from 2005 to 2007.

Key strengths and experience: Virginia has spent her entire career in the gaming sector, with 35 years of experience in US gaming. Her insight and knowledge has been invaluable to the Board, particularly in its strategic and operational discussions. Virginia possesses a deep understanding of the diversity and regulatory challenges of the gaming business which has assisted the Board and the ESG Committee, as well as in her role as Designated Workforce Director.

David Satz
Independent Non-Executive Director

Tenure: Appointed 22 October 2020.

Outside interests: Member of the Board of a commercial gaming and hospitality entity established by the Eastern Band of Cherokee Indians ("EBCI").

Age: 61 **Nationality:** American

Committee / attendance:
E 1/1

Biography: David was Senior Vice President of Government Relations and Development for Caesars Entertainment Corporation in Las Vegas, where he worked from 2002 to 2019. Prior to this he spent 16 years at the US law firm Saiber Schlesinger Satz Goldstein LLC, where he had a particular focus on the gaming industry and played a key role in numerous regulatory and legislative initiatives throughout the US.

Key strengths and experience: David has unrivalled regulatory and legislative expertise in the all-important US gaming market. His knowledge and insight is invaluable to the Board as it seeks to achieve its strategy of being the leading operator in the US through BetMGM, our fast-growing joint venture with MGM resorts.

Chief Governance Officer's Report

> At the heart of Entain's strategy for sustainability is strong corporate and regulatory governance."

Robert Hoskin
Chief Governance Officer

Govern

The Board

In early 2020, following a succession process that started in 2019, the Board concluded a change in Chairman, with Barry Gibson succeeding Lee Feldman who had served on the Board for 16 years and as Chairman for 12 years.

Following a change of CEO in July, the Chairman and the CEO led the Board through a strategy review, which culminated in the Entain launch on 12 November. At the heart of Entain's strategy for sustainability is strong corporate and regulatory governance. This has been underlined with my appointment as the Chief Governance Officer and David Satz joining as an independent Non-Executive Director, with an extensive knowledge of US government and regulatory affairs.

The Chairman and Nomination Committee have continued with refreshing the Board's portfolio of knowledge and expertise this year, with Stella David and Vicky Jarman joining as independent Non-Executive Directors on 4 March 2021. Stella succeeded Stephen Morana as Senior Independent Director, following Stephen's decision to pursue an executive position with Cazoo. Stella has previously served on the board of Homeserve plc with Barry Gibson, so the Nominations Committee and wider Board ensured, through a vigorous interview process with Stella and feedback from directors on third party company boards on which they serve with Stella, that the Directors were comfortable that Stella would exercise the requisite independent judgement as SID on the Entain Board.

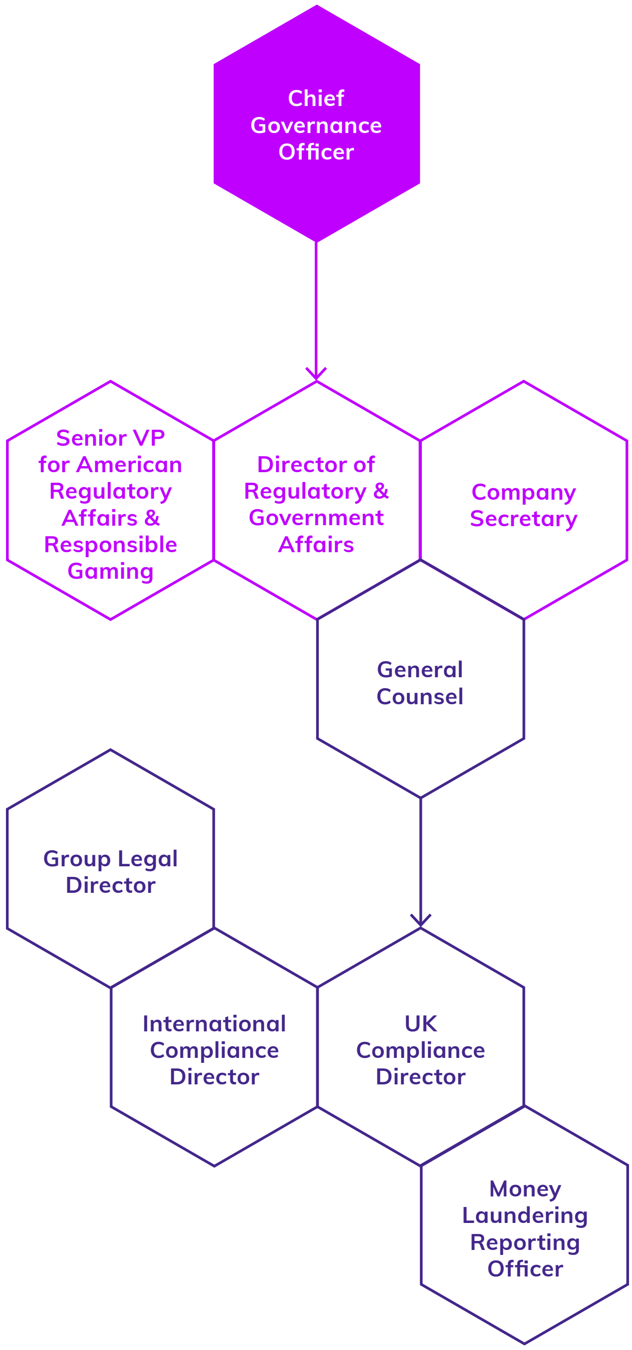
In January 2021, we've also seen a further change of CEO with Jette Nygaard-Andersen taking over from Shay Segev, who resigned to take up an exceptionally lucrative Co-CEO position with the privately-owned sports streaming service, DAZN. Jette is one of six FTSE100 female CEOs and, as at the date of this report, 40% of the current Entain Board membership is female. Whilst the Board is sorry to see Shay leave given his technology background, Jette's broader experience of the global entertainment industry will help Entain deliver on its greater focus on best in class entertainment and customer service. Sandeep Tiku, Entain's COO, who will join the Board later this year following his relocation to Europe, also has a wealth of technology experience, particularly having run the technology engine room of the Group since 2014. These backgrounds coupled with the extensive betting and gaming industry knowledge of myself, Virginia, David, Rob, Peter and Barry and the wider industry experiences of our new colleagues, means the Board has a wealth of experience and expertise to ensure we deliver on the exciting Entain strategy.

Currently the Nominations Committee is conducting a search for a new independent Non-Executive Director who will chair the Remuneration Committee following Jane Anscombe's departure at the end of 2020.

Board Support

Outside the Board, to assist with improving our governance practices, controls and oversight, we recruited a new Company Secretary, Emily Carey, who joined in August 2020. Emily was previously at BP and is doing an excellent job overseeing our company secretarial matters and in particular improving our reporting to the Board. I also recruited a new General Counsel who joined us last month. Simon Zinger came from Dentsu, the large advertising and PR conglomerate and I am looking forward to working with Simon, particularly as I expect he will bring some new insights from working outside the betting and gaming industry.

Entain's governance reporting structure:



HMRC Investigation

On 28 November 2019, one of our UK subsidiaries, GVC Holdings (UK) Limited, received a production order from HM Revenue & Customs ("HMRC") requiring it to provide information relating to the Group's former Turkish facing online betting and gaming business, sold in 2017. At that time, the Group understood that HMRC's investigation was directed at a number of former third party suppliers, relating to the processing of payments for online betting and gaming in Turkey. On 21 July 2020, GVC Holdings Plc announced that HMRC was widening the scope of its investigation and was examining potential corporate offending by the GVC group. It had previously been understood that no Group company was a subject of HMRC's investigation. Through ongoing engagement with HMRC we understand that the Group remains a corporate suspect and that the offences under investigation include, but are not limited to, offences under sections 1 and 7 of the Bribery Act 2010. The Group continues to co-operate fully with HMRC's enquiries.

Payment Processing Governance Committee

In the context of oversight over payment processing matters, it is worth recording that the Group established a Payment Processing Governance Committee in early 2019. The Committee's remit is to ensure there is extensive vetting of all proposed payment providers and their terms of service, together with the proposed payment solution. No payment processor can be used by the Group unless the Committee has approved them and our internal legal team has reviewed and recommends the contractual terms. I chair this committee and the other members are drawn from right across the business, including the Money Laundering Reporting Officer ("MLRO"), Director of Payments & Compliance, an internal financial services lawyer and the Deputy COO. The Committee meets monthly.

In reality, given Entain's focus on regulated markets described below, the risks relating to payment processing service providers and solutions has fallen significantly since the legacy GVC business focused on grey / dotcom markets.

ABC & Financial Crime Controls

In relation to our anti-bribery and corruption ("ABC") and criminal finance controls, a review was instigated in early 2019 with external legal counsel, which mapped the complete organisation, interviewing a large number of colleagues from across the business. This led to new ABC and anti-tax avoidance policies being adopted and rolled out, accompanied by training for all colleagues. The Board, senior executives and colleagues in functions potentially more likely to come across ABC or tax evasion risks also receive face-to face training annually from a partner from our external legal firm advising on these issues.

Corporate Governance and Compliance Review

Entain announced as part of its revised strategy that it will adopt a best practice, gold standard approach to good corporate governance. Whilst internally I and my fellow colleagues believe this to be the case, I recommended to the Board that we have a corporate governance and compliance review by an independent third party to verify if this is the case and identify any gaps. The firm of Alvarez & Martel are currently carrying out this extensive review and will report to the Board in the next month. We will report on the results of this review later in the year and in next year's Annual Report.

Regulatory Governance

In 2020 Entain announced that by the end of the year 99% of its revenues would come from domestically regulated or regulating markets and that by the end of 2023 this would rise to 100%. This commitment puts Entain ahead of our competitors and underlines the Group's commitment to ensuring our revenue streams are sustainable and regulatory risk reduced to a minimum.

In order to achieve this aim we are doing a variety of the following:

- Lobbying governments and regulators to introduce commercially viable national licensing regimes as soon as possible;
- Applying for new licences in markets we identify as attractive and then growing the business organically;
- Working with our internal M&A team and advisers to acquire licensed operators in territories where we don't have a licence; and
- Partnering with a local land-based operator (as we do in the US and Belgium) to offer an online betting and gaming offering.

This leads to a heavy pipeline of opportunities, so to help us navigate these efficiently and effectively we established in 2020 the New Opportunities Committee. This committee made up of members of the Executive Committee, including myself, the CEO and CFO, oversees the various projects, provides guidance on prioritisation, execution and termination, as well as ensuring the requisite level of due diligence is done on each project (assisted by Kroll and FTI Consulting). This committee meets once a month.

In relation to our existing licences we have regulatory compliance, licensing, safer betting and gaming and AML teams totalling 592 colleagues. In addition, we have an Executive Compliance Committee which oversees licensing and regulatory developments, made up of colleagues across the business from compliance, safer betting and gaming, AML, product and marketing and which gives guidance to the business on regulatory matters. This committee meets once a month.

The Environment

With climate change a crystallising threat for all of us, Entain has increased its focus on minimising our carbon footprint, with the aim of becoming a carbon neutral business as soon as practicable. Our strategy on managing our impact on the environment is set out on pages 49 to 51. Our strategy is overseen on an executive level by the ESG Steering Committee, which I chair and has other members of management including the Head of ESG, the HSSE Director, the Chief People Officer and our CEO.

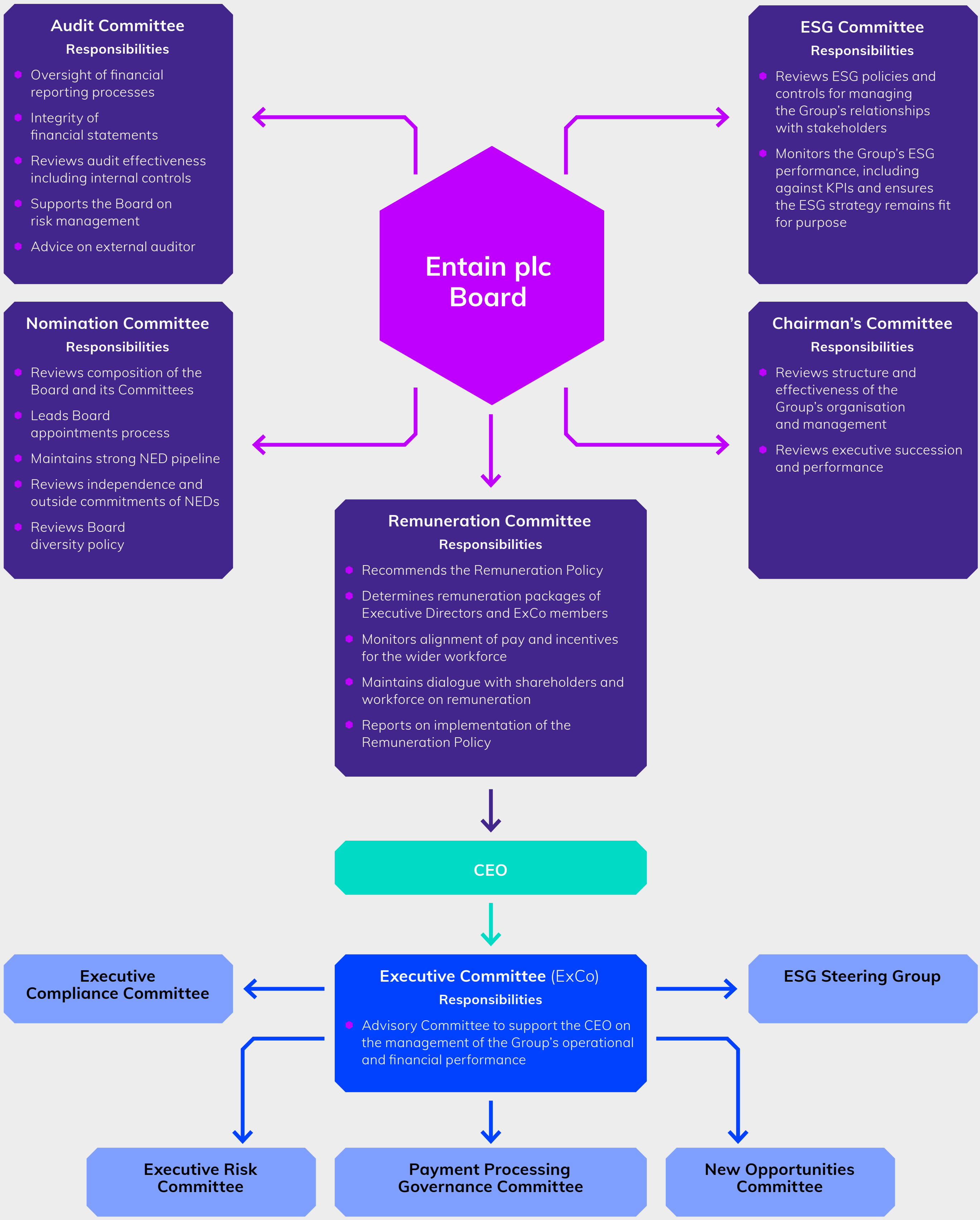
Areas of Focus for 2021

- Appoint a new independent NED who will chair the Remuneration Committee.
- Induction for new NEDs and ongoing training.
- Closing any gaps identified by the Alvarez & Martel corporate governance and compliance review.
- Onboard new General Counsel.
- Progressing HMRC investigation.
- Seek a relicensing of Entain in Nevada following the initial two-year licence granted in May 2019.
- Seek licences in US states to service online sports-betting and gaming.
- Obtain gaming licences in Germany and partner with German casinos so we can offer online table casino games.
- Enter new domestically licensed markets.

Robert Hoskin
Chief Governance Officer

4 March 2021

Governance framework



Board attendance and composition

Director meeting attendance for 2020

The Board had six scheduled meetings in 2020, with a further six ad-hoc meetings.

	Meetings attended/ eligible to attend	Independent
Chairman		
Lee Feldman (retired 27 February 2020)	1/1	Independent upon appointment
Barry Gibson (appointed Chairman 27 February 2020)	12/12	Independent upon appointment
Executive Directors		
Kenny Alexander[1] (retired 17 July 2020)	6/7	
Shay Segev (appointed 17 July 2020)	5/5	
Rob Wood[1]	11/12	
Non-Executive Directors		
Jane Anscombe	12/12	✓
Pierre Bouchut[1]	11/12	✓
Peter Isola[1]	11/12	✓
Virginia McDowell	12/12	✓
Stephen Morana	12/12	✓
Jette Nygaard-Andersen	12/12	✓
David Satz (appointed 22 October 2020)	2/2	✓

1. Kenny Alexander, Rob Wood, Pierre Bouchut and Peter Isola were unable to attend the ad-hoc meeting on 15 July 2020 that was called at short notice.

Board Commitment, Balance and Independence

Each Non-Executive Director ("NED") must be able to devote sufficient time to the role in order to discharge his or her responsibilities effectively and the Board is satisfied that the Chairman and each of the NEDs devotes sufficient time to their duties.

Excluding the Chairman, of the remaining nine Directors, six are independent NEDs. The Nomination Committee, having considered the matter carefully, is of the opinion that all the current NEDs remain independent.

The composition of all Board Committees complies with the 2018 Code recommendations.

How is the Board organised and does it oversee management?

CEO

- Runs the Company's business.
- Proposes and develops Entain's strategy and overall commercial objectives in conjunction with the Chairman.
- Responsible, with the senior executive team, for implementing the decisions of the Board and its committees.
- Promotes and conducts affairs of Entain with the highest standards of integrity, probity and corporate governance.
- Manages the leadership team and promotes the strategic mission and goals to all employees.
- Engages with external stakeholders to explain the corporate goals and progress of the business strategy.

Management

Chairman

- **Oversees the effective running of the Board.**
- **Ensures that the Board as a whole plays a full and constructive part in the development and determination of Entain's strategy and overall commercial objectives.**
- **Acts as a guardian of the Board's decision making.**
- **Promotes the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.**
- **Oversees the effective engagement with the Company's various stakeholders.**

Oversight

CFO

- Ensures future business decisions are grounded in solid financial criteria.
- Provides insight and analysis to support the CEO and senior executive team.
- Leads key initiatives in finance that support overall strategic goals.
- Funds, enables and executes the strategy set by the CEO.
- Develops and defines the overall strategy of the organisation.
- Presents the organisation's progress on strategic goals to external stakeholders.

SID

- As well as performing the normal duties expected of a NED, the SID also:
- Is available to shareholders if they have concerns which contact through the Chairman, CFO or CEO has failed to resolve or for which contact is inappropriate.
- Leads the NEDs in evaluating performance of the Chairman, taking into account the views of Executive Directors.
- Maintains sufficient contact with shareholders to understand their issues and concerns.
- Performs such other tasks and responsibilities as may be contemplated by the code of best practice from time to time.

NED

- Constructively challenges and contributes to the development of strategy.
- Scrutinises the performance of management in meeting agreed goals and objectives and monitors the reporting of performance.
- Satisfies themselves that financial information is accurate and that both controls and the systems of risk management are robust and defensible.
- Is responsible for determining appropriate levels of remuneration of Executive Directors and has a prime role in succession planning, appointing and where necessary removing senior management.

UK Corporate Governance Code
During 2020 the Group has complied with the principles and provisions on the 2018 UK Corporate Governance Code. The Code can be found on the FRC's website at **www.frc.org.uk**

Board engagement with our workforce, shareholders and stakeholders

Workforce

The Board recognises that an engaged and diverse workforce supports the delivery of our strategy.

During 2020, it was planned for the Board to meet colleagues as part of away day and site visits but with social distancing restrictions due to Covid-19 these did not take place.
Board members have participated in virtual employee events, including the internal launch of the new Entain plc in November and heard colleagues around the Group giving their reaction to our new strategy and responsible betting and gaming commitments.

Employee Forum

Virginia McDowell, Chair of the ESG Committee, was appointed as Designated Workforce Director in 2019. She has attended two meetings of our Employee Forum (representing retail and business colleagues) and engaged in discussions on topics including the pandemic and the future of work, women in leadership and how we can develop responsible betting and gaming within our culture.

Our CFO and Deputy CEO Rob Wood and newly appointed CEO Jette Nygaard-Andersen also attended the Employee Forum, with Jette answering questions from colleagues on her priorities and reflections following her appointment.

During the pandemic lockdown, Virginia and our Chairman Barry Gibson recorded a podcast for employees that was available on our intranet site.

Representatives of the Employee Forum attended a Remuneration Committee meeting to gain an insight into executive remuneration and share their feedback on employee pay and benefits. Further information can be found in the Directors' Remuneration Report on page 109.

Further information on s172 can be found in the Strategic Report on **page 32**

Shareholders

The Board receives feedback on shareholder views in different ways, including through the Chairman and executive management who meet regularly with shareholders throughout the year, as well as an independent investor audit. Board members listen in to results and trading updates held by the Group for analysts and institutional investors and can hear directly the questions and comments on Company performance.

The Chair of the Remuneration Committee held calls with large institutional investors prior to the AGM to discuss and receive feedback on our remuneration outturn. In addition, the Chairman held one-to-one meetings with major institutional investors during the year, collecting their views and sharing these with the other Board members and the Remuneration Committee.

In previous years, the Board had the opportunity to hear directly from private shareholders at our Annual General Meeting. However with the restrictions arising from Covid-19, the 2020 AGM could not be held physically; shareholders were asked to email questions for the Board to answer (with answers being posted on the Company's website). It had been intended to hold a Shareholder Engagement Forum later in the year to provide shareholders with the opportunity to put questions to the Board and be updated directly, but with continuing social distancing restrictions this has been deferred.

All resolutions put to the 2020 meeting received overwhelming support of those investors who voted, being approximately 82% of our shareholder base. The results of the voting at all general meetings are published on our website: www.entaingroup.com.

Stakeholders

The Board has responsibility for leading the Group's stakeholder engagement and considering the implications of key decisions on the Company and its stakeholders. The Board recognises that effective engagement with our stakeholders will drive long-term value creation, making Entain a company that people want to invest in, buy from, partner with and work for.

Entain has identified six stakeholder categories and our report on Board Activities provides an overview of how the Group's key stakeholders are considered in Board discussions and deliberations on strategy.

1. **Shareholders**
2. **Employees**
3. **Suppliers**
4. **Customers**
5. **Communities**
6. **Regulators**

One outcome from the Chairman's review of the Board's way of working was to agree a procedure for preparing Board reports through the use of a proforma template that identifies the relevant stakeholder considerations for Board discussions and decisions. Going forward we are looking at utilising our Board report software to identify and track how we have touched on these stakeholder categories in our reviews and discussions over the year.

Board activities

The Board has responsibility for establishing the Group's purpose, values and strategy, as well as overseeing the conduct of its business and promoting the long-term sustainable success of the Group, generating value for shareholders and contributing to wider society.

The Board had six scheduled meetings in 2020, with a further six calls arranged during the year – including those held to discuss matters arising from the Covid-19 pandemic and briefings on the Group's response.

Board meetings are a key mechanism for Directors to discharge their duties, notably under Section 172 of the Companies Act 2006 (UK). An overview of the Board's discussions and how these considered the Group's key stakeholders is set out below.

As an Isle of Man incorporated company, Entain is not subject to the reporting obligations under Section 172 of the Companies Act 2006 (UK). Nevertheless, the Board recognises the importance of effective governance and intends to operate in line with the UK reporting regulations.

> We now have in place a robust corporate governance structure that befits our status as a FTSE 100 company."
>
> **J M Barry Gibson**
> Chairman

Key to stakeholder groups:

S Shareholders
E Employees
Su Suppliers
C Customers
Co Communities
R Regulators

Strategy

Covid-19
S E Su C Co R

- Monitored the impact of Covid-19 on the Group's employees, business and stakeholders.
- Received frequent updates on the Group's response to the pandemic, including the Group's retail sites and operations in the UK and overseas.
- Deliberated and agreed to apply for government furlough money for retail colleagues and for the Group to top up the salaries of those colleagues impacted to 100%.
- Agreed the reduction of Executive Director and Executive Committee member salaries by 20% and waiver of entitlement to annual bonus.
- Reviewed and agreed enhanced responsible betting and gaming safeguards during the pandemic and beyond.

Developing the Group's strategy
S E Su C R

- Considered regulatory developments in key markets and its impact on the Group's strategy.
- Engaged with management on strategic deep dives for the segments.
- Updated the Board on the digital strategy for its US joint venture.
- Reflected on shifts in technology, products and customer demographics and the potential strategic opportunities these created.
- Held a virtual annual strategy awayday with senior management, reviewing progress in the US and new markets.

Financial Plan
S E Su C

- Discussed and approved the three-Year Plan.

Launch of Entain and new strategy
S E C Co R

- Launched our new strategy to accompany the new Group name and brand to Entain.
- Communicated our strategic priorities on operating in regulated markets, responsible betting and gaming and strong governance and launched our Sustainability Charter.

Approach by MGM Resorts
S E Su C Co R

- Appointed Board Committee to manage Company's response to MGM approach.
- Reported back to Board and sought authority where required.

Key to stakeholder groups:

S Shareholders
E Employees
Su Suppliers
C Customers
Co Communities
R Regulators

Performance

Business updates
S E C

- Received updates on trading performance from the retail and digital businesses.
- Discussed the implementation of the strategy and the impact of Covid-19.
- Monitored the performance of the BetMGM joint venture in the US.

Financial updates
S E Su

- Monitored net gaming revenue, cash flow, dividend cover and credit facilities in response to the impact of Covid-19 on the business, and agreed that no final dividend would be paid.
- Debated the repayment of furlough monies and the impact of the pandemic on the Group's retail business.
- Reviewed and approved the 2021 budget.

Risk
S E Su C Co R

- Undertook a review of the Group's risk management framework, governance structure and the internal processes for evaluating and managing risk.
- Reviewed and agreed the Principal Risks for 2021 and their allocation for monitoring between the Board, Audit and ESG Committees.
- Reviewed and agreed the approach for the Group's annual long-term viability statement.

Regulatory updates
S E Su C R

- Received regular regulatory updates from the Chief Governance Officer.
- Held deep dives on regulatory changes in the Group's key markets of the UK and Germany and reflected on their potential impact on the Group's strategy.

People
S E Su

- Reviewed the status of shop and office closures following Covid-19 restrictions.
- Monitored the Group's initiatives to support colleagues impacted by the pandemic.
- Received regular HR updates, including progress against our D&I targets and feedback from employee engagement and listening sessions.
- Reflected on the Group's working policies, workspaces and needs of our people in a post-Covid-19 environment.

Responsible Betting and Gaming
E C Co R

- Received regular updates on the Group's safer betting and gaming activities, including our Advanced Responsibility & Care ("ARC") programme.
- Agreed the inclusion of a responsible betting and gaming metric into the Group's remuneration structure.
- Reviewed the aims and focus of the Entain Foundation and agreed proposals to register it as a charity.

Governance

Investor feedback
S

- Received written and verbal feedback on investor meetings from the Chairman, Remuneration Committee Chair, Executive Directors and Director of Investor Relations during the year.
- Considered an external report on the feedback of the launch of Entain and our new strategy from over 30 institutional investors.

Board governance
S E R

- Considered and agreed changes to ways of working for the Board following a review by the Chairman.
- Held a Board evaluation covering the effectiveness of the Board, its Committees and the performance of the Chairman and individual Directors.

Conflicts of Interest policy
S E Su C R

- Reviewed and agreed a Board Conflicts of Interest policy.
- Created a Conflicts of Interest Register to be approved by the Board annually.

Board succession
S E R

- Considered and reviewed the Board's composition and succession needs.
- Discussed and approved Executive and Non-Executive appointments, including the CEO, Chief Governance Officer, Chief Operating Officer, the Senior Independent Director and two Non-Executive Directors.

Regulatory disclosures
S E R

- Approved the Notice of Meeting for the AGM and the circulars for two EGMs (the transfer of tax domicile in February and the renaming of the company to Entain in November).
- Following the Audit Committee's recommendation, reviewed and approved the Annual Report and Accounts and the Interim and Full Year results.

During the year the Chairman considered how the needs of the Group's strategy and business model should be reflected in the Board's way of working. Following feedback from Directors, the following changes were agreed in December:

- The number of scheduled Board meetings to be increased to six times per year – taking place over two days, with the key monitoring committees meeting on the first day.
- A discussion to be held on a key strategic topic at each of the Board meetings during informal pre-dinner sessions.
- Performance of each of the Group's segments to be monitored through annual deep dives.
- Each of the Group's Principal Risks to be allocated between the Board, Audit and ESG Committees for annual review.
- Briefing on shorter business or operational topics over lunch from employee colleagues below Executive team level at each formal meeting.
- The establishment of a Chairman's Committee for Non-Executive Directors to meet in executive session.
- The use of reporting templates for the Board's pre-read.
- A rolling 12-month forward agenda structured around the key areas of strategy, performance and governance to be kept under constant review by the Chairman, CEO and Company Secretary and modified to reflect the evolving needs of the Group's strategy and business.

Conflicts of Interest policy

During 2020 the Board approved a Conflicts of Interest policy and the establishment of an annual conflicts authorisation process, whereby the Board reviews Entain's Conflicts of Interest Register and seeks confirmation from each Director of any changes or updates to their position.

It is intended that this authorisation process will inform the Nomination Committee's assessment of a Non-Executive Director's independence when proposing that Director for re-election at the AGM.

Director Induction, Training and Development

The Chairman is assisted by the Company Secretary in providing all new Directors with a comprehensive induction programme on joining the Board. The induction programme provides new Directors with an understanding of their duties as Directors, the Group, its businesses and the markets and regulatory environments in which it operates. This includes meeting with senior executives and their direct reports. The process also provides an overview of the Group's governance practices. Non-Executive Directors will have further content tailored to the Board Committees that they will join. David Satz received a tailored induction following his appointment, including meetings with our External Auditors, Group Director of Player Protection, Group HSSE Director, Head of International Compliance and our Chief Security Officer (on digital security).

The Chairman has overall responsibility for ensuring that Directors receive suitable training to enable them to carry out their duties. Training is also provided by way of reports and presentations prepared for each Board meeting, as well as meetings with Group employees and external advisers. During the year the Board received training on the Criminal Finance Act and Anti-Bribery and Corruption legislation.

The Directors have access to independent professional advice at the Group's expense, as well as the advice and services of the Company Secretary, who advises the Board on regulatory and corporate governance matters.

Board Evaluation and Effectiveness

The 2020 Board evaluation was undertaken through a questionnaire administered by Lintstock, the facilitator who undertook our external evaluation in 2019. The questionnaire focused on areas of governance and effectiveness raised in the previous year's review and also sought feedback from the Board on the Chairman's review of the Board's ways of working in the autumn.

The review concluded that the Board was working well, with a good balance of discussion between strategy, performance and governance. The Board action plan for 2020 includes a focus on technology and online entertainment – including the skillset needed for future Board appointments, its criticality to the Group's strategy and the need to provide oversight of technology risk.

The action plan from the 2019 evaluation was addressed in the following way:

Action from 2019 evaluation	How it was addressed in 2020
Allocate more time to developing strategy	Introduction of informal, pre-dinner strategic discussions the night before each scheduled Board meeting
Aim to have in-depth strategy session before annual budget planning process	Strategy day held in October, prior to budget planning in December
More Board discussion about the key risks affecting the business	The Board had a deep dive on risk management during the year. The Board agreed to allocate and monitor each Principal Risk between the Board, Audit and ESG Committees
Build into the Board's itinerary more time for the Non-Executive Directors to meet in executive session	A Chairman's Committee has been established for Non-Executive Directors to meet in executive session; this is scheduled for three meetings a year
Board meetings to be better structured and focused	Introduction of new agenda planning and Board report process, including templates and report writing training

The Senior Independent Director facilitated the performance review of the Chairman and held a discussion with the Board (without the Chairman present) where the results were reviewed and considered. The Senior Independent Director discussed the results directly with the Chairman.

The Chairman held reviews of each Director's performance through the use of individual questionnaires and one-to-one interviews.

Report of the Audit Committee

During 2020 the Committee's focus on risk management and financial controls has remained at the centre of our processes."

Pierre Bouchut
Chair of the Audit Committee

Control

Introduction

As Chair of the Audit Committee (the "Committee"), I am pleased to present our report for the year ended 31 December 2020, setting out how the responsibilities delegated to the Committee by the Board were discharged over the course of the year and the key topics we considered.

As has been the case for all corporates, 2020 has been a year like no other for Entain and the integrity of our financial reporting and risk management processes have never been more important than they have been in helping the Group navigate the unprecedented effects of Covid-19. Accordingly, during 2020 the Committee's focus on risk management and financial control has remained at the centre of our processes. Whilst the Board has managed the Group's overall response to the pandemic, the Committee has maintained its oversight of the controls in place over forecasting and performance reporting, the judgements taken in support of financial estimates and the assessment of viability in light of a constantly changing economic outlook, all of which have been supplemented by regular dialogue with the Chief Financial Officer and our internal and external auditors. Whilst the Covid-19 pandemic is still a very real threat to many companies, the processes we have in place, combined with our strong underlying trading, means I am as confident as ever in Entain's long-term prospects.

Following the Chairman's review of the Board's activities it has been agreed that each Principal Risk will be monitored by the Board and its Committees during the course of the year. As part of this approach to Principal Risk, the Committee will be responsible for the reviews of data breach and cybersecurity, tax, trading liability and pricing management and technology failure.

In 2020 Virginia McDowell stepped down from the Committee and Jane Anscombe joined us before leaving the Board at the end of the year. I want to thank Virginia and Jane for their engagement and challenge during our discussions. In March 2021 Stephen Morana will step down from the Committee and the Board: on behalf of the Committee I would like to thank him for his counsel and insight. I am pleased to say that Vicky Jarman will join us in March upon her appointment to the Board; Vicky has a strong financial and commercial background and her addition will further strengthen the Committee.

With our immediate plans to reinforce our membership with an additional Non-Executive Director, I believe the skills and experience of our Committee members remain strong, enabling the Committee to continue to perform effectively.

Pierre Bouchut
Chair of the Audit Committee

4 March 2021

The role of the Committee

The Committee oversees the effectiveness of the Group's financial reporting, systems of internal control and risk management and the integrity of external and internal audit processes.

Key responsibilities of the Committee

- Monitor the integrity of Entain plc's financial statements and any formal announcements relating to the Company's financial performance and review and challenge, where necessary, the significant financial reporting issues and judgements in relation to the half-year and annual financial statements before these are submitted to the Board for final approval.
- Make recommendations to the Board concerning any proposed, new or amended accounting policies.
- Oversee the relationship with the Group's external auditor including reviewing the annual external audit plan and audit findings.
- Recommend the audit fee to the Board and set the Group's policy on the provision of non-audit services by the external auditor.
- Review and monitor the external auditor's independence and objectivity, and the effectiveness of the audit process.
- Monitor and review the internal audit programme and its effectiveness.
- Monitor and review Entain's systems of internal control, financial reporting and risk management.
- Review internal audit reports covering the various areas and activities of the business and ensure the business responds to the recommendations made.
- Assess and report on the Group's viability prior to being submitted to the Board for approval.

The Committee's terms of reference can be found on the company's website at **www.entaingroup.com**

Committee membership and attendance

As at 31st December 2020 the Committee comprised three members, all of whom are independent Non-Executive Directors. Pierre Bouchut is Chair of the Committee. He has a strong financial background, having been chief financial officer at Schneider Electric, Carrefour and Delhaize and extensive experience as an audit committee chair, currently serving at Hammerson plc, Albioma S.A., Geopost S.A. and Firmenich S.A. in this role. The Board is satisfied that he is the Committee member with recent and relevant financial experience, as outlined in the UK Corporate Governance Code, and competence in accounting and auditing as required by the FCA's Corporate Governance Rules in DTR7. It considers that the Committee as a whole has an appropriate and experienced blend of commercial, financial and audit expertise to assess the issues it is required to consider, as well as competence in the gaming sector.

All Directors on joining the Board are given specific sector training to ensure competence relevant to the business, in addition to the other skills they bring to the Board and Committees.

Regular attendees at the meetings include the Chief Financial Officer, Director of Financial Control, Director of Internal Audit and the external auditor. During the year the Committee met for private discussions with the external auditor and the Director of Internal Audit.

The Committee had four scheduled meetings during the year and an ad-hoc call. Following the Chairman's review of the Board's activities, it has been agreed that going forward the Committee will have six scheduled meetings per year.

Member	Meetings attended/ eligible to attend
Pierre Bouchut (Chair)	5/5
Jane Anscombe[1]	1/1
Virginia McDowell[2]	3/4
Stephen Morana	5/5

1. Joined the Committee on 10th November 2020 and resigned on 31st December 2020.
2. Resigned from the Committee on 10th November 2020.

Stephen Morana will be stepping down from the Board (and the Committee) on 4th March 2021. Vicky Jarman will join the Committee from that date upon her appointment to the Board as an independent Non-Executive Director.

Responsibility for Entain's financial statements: Fair, Balanced and Understandable

The Board is ultimately responsible for presenting a fair, balanced and understandable assessment of Entain's position and prospects, which extends to the half-year and annual financial statements.

Delegation

Entain's finance department, led by the CFO, prepares the financial statements

Management coordinates with the CEO, CFO and Chairman on the preparation of any business model and strategy.

The Company Secretary with the Chairman of the Board and the Chair person of the various Board Committees, prepares the corporate governance statements and all Board Committee reports.

External Review

Entain's external auditors audit the annual financial accounts and review the half-year accounts together with any business or corporate governance commentary. A report to the Audit Committee is prepared.

Committee's Review

The Audit Committee reviews the draft financial statements and accompanying statements and meets with the external auditors to review their report. The Audit Committee proposes amendments and makes recommendations to the Board and also approves the Audit Committee's Report.

For the Annual Report the Remuneration Committee and Nomination Committee review the Directors' Remuneration Report and Nomination Committee Report respectively, propose changes and make recommendations to the Board.

Board Review

The Board reviews the financial statements, accompanying reports and recommendations from its committees and makes changes to the disclosure where appropriate.

Auditor Reporting To The Board

The External auditors carry out final report (Annual Report) or review report (half-year results).

Audit/Board Approval And Publish

The Board and auditors approves the year-end financial statements and disclosures and the half-year report and these are then released to the stock exchange and published on Entain's website.

In respect of the financial statements and accompanying reports for the year ended 31 December 2020, the Company has followed the process detailed above. In doing so the Directors confirm that they have reviewed the complete 2020 Annual Report and consider that taken as a whole, the report is fair, balanced and understandable and provides the information necessary for Entain's shareholders to assess the Company's performance, business model and strategy.

Activities

Financial statements and disclosure

The Committee reviewed the full and half-year financial statements with management before proposing them to the Board for approval. In undertaking its review, the Committee received reports from management and the external auditor outlining significant financial judgements and estimates.

The Committee reviewed the assessment and reporting of longer-term viability, systems of risk management and internal control, including the reporting and classification of risk across the Group and the examination of what might constitute a significant failing or weakness in the system of internal control. It examined the Group's modelling for stress testing different financial and operational events and considered whether the period covered by the Company's viability statement was appropriate.

With the impact of Covid-19 on both the wider economy and the Group's operations, the Committee gave additional consideration and challenge to the appropriateness of adopting the going concern assumption in preparing the financial statements. The Group's going concern statement for the year ended 31 December 2020 is set out on page 64.

Risk

As noted in the introduction, in the autumn the Board agreed that the Principal Risks of data breach and cybersecurity, taxes, trading liability and pricing management and technology failure would be allocated to the Committee for annual review. By the end of 2020 the Committee had undertaken reviews of taxes and data breach and cybersecurity, holding a deep dive on each Principal Risk to understand the nature of the risk, seeking assurance from management that it had suitable measures in place to mitigate each risk and that risk management processes were regularly updated. This approach will continue in 2021 for the review of the Committee's allocated Principal Risks.

External audit

The 2020 financial year-end is KPMG LLP's third financial reporting period as the Group's external auditor, following the external audit tender process in 2018, with Mike Harper as the lead audit partner. The Committee reviews the fee structure, resourcing and terms of engagement for the external auditor annually; it further considers the reappointment of the external auditor each year before making a recommendation to the Board.

Following a an organisational change in KPMG, Michael Harper will step down as Lead Audit Partner and will be succeeded by Mark Flanagan. After discussing the handover process in detail with myself and our Chief Financial Officer, the Committee are confident that the transition and handover period will be efficiently managed.

Effectiveness of the external audit

The Committee evaluated the effectiveness of the external audit process during the year in consultation with the Chief Financial Officer and senior finance team. The assessment of the auditor's approach to providing audit services focused on:

- Safeguards against independence threats being sufficient and comprehensive.
- Quality and transparency of communications being timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive.
- The exercise of professional scepticism and the willingness of the auditor to challenge management assumptions.
- The quality of the audit engagement team – including the continuity of appropriate industry, sector and technical expertise or where there have been new areas of activity and changes in regulation or professional standards.

The Committee concluded that the external audit team had provided the required quality in relation to the provision of audit services. Feedback is provided to the external auditor by the Committee and through one-to-one discussions between the Committee Chair and the lead audit partner.

FRC Audit Quality Review

The Committee specifically considered the findings of the FRC's Audit Quality Review team's assessment of KPMG's 2018 audit of the Group. The Committee discussed these with the auditor and separately with management, noting the observations raised and KPMG's proposed responses. The Committee will monitor progress of the auditor's proposals over the forthcoming year.

Non-audit services

The Committee is responsible for the Group's policy on non-audit services and the approval of non-audit services. The policy states that in the Company's financial year, the total fees for non-audit services provided by the external auditors, excluding non-audit fees for due diligence for acquisitions and other specific matters noted below, should not exceed 70% of the average of the total fees for audit services they provided in the preceding three-year period. The policy is kept under annual review, receiving a report at each meeting.

In the year ended 31 December 2020, the total non-audit fees as a percentage of the audit fees paid to the external auditors was 16%.

In addition to their statutory duties, KPMG LLP is also employed where, as a result of their position as auditors or for their specific expertise, they either must, or the Committee accepts they are best placed to, perform the work in question. This is primarily work in relation to matters such as shareholder circulars, Group borrowings, regulatory filings and certain business acquisitions and disposals. In such circumstances the Committee will separately review the specific service requirements and consider any impact on objectivity and independence of the auditors and any appropriate safeguards to this. As such the Committee believes it appropriate for these non-audit services to be excluded from the 70% cap set out above. In the year ended 31 December 2020 no work was undertaken by the external auditors in respect of due diligence for acquisitions.

Internal audit and its effectiveness

Internal Audit provides assurance to the Board, through the Committee, that effective and efficient control processes are in place to identify and manage business risks that may prevent the business from achieving its objectives and strategy. The Committee received quarterly reports on Internal Audit's findings, including their assessment of issues raised in previous reports.

The work completed by Internal Audit during the year focused on key areas of the Group (disclosed on pages 70 to 73 under Principal Risks), which included:

- Reviews of Anti-money Laundering and safer Betting and gaming processes across various business units.
- Operating review of key customer protection processes such as Self-Exclusion.
- Operating review of purchasing across the Group, including the Group Procurement function.
- Review of key operational resilience capabilities such as retail IT disaster resilience and cybersecurity.
- Review of technology infrastructure for BetMGM.
- Ongoing reviews of key financial controls' operating effectiveness.
- Ongoing monitoring of key compliance controls such as customer AML and SG checks, and review of the effectiveness of special controls in place to protect customers during Covid-19 lockdowns.

The Board, with the support of the Committee, completed its annual review of the effectiveness of the system of internal control, including the effectiveness of internal audit and consideration of whether it had the appropriate level of independence and its importance in assessing the company's culture. The Board concluded that it was satisfied that the system of internal control remains robust and have selected areas on a risk basis for inclusion in the 2021 Internal Audit Plan.

The areas which will have their control environment reviewed in 2021 are:

- Cybersecurity.
- New acquisitions and mergers to ensure that appropriate, commercially effective and highly compliant business practices are in place.
- Ongoing compliance assurance over key regulations including betting and gaming and responsibility requirements, anti-money laundering, marketing and GDPR.

In addition, there will be continued focus on areas of the business affected by integration where changes in systems, personnel or processes could lead to weaknesses in internal controls during transitional periods.

Whistleblowing policy

The Group has a formal whistleblowing procedure by which employees can, in confidence, raise concerns about possible improprieties in financial or other matters. This is set out in the Group's Code of Conduct and is approved by the Committee. The policy sets out the type of disclosure which is protected and also specifies to whom disclosures should be made and the process that will be followed. The Group actively encourages individuals, where they believe that malpractice has taken place, to make protected disclosures either internally to the Committee or externally through an outsourced service provider.

The Committee is satisfied that robust and appropriate arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Committee evaluation

The Committee undertook a review of its effectiveness through an online questionnaire administered by an external facilitator (Lintstock). The review concluded that the Committee had performed well over the year and that it had a strong mix of skills and experience amongst its members. Areas of focus for the coming year included developing a succession plan for membership and implementing the new Committee forward agenda.

Accounting and key areas of judgement

Throughout the course of the year, the Audit Committee determined the following areas of the financial statements were of significant interest. These issues were discussed with management and the external auditors to ensure that the required level of disclosure has been provided and that appropriate rigour has been applied where any judgement may be exercised.

Matter considered	Action
Separately disclosed items and proforma information	
The Group separately discloses certain items in order to allow a clearer understanding of the underlying trading performance of the business. In 2020, the Group has recorded a net charge in respect of items which have been separately disclosed of £193.8m after tax in the Income Statement.	As part of their assessment that the treatment of separately disclosed items in the financial statements is appropriate, the Committee have considered each of the items disclosed and challenged, where necessary, the treatment adopted by management. The Committee has also considered the conclusions reached by KPMG as part of its audit in this area and are satisfied with the treatment and disclosure adopted.
In addition, proforma financial information and non-GAAP measures have been provided within the Annual Report and Accounts to assist in the articulation of the underlying business. Non-GAAP measures relate to industry standard KPIs while the provision of proforma information is to aid understanding following the implementation of IFRS 16.	Management's use of proforma information and non-GAAP measures in explaining the underlying business performance has been considered by the Committee, along with the views of KPMG on their use and prominence. Whilst the Committee understands the challenges associated with the use of both proforma information and non-GAAP measures, they are satisfied with the balance of the disclosure provided. As part of their assessment, the Committee noted the improvements in the use of proforma information during the current year following the annualisation of the Ladbrokes Coral acquisition and the implementation of IFRS 16.
Carrying value of long-lived assets and depreciable lives	
The Group has significant value in enduring and indefinite life assets such as UK brands and goodwill which need to be reviewed for impairment. Whilst impairments have been recognised in 2020 against the Intertrader business, which is held for sale, and offices where the Group now anticipates exercising break clauses in existing leases, no impairment has been recognised against acquired intangibles. Given the uncertainty caused by the Covid-19 pandemic there are judgements inherent in the future forecast profitability of the Group's Retail estates.	The carrying value of all enduring and indefinite life assets are tested for impairment annually. In reaching their conclusion that the judgements taken in calculating the impairments recognised are appropriate, the Committee have reviewed the forecasts, key assumptions and methodology adopted by management in determining the impairment charges. As part of this process and in reaching their conclusion that the current charges and disclosure are appropriate, the Committee have also reviewed KPMG's audit findings.

Note 4.2 in the financial statements outlines the other accounting estimates and judgements, in addition to those described above, inherent in the Group's financial statements.

Report of the Environmental, Social and Governance ("ESG") Committee

"The Committee has been renamed the Environmental, Social and Governance Committee and agreed to expand our agenda coverage on environmental and social issues to ensure our debate and challenge remains broad and relevant to the Group's activities and strategy."

Virginia McDowell
Chair of the ESG Committee

Safeguard

Introduction

In 2020 the ESG Committee (the "Committee") has monitored the Group's responsible betting and gaming, compliance governance, HSSE, data privacy and diversity and inclusion activities and the Company's relationships with stakeholders on these issues.

During our annual evaluation, we reflected on the breadth of our remit, the monitoring activities we undertook and the non-financial risks the Company faces. We decided that the CSR Committee's scope has evolved beyond corporate social responsibility and as a result it has been renamed the Environmental, Social and Governance Committee. We further agreed to expand our agenda coverage on environmental and social issues to ensure our debate and challenge remains broad and relevant to the Group's activities and strategy.

A key programme that we considered and debated as a Committee over the year was the Group's Sustainability Charter that formed part of our relaunch as Entain in November 2020. The Charter focuses on the key cornerstones of:

- An exclusive focus on regulated markets.
- Continuing to take the lead on responsible betting and gaming.
- Pursuing the highest standards of corporate governance.
- Investing in our people and local communities.

The Committee will return to these themes over the forthcoming year as it undertakes its monitoring activities and engages with management.

As part of a wider review of the Board's activities, it has been agreed that Board, Audit and ESG Committees will monitor each of the Principal Risks over the forthcoming year. The Principal Risks allocated to the Committee are health, safety and wellbeing of customers and employees and the loss of key locations: we will review these risks, their management and mitigation in depth with relevant management during 2021.

The Committee has been refreshed with several changes over the year with Stephen Morana and Jane Anscombe stepping down and Jette Nygaard-Andersen and David Satz joining. I would like to thank Stephen and Jane for their valued contribution and constructive challenge. In January 2021, Jette stepped down as a member of the Committee upon becoming Chief Executive. I am delighted that we will still benefit from Jette's insight and knowledge, albeit from the perspective of management. I would also like to welcome Stella David to the Committee upon her appointment to the Board in March 2021 – her skills and experience in consumer businesses and as a non-executive director will be a valued addition to our membership.

Virginia McDowell
Chair of the ESG Committee

4 March 2021

The role of the Committee

The Committee oversees the Group's policies and processes for managing its ongoing relationship with a wide spectrum of stakeholders (including customers, employees, regulators, governments and communities).

Key responsibilities of the Committee

- Review the framework of ESG policies and controls for managing the Group's relationships with stakeholders.
- Ensure that sufficient focus and resource is given to implementing, monitoring and managing the Group's ESG policies and processes and that these remain effective.
- Consider the appointment of third parties to advise on ESG policies and practices and/or audit the Group's ESG policies.
- Liaise and work with the Board's other Committees to ensure the Board's duties and responsibilities are carried out effectively.
- Prepare an ESG report for inclusion in the Annual Report and Accounts and oversee that any public disclosures on ESG issues made by the Group accurately reflect the Group's policies and processes.

The Committee's terms of reference can be found on the Company's website at **www.entaingroup.com**

Committee membership and attendance

As at 31st December 2020 the Committee comprised four members. Jette Nygaard-Andersen stepped down from the Committee on 21 January 2021 upon becoming an Executive Director. Stella David will join the Committee on 4 March 2021 upon her appointment to the Board.

Regular attendees at the meetings include the Chief Governance Officer, Director of Internal Audit, Director of Corporate Affairs, Chief People Officer and heads of the compliance teams.

The Committee had four scheduled meetings during the year and one ad-hoc meeting. Following the Chairman's review of the Board's activities, it has been agreed that going forward the Committee will have six scheduled meetings per year.

Member	Meetings attended/ eligible to attend
Virginia McDowell (Chair)	5/5
Jane Anscombe[1]	4/4
Peter Isola	5/5
Stephen Morana[2]	1/1
Jette Nygaard-Andersen[3]	4/4
David Satz[4]	1/1

1. Resigned from the Committee on 10 November 2020.
2. Resigned from the Committee on 27 February 2020.
3. Joined the Committee on 27 February 2020.
4. Joined the Committee on 10 November 2020.

Activities

Responsible betting and gaming

The Committee received regular updates on the Group's responsible betting and gaming programme, including safer betting and gaming initiatives during the Covid-19 pandemic and the research programme with Harvard Medical School focusing on patterns of internet betting and gaming behaviour and assessing the impact of Entain's safer betting and gaming tools.

One element of the new Sustainability Charter is the link between remuneration and responsible betting and gaming. During the year the Board agreed to include a change to the Group-wide annual bonus structure to include a 15% weighting on safer betting and gaming deliverables from 2021. As part of this new metric, the Committee has agreed to regularly monitor the performance and delivery of safer betting and gaming project metrics and opine to the Remuneration Committee on their performance as part of the Remuneration Committee's end of year deliberations on bonus outcomes.

Further information on the responsible betting and gaming remuneration metric is outlined on page 104 of the Directors' Remuneration Report.

Compliance governance

The Committee received quarterly reports on international, UK, retail and digital compliance developments and monitoring of the Group's compliance management. It further received updates on the Group's anti-money laundering programme across the different jurisdictions of operation.

Privacy and data protection

Regular updates on data privacy and protection were given to the Committee, including issues arising from requests to share responsible betting and gaming data with regulators and developments in regulatory and legal enforcement activity. The Committee reviewed and approved an updated Group Data Retention Policy and considered the impact of Brexit on data transfer restrictions.

Health, Safety,Security and the Environment ("HSSE")

HSSE performance was monitored by the Committee through regular updates on the Group's HSSE performance indicators and initiatives. The Committee reviewed and approved the proposed HSSE strategy for 2021 as well as agreeing the Group's HSSE KPIs for the forthcoming year.

During lockdown, the Committee received updates from management on business continuity and health and safety activities to support retail operations and keep colleagues safe and secure. Briefings on employee wellbeing programmes and training for working safely at home were also given over the course of the year.

Diversity and inclusion

The Committee received quarterly reports on the Group's diversity and inclusion performance, with deeper briefings on different initiatives both within and outside the Company.

Other reviews

The Committee oversaw the annual CSR (now ESG) report, reviewing the content and giving feedback to management on its content.

The annual Modern Slavery Act ("MSA") statement was considered by the Committee, who recommended its approval to the Board. The Committee further recommended that a working group be established to review the proposed legislative changes with regard to the MSA statement following the UK government's recent consultation.

Committee evaluation

The Committee undertook a review of its effectiveness through an online questionnaire administered by an external facilitator (Lintstock). Feedback from the review was that the Committee had performed strongly, with good engagement from its members and management. Areas of focus included greater coverage of environmental performance and diversity and inclusion in 2021 and to ensure that the different areas of compliance governance received an annual deep dive.

Another theme arising from the review was the broad remit of the Committee. In response the meeting time was increased for the Committee and it was agreed that the CSR Committee be renamed the "Environmental, Social and Governance" Committee.

Nomination Committee Report

> Over the year the Committee reflected on the composition of the Board and how its skills and experience could support the updated strategy and priorities that culminated in the relaunch of the Group as Entain."

J M Barry Gibson
Chair of the Nomination Committee

Establish

Introduction

In my Chairman's letter I noted that this year has seen substantial changes on the Board – with the retirement of my predecessor Lee Feldman in February and the Group's longstanding Chief Executive Kenny Alexander in July. With Kenny's retirement, our long-term succession process enabled us to appoint Shay Segev, previously the Group's Chief Operating Officer, as Chief Executive.

In January 2021, Shay gave his notice to leave Entain to become CEO of a private company. We were faced with a highly unusual situation of finding his successor whilst in an offer period, following a proposal from MGM Resorts International to acquire the Group that had been rejected by the Board.

The Committee played a pivotal role in the succession of our new CEO Jette Nygaard-Andersen, being mindful of the need for a rigorous selection process alongside the wish to make a timely appointment of a strong and effective CEO to lead the Group following a takeover approach (see page 80 to learn more about our succession and selection process). In Jette's discussions with the Committee and Board during the CEO selection process, Jette reflected that the role of Rob Wood be expanded to include Deputy CEO, with additional responsibility for the Group's retail operations and M&A activities. She further supported the appointment of Chief Operating Officer Sandeep Tiku to the Board as an Executive Director in recognition of the importance of the Group's operating platform to Entain's continued success.

The Committee and subsequently the Board considered these suggestions with a view to the composition and dynamics of the Board as well as how they would support the delivery of the Group's strategy and recommended both appointments to proceed. Sandeep will join the Board during 2021.

Over the year the Committee reflected on the composition of the Board and how its skills and experience could support the updated strategy and priorities that culminated in the relaunch of the Group as Entain. As a result, we appointed David Satz as an independent Non-Executive Director and Robert Hoskin as an Executive Director to the Board. Both bring huge expertise in regulatory and legislative matters and the appointment of Robert as Chief Governance Officer reinforces the importance of governance in our long-term growth plans.

Towards the end of 2020, our Senior Independent Director Stephen Morana indicated his intention to step down from the Board to pursue his executive career. The Committee engaged external search consultants to facilitate the search process; amongst the candidates shortlisted for the role was Stella David who had served on the Homeserve board with me as Senior Independent Director. Given our prior working relationship, the Committee determined that an enhanced assessment process be followed and asked the wider Board to interview and consider Stella alongside other shortlisted candidates. I am pleased to report that the Board considered Stella's experience as chair of C&J Clark, Senior Independent Director of Homeserve and her previous non-executive director roles to make her an excellent fit for Entain and she joins us as Senior Independent Director on 4th March 2021.

During the search for the successor to Stephen we identified Vicky Jarman as an impressive candidate, with deep experience in finance and prior non-executive roles. The Committee felt that Vicky would be a strong addition to the Board, offering challenge and insight as we implement our strategy and plans for growth. Vicky will join the Board as an independent Non-Executive Director on 4th March 2021.

In the autumn I reflected on the remit and operation of the Nomination Committee. I have expanded its membership to include the Chairs of each of the Board Committees to further broaden our view of the skills and stakeholder expertise needed in any future Board appointments and our wider considerations on diversity. I have formalised meetings of the Non-Executive Directors in "executive session" into a Chairman's Committee and have moved our regular succession planning activities for Executive Directors and senior management to the Chairman's Committee in order that all Non-Executive Directors can engage and input into this process.

J M Barry Gibson
Chair of the Nomination Committee

4 March 2021

Our CEO selection process

Working with external headhunters, the Committee ran an accelerated selection process, considering the skills and availability of external candidates and undertaking extensive interview and psychometric testing of Jette Nygaard-Andersen who had previously been identified as a potential CEO candidate whilst serving as a Non-Executive Director.

This process confirmed Jette to be an outstanding candidate to replace Shay, with her deep experience of media, entertainment, sport and digital businesses which the Committee felt was a strong fit given the evolution of Entain into an entertainment focused company.

The role of the Committee

The Committee actively reviews the composition and diversity of the Board and senior management and leads its succession process. It monitors the independence and time commitment of the Group's Non-Executive Directors and ensures that a rigorous evaluation of the Board's effectiveness and performance is undertaken at least annually.

Key responsibilities of the Committee

- Leading a rigorous and transparent procedure for Board appointments.
- Regularly reviewing and refreshing the Board's composition, taking into account the length of service of the Board as a whole, in order for it to remain effective and able to operate in the best interests of shareholders.
- Ensuring plans are in place for orderly succession to positions on the Board and overseeing succession planning for senior management, including the Company Secretary.
- Overseeing the development of a diverse pipeline for succession.
- Working and liaising with other Board Committees as appropriate, including with the Remuneration Committee with respect of any remuneration package to be offered to new appointees to the Board.

The Committee's terms of reference can be found on the Company's website at **www.entaingroup.com**

Committee membership and attendance

As part of the review of the Committee's way of working, it was agreed that membership consist of the Senior Independent Director and the chairs of each of the Board Committees.

The Committee had two scheduled meetings during the year with a further two ad-hoc calls. It has been agreed that going forward the Committee will have three scheduled meetings per year with further meetings held upon request or to meet the demands of the business.

Member	Meetings attended/ eligible to attend
Barry Gibson (Chair)	4/4
Jane Anscombe[1]	4/4
Pierre Bouchut[2]	3/3
Virginia McDowell[2]	3/3
Stephen Morana	4/4
Lee Feldman[3]	1/1

1. Resigned from the Committee on 31 December 2020.
2. Joined the Committee on 20th October 2020.
3. Resigned from the Committee on 27th February 2020.

Stephen Morana will be stepping down from the Board (and the Committee) on 4th March 2021. Stella David will join the Committee from that date in her role as Senior Independent Director.

Activities

Board appointments

As outlined in the introduction to this report, the Committee led the process for the appointment of new Directors. Russell Reynolds, an external search consultant, was engaged to facilitate the search and selection process for our Non-Executive Director appointments and the successor Senior Independent Director. Russell Reynolds further assisted the Committee with the succession for the Chief Executive role after the resignation of Shay Segev by interviewing, assessing and benchmarking Jette Nygaard-Andersen as a strong internal candidate for the role.

Russell Reynolds Associates have no other connection with the Company or individual Directors and are accredited under the enhanced voluntary code of conduct for Executive search firms.

Board composition and Board Committees

To assist in succession planning for Non-Executive Director appointments and Committee membership, the Committee considered the skills, experience and tenure of current Non-Executive Directors and reflected on how this skillset enabled the Board to execute the Group's strategy, fulfil the tasks and activities of its Committees and meet future challenges.

During the year the Committee considered membership of each Board Committee in light of Board changes and recommended the following changes:

- Virginia McDowell to stand down from the Audit Committee.
- Jane Anscombe to stand down from the CSR (now ESG) Committee and join the Audit Committee.
- David Satz to join the CSR (now ESG) Committee.

The Committee further recommended that Stella David join the Remuneration and ESG Committees and that Vicky Jarman join the Audit and Remuneration Committees when they become Non-Executive Directors in March 2021.

Independence

The Committee considered the independence of each Non-Executive Director as part of its recommendation to the Board for Director re-election. In making this recommendation, the Committee also considered the time commitment and performance evaluation of each Director standing for appointment.

Diversity

The Committee continued to appraise appointments to the Board from the perspective of its commitment to diversity, particularly with respect to gender and ethnicity, in its composition and succession plans. With the appointment of David Satz in November, the proportion of women on the Board at 31 December 2020 decreased to 30%; however, with the further changes to the Board and the addition of two female Non-Executive Directors this proportion will increase to 40% at 4 March 2021.

Further information on gender balance amongst the Group's senior management can be found on page 45 of the Strategic Report.

During the year the Committee reflected on the recommendations of the Parker Review steering committee into the Ethnic Diversity of UK Boards. As at 31 December 2020 the Board did not have an ethnically diverse composition but with the appointment of Sandeep Tiku we will meet the Review's target of at least one Director from an ethnic minority background by the end of 2021.

As part of the Chairman's review of the Committee and Board's ways of working, it is proposed that diversity objectives and performance of the Group will have greater agenda time at the Board, with regular discussions at the ESG Committee.

Committee evaluation

An annual review of the Committee's performance and effectiveness was held at the end of the year using a questionnaire facilitated by an external board review firm (Lintstock). In addition to its performance over the year, the Committee was asked to reflect on the proposals arising from the Chairman's review. The evaluation concluded that the Committee was working effectively but the unprecedented turnover on the Board, together with the dynamic nature of our sector meant that succession planning should remain a key area of focus for the Committee. The review further noted that the proposals recommended by the Chairman were viewed positively and would strengthen the Committee's performance.

Directors' Remuneration Report

Annual Statement from the Remuneration Committee Chair

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2020.

The Report is presented to shareholders in my capacity as Chairman of the Board in the absence of a Remuneration Committee Chair. Jane Anscombe, our previous Remuneration Committee Chair, stepped down at the end of December. Immediately following Jane's departure we received an offer for the Company from MGM Resorts International ("MGMRI") and during this period the Board felt it would be inappropriate to start the search for Jane's replacement until we had clarity as to the outcome of this offer. Furthermore, the departure of Shay Segev as CEO for a lucrative outside opportunity led the Board to reflect on our reward structure and our ability to attract and retain talent in a competitive market. Following MGMRI's announcement that they did not intend to bid, we commenced a search for a new Committee Chair. We are close to completing this search process and intend to shortly announce this appointment.

I would like to start the Report by thanking Jane Anscombe for the huge contribution she made to the Committee during her tenure. Jane's hard work and engagement on the Company's remuneration enabled Entain to become a stronger company.

Following approval of our Remuneration Policy at our AGM on 24 June 2020, this year we will be asking shareholders to vote on our Annual Report on Remuneration at our 2021 AGM. This summarises remuneration outcomes for 2020. It also explains how we intend to apply the Remuneration Policy (which is set out in our 2019 Directors' Remuneration Report and can be found on the Company's website at www.entaingroup.com) for 2021.

The Committee remain very aware of the need to provide attractive remuneration packages that facilitate the hiring and retention of the best people globally. This is vital to enable Entain to achieve its vision to be the world leader in sports betting and gaming entertainment. We have been actively reviewing our remuneration offering (see more information in the Chairman's introduction on page 8) and expect this to continue to be a key focus for our next Committee Chair.

Contents

2020 Group performance

2020 has seen Entain once more deliver strong financial and operational performance. This has been despite the challenging environment brought about by the Covid-19 pandemic and is testament to the talent and resilience of all our people. In November we announced our new name along with our two core strategic pillars of growth and sustainability.

Key 2020 performance highlights include:

- Online NGR up 28% at constant currency.
- 20 consecutive quarters of double-digit online net gaming revenue growth.
- Growth and market share gains across all our major markets and in particular in Australia, Brazil, Georgia and Italy and from partypoker.
- Our joint venture in the US, BetMGM, now live in 12 states with market share up to approximately 18% in its live markets.
- Group underlying EBITDA up 11% at £843.1m.
- Online underlying EBITDA up 50% at £803.5m reflecting both the shift to online during the pandemic and good sports margins.
- The launch of our Sustainability Charter which reinforces the Group's commitment to delivering industry best in class ESG.

Remuneration actions taken in response to Covid-19

I wanted to take this opportunity to remind you of the actions the Committee took in response to the Covid-19 pandemic:

- *Salaries and fees* – On 1 May 2020, we announced that our Board of Directors and the members of the Group's Executive Committee (ExCo) had voluntarily agreed to take a 20% reduction in base salary and fees for three months.
- *2020 annual bonus* – The Executive Directors and ExCo members at the same time decided to waive any bonus entitlement for 2020.
- *2020 LTIP* – Our 2020 LTIP awards would typically have been made in the middle of March. At this time the Entain share price had fallen significantly as a result of Covid-19. The Committee was conscious that granting share awards at this point could have led to unintended gains at vesting. As a result, the grant was postponed until June when the share price had substantially recovered. Nevertheless, the terms of the awards still provide the Committee with the ability to review the outcome at vesting and to make appropriate adjustments if it concludes that participants have benefited from 'windfall gains'.

Remuneration in 2020

As set out above, the Executive Directors did not participate in the annual bonus for 2020. The strong financial and operational performance achieved still fed into the annual bonus outcomes for our broader colleague population. The Committee is pleased that the commitment and hard work which all our people have shown, during what have been very testing times, can be recognised in this manner.

Our performance in 2020 continued the strong trajectory which we have shown over the last few years. Robust EPS growth over the period 2018–20, coupled with out-performance of the broader FTSE index, led to the vesting of the 2018 LTIP award at 89.8% of maximum.

The Committee recognises the need to ensure this pay-out can be justified based on the wider experience of our shareholders, colleagues, and other stakeholders. In doing so, the Committee considered Entain's share price performance over the period – up 22.5% including a 28% increase in 2020 – our financial and operational performance, and the excellent progress that we have made on our sustainability and responsible betting and gaming agenda. Taking all this into account, the Committee was comfortable that the 2018 LTIP outcome was fair and appropriate, reflecting underlying business performance and being aligned with the experience of our shareholders and other stakeholders over this period.

Looking ahead to 2021

Directors' salaries

Salaries for the Executive Directors for 2021 are set out below.

Annual bonus – new performance metrics

The overall structure of the annual bonus remains fit for purpose and therefore we are not proposing any major changes for 2021. However, I am pleased to say that we have introduced a new non-financial metric to reflect the importance of ESG to our business and in particular, responsible betting and gaming. This metric will represent 15% of the overall bonus opportunity.

We unveiled our new Sustainability Charter in our strategy presentation of 12 November 2020. Entain's focus on responsible betting and gaming is fundamental to our long-term strategy to deliver sustainability and growth and is instilled in our internal culture and values. At the same event, we launched our new Advanced Responsibility & Care ("ARC") programme, which will utilise our advanced, proprietary technology to continuously enhance and personalise the protection of our customers.

To reflect this focus, the Committee consider that there are now metrics available which allow for a robust, measurable and consistent assessment of our progress in this area and so we believe that it is the right time to introduce a responsible betting and gaming metric into the annual bonus. This is specifically focused on the delivery of new responsible betting and gaming features to improve our systems and processes and ultimately detect and prevent problematic play.

Half (7.5% of the total bonus) will relate to the UK market and the other half of this metric will relate to international markets. The business has engaged a leading gambling harm minimisation consultancy to review and evaluate the delivery of these projects. In addition, the Committee will also receive input from our ESG Committee, who will have overall oversight of the projects. Further information is provided on page 117.

In terms of the financial measures, we are retaining profit as a measure in a similar proportion to previous years (60%). This will however move to Operating Profit from EBITDA, reflecting that the latter will become less relevant post-IFRS 16. The remaining 25% of the bonus will be determined by a Growth in Online Net Gaming Revenue ("NGR") measure, a change from Net Debt. The Committee believes this change is appropriate as NGR is one of our key performance indicators and growing this metric, in particular in relation to our online business, is fundamental to driving shareholder value.

Long-Term Incentive Plan

Minor changes were made to our LTIP performance metrics last year in order to place greater emphasis on our performance relative to our peers. The Committee has reviewed these metrics and is comfortable that they remain appropriate, with only a minor change to the broad based TSR comparator group used. The metrics for the 2021 awards will therefore be:

- One-third Cumulative EPS;
- One-third Relative Total Shareholder Return vs. the FTSE 100. (a change from the FTSE 51 – 150 reflecting Entain’s current membership of the FTSE 100 Index).
- One-third Relative Total Shareholder Return vs. a bespoke group of sectoral peers.

The Committee will evaluate the positioning of the share price when it comes to grant the LTIP awards in early 2021. Should uncertainty and volatility related to Covid-19 still be a factor at that time, the Committee will consider the appropriate course of action to ensure that Executive Directors are not provided with the potential for ‘windfall gains’.

Board changes

Jette Nygaard-Andersen (CEO from 21 January 2021)

As announced on 21 January 2021, Jette Nygaard-Andersen was appointed as CEO to replace Shay Segev. Jette’s remuneration package and incentive opportunities are fully aligned with our Remuneration Policy. The Committee agreed an annual base salary of £750,000. This reflects Jette’s extensive experience in senior executive positions, her deep knowledge of Entain given her previous role as a Non-Executive Director and the very competitive global market for talent in which Entain operates.

Rob Wood (CFO & Deputy CEO)

In addition to his existing responsibility as CFO, Rob Wood was appointed as Deputy CEO with effect from 21 January 2021. To reflect the significant increased scope of his role and Rob’s excellent performance during 2020, including acting swiftly to understand and mitigate as far as possible the economic shock of the Covid-19 lockdown, the Committee agreed an increase in Rob’s salary to £525,000. His remuneration package and incentive opportunities are unchanged and are in line with our Remuneration Policy.

Robert Hoskin (Chief Governance Officer from 1 January 2021)

Robert Hoskin’s appointment to the Board was announced on 22 October 2020. His remuneration package and incentive opportunities are fully aligned with our Remuneration Policy. After careful consideration, the Committee agreed an annual base salary of £400,000.

Sandeep Tiku (Chief Operating Officer)

As announced on 21 January 2021, Sandeep Tiku, our Chief Operating Officer, will join the Board during 2021. His remuneration package and incentive opportunities will be fully aligned with our Remuneration Policy. After careful consideration, the Committee agreed an annual base salary of £500,000.

Kenneth Alexander (CEO until 17 July 2020)

As announced on 16 July 2020, Kenneth Alexander retired from the position of CEO, on 17 July 2020, after 13 years with the Group, being succeeded by Shay Segev, formerly Entain’s Chief Operating Officer. Kenneth remained available in the period following his retirement to ensure a smooth handover. The Committee gave careful consideration to the treatment of Kenneth’s remuneration arrangements, taking into account that Kenneth has subsequently retired from work and has not taken up another full-time role elsewhere. Full details are given in the section Payments for loss of office on page 113, but in summary:

- The Committee negotiated a payment in lieu of notice equivalent to six months’ salary, reduced from 12 months.
- Given Kenneth’s retirement, the Committee was comfortable that he should be treated as a good leaver in accordance with the Remuneration Policy and the provisions of the ADBP and LTIP rules.
- In line with our post-employment shareholding requirement policy, Kenneth will be required to meet his full shareholding requirement of 400% of salary for two years following his departure.

Shay Segev (CEO from 17 July 2020 – 21 January 2021)

On appointment to the role of CEO, Shay Segev’s remuneration package and incentive opportunities were fully aligned with our Remuneration Policy. After careful consideration, the Committee agreed an annual base salary of £675,000, a reduction from the salary of the former CEO, reflecting that this was Shay’s first CEO role.

As announced on 11 January 2021, Shay resigned from Entain, to take up a new role. He stepped down from the Board on 21 January and will leave employment on 8 July 2021. In line with our Remuneration Policy:

- Shay’s salary and benefits will continue up to the date of termination; his salary remained unchanged at 1 January 2021.
- Outstanding awards under the LTIP will lapse when he leaves employment of the Group in July 2021.
- No annual bonus is payable in respect of 2021.
- In line with our post-employment shareholding requirement policy, Shay will be required to meet his full shareholding requirement of 400% of salary for two years following his departure.

Full details will be disclosed in the 2021 Remuneration Report.

Shareholder engagement

We remain committed to maintaining an open and transparent dialogue with our shareholders and we specifically engaged with our major investors in May 2020 to explain the remuneration actions we were taking in response to the Covid-19 pandemic. I would like to thank all shareholders for their constructive input and for the support we received at our 2020 AGM, with 95% and 93% of votes cast in favour respectively, for our Policy and our Annual Report on Remuneration. Ongoing dialogue with shareholders on executive remuneration is greatly valued, with feedback discussed by the Committee and used to inform future decision making and we will of course continue to engage with shareholders going forward.

Conclusion

Through challenging external circumstances in 2020, Entain has continued to perform strongly, delivering robust and sustainable performance. The Committee have sought to make decisions which effectively drive and support our growth strategy, while aligning with UK best practice remuneration and governance standards. We are committed to enabling Entain's future success by investing in the very best talent we can.

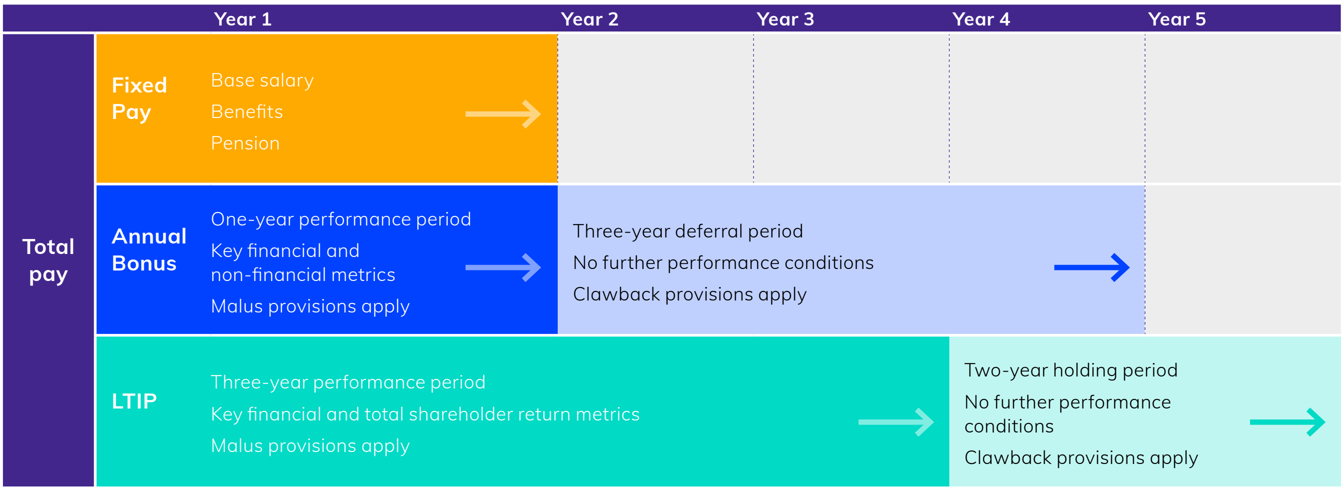
I hope that you find the report clear and informative, and that the Committee has your support at the forthcoming AGM.

J M Barry Gibson
Chairman

4 March 2021

Executive remuneration at Entain

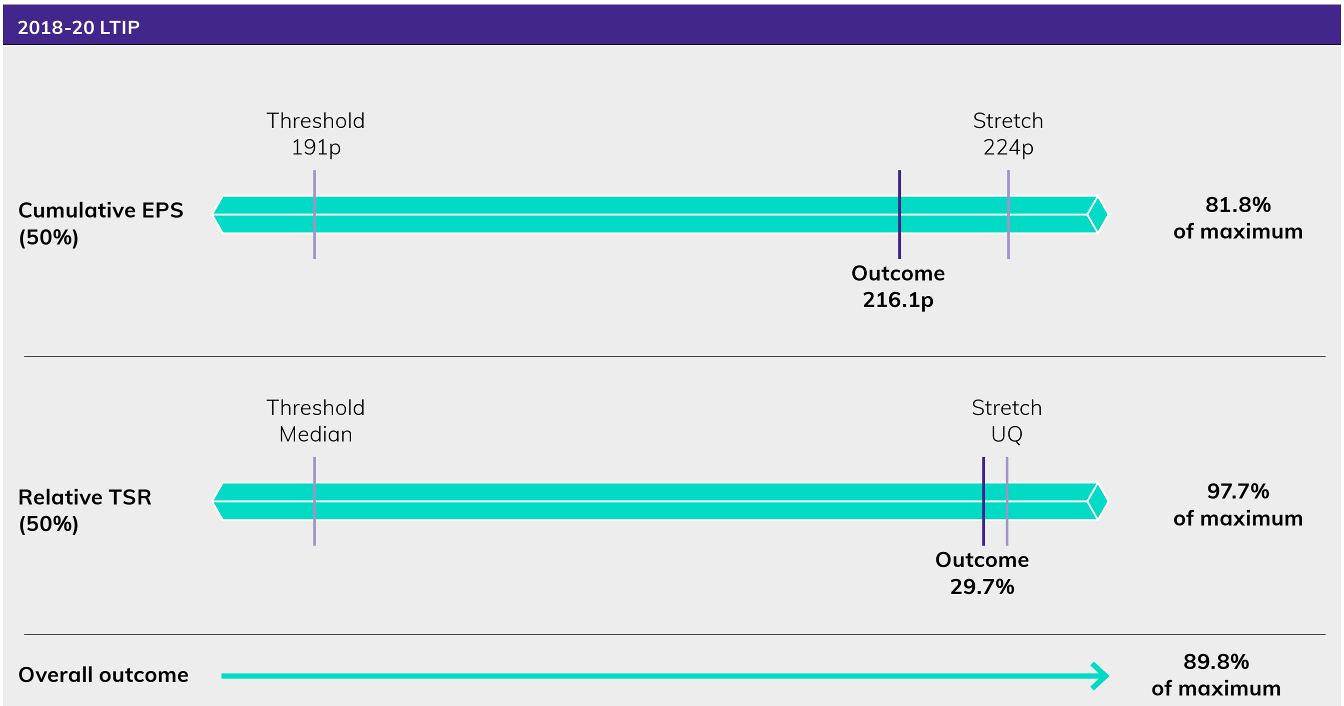
The remuneration framework for Executive Directors at Entain is intended to incentivise them to execute on the Company's strategy and create long-term sustainable value for shareholders. It is simple, focused and aligned with key financial and strategic business goals.



2020 – Executive Directors' remuneration

£000s	Base Salary	Benefits	Pension	Annual Bonus	LTIP	Total
Shay Segev (CEO 17 July 2020 – 21 January 2021)	301	2	–	–	–	303
Rob Wood (CFO & Deputy CEO)	408	15	18	–	270	711
Kenneth Alexander (CEO until 17 July 2020)	413	45	–	–	1,222	1,680

2020 – Incentive outcomes



2021 – Executive Directors' remuneration

	Fixed Pay	Annual Bonus	Long-Term Incentive Plan
Jette Nygaard-Andersen (CEO from 21 January 2021)	Salary – £750,000 Standard benefits Pension – none	Max. opportunity – 250% of salary Target opportunity – 125% of salary	Max. opportunity – 300% of salary
Rob Wood (CFO & Deputy CEO from 21 January 2021)	Salary – £430,000 to 20 January 2021, £525,000 from 21 January 2021 (due to increase in responsibilities) Standard benefits Pension – 4.5% of salary	Max. opportunity – 200% of salary Target opportunity – 100% of salary	Max. opportunity – 250% of salary
Robert Hoskin (CGO)	Salary – £400,000 Standard benefits Pension – none	Max. opportunity – 200% of salary Target opportunity – 100% of salary	Max. opportunity – 250% of salary
Sandeep Tiku (COO joining the Board in 2021)	Salary – £500,000 Standard benefits Pension – none	Max. opportunity – 200% of salary Target opportunity – 100% of salary	Max. opportunity – 250% of salary
Shay Segev (CEO until 21 January 2021)	Salary – £675,000 Standard benefits Pension – none	n/a	n/a
Performance measures	n/a	60% Operating profit 25% Growth in Online NGR 15% Responsible betting and gaming	1/3rd cumulative EPS 1/3rd relative TSR vs. FTSE 100 1/3rd relative TSR vs. bespoke group of sectoral peers
Framework	n/a	Half deferred into shares for three years Malus and clawback provisions Overarching Committee discretion	Two-year holding period Malus and clawback provisions Overarching Committee discretion
Material changes from 2020	Increase in salary for the CFO reflecting his additional role as Deputy CEO	Introduction of responsible betting and gaming measure Change from Net Debt to Growth in Online NGR	No changes

Performance metrics and link to strategy

The table below sets out how each of the performance metrics used in our incentive plans, links to our two strategic pillars of Growth and Sustainability. More information about our strategic pillars is set out in the Strategic report on pages 24-25.

Link to Strategic pillars

Performance metric	Growth	Sustainability
Operating profit	⬢	⬢
Growth in Online NGR	⬢	
Responsible betting and gaming	⬢	⬢
Earnings per share	⬢	
Total shareholder return	⬢	⬢

Read more about our new strategy:
pages 24–25

Remuneration in context

Committed to good governance

When considering executive remuneration, the Committee takes into account a wide range of factors including legal and regulatory requirements, associated guidance, and the views of shareholders and their representative bodies. How the Committee addresses the following principles, taken from the 2018 UK Corporate Governance Code, is set out below.

Clarity

- Our remuneration framework is structured to support the financial and strategic objectives of the Company, aligning the interests of our Executive Directors with those of shareholders.
- We are committed to transparent communication with all our stakeholders, including shareholders – page 86 sets out more details of how we engage with shareholders.

Simplicity

- We operate a simple, but effective remuneration framework.
- The annual bonus and LTIP reward performance against key measures of success for the business.
- There is clear line of sight for management and shareholders.

Risk

- Our incentives are structured to align with the Company's risk management framework.
- Three-year deferral under the annual bonus and the two-year holding period on LTIP awards create long-term alignment, as do our within- and post-employment shareholding guidelines.
- Both incentives also incorporate robust performance targets, malus and clawback provisions, and overarching Committee discretion to adjust formulaic outcomes.

Predictability

- The Remuneration Policy clearly sets out the possible future value of remuneration which Executive Directors could receive, including the impact of share price appreciation of 50%.

Proportionality

- There is clear alignment between the performance of the Company and the rewards available to Executive Directors.
- Incentive elements are closely aligned to our strategic goals, transparent and robustly assessed, with the Committee having full discretion to adjust outcomes to ensure they align with overall Entain performance.

Alignment to culture

- We are committed to effective stakeholder and colleague engagement, part of which is ensuring that the Committee sees all relevant data relating to pay and conditions in the wider workforce.
- Operating responsibly towards our customers is fundamental to the way in which Entain operates and remuneration outcomes are reviewed in the light of actions taken in support of our responsible betting and gaming agenda.
- This year we are introducing a specific responsible betting and gaming metric into our annual bonus to reflect its importance to our sustainability and demonstrate a clear link between remuneration and our culture. The Committee will also take broader Environmental, Social and Governance ("ESG") considerations into account and may apply discretion if necessary when assessing the appropriateness of incentive outcomes.

Understanding our colleague context

Our people are vital to our business. At Entain, we believe in fairness throughout the Company. The Group operates a number of general principles applied to all levels.

- We will provide a competitive package compared to the relevant market for each colleague.
- We will ensure colleagues can share in the success of the business, where appropriate, through performance-based variable remuneration and the launch in 2021 of an all-employee Sharesave plan.
- We aim for transparency and a fair cascade of remuneration throughout the Group.

Actions as a result of the Covid-19 pandemic

The Covid-19 pandemic has impacted our colleagues as it has everyone in 2020. Our people working in shops and stadia were unable to work due to lockdowns and those based in offices have been working from home. We have been incredibly proud of how our people have reacted to these challenges. Their health, safety and wellbeing were our priority throughout. For those people placed on furlough, we ensured their salary was topped up to 100% and an extensive communication programme continued throughout the furlough period. Acknowledging the importance of supporting mental health, especially during this time, we were pleased to offer access to the Unmind app to all our people. We also rolled out access to an Employee Assistance Programme ("EAP") to all colleagues globally.

Consideration of colleague and stakeholder views

The Committee supports and aims for fairness and transparency of remuneration arrangements across the Group, with consistent principles underlying both pay for the Executive Directors and that for our wider colleague population. To support this, the Committee receives regular updates on remuneration practices across the Group. For example, during the year, a detailed paper on the specific remuneration arrangements in place in our UK Retail division was presented to the Committee.

When setting Executive Directors' remuneration, the Committee considers the remuneration of other senior managers and colleagues in the Group more generally to ensure that arrangements for Executive Directors are appropriate in this context. When determining salary increases for Executive Directors, the Committee considers the outcome of the wider pay review for the Group. In addition, pension arrangements for the Executive Directors are aligned with those for our wider workforce.

We have a number of colleague forums within Entain. These play an important role in providing our people with a voice and allow them to provide the business with valuable insight and feedback on a range of topics, including remuneration. Representatives from our Retail Forum and National Forum (for non-retail colleagues in the UK) were invited to attend a meeting of the Remuneration Committee to provide direct feedback which included discussion on topics currently concerning our colleagues. There was a specific focus on our UK Retail colleague experience and particularly their views on how the Company had reacted throughout the Covid-19 pandemic. In addition, Virginia McDowell, in her role as Designated Workforce Director, provides the Committee with updates on colleague views on remuneration and our next Committee Chair will also attend meetings of the colleague forums (see the section Board engagement with our workforce, shareholders and stakeholders on page 86. Through the Board, the Committee is kept updated as to general colleague views on remuneration; the results of our global people surveys, including those related to pay and benefits, are also presented to the Board.

CEO Pay Ratio (Unaudited)

The first table below sets out the ratio at median, 25th and 75th percentile of the total remuneration received by our CEOs compared to the total remuneration received by our UK colleagues, while the second provides further information on the total colleague pay figure used for each quartile, and the salary component within this. Our combined CEOs' 2020 pay was 95 times the median (50th percentile). This represents a significant reduction from last year, which is mainly attributable to a lower level of CEO pay for 2020 than in 2019. The Committee considers that this is not out of line with other retail organisations.

	Method	25th percentile	50th percentile	75th percentile
2020 CEO pay ratio	Option A	106	95	75
2019 CEO pay ratio	Option A	278	229	170

UK colleagues – pay element	25th percentile	50th percentile	75th percentile
– Salary	15,730	17,050	20,476
– Total remuneration	18,667	20,808	26,429

We would highlight the following in terms of the approach taken:

- 'Option A' was chosen as it is considered to be the most accurate way of identifying colleagues at P25, P50 and P75, and is aligned with investor expectations. Under this approach we calculate total remuneration for all of our UK colleagues and rank them accordingly on this basis.
- The lower quartile, median and upper quartile colleagues were calculated based on full-time equivalent data as at 31 December 2020.
- In reviewing the colleague pay data, the Committee is comfortable that the P25, P50 and P75 individuals identified appropriately reflect the colleague pay profile at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies for UK colleagues. The calculation of salary and total remuneration includes payments made that were reclaimed via the UK Coronavirus Job Retention Scheme (furlough).

The Committee notes that Entain has in place a number of initiatives to ensure that the pay and conditions for our wider colleague population are fair and reasonable and receives regular updates on reward practices throughout the Group.

We aim to provide a market competitive remuneration package in each of the countries in which we operate. This includes benefits appropriate to the local market and the ability for many colleagues to share in the success of Entain via annual incentive programmes and the launch in 2021 of an all-employee Sharesave plan. Structures are in place to support salary progression and regular market analysis, by geography and role function is carried out, with action taken as appropriate.

Salaries are typically reviewed each year. For 2021, the difficult decision was taken that fixed percentage increases would not be awarded to all colleagues. This was in the light of the challenges faced by the business during the Covid-19 pandemic.

Relative Importance of the Spend on Pay

The table below sets out the overall spend on pay for all colleagues compared with the returns distributed to shareholders.

Significant distributions	2020	2019	% change
Staff costs (£m)[1]	524.0	671.2	(21.9)%
Distributions to shareholders (£m)[2]	–	195.5	(100.0)%

1. The fall in staff costs is largely attributable to payments received under the UK Coronavirus Job Retention Scheme (furlough) which offset staff costs for 2020.
2. No dividends were paid during 2020.

Gender Pay Gap Reporting

2020 is the third year in which we have published our Gender Pay Gap results. Our median hourly pay difference between male and female colleagues in the UK is 7.1%, which compares favourably with the UK median pay gap of 15.5% across all sectors (source: Office for National Statistics, November 2020). Our median bonus pay gap is 13.0%.

From further analyses it is clear that these gaps largely remain a function of lower numbers of women at our senior levels. We are committed to making Entain an inclusive place to work and we are continuing to invest in initiatives to create greater diversity at senior levels. Further information on these initiatives is provided in the Investing in people and communities section on page 47. Our Gender Pay Gap report for the year ended 5 April 2020, together with contextual information and more detail on the initiatives we have underway to close our gender pay gap, can be viewed on the Company's website at www.entaingroup.com.

Annual Report on Remuneration

The 2020 Annual Report on Remuneration contains details of the remuneration paid and awarded to Directors during the financial year ended 31 December 2020. This report has been prepared in accordance with the provisions of the Companies Act 2016, Schedule 8 of the Large and Medium Sized Companies Groups (Accounts and Reports) (Amendment) Regulations 2013 (the Regulations), the Listing Rules of the UK Financial Conduct Authority and the UK Corporate Governance Code. An advisory resolution to approve the Annual Report on Remuneration and the Annual Statement will be put to shareholders at the 2021 AGM.

Single figure of remuneration table (audited)

The remuneration of Executive Directors, showing the breakdown between components with comparative figures for the prior Financial Year, is shown below. Figures provided have been calculated in accordance with the Regulations. Further information on the component elements is provided in subsequent sections.

		Base Salary	Benefits	Pension	Annual Bonus	Long-Term Incentive[1]	Total	Total fixed remuneration	Total variable remuneration
Executive Directors		£000	£000	£000	£000	£000	£000		£000
Shay Segev[2]	2020	301	2	–	–	–	303	303	–
	2019	–	–	–	–	–	–	–	–
Rob Wood	2020	408	15	18	–	270	711	441	270
	2019	329	12	12	658	–	1,011	353	658
Kenneth Alexander[3,4]	2020	413	45	–	–	1,222	1,680	458	1,222
	2019	863	118	–	2,000	2,253	5,234	981	4,253

1. An assumed share price of 1,035.3p has been used to calculate the value of the 2018 LTIP awards shown for each Executive Director in respect of 2020. This represents the average share price over the final quarter of the 2020 financial year. The proportion of the value of the 2018 LTIP that is attributable to share price appreciation is 3.7%.
2. Shay Segev was appointed as CEO and joined the Board on 17 July 2020. He stepped down from the Board on 21 January 2021. The LTIP awards granted to Shay in 2018 will lapse when he leaves employment and so nil value is attributed to them in the table above.
3. Kenneth Alexander retired as CEO, and left the Board, on 17 July 2020.
4. The amount shown in last year's report for Kenneth Alexander in respect of the 2017 LTIP was calculated based on an assumed share price of 884.2p and the original number of shares awarded. The actual share price at vesting on 29 December 2020 was 1,158.5p, and the original number of shares awarded was reduced to 202,155 due to time pro rating on Kenneth Alexander's retirement. The amount shown has been updated to reflect these changes and the value of dividend equivalents payable. The proportion of the value of the 2017 LTIP that was attributable to share price appreciation is 18.9%.

Further information on the single figure of remuneration table

Base Salary

Salaries are normally reviewed on 1 January each year.

As set out in the Chair's statement on page 104, Shay Segev was appointed CEO on 17 July 2020 on an annual base salary of £675,000.

Kenneth Alexander was on an annual base salary of £816,000 until his retirement on 17 July 2020, while Rob Wood was on an annual base salary of £430,000.

All three individuals agreed to a 20% reduction in their annual base salary for the period 1 May to 31 July 2020 (17 July in the case of Kenneth Alexander). As a result, for this period, Kenneth's salary was temporarily reduced to £652,800 and Rob's was reduced to £344,000. From the date of his appointment as CEO, Shay's salary was reduced to £540,000.

Benefits and pension

Taxable benefits for Executive Directors include private medical and life insurance.

Rob Wood received a car allowance of £10,700 and participated in the defined contribution pension arrangements which are available on the same basis as for other colleagues, receiving a company contribution of 4.5% of his base salary.

Kenneth Alexander received a housing allowance of £16,500 and reimbursement of certain travel expenses incurred in undertaking his duties as a Director. The table above includes these expenses and the related tax.

2020 Annual Bonus Plan

In May 2020, the Executive Directors (along with all Executive Committee members) waived their entitlement to participate in the annual bonus plan for 2020.

2018 Long-Term Incentive Plan

The Long-Term Incentive Plan values shown in the single figure table for 2020 relate to the vesting of LTIP awards made in 2018.

The targets attached to the 2018 LTIP awards and the performance outcome against these are set out below.

	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Entain performance	Vesting
Relative TSR vs. FTSE 51-150	50%	Median: 6.9%	Upper quartile: 30.5%	29.7%	97.7% of maximum
Cumulative adjusted EPS	50%	191p	224p	216.1p	81.8% of maximum
	100%	Straight-line vesting between threshold and maximum			89.8% of maximum

In assessing the outcome of the EPS element, the Committee have reviewed several items that have impacted EPS performance, both positive and negative, during the performance period. In reaching their conclusion of a vesting level of 81.8%, the Committee have excluded the benefit of furlough payments received during 2020, and also taken account of the impact of the introduction of IFRS 16, our acquisition of Neds and the exit from our business in Switzerland (none of which were reflected in the original targets). In the Committee's view, a level of vesting of 81.8% for this part of the award is a fair and reasonable outcome.

As an additional check, the Committee assessed whether Entain's overall performance over the three years justified the combined vesting level of 89.8%. In doing so, they took into account the Company's financial and operational achievements over this period, our share price performance, and other considerations such as the progress we have made with our responsible betting and gaming and sustainability programmes. The Committee found it particularly reassuring that over the period:

- We have seen growth and market share gains in all our major markets and BetMGM, our joint venture in the US, is now live in 12 states with strong momentum as a leading player in that market.
- The Company's share price had increased by 22.5% from 1 January 2018 to 31 December 2020, despite headwinds from Covid-19 in the final year.
- We announced a clear new strategy for sustainability, growth and innovation in November 2020, launching a wide range of targeted initiatives in these areas.

All of these factors gave the Committee comfort that a vesting outcome of 89.8% of maximum was fair and reasonable, and appropriately reflected Entain's performance and value delivered to shareholders over the period.

The LTIP awards granted in 2018 had not vested at the time this report was finalised, and so the reported value has been based on the average share price in the last three months of the financial year, which was 1,035.3p. The maximum value of the awards and the value of the awards included in the single figure of remuneration table is set out below.

	LTIP shares under award[1]	Maximum value of award achievable	% vesting	LTIP shares vesting	Value of shares vesting
R Wood	29,043	£300,682	89.8%	26,080	£270,006
K Alexander	131,447[2]	£1,360,871	89.8%	118,039	£1,222,058

1. Shay Segev will leave employment before the vesting date of the 2018 LTIP award and so the grant of 153,180 shares made to him will lapse.
2. The original number of shares granted to Kenneth Alexander was 225,338. On his retirement on 17 July 2020, 93,891 shares lapsed due to the application of time pro-rating.

Share awards granted during 2020 (audited)

The table below sets out share awards granted to the Executive Directors during 2020 under the LTIP and the Annual & Deferred Bonus Plan (ADBP).

Name	Award type	Grant date	Face value of award	Shares awarded	% vesting at threshold performance	% vesting at maximum performance	Performance conditions
S Segev	LTIP	10 June 2020	£1,593,372	202,770[1]	25%	100%	See below
R Wood	LTIP	10 June 2020	£1,075,000	136,803	25%	100%	See below
	ADBP[2]	10 June 2020	£329,231	39,067	n/a	n/a	None
K Alexander	LTIP	10 June 2020	£2,448,000	311,529	25%	100%	See below
	ADBP[2]	10 June 2020	£1,000,000	118,663	n/a	n/a	None

1. The award made to Shay Segev will lapse when he leaves employment.
2. Consistent with the Directors' Remuneration Policy, 50% of an Executive Director's annual bonus is deferred into shares under the ADBP. The ADBP awards shown above have been granted in respect of the annual bonuses for the 2019 financial year. This award will normally vest on 10 June 2023, being the third anniversary of the award date, subject to continued employment. The number of shares was calculated in line with the Plan rules based on a share price of 842.7p, being the average price measured over the last three months of 2019.

2020 Long-Term Incentive Plan

For the 2020 LTIP, the Committee wished to increase the emphasis on how we perform relative to peers, while not losing sight of our overall performance against the broader market. As a result, the relative TSR weighting for the 2020 awards was increased from 50% to two-thirds, with the measurement split equally between the FTSE 51-150 and a new bespoke group of sectoral peers. The remaining one-third remained based on cumulative EPS, a key financial indicator for the business. Performance for these awards will be measured over the period 1 January 2020 to 31 December 2022.

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative TSR vs. FTSE 51-150	One-third	Median	Upper quartile
Relative TSR vs. bespoke peer group[1]	One-third		
Cumulative adjusted EPS	One-third	267p	295p
		Straight-line vesting between threshold and maximum	

1. The bespoke peer group comprises the following companies for the 2020 awards: 888 Holdings, Betsson, Evolution Gaming Group, Flutter Entertainment, Gamesys, International Game Technology, Kindred Group, Playtech, Rank Group, TabCorp Holdings, The Stars Group, and William Hill.

The Committee was comfortable that the EPS targets represented stretching performance, with management required to deliver three-year CAGR in EPS of 23% to reach maximum vesting.

At the time the LTIP awards would usually have been made (March 2020), we were in the middle of the initial impact of the Covid-19 pandemic. As a result, the Entain share price had fallen significantly. The Committee was conscious that granting at that point could have led to unintended gains at vesting given an artificially low grant price. As such, the grant was postponed until June, by which time the share price had substantially recovered. Nevertheless, the terms of the awards still provide the Committee with the ability to review the outcome at vesting and to make appropriate adjustments if it concludes that participants have benefited from 'windfall gains'.

Shareholdings and share interests (audited)

Shareholding guidelines

Executive Directors are required to maintain a shareholding as determined by the Committee and retain this for a period of time following cessation from the role. Executive Directors are expected to build up their shareholding over a period of five years from the date of appointment as an Executive Director (or, if later, from the date of any change to the terms of the shareholding requirement). Shares that count towards the requirement are those that are beneficially owned, any vested share awards subject to a holding period and unvested deferred bonus shares (on an after-tax basis). The current shareholding requirements are:

- CEO – 400% of base salary.
- Other Executive Directors – 200% of base salary.

In line with the provisions of the UK Corporate Governance Code, the Committee has implemented post-employment shareholding requirements for the Executive Directors to ensure that they remain aligned with shareholders for a period after they step down from the Board. The Committee expects Executive Directors to maintain 100% of their guideline (or their actual holding if lower) for two years following departure, and this was applied in practice for the departure of Kenneth Alexander during the year. Shares purchased by the Executive Directors out of their own funds will not count towards these guidelines. To assist in the implementation of the post-employment shareholding guideline our policy includes the potential to require leavers to deposit the requisite number of shares into a trust or nominee arrangement. In the case of good leavers, future vestings may be made subject to adherence to the shareholding requirement.

Share interests

As at 31 December 2020, the value of Shay Segev and Rob Wood's beneficial shareholdings were £18.8m and £0.5m respectively. Shay's shareholding significantly exceeds his requirement of 400% of salary. Following his promotion to the Board in 2019, Rob Wood continues to build up his holding in Entain shares.

Executive Directors' share interests as at 31 December 2020 are set out below.

		Share interests subject to performance conditions		Share interests not subject to performance conditions				
Director	Number of beneficially owned shares[1]	Share awards	Share options	Share awards	Share options[2]	Total interests at 31 December 2020	Value of shares held as a % of base salary[3]	Shareholding requirement met?
S Segev[4]	1,602,800	–	663,958	–	53,352	2,320,110	2,781%	Yes
R Wood	25,500	362,890	–	39,067	–	427,457	102%	No
K Alexander[5]	1,500,000	283,571	–	328,532	184,163	2,296,266	n/a	n/a

1. Beneficially owned shares include shares held directly or indirectly by connected persons. The value of £18.8m and £0.5m for Shay Segev and Rob Wood respectively is based on the closing share price at 31 December 2020 (1,133.5p). There were no changes in the number of beneficially owned shares for any Executive Director between 31 December 2020 and the date this report was signed.
2. Share options, not subject to performance conditions, are those which vested under the 2017 LTIP award and had not been exercised at 31 December 2020.
3. In line with our shareholding policy, the value of shares held as a percentage of base salary includes shares owned by the Executive Director, the after-tax shares held under the Annual & Deferred Bonus Plan and any vested but not exercised LTIP 2017 awards. The value of shareholding is based on the closing share price at 31 December 2020 (1,133.5p).
4. The 663,958 share options held, subject to performance conditions, by Shay Segev at 31 December 2020, will lapse when he leaves employment.
5. As a former Executive Director, the beneficially owned shares column for Kenneth Alexander reflects the position on 17 July 2020, the date he retired from the Board.

Executive Directors' service contracts and external appointments

Executive Directors have rolling contracts, terminable by either party giving the appropriate notice.

Director	Date appointed	Arrangement	Notice period
J Nygaard-Andersen	21 January 2021	Service contract	12 months
R Hoskin	1 January 2021	Service contract	12 months
R Wood	5 March 2019	Service contract	12 months

Subject to Board approval, Executive Directors are able to accept appropriate outside non-executive director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Directors concerned may retain fees paid for these services. Jette Nygaard-Andersen is a non-executive director of Coloplast A/S; the other Executive Directors do not currently hold any external appointments.

Payments for loss of office (audited)

Kenneth Alexander

Kenneth Alexander retired from the position of CEO on 17 July 2020, after 13 years with the Group. The Committee gave careful consideration to the treatment of Kenneth's remuneration arrangements, taking into account that Kenneth has subsequently retired from work and has not taken up another full-time role elsewhere:

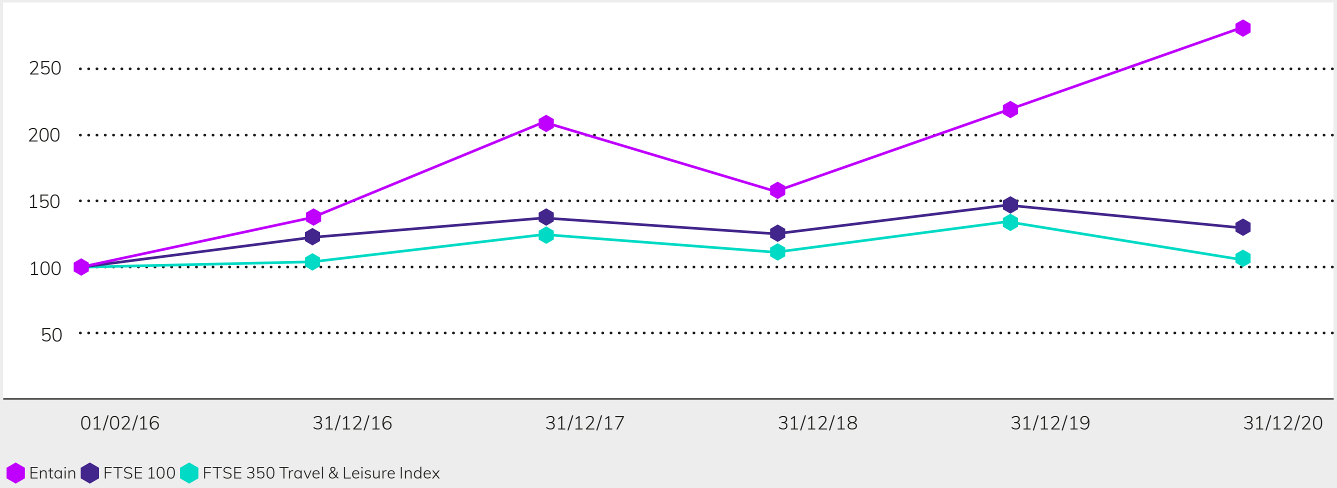
- While Kenneth had a 12-month notice period, the Committee negotiated a reduced payment in lieu of notice of equivalent to six months' salary. Kenneth remained available during this to ensure a smooth handover.
- A payment of £473,908 was made in respect of notice period and untaken holiday.
- Given Kenneth's retirement, the Committee was comfortable that he should be treated as a good leaver in accordance with the Remuneration Policy and the provisions of the ADBP and LTIP plan rules. As such, he retained his outstanding ADBP and LTIP share awards, which will continue to vest over their original timeframes. His LTIP awards were time-apportioned based on time served during the performance period and remain subject to their performance conditions and the two-year holding period. Their malus and clawback provisions will also remain in force.
- In line with our post-employment shareholding requirement policy, Kenneth will be required to meet his full shareholding requirement of 400% of salary for two years following his departure.
- £3,000 (excluding VAT) was paid directly to Kenneth's legal advisers in respect of legal services provided to him in connection with his termination.

Summary of performance

The chart below shows the value of £100 invested in Entain plc since obtaining Main Market listing on 1 February 2016, compared with the value of £100 invested in the FTSE 100 Index and the FTSE 350 Travel and Leisure Index. The FTSE 100 has been chosen on the basis that this is the index in which Entain was a constituent of at the end of 2020.

£100 invested in Entain plc on 1 February 2016 would have been worth £280 at 31 December 2020 compared with £130 if invested in the FTSE 100 and £106 if invested in the FTSE 350 Travel and Leisure Index.

Over the three-year period 1 January 2018 to 31 December 2020 (the period covered by the 2018 LTIP) the total shareholder return (TSR) of Entain shares was 34% compared with -5% for the FTSE 100 and -15% for the FTSE 350 Travel and Leisure Index.



Source: Datastream

Summary of CEO remuneration outcomes: 2015–2020

		December 2020	December 2019	December 2018	December 2017	December 2016	December 2015
	S Segev[1]	K Alexander[2]	K Alexander	K Alexander	K Alexander	K Alexander	K Alexander
Role	CEO	CEO	CEO	CEO	CEO	CEO	CEO
Single figure of total remuneration[3]	£0.3m	£1.68m	£5.23m	£19.10m	£18.21m	£17.83m	£3.41m
Annual bonus pay-out[4] (% maximum)	–	–	100%	92%	100%	–	–
LTIP vesting (% maximum)	–	89.8%	91.1%	–	–	–	–
Legacy award vesting (% maximum)	–	–	–	100%	100%	100%	100%

1. Shay Segev was appointed CEO on 17 July 2020 and stepped down from the Board on 21 January 2021. Shay's 2018 LTIP award will lapse when he leaves employment.
2. Kenneth Alexander retired from the role of CEO on 17 July 2020.
3. Figures for 2015, 2016 and 2017 were previously reported in euros and have been converted into Sterling using an average rate for the relevant year.
4. The Executive Directors waived any entitlement to bonus for 2020 due to the Covid-19 pandemic.

Change in Directors pay for the year in comparison to all Entain colleagues

The table below shows the year-on-year change in salary, benefits and annual bonus earned from 2020 to 2019 for all Executive and Non-Executive Directors and the Chair of the Board, compared to that for Entain's UK colleagues. The comparison is not able to be shown for those individuals who were not in role for the full 12 months of 2019.

Director	Base Salary/Fees	Benefits	Annual bonus
S Segev[1]	–	–	–
R Wood[2]	–	–	–
B Gibson[2]	–	–	–
J Anscombe[3]	(8.5)%	–	–
P Bouchut[3]	(3.8)%	–	–
P Isola[3]	(8.3)%	–	–
S Morana[3]	(5.0)%	–	–
V McDowell[3]	(8.5)%	–	–
J Nygaard-Andersen[2]	–	–	–
D Satz[1]	–	–	–
All colleagues[4]	3.2%	6.7%	(56.3)%

1. Shay Segev and David Satz were appointed to the Board in 2020 and therefore no prior year comparison is available.
2. Rob Wood, Barry Gibson and Jette Nygaard-Andersen joined the Board during 2019. As they were not in role for the full 12 months of 2019, no comparison is shown.
3. Fees for Non-Executive Directors in 2020 were subject to a 20% reduction for three months.
4. All colleague data used is comprised of that used to calculate the CEO pay ratio. To eliminate the impact of changes in colleague numbers year-on-year this has been based on average base salary, benefits and annual bonus data for 2019 and 2020.

Implementation of the Remuneration Policy for Executive Directors in 2021

The table below provides a summary of how the Executive Directors' Remuneration Policy will be implemented in 2021.

Element	Approach
Salary	• CEO (J Nygaard-Andersen from 21 January 2021) – £750,000 • CFO & Deputy CEO – £430,000 until 20 January 2021; increase to £525,000 from 21 January 2021 when appointed Deputy CEO • CGO – £400,000; as agreed on appointment from 1 January 2021 • COO[1] – £500,000: as agreed on appointment • CEO (S Segev until 21 January 2021) – £675,000; no change from salary agreed on appointment in July 2020
Benefits	• No change in how the Policy will be operated • Executive Directors will continue to receive standard benefits such as medical and life insurance cover and car allowance • All colleagues, including the Executive Directors, have the opportunity to participate in a Company-provided pension in line with statutory requirements: – CEO (J Nygaard-Andersen and S Segev) – Opted out of the plan – CFO – 4.5% of salary – CGO – Opted out of the plan – COO[1] – Opted out of the plan
Annual Bonus	• No change in maximum opportunity: – CEO (J Nygaard-Andersen) – 250% of salary – CFO & Deputy CEO, CGO and COO[1] – 200% of salary – CEO (S Segev) – no entitlement to annual bonus for 2021 • On-target pay-out equivalent to 50% of the maximum opportunity • Performance measures – 60% Operating Profit, 25% Growth in Online NGR, 15% Responsible betting and gaming (see page 117) • Half of any bonus award will be deferred into shares for three years • Targets are considered commercially sensitive, but will be disclosed in full in the 2021 DRR
LTIP	• No change in maximum opportunity: – CEO (J Nygaard-Andersen) – 300% of salary – CFO, CGO and COO[1] – 250% of salary – CEO (S Segev) – no entitlement to an LTIP award for 2021 • No change to the performance measures: *Cumulative EPS (1/3rd)* – Threshold vesting – 255p – Maximum vesting – 296p *Relative TSR vs. the FTSE 100 (1/3rd)* – Threshold vesting – median performance – Maximum vesting – upper quartile performance *Relative TSR vs. a bespoke group of sectoral peers (1/3rd)* – Threshold vesting – median performance – Maximum vesting – upper quartile performance – Bespoke peer group of the following companies – 888 Holdings, Betsson, Caesars Entertainment, Evolution Gaming Group, Flutter Entertainment, Gamesys, International Game Technology, Kindred Group, Playtech, Rank Group, TabCorp Holdings
Shareholder Guidelines	• Within-employment shareholding requirements: – CEO – 400% of base salary – CFO, CGO and COO[1] – 200% of base salary • Post-employment shareholding requirements: – Executive Directors are required to maintain 100% of their guideline (or their actual holding if lower) for two years following departure – Shares purchased by the Executive Directors out of their own funds will not count towards these guidelines

1. Sandeep Tiku will be appointed to the Board during 2021.

2021 Annual bonus metrics

The Committee is aware of the importance of, and increasing focus on, ESG performance and the move towards the inclusion of appropriate metrics within incentive plans. For Entain, the most directly relevant ESG factor is responsible betting and gaming and the Committee is pleased to be introducing a metric related to this into the annual bonus for 2021.

Why does the Committee think it is important to include responsible betting and gaming in the annual bonus?

We unveiled our new Sustainability Charter on 12 November 2020, within the strategy presentation provided to the City. Entain's focus on responsible betting and gaming is fundamental to our long-term strategy to deliver sustainability and growth and is instilled in our internal culture and values. At the same event, we launched our new Advanced Responsibility & Care ("ARC") programme, which will utilise our advanced, proprietary technology to continuously enhance and personalise the protection of our customers. Including a measure relating to responsible betting and gaming in our annual bonus highlights just how important this agenda is and sends a strong message about our clear commitment to player protection.

Why does the Committee believe now is the right time to introduce responsible betting and gaming metrics into the annual bonus?

In recent years, the Committee has kept under review the extent to which there has been a suitable responsible betting and gaming metric for inclusion in the annual bonus. With new technology and academic insight available, the Committee is pleased that there are now metrics which allow for a robust, measurable and consistent assessment of our performance in relation to responsible betting and gaming.

How will the new metrics impact remuneration?

15% of the 2021 annual bonus plan will be based on our new global responsible betting and gaming metric.

How will the new metric work?

The metric is aligned to the delivery of new responsible betting and gaming features which enhance our systems and processes, ultimately improving the detection and prevention of problematic play. Specifically, we will be aggregating two measures into the calculation:

- Half (7.5% of the total bonus) will relate to the UK market, with measures based on the Group's progress in rolling out new significantly enhanced protection trackers, within the ARC programme. This will improve our ability to identify and provide tailored support and interactions to those most at risk.
- The other half will relate to international markets. In many cases these markets are less mature and problem gambling solutions are often less developed as a result. By taking our best practice, we can use our learnings elsewhere to improve our player protection offering in these markets. The new measure will track our progress in rolling out new markers and algorithms (bespoke by territory) in at least ten of these markets during 2021.

How will we ensure that the metrics will be robustly measured, reviewed and reflect underlying performance?

To provide the Committee and shareholders with comfort that the outcomes are robust and appropriately reflect underlying performance, the business has engaged EPIC Risk Management – the leading independent gambling harm minimisation consultancy – whose mandate is to review and evaluate the delivery of these projects. In addition, when determining the outcome of this metric, we will also receive input from our ESG Committee, who will have overall oversight of these projects.

Who will this new metric apply to?

To ensure that our approach to responsible betting and gaming becomes ever more embedded into our day-to-day operations, this metric will also be included for all of our colleagues who participate in our Group annual bonus plan.

How will the rest of the annual bonus be determined?

We are retaining profit as a measure in a similar proportion to previous years (60%). This will however move to Operating Profit from EBITDA, reflecting that the latter will become less relevant post-IFRS 16. The remaining 25% will be determined by a Growth in Online Net Gaming Revenue ("NGR") measure, a change from Net Debt. The Committee believes this change is appropriate as NGR is one of our key performance indicators and growing this metric, in particular in relation to our online business, is fundamental to driving shareholder value.

2021 LTIP targets

Minor changes were made to our LTIP performance metrics last year in order to place greater emphasis on our performance relative to our peers. The Committee has reviewed these metrics and is comfortable that they remain appropriate, and so is not proposing any change, other than minor amendments to the TSR comparator groups. The metrics for the 2021 awards will be:

- One-third Cumulative EPS.
- One-third Relative Total Shareholder Return vs. the FTSE 100 (previously the FTSE 51 – 150, reflecting Entain's current membership of the FTSE 100).
- One-third Relative Total Shareholder Return vs. a bespoke group of sectoral peers. (Due to corporate activity, The Stars Group and William Hill have been removed from the group used for the 2020 LTIP award, and Caesars Entertainment has been added.)

The Committee will evaluate the positioning of the share price when it comes to grant the LTIP awards in early 2021. Should uncertainty and volatility related to Covid-19 still be a factor at that time, the Committee will consider the appropriate course of action to ensure that Executive Directors are not provided with the potential for 'windfall gains'.

The EPS target range of 255p – 296p has been set with reference to internal and external forecasts for cumulative EPS, excluding the US joint venture, over the next three years. The Committee considers this to be an appropriately stretching range given that achieving maximum vesting would require a CAGR in EPS of 16% over the three-year performance period. Consistent with 2019 and 2020, the 2021 EPS targets exclude earnings from the Group's US joint venture given the uncertainty around the way in which the US markets will open up, and how soon. As the performance of the US joint venture will form a significant element of the future value of Entain, the Committee believe that this is adequately reflected via the TSR elements of the LTIP (where a US comparator is now included in the bespoke peer group). However, if necessary, the Committee may apply discretion at the end of the performance period to take into account performance in this important new market. Inevitably there are several factors which cannot be known at the time targets are originally set and could impact the 2021 LTIP. These factors might include the impact of corporate activity, material regulatory or tax changes, joint ventures and accounting changes. In each case the Committee retains discretion whether and, if so, how to adjust targets post grant and/or to take the impact into account when determining the performance outcome.

Chairman and Non-Executive Directors

Single figure of remuneration table (audited)

The remuneration of the Non-Executive Directors is shown below.

Non-Executive Directors		Fees[1] £000	Benefits £000	Annual Bonus £000	Long-term incentives £000	Pension £000	Total £000	Total fixed remuneration	Total variable remuneration
Barry Gibson	2020	428	–	–	–	–	428	428	–
	2019	71	–	–	–	–	71	71	–
Lee Feldman[2]	2020	56	–	–	–	–	56	56	
	2019	350	–	–	–	–	350	350	–
Jane Anscombe[3]	2020	101	–	–	–	–	101	101	–
	2019	111	–	–	–	–	111	111	–
Pierre Bouchut	2020	106	–	–	–	–	106	106	–
	2019	110	–	–	–	–	110	110	–
Peter Isola	2020	81	–	–	–	–	81	81	–
	2019	88	–	–	–	–	88	88	–
Virginia McDowell	2020	101	–	–	–	–	101	101	–
	2019	110	–	–	–	–	110	110	–
Stephen Morana	2020	147	–	–	–	–	147	147	–
	2019	155	–	–	–	–	155	155	–
Jette Nygaard-Andersen[4]	2020	85	–	–	–	–	85	85	–
	2019	5	–	–	–	–	5	5	–
David Satz[5]	2020	17	–	–	–	–	17	17	–
	2019	–	–	–	–	–	–	–	–

1. All Non-Executive Directors (who were on the Board at 1 May 2020) agreed to a 20% reduction in their fee for the period 1 May to 31 July 2020.
2. Lee Feldman stepped down from the Board on 27 February 2020.
3. Jane Anscombe stepped down from the Board on 31 December 2020.
4. Jette Nygaard-Andersen was appointed as CEO on 21 January 2021.
5. David Satz joined the Board on 22 October 2020.

Fee structure

The table below sets out the fee structures for 2021 for the Non-Executive Directors and the Chairman of the Board. These are unchanged from those in 2020. In early 2020, the Non-Executive Directors were given the one-off choice to have their fees denominated in either GBP or Euros, and subsequently an equivalent USD fee level was established.

	As at 1 January 2021
Chairman of the Board	£450,000
Senior Independent Non-Executive Director	£155,000
Board member	€100,000 or £85,000 or $117,000
Chair of Audit, Remuneration or ESG Committee	€25,000 or £21,000

Letters of appointment

Non-Executive Directors are appointed under letters of appointment and as such do not have service contracts. Apart from the Chairman of the Board, each Non-Executive Director is subject to an initial three-year term subject to annual re-election at the Company's AGM. All letters of appointment are available for viewing at the Company's registered office and at the AGM.

Director	Date appointed	Arrangement	Notice period
B Gibson	4 November 2019	Letter of appointment	3 months
P Bouchut	13 September 2018	Letter of appointment	3 months
S David	4 March 2021	Letter of appointment	3 months
P Isola	2 February 2016	Letter of appointment	3 months
V Jarman	4 March 2021	Letter of appointment	3 months
V McDowell	6 June 2018	Letter of appointment	3 months
D Satz	22 October 2020	Letter of appointment	3 months

Payments for loss of office (audited)

Lee Feldman stepped down from his role as Chairman of the Board and left the Company on 27 February 2020. The Remuneration Committee approved the following exit terms:

- Lee waived the contractual right under his amended letter of appointment to a 12-month notice period and any associated payment in lieu of notice. No further fees were paid to Lee following his departure date.
- Lee agreed to continue to serve on the BetMGM board of directors, as one of Entain's representatives until 31 December 2020, and to waive any fee for these services.
- In December 2017, Lee received a one-off fee as part of a move to bring his remuneration arrangements into line with best practice for non-executive chairman of FTSE 250 companies. The net-of-tax fee was invested into Entain shares, half of which vested on 13 December 2019, and half of which remained outstanding at the time of his departure. Vesting was conditional on Lee continuing as Chairman throughout this period, which was the intention at that time. The revised UK Corporate Governance Code brought in new provisions around the length of tenure for board chairmen, with the result that Lee stood down earlier than originally envisaged. Taking into account these circumstances, coupled with Lee agreeing to waive his contractual notice period and serve on the BetMGM board until December 2020 for no compensation, the Remuneration Committee determined to treat Lee as a good leaver for the second tranche of these shares. As such, 26,134 shares vested and were released to him on 13 December 2020. These had a market value of £275,714.

Share interests (audited)

Non-Executive Directors' share interests as at 31 December 2020 are set out below. With the exception of David Satz who only joined the Board in October 2020, all Non-Executive Directors hold shares with a value in excess of one times their annual fee.

Director	Number of beneficially owned shares[1]
B Gibson	66,487
L Feldman[2]	287,408
J Anscombe	17,169
P Bouchut	38,500
P Isola	36,135
V McDowell	15,000
S Morana	34,184
J Nygaard-Andersen	9,900
D Satz	–

1. Beneficially owned shares include shares held directly or indirectly by connected persons. There were no changes in the number of shares owned outright for any Non-executive Director between 31 December 2020 and the date this report was signed.
2. As a former Non-executive Director, the beneficially owned shares for Lee Feldman reflects the position on 27 February 2020, the date he retired from the Board.

The Remuneration Committee

Role of the Committee

The Committee assists the Board in fulfilling its responsibility to shareholders to ensure that the remuneration policy and practices for Executive Directors and senior executive management rewards fairly and responsibly to support the strategy and promote the long-term success of the Company. It further oversees the Company's overall remuneration strategy and ensures it is aligned to the Company's purpose and values and is clearly linked to the successful delivery of the Company's long-term strategy.

Committee membership and attendance

Committee members during 2020	Independent	Meetings attended/ eligible to attend
J Anscombe	Yes	8/8
V McDowell	Yes	7/8
S Morana	Yes	8/8
J Nygaard-Andersen[1]	Yes	7/7

1. Jette Nygaard-Andersen joined the Remuneration Committee in February 2020 and stepped down in January 2021 on her appointment as CEO.

During the year, there were five scheduled Committee meetings and three calls called at shorter notice. Following the Chairman's review of the Board's way of working, it is intended that there will be six scheduled meetings in 2021, with ad hoc calls as required.

None of the Committee members or attendees is involved in any Committee decisions from which they may financially benefit personally (other than as shareholders) in the decisions made by the Committee. The Chief Executive Officer, Chief Financial Officer & Deputy CEO, Chief People Officer and the Director of Reward may attend meetings at the invitation of the Committee but are not present when their own remuneration is being discussed. The Company Secretary acts as the secretary to the Committee.

Key responsibilities

- Recommending to the Board the remuneration policy for Executive Directors and senior management.
- Setting the remuneration packages for each Executive Director.
- Setting the remuneration package for the Chairman of the Board.
- Overseeing the remuneration policy for all colleagues.

The Committee's terms of reference can be found on the Company's website at www.entaingroup.com.

Activities

- Approval of the 2019 Directors' Remuneration Report.
- Determination of the pay-outs from the 2019 annual bonus arrangements and the 2017 LTIP awards.
- Approval of targets for the 2020 annual bonus plan.
- Approval of the 2020 LTIP awards and their associated performance measures and targets.
- Review and approval of the 2019 Gender Pay Report.
- Review of shareholder feedback received in relation to Directors' remuneration following the 2020 AGM.
- Consideration of the impact of Covid-19 on remuneration arrangements, both in the external market and within the Group.
- Approval of the leaver terms for Kenneth Alexander and the appointment terms for Shay Segev and Robert Hoskin.
- Review of performance metrics for the 2021 annual bonus plan.
- Receiving updates on external market developments in remuneration and governance.
- Evaluation of the Remuneration Committee.
- Approval of the Executive Director Shareholding Policy including post-employment shareholding requirements.
- Receiving updates on all-colleague remuneration arrangements throughout the Group, including the launch of the Entain Sharesave plan.
- Review of salaries and remuneration packages for senior executives and fees for the Chairman.

Remuneration Committee evaluation

The Committee undertook an annual review of its effectiveness through an online questionnaire administered by an external facilitator (Lintstock). The review concluded that the Committee was performing strongly and that members felt they received detailed and timely feedback of shareholder views and the dynamics of the wider pay environment. Areas of focus for 2021 included training on a wider range of incentive schemes and the potential recruitment of another Committee member with experience of UK listed company remuneration.

Advice to the Committee

Advisers are appointed independently by the Remuneration Committee, which reviews its selection periodically and is satisfied that the advice it receives is independent, objective and free from conflicts of interest. The total fees paid to the Committee's advisor, Deloitte, in respect of 2020 were £99,125. These were charged on a time and materials basis. Deloitte's advice included advice in relation to the impact of Covid-19 from a remuneration perspective, provision of market data, and general guidance on market and best practice. Deloitte LLP also provided a range of tax and advisory services to Entain during the year, support in certain technology areas and support for the Group's internal audit function.

Deloitte are signatories to the Code of Conduct for Remuneration Consultants in the UK, details of which can be found on the Remuneration Consultants Group's website at www.remunerationconsultantsgroup.com.

Management's advice to the Committee was also supported by the provision of market data from Deloitte and Willis Towers Watson and legal advice from Addleshaw Goddard.

Shareholder voting and consideration of shareholder views

The 2019 Annual Statement from the Remuneration Committee Chair and the Annual Report on Remuneration were subject to an advisory vote at the AGM on 24 June 2020. The Directors' Remuneration Policy was subject to a binding vote at the same meeting.

Resolution	Date	Votes for	% of Votes for	Votes against	% of Votes against	Votes withheld
Annual Report on Remuneration	24 June 2020	450,595,145	93.25%	32,620,980	6.75%	595,642
Remuneration Policy Report	24 June 2020	458,789,615	94.95%	24,425,820	5.05%	596,332

J M Barry Gibson
Chairman

4 March 2021

Directors' Report

The Directors present their annual report on the affairs of the Group for the year ended 31 December 2020.

On 6 February 2020, the Company relocated its place of management and control and consequently its tax residence to the United Kingdom.

Principal activity

Entain plc (the "Company") and its subsidiaries (together the "Group") is a major international sports-betting and gaming company operating both online and in the retail sector.
The Company is registered as a public limited company under the Isle of Man Companies Act 2006 and is listed in the Premium category on the Main Market of the London Stock Exchange.

Results and future performance

A review of the Group's results and activities is covered within the Strategic Report on pages 6 to 77. This incorporates the Chairman's statement, Chief Executive and Chief Financial Officer's review, which include an indication of likely future developments.

Key performance indicators

Key performance indicators in relation to the Group's activities are continually reviewed by senior management and are presented on page 25.

Dividends

A proposed second interim dividend of 17.6 pence per share, amounting to £102.5m in respect of the year ended 31 December 2019 was proposed by the Directors on 5 March 2020. On 6 April 2020 the Group announced that the 2019 second interim dividend would be withdrawn due to the ongoing uncertainty surrounding Covid-19, subsequently no interim dividends have been declared with respect to the year ended 31 December 2020.

The Board recognises the importance of dividends for shareholders and will consider dividend payments with future results.

Corporate Governance

The Directors recognise the importance of sound corporate governance and their associated report is set out on pages 80 to 89. The information in that section is deemed to form part of this Report and so fulfils the requirements of the corporate governance statement for the purposes of DTR 7.2.1.

As a company quoted on the Premium Main Market of the London Stock Exchange, the Company has adopted the 2018 UK Corporate Governance Code ("Code"), as amended from time to time, and will seek to comply with premium listed company norms to the extent appropriate for the size and nature of the Company.

Engagement with Employee Statements

This element of reporting is discussed in the s172 Statement on page 32 and on pages 86 to 88.

Engagement with Stakeholder Statement

This element of reporting is discussed in the s172 Statement on pages 32 to 33 and on pages 86 to 88.

Customer and creditor payment policy

The Group is committed to prompt payment of customer cash-out requests and maintains adequate cash reserves to cover customer withdrawals and balances. Normally payments will be made to customers within seven days of receiving a customer instruction. In the case of other creditors, it is the Group's policy to agree terms at the outset of a transaction and ensure compliance with such agreed terms. In the event that an invoice is contested then the Group informs the supplier without delay and seeks to settle the dispute quickly.

During 2020, the Group appointed a Customer Ombudsman Director.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders.

Directors

The Directors of the Company who were in office during the year, are disclosed on page 84.

The Company's Articles of Association provide that any new Director appointed by the Board during the year, having not been previously elected by shareholders, may hold office only until the next AGM, when that Director must retire and stand for election at the meeting. The Articles also require one third of the Directors not newly appointed since the last AGM to seek re-election. In compliance with the recommendation of the 2018 Code, all Directors will seek reappointment at the 2021 AGM, as they did in 2020.

Directors' remuneration

Both Executive Directors have Service Agreements and all the Non-Executive Directors have Letters of Appointment and the details of their key terms are set out in the Directors' Remuneration Report. Details of remuneration of each Director are provided in the Remuneration Report on pages 102 to 121.

Powers of directors

Subject to company law and the Company's articles, the Directors may exercise all of the powers of the Company and may delegate their power and discretion to Committees. The articles give the Directors power to appoint and replace Directors.

Directors' interests

The Directors' report on remuneration on pages 102 to 121 provides details of the interests of each Director, including details of current incentive schemes and long-term incentive schemes, the interests of Directors in the share capital of the Company and details of their share interests as at 31 December 2020.

Conflicts of interest

On appointment, each Director must notify the Company of their external board appointments, other significant commitments and any actual or potential conflicts of interest. Each Director is required to disclose actual or potential conflicts of interests to the Board and where actual or potential conflicts of interest arise, the relevant Director does not receive Board papers and is excluded from discussions and voting on the subject matter that gives rise to the conflict. The Board has a policy to identify and manage Directors' conflicts or potential conflicts of interest.

Directors' Indemnities

The Company has entered into deeds of indemnity with each of the Directors, which comply with the Isle of Man Companies Act 2006.

Share capital

Details of the Company's authorised and issued share capital, together with details of the movement therein, are set out in note 28 to the financial statements. This includes the rights and obligations attaching to shares and restrictions on the transfer of shares.

Substantial shareholdings – Interests in voting rights

As at 26 February 2021, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules of the following interests in the Company's Shares:

Shareholder	Number of Shares	% of Issued Share Capital & Total Voting rights[1]
BlackRock Inc	41,490,764	7.09%
Sands Capital Mgt	38,940,987	6.65%
Standard Life Aberdeen	33,832,763	5.78%
The Capital Group Companies, Inc	29,733,629	5.08%
AXA SA	25,709,081	4.39%
The Vanguard Group	21,819,621	3.73%

1. The Company had 585,231,010 ordinary shares in issue on 26 February 2021.

Use of financial instruments

The risk management objectives and policies of the Group are set out within note 25 of the financial statements.

Political donations

The Company did not make any political donations or incur any political expenditure during 2020 (2019: Nil).

Insurance

The Company maintains a directors and officers' liability insurance policy in respect of any legal costs that may be incurred against the Directors in dealing with any legal claims or investigations.

Annual General Meeting

The date and full details of the Company's 2021 AGM will be announced in due course.

Independent Auditors

KPMG LLP ("KPMG") has expressed its willingness to continue in office as auditor and a resolution to re-appoint KPMG will be proposed at the forthcoming AGM.

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board:

J M Barry Gibson
Chairman

4 March 2021

Financial statements

Financial statements

Independent Auditor's Report to the members of Entain plc

1 Our opinion is unmodified

We have audited the financial statements of Entain PLC (formerly GVC Holdings PLC) ("the Company") for the year ended 31 December 2020 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Income Statement, the Company Statement of Changes in Equity, and the related notes, including the accounting policies in Note 4.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's profit and parent Company's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

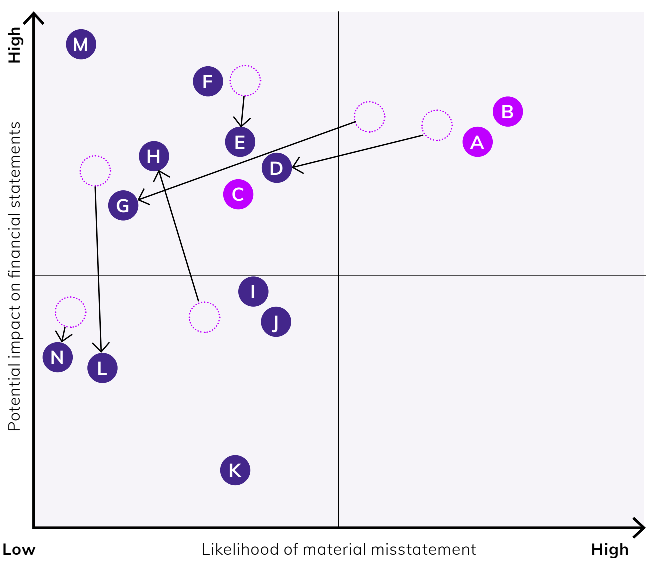
We were first appointed as auditor by the shareholders on 6 June 2018. The period of total uninterrupted engagement is for the three financial years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members, as a body, may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Dynamic Audit planning tool

(Relative significance of audit risks before taking account of controls)



- **A** Revenue recognition from online operations
- **B** Gaming taxes in immature markets
- **C** Recoverability of parent Company's investments in subsidiaries and receivables due from Group entities (Parent Company only)
- **D** Goodwill, intangible assets and PPE impairment assessment
- **E** Valuation of the Group's Gala Coral defined benefit pension
- **F** Management override of controls
- **G** Disclosure – APMs including separately disclosed items
- **H** Provisions/contingent liabilities for litigation and/or breaches of laws and regulations
- **I** Revenue recognition from UK Retail
- **J** Direct taxation
- **K** Share based payments
- **L** Contingent consideration
- **M** Going concern and Long Term Viability Statement
- **N** The impact on uncertainties due to UK exiting the European Union

Key audit matter   Other risks

Change compared to prior year

We continue to perform procedures over: impairment of Goodwill, intangible assets and PPE; and, Alternative Performance Measures ("APMs") including separately disclosed items. However, following the improved performance of the Group's Online Cash Generating Units, and the reduced complexity of APMs given the current year and prior year results now both include the impact of IFRS 16, we have not assessed either of these risks as the most significant risks in our current year audit and, therefore, they are not separately identified in our report this year.

Revenue recognition from online operations (2020: £2680.6 million, 2019: £2116.1 million)

Refer to page 144 (accounting policy) and pages 145 to 147 (financial disclosures).

The risk (Data capture and processing error or fraud – Revenue from online operations): risk vs 2019 ←→ – The Group has a number of income streams across its online operations, and the accuracy and completeness of the amounts recognised from these income streams is largely dependent on the effectiveness of the operational controls, including anti-fraud controls, in place.

Revenue streams for many of the Group's products are computed and recorded on highly complex IT systems, with the key elements being the gaming and sports betting platforms, customer wallets, the data warehouse, and the financial accounting systems. There are a number of different bases for calculating revenue and, in particular, there is a risk the Group's in-house developed IT systems, which aim to correctly calculate revenues and appropriate wins and losses, as applicable, may not be configured correctly from the outset such that commissions or winning and losing bets are calculated incorrectly.

Historically, the Group's gaming and sports betting revenue and customer wallets have been managed by a combination of in-house and third-party systems. During the year, customer wallets and gaming operations were migrated to the Group's in-house developed IT systems and therefore there is a risk that this migration was not performed completely and accurately. Sports betting platforms continue to be hosted by a combination of in-house and third-party systems.

In addition, the Group's divisions are dependent on their core finance processes and controls to accurately report and reconcile revenue transactions between the gaming and betting platforms, the data warehouse and the financial systems, and there is a risk that the customer-facing and financial information systems may not interface correctly and that unauthorised changes may be made, which may result in the misstatement of revenue.

Our response – Our procedures included:

Control operation: For the Group's in-house systems we utilised our own IT specialists to assess the general IT controls ("GITCs") related to access to programs and data, program change and development and computer operations. Whilst we found GITCs to be effective for systems managing gaming revenue and customer wallets, our testing in the prior year identified weaknesses in the design of GITCs for some of the Group's data transfer systems; whilst some steps have been taken in the year to remediate weaknesses identified in the prior years the remediations were not in place for all of 2020. As a result, we expected that we could not rely on GITCs for some of the Group's IT systems. Where GITCs were not operating effectively over in-house systems handling the transfer of data, we planned to test the operating effectiveness of compensating manual controls reconciling the accounting records to the third party systems, and to perform substantive testing to reconcile all revenue data recorded in the general ledger to the transactions in the gaming and sports betting platforms or to third party data.

Data comparisons: Where GITCs over in-house managed systems handling the transfer of data were not designed and implemented effectively, we compared the amounts of revenue in the accounting records against the amounts reported in the platforms for each month and by label and fully reconciled the information between systems.

Where systems are hosted by third parties, we obtained an understanding of the nature of the services being provided and performed audit procedures to assess whether the third party services were operating as intended. For revenues generated by third party systems, for the period prior to migration or for the entire year (where systems were not migrated), we compared the amounts of revenue in the accounting records against the amounts reported directly to us by the third parties and reconciled the information.

For the systems migrations in the year, we performed inquiry to confirm that testing was completed by management over the migration of data from third party systems to in-house systems and performed our own data comparisons to test that data had been transferred accurately.

Tests of details (tracing and vouching): We assessed the appropriateness of revenue recognised by:

- Tracing a sample of betting transactions through the online betting systems or to third-party systems (when outsourced), and assessing that they are appropriately recorded within the financial information systems at the transaction level;
- Testing a sample of betting transactions recognised in the period from the accounting records back to source data and reperforming the outcome of the transaction;
- Where customer wallets are managed by third parties, assessing the appropriateness of cash transferred between the payment service providers to corporate cash by reconciling the total revenue amounts reported by key IT systems to the amount transferred from the payment service provider to corporate cash and testing a sample of these settlements by agreeing the amounts to the relevant bank information;
- Testing a sample of items comprising the customer liability balance and agreed the amounts recorded to the individual customer wallet at the end of the financial period; and
- Obtaining external confirmation of client funds held in the payment service providers and reconciling the obtained bank balance confirmation to the customers' betting accounts, where external confirmations were not available we performed alternative procedures.

Assessing transparency: We also considered the adequacy of the Group's disclosures in respect of revenue.

Our findings – Our testing identified no material errors in the recording of revenue transactions for the Online businesses (2019: no material errors identified).

Gaming taxes in immature markets (2020 provision: £13.3 million, 2019 provision: £49.3 million; 2020 prepayment: £130.4 million, 2019 prepayment: £116.0 million)

Refer to page 93 (Audit Committee Report), page 139 (accounting policy) and pages 139 and 160 (financial disclosures).

The risk (Subjective judgement – Gaming tax provisions and prepayments): risk vs 2019 ←→ – The business operates in a number of jurisdictions which have different gaming tax and duty regimes. For some markets in which the Group now operates or operated in the past, the tax regulations dealing specifically with online gaming businesses might not yet be formed, are unclear or continue to evolve. Changes in gaming tax and duty regimes can be announced suddenly and applied retrospectively and in these instances the Directors are required to exercise a level of judgement surrounding the interpretation and application of the tax laws which may differ from that of relevant tax authorities. The amounts involved are potentially significant, and determining the amount, if any, to be provided as a liability, can be subjective.

This leaves the Group exposed to risk of failure to appropriately record provisions for gaming taxes and duty as a result of incorrect interpretation of the relevant legislation.

Our response – Our procedures included:

Enquiry of regulators: We requested and obtained circularisations from the gaming regulators from the key jurisdictions in which the Group operates to confirm whether the Group was up to date with its filing requirements and payment of gambling duties.

Benchmarking assumptions: We compared the Group's assessment of the level of exposure arising from changes in gaming tax legislation to third party evidence, such as the relevant tax authorities' public announcements. We assessed the potential impact on the Group in light of the degree of uncertainty and level of gaming revenue in each country to confirm that the only country identified with a significant exposure subject to a high degree of judgement was Greece.

Tests of details: We reviewed the Group's calculation of gaming tax and duty costs in the period and provisions and prepayments at the period end and assessed whether the relevant calculations had been performed accurately using the appropriate tax/duty rates. In particular we verified that provisions for Greek gaming taxes in relation to years remaining open to audit were calculated on a consistent basis to tax assessments for years already agreed with the Greek Tax authorities.

Assessing the credentials of third party tax experts: We assessed the competence and objectivity of third party experts engaged by the Group to advise on the legal position of any claims received by tax authorities; for the year ended 31 December 2020 this was in relation to legal advice given in relation to litigation with respect to Greek gaming taxes for the years 2010 and 2011.

Our tax expertise: Using our own indirect tax specialists in Greece, we determined whether advice received from third party experts is reasonable given the correspondence with the tax authorities and interpretation of the relevant legislation. We also used our own indirect tax specialists in Greece to assess whether management representations, regarding the basis of Greek gaming tax assessments for years where gaming tax audits are now closed, are consistent with confirmations received from the Greek Tax authorities.

Assessing transparency: We considered the appropriateness of the judgements taken and adequacy of the Group's disclosures in respect of key tax exposures, notably in relation to the judgement over the ongoing Greek gaming tax litigation for 2010 and 2011 and the recoverability of the related prepayments for amounts paid to the Greek tax authorities.

Our findings – In determining the treatment of gaming taxes there is room for judgement and we found that within that, the Group's judgement was balanced (2019: balanced).

In particular, with respect to the accounting for Greek gaming tax we note that the outcome could vary significantly in the future depending on the outcome of the ongoing litigation for the years 2010 and 2011. Our testing did not identify any indicators of management bias in the judgements over Greek gaming tax. We found that the disclosures regarding Greek gaming taxes were light (2019: light).

Recoverability of parent Company's investments in subsidiaries and receivables due from Group entities (Parent Company only): (2020 carrying value: £5,018.4 million, 2019 carrying value: £4,870.4 million)

Refer to pages 176 and 188 (Company accounting policy) and page 184 (Company financial disclosures).

The risk (Recoverability of parent Company's investments in subsidiaries and receivables due from group entities): risk vs 2019 ↓ – The carrying amount of the parent Company's investments in subsidiaries and of the intra-group debtor balance together represents 99% (2019: 99%) of the parent Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.

We performed the tests below rather than seeking to rely on any of the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our response – Our procedures included:

Benchmarking assumptions: We challenged the assumptions used in the cash flows included in the budgets based on our knowledge of the Group and the markets in which the subsidiaries operate.

Historical comparisons: We assessed the reasonableness of the budgets by considering the historical accuracy of the previous forecasts.

Our sector experience: We evaluated the current level of trading, including identifying any indications of a downturn in activity, by examining the post year end management accounts and considering our knowledge of the Group and the market.

Comparing valuations: We compared the carrying value of the parent Company's investments in subsidiaries and receivables due from group entities to value in use calculations for the relevant CGUs and to the market capitalisation of the Group.

Assessing transparency: We assessed the adequacy of the parent Company's disclosures in respect of investments in subsidiaries and group debtor balances.

Our findings – We found the company's conclusion that there is no impairment of investments in subsidiaries and intercompany receivables to be balanced (2019: balanced).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £20 million (2019: £20 million), determined with reference to a benchmark of Group revenue (of which it represents 0.6% (2019: 0.6%)). We consider revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax.

Materiality for the parent Company financial statements as a whole was set at £8 million (2019: £10 million), determined with reference to a benchmark of total assets, of which it represents 0.2% (2019: 0.2%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality for the Group and parent company was set at 75% (2019:75%) of materiality and 75% (2019 : 60%) of materiality respectively for the financial statements as a whole, which equates to £15 million (2019 : £15 million) for the Group and £6 million (2019 : £6 million) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £1 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's ten (2019: ten) components, we subjected four (2019: four) to full scope audits for Group purposes. For the residual 6 components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The component materialities ranged from £8 million to £14 million (2019: £10 million to £12 million), and were determined having regard to the mix of size and risk profile of the Group across the components.

The work on all of the components (2019: all of the components), including the audit of the parent company, was performed by the Group team.

Full scope: revenue 79% (2019: 80%) underlying EBITDA 77% (2019: 86%) profit before tax 87% (2019: 93%), Net assets 99% (2019: 96%).

4 Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

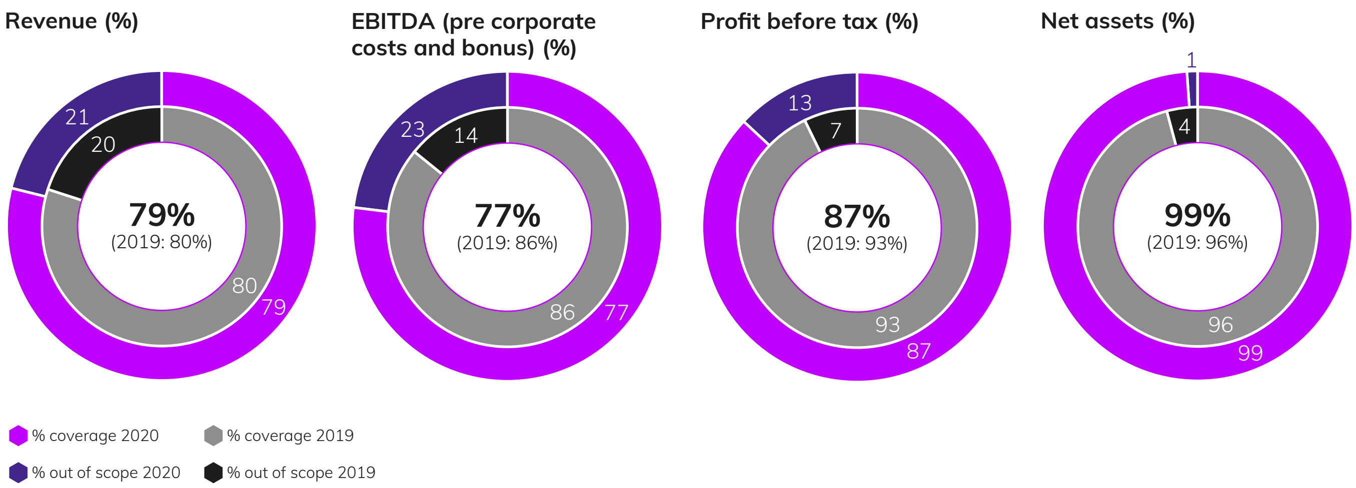
We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The impact of significant changes in regulation affecting the Group's ability to operate in certain territories; and
- The impact of a significant business continuity issue affecting the Group's operating systems for a significant portion of the going concern period.

We also considered less predictable but realistic second order impacts, such as political or policy changes that could affect demand in the Group's markets.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 2 to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and, dependencies, and related sensitivities.



Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee and remuneration committee minutes.
- Considering remuneration incentive schemes and performance targets for directors and how these are impacted by separately disclosed items.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Consulting forensic professionals to assist us in identifying fraud risks based on discussions of the circumstances of the Group.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue from the Group's online operations is recorded incorrectly, that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as provisions for gaming tax obligations, provisions for impairment and pension assumptions.

Further detail in respect of Online revenue recognition and gaming provisions is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included: unusual revenue pairings; unusual journals with a credit or debit to entry to cash; and, unusual journals in seldom used pairings.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery and corruption, recognising the nature of the Group's operations, and responsible betting and gaming legislation across all of the territories where the group generates material revenues. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Directors' remuneration report

In addition to our audit of the financial statements, the Directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the Directors have decided to prepare as if the Company was required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the UK Companies Act 2006, as if those requirements applied to the Company.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 76 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 67, the directors are responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Section 80 (c) of the Isle of Man Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Harper
Responsible Individual
for and on behalf of KPMG LLP
Chartered Accountants and Recognised Auditors
15 Canada Square
London
E14 5GL

4 March 2021

Consolidated income statement

for the year ended 31 December 2020

	Notes	2020 Underlying items £m	2020 Separately disclosed items (note 6) £m	2020 Total £m	2019 (restated)[4] Underlying items £m	2019 (restated)[4] Separately disclosed items (note 6) £m	2019 (restated)[4] Total £m
Net Gaming Revenue		3,628.5	–	3,628.5	3,632.7	–	3,632.7
VAT/GST		(66.9)	–	(66.9)	(54.6)	–	(54.6)
Revenue	5	3,561.6	–	3,561.6	3,578.1	–	3,578.1
Cost of sales	7	(1,253.0)	–	(1,253.0)	(1,209.3)	–	(1,209.3)
Gross profit		2,308.6	–	2,308.6	2,368.8	–	2,368.8
Administrative costs	7	(1,718.9)	(170.6)	(1,889.5)	(1,839.0)	(686.7)	(2,525.7)
Contribution		1,740.2	–	1,740.2	1,874.9	–	1,874.9
Administrative costs excluding marketing		(1,150.5)	(170.6)	(1,321.1)	(1,345.1)	(686.7)	(2,031.8)
Group operating profit/(loss) before share of results from joint ventures and associates		589.7	(170.6)	419.1	529.8	(686.7)	(156.9)
Share of results from joint ventures and associates	16,17	(60.2)	–	(60.2)	(9.2)	–	(9.2)
Group operating profit/(loss)		529.5	(170.6)	358.9	520.6	(686.7)	(166.1)
Finance expense	8	(76.5)	(5.3)	(81.8)	(88.5)	(14.1)	(102.6)
Finance income	8	2.3	–	2.3	2.4	–	2.4
(Losses)/gains arising from change in fair value of financial instruments	8	(61.8)	–	(61.8)	17.6	–	17.6
(Losses)/gains arising from foreign exchange on debt instruments	8	(42.9)	–	(42.9)	84.3	–	84.3
Profit/(loss) before tax		350.6	(175.9)	174.7	536.4	(700.8)	(164.4)
Income tax	10	(63.0)	2.1	(60.9)	(46.4)	79.6	33.2
Profit/(loss) from continuing operations		287.6	(173.8)	113.8	490.0	(621.2)	(131.2)
Loss for the year from discontinued operations after tax	21	(14.4)	(20.0)	(34.4)	(0.6)	(8.9)	(9.5)
Profit/(loss) for the year		273.2	(193.8)	79.4	489.4	(630.1)	(140.7)
Attributable to:							
Equity holders of the parent		251.6	(193.8)	57.8	476.4	(630.1)	(153.7)
Non–controlling interests		21.6	–	21.6	13.0	–	13.0
		273.2	(193.8)	79.4	489.4	(630.1)	(140.7)
Earnings per share on profit/(loss) for the year from continuing operations		63.5p		15.8p	65.2p		(24.8)p
From profit/(loss) for the year[1]	12	61.0p		9.9p	65.1p		(26.4)p
Diluted earnings per share on profit/(loss) for the year from continuing operations		62.8p		15.6p	64.3p		(24.8)p
From profit/(loss) for the year[1]	12	60.4p		9.8p	64.2p		(26.4)p
Proposed dividends	11			–			17.6p
Memo							
EBITDAR[2]		862.1	141.4	1,003.5	782.9	(68.1)	714.8
Rent and associated costs[3]		(19.0)	–	(19.0)	(21.5)	–	(21.5)
EBITDA		843.1	141.4	984.5	761.4	(68.1)	693.3
Share based payments		(14.8)	–	(14.8)	(12.7)	–	(12.7)
Depreciation, amortisation and impairment		(238.6)	(312.0)	(550.6)	(218.9)	(618.6)	(837.5)
Share of results from joint ventures and associates		(60.2)	–	(60.2)	(9.2)	–	(9.2)
Group operating profit/(loss)		529.5	(170.6)	358.9	520.6	(686.7)	(166.1)

1. The calculation of underlying earnings per share has been adjusted for separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments as it provides a better understanding of the underlying performance of the Group. See note 12 for further details.
2. Included within the Income Statement and Memo above are certain non-statutory measures. The use of these items and the reconciliation to their statutory equivalents is provided above and on page 56 of the report.
3. Rent and associated costs include VAT and rent not captured by IFRS 16. These are predominantly driven by VAT on rental charges not being recoverable and held over leases.
4. The profit and loss for the year ended 31 December 2019 has been restated for the presentation of discontinued operations. See note 21.

The notes on pages 138 to 182 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Profit/(loss) for the year		**79.4**	(140.7)
Other comprehensive expense:			
Items that may be reclassified to profit or loss:			
Currency differences on translation of foreign operations		**137.7**	(158.6)
Total items that may be reclassified to profit or loss		**137.7**	(158.6)
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit pension scheme	30	**(0.2)**	(104.6)
Tax on re-measurement of defined benefit pension scheme	10	**0.1**	36.6
Share of associate other comprehensive income	17	**0.3**	1.0
Total items that will not be reclassified to profit or loss		**0.2**	(67.0)
Other comprehensive income/(expense) for the year, net of tax		**137.9**	(225.6)
Total comprehensive income/(expense) for the year		**217.3**	(366.3)
Attributable to:			
Equity holders of the parent:		**195.7**	(379.3)
Non-controlling interests		**21.6**	13.0

The notes on pages 138 to 182 form an integral part of these consolidated financial statements.

Consolidated balance sheet

At 31 December 2020

	Notes	2020 £m	2019 £m
Assets			
Non–current assets			
Goodwill	13	3,061.1	2,966.4
Intangible assets	13	2,105.4	2,398.0
Property, plant and equipment	15	470.2	467.9
Interest in joint venture	16	6.2	6.0
Interest in associates and other investments	17	29.4	29.9
Trade and other receivables	18	3.8	3.3
Other financial assets	26	4.4	2.1
Deferred tax assets	10	129.8	124.4
Retirement benefit asset	30	64.2	66.6
		5,874.5	6,064.6
Current assets			
Trade and other receivables	18	475.8	477.6
Income and other taxes recoverable		13.6	9.1
Derivative financial instruments	26	–	47.4
Cash and cash equivalents	19	706.7	390.1
		1,196.1	924.2
Assets in disposal group classified as held for sale	21	199.1	–
Total assets		7,269.7	6,988.8
Liabilities			
Current liabilities			
Trade and other payables	20	(687.4)	(678.7)
Balances with customers	26	(241.1)	(335.4)
Lease liabilities	22	(89.8)	(75.5)
Interest bearing loans and borrowings	23	(14.1)	(31.5)
Corporate tax liabilities		(66.4)	(35.1)
Provisions	24	(49.4)	(73.0)
Derivative financial instruments	26	(26.1)	–
Other financial liabilities	26	(147.5)	(30.7)
		(1,321.8)	(1,259.9)
Non–current liabilities			
Interest bearing loans and borrowings	23	(2,085.7)	(2,084.5)
Lease liabilities	22	(248.2)	(288.0)
Deferred tax liabilities	10	(331.7)	(358.2)
Provisions	24	(19.5)	(16.5)
Other financial liabilities	26	(9.3)	(125.8)
		(2,694.4)	(2,873.0)
Liabilities in disposal group classified as held for sale	21	(172.0)	–
Total liabilities		(4,188.2)	(4,132.9)
Net assets		3,081.5	2,855.9
Equity			
Issued share capital	28	4.8	4.8
Share Premium		1,206.6	1,198.0
Merger Reserve		2,527.4	2,527.4
Translation reserve		191.7	54.0
Retained earnings		(901.3)	(971.4)
Equity shareholders' funds		3,029.2	2,812.8
Non–controlling interests	34	52.3	43.1
Total shareholders' equity		3,081.5	2,855.9

The financial statements on pages 138 to 182 were approved by the Board of Directors on 4 March 2021 and signed on its behalf by

J Nygaard-Andersen
Chief Executive Officer

R Wood
Deputy Chief Executive Officer/Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2020

	Issued share capital £m	Share premium £m	Merger Reserve £m	Translation reserve[1] £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling Interests (note 34) £m	Total Shareholders' equity £m
At 1 January 2019	4.8	1,196.5	2,527.4	212.6	(562.2)	3,379.1	38.2	3,417.3
(Loss)/profit for the year	–	–	–	–	(153.7)	(153.7)	13.0	(140.7)
Other comprehensive expense	–	–	–	(158.6)	(67.0)	(225.6)	–	(225.6)
Total comprehensive (expense)/ income	–	–	–	(158.6)	(220.7)	(379.3)	13.0	(366.3)
Share options exercised	–	1.5	–	–	–	1.5	–	1.5
Share-based payments charge	–	–	–	–	10.8	10.8	–	10.8
Equity dividends (note 11)	–	–	–	–	(195.5)	(195.5)	(8.1)	(203.6)
Non-controlling interests	–	–	–	–	(3.8)	(3.8)	–	(3.8)
At 31 December 2019	4.8	1,198.0	2,527.4	54.0	(971.4)	2,812.8	43.1	2,855.9
At 1 January 2020	**4.8**	**1,198.0**	**2,527.4**	**54.0**	**(971.4)**	**2,812.8**	**43.1**	**2,855.9**
Profit for the year	**–**	**–**	**–**	**–**	**57.8**	**57.8**	**21.6**	**79.4**
Other comprehensive income	**–**	**–**	**–**	**137.7**	**0.2**	**137.9**	**–**	**137.9**
Total comprehensive income	**–**	**–**	**–**	**137.7**	**58.0**	**195.7**	**21.6**	**217.3**
Share options exercised	**–**	**8.6**	**–**	**–**	**–**	**8.6**	**–**	**8.6**
Share-based payments charge	**–**	**–**	**–**	**–**	**12.1**	**12.1**	**–**	**12.1**
Equity dividends (note 11)	**–**	**–**	**–**	**–**	**–**	**–**	**(12.4)**	**(12.4)**
At 31 December 2020	**4.8**	**1,206.6**	**2,527.4**	**191.7**	**(901.3)**	**3,029.2**	**52.3**	**3,081.5**

1. The translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries with non-Sterling functional currencies.

The notes on pages 138 to 182 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Cash generated by operations	29	**864.8**	543.7
Income taxes paid		**(59.2)**	(37.5)
Net finance expense paid		**(95.3)**	(68.9)
Net cash generated from operating activities		**710.3**	437.3
Cash flows from investing activities:			
Acquisitions and payments of contingent consideration		**(24.8)**	(21.3)
Purchase of intangible assets		**(101.6)**	(107.2)
Purchase of property, plant and equipment		**(62.6)**	(72.6)
Proceeds from the sale of property, plant and equipment including disposal of shops		**6.9**	10.9
Investment in joint ventures		**(61.8)**	–
Dividends received from associates		**–**	1.2
Proceed from disposal of joint ventures		**–**	63.8
Net cash used in investing activities		**(243.9)**	(125.2)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		**8.6**	1.5
Net proceeds from borrowings[1]		**13.5**	1,045.5
Repayment of borrowings		**(43.5)**	(1,099.1)
Payment of lease liabilities		**(85.9)**	(77.7)
Equity dividends paid[2]		**(12.4)**	(203.6)
Net cash used in financing activities		**(119.7)**	(333.4)
Net increase/(decrease) in cash and cash equivalents		**346.7**	(21.3)
Effect of changes in foreign exchange rates		**13.0**	(10.5)
Cash and cash equivalents at beginning of the year		**390.1**	421.9
Cash and cash equivalents at end of the year[3]		**749.8**	390.1

1. Net proceeds from borrowings also includes £13.5m of cash received in relation to the settlement of derivative financial instruments (2019: £12.6m).
2. Equity dividends paid are inclusive of dividends paid to non-controlling interests of £12.4m (2019: £8.1m).
3. Cash and cash equivalents at the end of the year also includes £43.1m of cash within assets in disposal group classified as held for sale.

The notes on pages 138 to 182 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2020

1 Corporate information

Entain plc (the Company) is a company incorporated and domiciled in the Isle of Man on 5 January 2010 whose shares are traded publicly on the London Stock Exchange. The principal activities of the Company and its subsidiaries ("the Group") are described in the strategic report. The consolidated financial statements of the Group for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 4 March 2021.

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

2 Basis of preparation

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

The Group financial statements are prepared under the historical cost convention unless otherwise stated. In adopting the going concern basis of preparation in the financial statements, the Directors have considered the current trading performance of the Group, the financial forecasts and the principal risks and uncertainties, including the impact of Covid-19 and in particular the impact of the potential for further disruption to the Retail business across Europe. In addition, the Directors have considered all matters discussed in connection with the long-term viability statement including the modelling of "severe but plausible" downside scenarios such as, legislation changes impacting the Group's Online business and extended lockdowns affecting the Group's Retail operations.

Given the level of the Group's available cash (£0.7bn), available financing facilities (including an undrawn revolving credit facility of £0.5bn), debt maturity profile, and the forecast covenant headroom even under the sensitised downside scenarios, the Directors believe that the Group is well placed to manage the risks and uncertainties that it faces. As such, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence and meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the financial statements.

The consolidated financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated.

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

3 Changes in accounting policies

From 1 January 2020 the Group has applied, for the first time, certain standards, interpretations and amendments. The adoption of the following standards and amendments to standards did not have a material impact on the current period or any prior period upon transition:

- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors; amendments to the definition of "material",
- IAS 39 Financial Instruments; amendments as a result of interest rate benchmark reform,
- IFRS 3 Business Combinations; amendments to the definition of a business,
- IFRS 7 Financial Instruments: Disclosures; amendments as a result of interest rate benchmark reform, and
- IFRS 9 Financial Instruments: Recognition and Measurement; amendments as a result of interest rate benchmark reform.

4 Summary of significant accounting policies

4.1 Basis of consolidation

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

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

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

4 Summary of significant accounting policies continued

4.2 Critical accounting estimates and judgements

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

In this regard, management believes that the accounting policies where judgement has been applied are:

- accounting for uncertain tax positions; and
- separately disclosed items.

Furthermore, management believes that the accounting policies where estimates have been utilised are:

- the measurement and impairment of goodwill and other assets;
- pension and other post-employment benefit obligations; and
- accounting for business combinations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Further information about key assumptions concerning the future and other key sources of estimation uncertainty are set out below.

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry within which the Group operates, the tax and regulatory regimes are continuously changing and, as such, the Group is exposed to a small number of uncertain tax positions. Provisions are made for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise.

Separately disclosed items

To assist in understanding its underlying performance, the Group has defined the following items of pre-tax income and expense as separately disclosed items as they either reflect items which are exceptional in nature or size or are associated with the amortisation of acquired intangibles. Items treated as separately disclosed items include:

- amortisation of acquired intangibles resulting from IFRS 3 “Business Combinations” fair value exercises;
- profits or losses on disposal, closure or impairment of non-current assets or businesses;
- corporate transaction and restructuring costs;
- tax litigation;
- changes in the fair value of contingent consideration; and
- the related tax effect of these items.

Any other non-recurring items are considered individually for classification as separately disclosed or exceptional by virtue of their nature or size.

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

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

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities at the date of acquisition. In accordance with IFRS 3 Business Combinations, goodwill is not amortised but reviewed for impairment at the first reporting period after acquisition and then annually thereafter. As such it is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

4 Summary of significant accounting policies continued

Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other expenditure is charged in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. All indefinite lived assets are subject to an annual impairment review from the year of acquisition. Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated income statement through the 'operating expenses, depreciation and amortisation' line item. Useful lives are reviewed on an annual basis.

A summary of the policies applied to the Group's intangible assets is as follows:

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

The useful lives of all intangible assets are reviewed at each financial period end. Impairment testing is performed annually for intangible assets which are not subject to systematic amortisation and where an indicator of impairment exists for all other intangible assets.

An intangible asset is derecognised on disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Pensions and other post-employment benefits

The Group's defined benefit pension plans, the Ladbrokes Pension Plan and the Gala Coral Pension Plan hold assets separately from the Group. The pension cost relating to both plans are assessed in accordance with the advice of independent qualified actuaries using the projected unit credit method.

Actuarial gains or losses are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Any past service cost is recognised immediately. The retirement benefit asset recognised in the balance sheet represents the fair value of scheme assets less the value of the defined benefit obligations.

In accounting for the Group's defined benefit pension plans, it is necessary for management to make a number of estimates and assumptions each year. These include the discount rates, inflation rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in other comprehensive income. Refer to note 30 for details of the values of assets and obligations and key assumptions used. Although the Group anticipates that plan surpluses will be utilised during the life of the plans to address member benefits, the Group recognises its pension surplus in full on the basis that it does not consider there to be substantive restrictions on the return of residual plan assets in the event of a winding up of the plans after all member obligations have been met.

The Group's contributions to defined contribution schemes are charged to the consolidated income statement in the period to which the contributions relate.

Business combinations

For business combinations, the Group estimates the fair value of the consideration transferred, which can include assumptions about the future business performance of the business acquired and an appropriate discount rate to determine the fair value of any contingent consideration. Judgement is also applied in determining whether any future payments should be classified as contingent consideration or as remuneration for future services.

The Group then estimates the fair value of assets acquired and liabilities assumed in the business combination, including any separately identifiable intangible assets. These estimates also require inputs and assumptions including future earnings, customer attrition rates and discount rates. The Group engages external experts to support the valuation process, where appropriate. IFRS 3 'Business Combinations' allows the Group to recognise provisional fair values if the initial accounting for the business combination is incomplete. Judgement is applied as to whether changes should be applied at the acquisition date or as post-acquisition changes.

The fair value of contingent consideration recognised in business combinations is reassessed at each reporting date, using updated inputs and assumptions based on the latest financial forecasts for the relevant business. Fair value movements and the unwinding of the discounting is recognised within operating expenses.

4 Summary of significant accounting policies continued

4.3 Other accounting policies

Impairment

An impairment review is performed for indefinite life assets on at least an annual basis. For all other non-current assets an impairment review is performed where there are indicators of impairment. This requires an estimation of the recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from each cash generating unit and to discount cash flows by a suitable discount rate in order to calculate the present value of those cash flows. Estimating an asset's fair value less costs to sell is determined using future cash flow and profit projections as well as industry observed multiples and publicly observed share prices for similar betting and gaming companies.

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

Pension and other post-employment benefit obligations

There is a significant degree of estimation involved in predicting the ultimate benefits payable under defined benefit pension arrangements. The pension scheme liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The Group's defined benefit pension schemes both have a net asset position when measured on an IAS 19 basis. Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet. Further details are given in note 30.

Investments in joint ventures

A joint venture is an entity in which the Group holds an interest on a long-term basis and which is jointly controlled by the Group and one or more other venturers under a contractual agreement.

Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. In assessing this joint control no significant judgements have been necessary.

The Group's share of results of joint ventures is included in the Group consolidated income statement using the equity method of accounting. Investments in joint ventures are carried in the Group consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in joint ventures includes acquired goodwill.

If the Group's share of losses in the joint venture equals or exceeds its investment in the joint venture, the Group does not recognise further losses, unless it has obligations to continue to provide financial support to the joint venture. Further details are given in note 16.

Investments in associates

Associates are those businesses in which the Group has a long-term interest and is able to exercise significant influence over the financial and operational policies but does not have control or joint control over those policies.

The Group's share of results of associates is included in the Group's consolidated income statement using the equity method of accounting. Investments in associates are carried in the Group's consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the entity less any impairment in value. The carrying value of investments in associates includes acquired goodwill. If the Group's share of losses in the associate equals or exceed its investments in the associate, the Group does not recognise further losses, unless it has obligations to continue to provide financial support to the associate. Further details are given in note 17.

Property, plant and equipment

Land is stated at cost less any impairment in value.

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is applied using the straight-line method to specific classes of asset to reduce them to their residual value over their estimated useful economic lives.

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

ROU assets are depreciated over the lease term (as defined in IFRS 16) being the period to the expiry date of the lease, unless it is expected that a break clause will be exercised when the lease term is the period to the date of the break.

The carrying values of property, plant and equipment are reviewed for impairment where an indicator of impairment exists as to whether there are events or changes in circumstances indicating that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

4 Summary of significant accounting policies continued

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the consolidated income statement.

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Leases

The Group has applied IFRS 16 only to those contracts that were previously identified as a lease under IFRS 17 Leases, any contracts not previously identified as leases have not been reassessed for the purposes of adopting IFRS 16. Accordingly, the definition of a lease under IFRS 16 has only been applied to contracts entered into on or after 1 January 2019.

Leases, other than those with a lease period of less than one year at inception, or where the original cost of the asset acquired would be a negligible amount (see note 22), are capitalised at the inception at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

ROU assets are included within property, plant and equipment at cost and depreciated over their estimated useful lives, which normally equates to the lives of the leases, after taking into account anticipated residual values.

ROU assets which are sub-leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of usage to the lessee. All other sub-leases are classified as operating leases. When assets are subject to finance leases, the present value of the sub-lease is recognised as a receivable, net of allowances for expected credit losses and the related ROU asset is de-recognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income. Finance lease interest income is recognised over the term of the lease using the net investment method (before tax) so as to give a constant rate of return on the net investment in sub-leases. Operating lease rental income is recognised on a straight-line basis over the life of the lease.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, short-term deposits with an original maturity of less than three months (and customer balances).

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them.

The Group classifies financial assets at inception as financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.

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

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

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

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

Financial liabilities

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

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

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

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

4 Summary of significant accounting policies continued

The Group has provided financial guarantees to third parties in respect of lease obligations of certain of the Group's former subsidiaries within the disposed hotels division. Financial guarantee contracts are classified as financial liabilities and are measured at fair value by estimating the probability of the guarantees being called upon and the related cash outflows from the Group.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps, foreign exchange swaps and interest rate swaps, to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on remeasurement are taken to the consolidated income statement.

Derivative financial instruments are classified as assets where their fair value is positive, or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

Foreign currency translation

The presentational currency of Entain plc and the functional currencies of its UK subsidiaries are Pounds Sterling (£).

Other than Sterling the main functional currencies of subsidiaries are the Euro (€), the US Dollar ($) and the Australian Dollar (A$). At the reporting date, the assets and liabilities of non-Sterling subsidiaries are translated into Pounds Sterling (£) at the rate of exchange ruling at the balance sheet date and their cash-flows are translated at the weighted average exchange rates for the year. The post-tax exchange differences arising on the retranslation are taken directly to other comprehensive income.

Transactions in foreign currencies are initially recorded in the subsidiary's functional currency and translated at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the consolidated income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

On disposal of a foreign entity, the deferred cumulative retranslation differences previously recognised in equity relating to that particular foreign entity are recognised in the consolidated income statement as part of the profit or loss on disposal.

The following exchange rates were used in 2020 and 2019:

		2020		2019
Currency	Average	Year end	Average	Year end
Euro (€)	**1.131**	**1.112**	1.137	1.182
US Dollar ($)	**1.286**	**1.365**	1.272	1.327
Australian Dollar (A$)	**1.876**	**1.765**	1.831	1.887

Income tax

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

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

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

4 Summary of significant accounting policies continued

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

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

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

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

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

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

Equity instruments and Dividends

Equity instruments issued by the Company are recorded at the fair value of proceeds received net of direct issue costs.

Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

Revenue

The Group reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Revenue is net of VAT/GST. The Group considers betting and gaming revenue to be out of the scope of IFRS 15 Revenue, and accounts for those revenues within the scope of IFRS 9 Financial Instruments.

For licensed betting offices ("LBOs"), on course betting, Core Telephone Betting, mobile betting, Digital businesses (including sportsbook, betting exchange, casino, games, other number bets), revenue represents gains and losses, being the amounts staked and fees received, less total payouts recognised on the settlement of the event. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue.

Revenue from the online poker business reflects the net income (rake) earned from poker games completed by the year end. Vending income is also included within Revenue.

In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the year, including sales of refreshments, net of VAT.

Government assistance

Receipts from government assistance programs such as, furlough, are recorded as reductions in the costs against which they have been received. See note 7 for more details.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the consolidated income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

Share-based payment transactions

Certain employees (including Directors) of the Group receive remuneration in the form of equity settled share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. Further details of which are given in note 31. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Entain plc (market conditions).

4 Summary of significant accounting policies continued

The cost of equity settled transactions is recognised in the consolidated income statement, with a corresponding credit in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as shown in note 12.

4.4 Future accounting developments

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

IAS 1	Presentation of Financial Statements	Amendments to the classification of liabilities as current or non-current	1 January 2023
IAS 16	Property, Plant and Equipment	Amendments to the definition of sales proceeds and related costs	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Amendments to the definition of costs to fulfil an onerous contract	1 January 2022
IAS 41	Agriculture	Amendments to the measurement techniques for biological assets	1 January 2022
IFRS 1	First-time adoption of IFRS	Annual improvements to IFRS Standards 2018–2020 cycle	1 January 2022
IFRS 3	Business Combinations	Updating a reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	Original issue	1 January 2021

5 Segment information

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

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

- Online: comprises betting and gaming activities from online and mobile operations. Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes and Sportingbet; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino;
- UK Retail: comprises betting activities in the shop estate in Great Britain, Northern Ireland and Jersey;
- European Retail: comprises all retail activities connected with the Republic of Ireland, Belgium, Italy and Spanish JV (pre disposal) shop estates;
- Corporate: includes costs associated with Group functions including Group executive, legal, Group finance, tax and treasury; and
- Other segments: includes activities primarily related to telephone betting, Stadia, Betdaq and on course pitches.

The Group continues to engage with an interested party on the sale of its financial services business (Intertrader). The Directors believe that it is highly probable that an agreement and subsequent sale will be completed within the next 12 months. On this basis the sale is considered to meet the criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' and therefore has been classified as discontinued. See note 21 for further information. The results of Intertrader were previously classified within Other in note 5.

The Executive management team of the Group has chosen to assess the performance of operating segments based on a measure of net revenue, EBITDAR, EBITDA, and operating profit with finance costs and taxation considered for the Group as a whole. See page 56 of this Annual Report for further considerations of the use of Non-GAAP measures. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

5 Segment information continued

The segment results for the year ended 31 December were as follows:

2020	Online £m	UK Retail £m	European Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	2,747.5	678.6	178.5	27.8	–	(3.9)	3,628.5
VAT/GST	(66.9)	–	–	–	–	–	(66.9)
Revenue	2,680.6	678.6	178.5	27.8	–	(3.9)	3,561.6
Gross Profit	1,708.7	497.3	80.2	22.4	–	–	2,308.6
Contribution[1]	1,147.4	495.1	76.6	21.1	–	–	1,740.2
Operating costs excluding marketing costs	(342.5)	(401.3)	(54.8)	(25.0)	(54.5)	–	(878.1)
Underlying EBITDAR before separately disclosed items	804.9	93.8	21.8	(3.9)	(54.5)	–	862.1
Rental costs	(1.4)	(16.6)	(0.7)	(0.3)	–	–	(19.0)
Underlying EBITDA before separately disclosed items	803.5	77.2	21.1	(4.2)	(54.5)	–	843.1
Share based payments	(4.3)	(1.2)	(0.3)	–	(9.0)	–	(14.8)
Depreciation and Amortisation	(120.1)	(86.2)	(29.6)	(2.7)	–	–	(238.6)
Share of joint ventures and associates	0.1	–	–	0.3	(60.6)	–	(60.2)
Operating profit/(loss) before separately disclosed items	679.2	(10.2)	(8.8)	(6.6)	(124.1)	–	529.5
Separately disclosed items (note 6)	(304.5)	231.3	(5.0)	–	(92.4)	–	(170.6)
Group operating profit/(loss)	374.7	221.1	(13.8)	(6.6)	(216.5)	–	358.9
Net finance costs							(184.2)
Profit before tax							174.7
Income tax							(60.9)
Profit for the year from continuing operations							113.8
Loss for the year from discontinued operations after tax							(34.4)
Profit for the year after discontinued operations							79.4

5 Segment information continued

2019 (restated)	Online £m	UK Retail £m	European Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	2,170.7	1,127.8	289.8	48.0	–	(3.6)	3,632.7
VAT/GST	(54.6)	–	–	–	–	–	(54.6)
Revenue	2,116.1	1,127.8	289.8	48.0	–	(3.6)	3,578.1
Gross Profit	1,367.8	817.7	143.6	39.7	–	–	2,368.8
Contribution[1]	887.2	812.6	138.0	37.1	–	–	1,874.9
Operating costs excluding marketing costs	(352.2)	(585.1)	(70.8)	(37.5)	(46.4)	–	(1,092.0)
Underlying EBITDAR before separately disclosed items	535.0	227.5	67.2	(0.4)	(46.4)	–	782.9
Rental costs	(1.1)	(19.6)	(0.8)	–	–	–	(21.5)
Underlying EBITDA before separately disclosed items	533.9	207.9	66.4	(0.4)	(46.4)	–	761.4
Share based payments	(5.5)	(1.0)	(0.3)	(0.1)	(5.8)	–	(12.7)
Depreciation and Amortisation	(116.0)	(72.7)	(29.0)	(0.8)	(0.4)	–	(218.9)
Share of joint ventures and associates	0.8	–	1.0	1.5	(12.5)	–	(9.2)
Operating profit/(loss) before separately disclosed items	413.2	134.2	38.1	0.2	(65.1)	–	520.6
Separately disclosed items (note 6)	(574.7)	0.8	(22.1)	–	(90.7)	–	(686.7)
Group operating (loss)/profit	(161.5)	135.0	16.0	0.2	(155.8)	–	(166.1)
Net finance income							1.7
Loss before tax							(164.4)
Income tax							33.2
Loss for the year from continuing operations							(131.2)
Loss for the year from discontinued operations after tax							(9.5)
Loss for the year after discontinued operations							(140.7)

Geographical information

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

	2020		2019	
	Revenue £m	**Non-current assets[2] £m**	Revenue (restated) £m	Non-current assets[2] £m
United Kingdom	**1,675.3**	**3,116.4**	1,931.7	3,325.2
Rest of the world	**1,886.3**	**2,559.7**	1,646.4	2,546.3
Total	**3,561.6**	**5,676.1**	3,578.1	5,871.5

1. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.
2. Non-current assets excluding other financial assets, deferred tax assets and retirement benefit assets.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

6 Separately disclosed items

	2020 £m	2019 £m (restated)
Amortisation of acquired intangibles[1]	**307.0**	374.0
Impairment loss[2]	**5.0**	245.0
Integration costs[3]	**25.1**	44.9
Triennial restructuring costs[4]	**8.3**	8.7
Tax litigation/one-off legislative impacts[5]	**(223.5)**	(11.6)
Legal and onerous contract provisions[6]	**8.9**	3.4
Movement in fair value of contingent consideration[7]	**42.4**	37.7
Issue costs write off[8]	**5.3**	14.1
Profit on disposal of joint ventures and property, plant and equipment[9]	**(6.9)**	(19.0)
Other one-off items[10]	**4.3**	3.6
Total before tax	**175.9**	700.8
Tax on separately disclosed items[11]	**(2.1)**	(79.6)
Separately disclosed items for the year from continuing operations	**173.8**	621.2
Separately disclosed items for the year from discontinued operations (note 21)	**20.0**	8.9
Separately disclosed items for the year after discontinued operations	**193.8**	630.1

1. Amortisation charges in relation to acquired intangible assets primarily arising from the acquisitions of Ladbrokes Coral Group plc and Bwin.
2. During the current year, the Group recorded a non-cash impairment charge against certain leased assets where the Group now expects to exercise break clauses in lease agreements. This impairment charge is offset by an equal and opposite release from the associated lease liabilities which has been recorded in legal and onerous contract provisions. See note 15 for further details. The prior year impairment related to a £245.0m against the Groups Australian business.
3. Costs associated with the integration of the Ladbrokes Coral Group and GVC businesses, including redundancy costs.
4. Costs associated with the shop closure program including redundancy, consultation costs and other costs directly associated with the triennial response strategy, but excluding property related costs which are included in 6. below.
5. Following a favourable ruling by the Upper Tribunal on the lead case in the Ladbrokes VAT claim, a ruling HMRC have elected not to appeal, the Group has recognised an income for its claim, net of associated costs. In December 2020, £217.5m of the claim was repaid by HMRC. The prior year credit relates to a £21.2m release against the Groups Greek tax provisions offset by £5.8m of historic Austrian duty and £3.8m of new UK income tax from April 2019 for which the Group became exempt from April 2020.
6. Includes costs associated with complying with the HMRC investigation offset by a release from lease liabilities as the Group now expects to exercise break clauses in certain lease agreements (see item 2). The prior year costs relate predominantly to costs associated with shop closures relating to the implementation of the Triennial Review.
7. Costs associated with discount unwind and movements in the fair value of contingent consideration on acquisition activity from previous years.
8. Issue costs written off on the refinancing of US denominated loans in the year.
9. Relates to the sale of an investment in an associate and various retail assets. The profit in the previous year related to the Groups sale of joint ventures.
10. Relates predominantly to the one-off costs associated with Covid-19 such as initial one-off costs of reopening and certain social distancing equipment not meeting the definition of capital, and the costs of the process associated with the Ladbrokes pension buy-in. The prior year costs were predominantly incurred by the Group in relation to corporate transactions costs.
11. The tax credit on separately disclosed items of £2.1m (2019: £79.6m) represents 1.2% (2019: 11.3%) of the separately disclosed items incurred of £175.9m (2019: £700.8m). This is lower than the expected tax credit of 19.0% (2019: 19.0%) as goodwill impairment charges, certain corporate transaction costs and integration costs are non-deductible for tax purposes, alongside the impact of lower overseas tax rates.

The items above reflect incomes and expenditures which are either exceptional in nature or size or are associated with the amortisation of acquired intangibles. The Directors believe that each of these items warrants separate disclosure as they do not form part of the day to day underlying trade of the Group and are not expected to persist beyond the short term (excluding the amortisation of acquired intangibles).

7 Administrative costs

Profit/(loss) before tax, net finance expense and separately disclosed items has been arrived at after charging:

	2020 £m	2019 £m (restated)
Betting tax and Machine Games Duty	767.1	793.2
Revenue based payments	386.6	322.7
Software royalties	91.6	60.3
Other cost of sales	7.7	33.1
Cost of sales	1,253.0	1,209.3
Salaries and payroll-related expenses (note 9)	517.3	645.2
Property expenses	62.7	95.4
Content and levy expenses	136.1	120.1
Marketing expenses	541.5	497.7
Depreciation and amortisation – owned assets	176.2	166.0
Depreciation and amortisation – leased assets	62.4	52.9
Other operating expenses	222.7	261.7
Administrative costs	1,718.9	1,839.0
Separately disclosed items before tax (note 6)	170.6	686.7
Total	3,142.5	3,735.0

During the year the Group benefited from £62.9m (2019: £nil) of government support in the form of furlough receipts across the various countries in which the Group operates, predominantly the UK and the Republic of Ireland. There are no ongoing obligations on the Group for the amounts received which have been recorded as a reduction to salaries and payroll-related expenses within underlying trading.

Fees payable to KPMG were as follows:

	2020 £m	2019 £m
Audit and audit-related services:		
Audit of the parent Company and Group financial statements	0.6	0.6
Audit of the Company's subsidiaries	1.5	1.3
Audit-related assurance services	0.4	0.3
	2.5	2.2
Non-audit services:		
Taxation service fees	–	0.1
Total fees	2.5	2.3

8 Finance expense and income

	2020 £m	2019 £m
Bank loans and overdrafts	(60.2)	(71.5)
Interest on lease liabilities[1]	(16.3)	(17.0)
Issue costs write off (note 6)	(5.3)	(14.1)
Total finance expense	(81.8)	(102.6)
Interest receivable	2.3	2.4
(Losses)/gains arising on financial derivatives	(61.8)	17.6
(Losses)/gains arising on foreign exchange on debt instruments	(42.9)	84.3
Net finance (expense)/income	(184.2)	1.7

1. Interest on lease liabilities of £16.3m (2019: £17.0) is net of £0.4m of sub-let interest receivable (2019: £0.2m).

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

9 Employee staff costs

The average monthly number of employees (including Executive Directors) was:

	2020 Number	2019 Number
Online	**6,447**	5,667
UK Retail	**15,610**	17,326
European Retail	**1,196**	1,085
Other	**463**	530
Corporate	**271**	310
	23,987	24,918

The number of people employed by the Group at 31 December 2020 was 23,573 (2019: 24,614).

	2020 £m	2019 £m
Wages and salaries	**444.2**	579.2
Redundancy costs[1]	**9.1**	25.1
Social security costs	**40.3**	41.4
Other pension costs (note 30)	**15.6**	12.8
Share-based payments (note 31)	**14.8**	12.7
	524.0	671.2

1. Included within redundancy costs are £6.7m (2019: £26.0m) which are included within separately disclosed items.

In addition to salary, employees may qualify for various benefit schemes operated by the Group. Eligibility for benefits is normally determined according to an employee's length of service and level of responsibility. The amounts of some benefits are proportionate to individual salary.

Benefits may include insured benefits that can cover private healthcare for the employee and their immediate family, long-term disability, personal accident and death in service cover. Company cars, including fuel benefits, are provided predominantly to meet job requirements but also to certain executives.

10 Income tax

Analysis of expense for the year:

	2020 £m	2019 £m
Current income tax:		
– UK	**4.0**	2.1
– overseas	**85.1**	52.2
– adjustments in respect of previous years	**7.2**	(3.2)
Deferred tax:		
– relating to origination and reversal of temporary differences	**(33.9)**	(65.6)
– adjustments in respect of previous years	**(2.8)**	(19.0)
Income tax expense/(credit) reported in the income statement	**59.6**	(33.5)
Income tax expense/(credit) is attributable to		
Profit/(loss) from continuing operations	**60.9**	(33.2)
Loss from discontinued operations	**(1.3)**	(0.3)
	59.6	(33.5)
Deferred tax credited directly to other comprehensive income	**(0.1)**	(36.6)

10 Income tax continued

A reconciliation of income tax expense (2019: credit) applicable to profit (2019: loss) before tax at the UK statutory income tax rate to the income tax expense (2019: credit) for the years ended 31 December 2020 and 31 December 2019 is as follows:

	2020 £m	2019 £m
Profit/(loss) from continuing operations before income tax	**174.7**	(164.4)
Loss from discontinued operations before tax	**(35.7)**	(9.8)
Profit/(loss) before tax	**139.0**	(174.2)
Corporation tax expense/(credit) thereon at 19.00%	**26.4**	(33.1)
Adjusted for the effects of:		
– Lower effective tax rates on overseas earnings	**(6.9)**	(15.2)
– Non-deductible expenses	**10.6**	9.4
– Fair value adjustment to contingent consideration	**5.9**	8.4
– Goodwill impairment	**2.4**	46.9
– Increase in/(recognition of) unrecognised tax losses	**18.5**	(14.8)
– Increase in unrecognised deferred interest	**2.2**	–
– Fixed asset timing differences recognised	**–**	(11.3)
– Difference in current and deferred tax rates	**(3.9)**	(1.4)
– Other	**–**	(0.2)
Adjustments in respect of prior years:		
– Deferred tax prior year adjustments	**2.8**	(19.0)
– UK current tax adjustments	**7.2**	(3.2)
Income tax expense /(credit)	**59.6**	(33.5)
Reported as:		
– expense in consolidated income statement (before separately disclosed items)	**63.0**	46.4
– credit in consolidated income statement (tax on separately disclosed items) (note 6)	**(3.4)**	(79.9)
Income tax expense/(credit)	**59.6**	(33.5)

Deferred tax

Deferred tax at 31 December relates to the following:

	Deferred tax liabilities		Deferred tax assets	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Property, plant and equipment	**–**	–	**(58.6)**	(56.1)
Intangible assets & goodwill	**284.7**	322.0	**(19.8)**	(17.1)
Retirement benefit assets	**22.6**	23.4	**–**	–
Losses	**–**	–	**(27.2)**	(33.2)
Other temporary difference	**24.4**	12.8	**(24.2)**	(18.0)
Deferred tax liabilities/(assets)	**331.7**	358.2	**(129.8)**	(124.4)

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

10 Income tax continued

Movements in deferred tax during the year ended 31 December 2020 were recognised as follows:

Net deferred tax liabilities /(assets)

	Property, plant and equipment £m	Intangible assets & goodwill £m	Retirement benefit assets £m	Losses £m	Other temporary differences £m	Total £m
At 31 December 2019	(36.4)	370.3	58.9	(19.8)	3.2	376.2
Arising on transition to IFRS 16	(14.3)	–	–	–	–	(14.3)
Income statement	(5.5)	(58.5)	1.1	(13.9)	(7.8)	(84.6)
Other comprehensive income	0.1	–	(36.6)	0.5	(0.6)	(36.6)
Exchange adjustment	–	(6.9)	–	–	–	(6.9)
At 31 December 2020	(56.1)	304.9	23.4	(33.2)	(5.2)	233.8
Income statement	**0.1**	**(48.7)**	**(0.7)**	**6.7**	**5.9**	**(36.7)**
Other comprehensive income	**–**	**–**	**(0.1)**	**–**	**–**	**(0.1)**
Exchange adjustment	**(0.2)**	**6.3**	**–**	**(0.7)**	**(0.5)**	**4.9**
At 31 December 2020	**(56.2)**	**262.5**	**22.6**	**(27.2)**	**0.2**	**201.9**

Amounts presented on the consolidated balance sheet:

	2020 £m	2019 £m
Deferred tax liabilities	**331.7**	358.2
Deferred tax assets	**(129.8)**	(124.4)
Net deferred tax liability	**201.9**	233.8

Deferred tax assets are considered recognisable based on the ability of future offset against deferred tax liabilities or against future taxable profits.

As at 31 December 2020, the Group had £1,660.7m (2019: £1,437.5m) of gross unrecognised deferred tax assets, consisting of £213.3m of capital losses (2019: £255.2m), £1,407.2m of trading losses (2019: £1,129.7m) and £40.2m of deferred interest relief (2019: £52.6m). These assets have not been recognised as they are not expected to be utilised in the foreseeable future.

There are no significant unrecognised taxable temporary differences associated with investments in subsidiaries.

The standard rate of UK corporation tax throughout the period was 19.0%.

In the Budget on 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax will be increased to 25%. The precise date(s) and period(s) in which the increase in UK Corporation Tax will be substantively enacted are unknown at the date of this Report. The impact of each 1% increase in the UK Corporation Tax rate on the Group's deferred tax assets and liabilities at 31 December 2020 would have been £1.6m comprising a £3.5m credit to Underlying items, and a £1.9m debit to Separately Disclosed Items.

The deferred tax assets and liabilities are measured at the tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax on retirement benefit assets is provided at 35.0%, which is the rate applicable to refunds.

11 Dividends

Pence per share	**2020 pence**	2019 pence	**2020 Shares in issue number**	2019 Shares in issue number
Prior year final dividend paid	**–**	16.0	**n/a**	581.9
Interim dividend paid	**–**	17.6	**n/a**	581.9

A proposed second interim dividend of 17.6 pence per share, amounting to £102.5m in respect of the year ended 31 December 2019 was proposed by the Directors on 5 March 2020. On 6 April 2020 the Group announced that the 2019 second interim dividend would be withdrawn due to the ongoing uncertainty surrounding Covid-19, subsequently no interim dividends have been declared with respect to the year ended 31 December 2020.

The dividends represented above are exclusive of dividends paid out of non-controlling interests of £12.4m (2019: £8.1m).

12 Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to shareholders of the Company of £57.8m (2019: loss of £153.7m) by the weighted average number of shares in issue during the year of 583.7m (2019: 582.0m).

At 31 December 2020, there were 585.0m €0.01 ordinary shares in issue.

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

Total earnings per share

Weighted average number of shares (millions)	2020	2019
Shares for basic earnings per share	583.7	582.0
Potentially dilutive share options and contingently issuable shares	6.2	7.3
Shares for diluted earnings per share	589.9	589.3

Total profit	2020 £m	2019 £m
Profit/(loss) attributable to shareholders	57.8	(153.7)
– from continuing operations	92.2	(143.9)
– from discontinued operations	(34.4)	(9.8)
Losses/(gains) arising from financial instruments	61.8	(17.6)
Losses/(gains) arising from foreign exchange debt instruments	42.9	(84.3)
Associated tax charge on gains arising from financial instruments and foreign exchange debt instruments	–	4.1
Separately disclosed items net of tax (note 6)	193.8	630.1
Adjusted profit attributable to shareholders	356.3	378.6
– from continuing operations	370.7	379.2
– from discontinued operations	(14.4)	(0.6)

Earnings per share (pence)	Standard earnings per share 2020	Standard earnings per share 2019	Adjusted earnings per share 2020	Adjusted earnings per share 2019
Basic earnings per share				
– from continuing operations	15.8	(24.8)	63.5	65.2
– from discontinued operations	(5.9)	(1.6)	(2.5)	(0.1)
From profit/(loss) for the period	9.9	(26.4)	61.0	65.1
Diluted earnings per share				
– from continuing operations	15.6	(24.8)	62.8	64.3
– from discontinued operations	(5.8)	(1.6)	(2.4)	(0.1)
From profit/(loss) for the period	9.8	(26.4)	60.4	64.2

The earnings per share presented above is inclusive of the performance from the US joint venture BetMGM. Adjusting for the removal of the BetMGM performance would result in a basic adjusted earnings per share of 73.9p (2019: 67.3p) and a diluted adjusted earnings per share of 73.1p (2019: 66.4p) from continuing operations.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

13 Goodwill and intangible assets

	Goodwill £m	Licences £m	Software £m	Customer relationships £m	Consulting & magazine £m	Trade-marks & brand names £m	Total £m
Cost							
At 1 January 2019	3,358.0	15.8	514.9	956.3	4.4	1,955.1	6,804.5
Exchange adjustment	(115.6)	–	(4.4)	(20.4)	–	(29.4)	(169.8)
Additions	–	–	114.4	–	–	–	114.4
Disposals	(3.6)	(0.1)	(29.0)	–	(4.4)	–	(37.1)
At 31 December 2019	3,238.8	15.7	595.9	935.9	–	1,925.7	6,712.0
Exchange adjustment	**128.3**	**–**	**11.3**	**20.6**	**–**	**30.3**	**190.5**
Additions	**–**	**–**	**101.6**	**–**	**–**	**–**	**101.6**
Disposals and assets classified as held for sale	**(14.9)**	**–**	**(169.5)**	**(7.9)**	**–**	**(2.0)**	**(194.3)**
At 31 December 2020	**3,352.2**	**15.7**	**539.3**	**948.6**	**–**	**1,954.0**	**6,809.8**
Accumulated amortisation and impairment							
At 1 January 2019	29.9	5.3	262.7	312.3	4.4	60.9	675.5
Exchange adjustment	(1.4)	–	(0.6)	(12.7)	–	(5.0)	(19.7)
Amortisation charge	–	1.1	146.1	293.6	–	40.5	481.3
Impairment charge	243.9	–	–	–	–	–	243.9
Disposals	–	(0.1)	(28.9)	–	(4.4)	–	(33.4)
At 31 December 2019	272.4	6.3	379.3	593.2	–	96.4	1,347.6
Exchange adjustment	**18.7**	**–**	**6.0**	**17.4**	**–**	**6.8**	**48.9**
Amortisation charge	**–**	**1.1**	**115.8**	**262.2**	**–**	**39.3**	**418.4**
Disposals and assets classified as held for sale	**–**	**–**	**(169.1)**	**(1.2)**	**–**	**(1.3)**	**(171.6)**
At 31 December 2020	**291.1**	**7.4**	**332.0**	**871.6**	**–**	**141.2**	**1,643.3**
Net book value							
At 31 December 2019	2,966.4	9.4	216.6	342.7	–	1,829.3	5,364.4
At 31 December 2020	**3,061.1**	**8.3**	**207.3**	**77.0**	**–**	**1,812.8**	**5,166.5**

At 31 December 2020, the Group had not entered into contractual commitments for the acquisition of any intangible assets (2019: £nil).

Included within trade-marks & brand names are £1,398.4m (2019: £1,398.4m) of intangible assets considered to have indefinite lives. These assets relate to the UK Ladbrokes and Coral brands which are considered to have indefinite durability that can be demonstrated and their value can be readily measured. The brands operate in longstanding and profitable market sectors. The Group has a strong position in the market and there are barriers to entry due to the requirement to demonstrate that the applicant is a fit and proper person with the "know-how" required to run such operations.

Goodwill reflects the value by which consideration exceeds the fair value of net assets acquired as part of a business combination including the deferred tax liability arising on acquisitions.

Licences comprise the cost of acquired betting shop licences.

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

Customer relationships, trade-marks and brand names relate to the fair value of customer lists, trade-marks and brand names acquired as part of business combinations, primarily relating to the Bwin and Ladbrokes Coral Group plc businesses.

Refer to notes 6 and 14 for details of the impairment charge.

14 Impairment testing of goodwill and indefinite life intangible assets

An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

For Online the CGU is the relevant geographical location or business unit, for example Australia, European digital (defined as websites hosted by proprietary platforms based in European constituent countries), Digital (defined as websites hosted by Entain proprietary platforms) etc. and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment.

The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

For both tangible and intangible assets, the future cash flows are based on the forecasts and budgets of the CGU or business discounted to reflect time value of money. The key assumptions within the UK and European Retail budgets are OTC wagers (customer visits and spend per visit), the average number of machines per shop, gross win per shop per week, salary increases, the potential impact of the shop closures and the cancellation of sporting events due to Covid restrictions and the fixed costs of the LBOs. The key assumptions within the budgets for Online are the number of active customers, net revenue per head, win percentage, marketing spend, revenue shares and operating costs.

The value-in-use calculations use cash flows based on detailed, Board approved, financial budgets prepared by management covering a three-year period. These forecasts have been extrapolated over years 4 to 8 representing a declining growth curve from year 3 until the long-term forecast growth rate is reached. The growth rates used from years 4-8 range from 0% to 16%. From year 9 onwards long-term growth rates used are between 0% and 2.0% (2019: between 0% and 3.0%) and are based on the long-term GDP growth rate of the countries in which the relevant CGUs operate or the relevant outlook for the business. A 0% growth rate has been used for the UK Retail operating segment due to the ongoing uncertainty surrounding the outlook after the triennial implementation. An 8-year horizon is considered appropriate based on the Group's history of underlying profit as well as ensuring there is an appropriate decline to long-term growth rates from those growth rates currently observed in our key markets.

The discount rate calculation is based on the specific circumstances with reference to the WACC and risk factors expected in the industry in which the Group operates.

The pre-tax discount rates used and the associated carrying value of goodwill by CGU is as follows:

Goodwill	2020 %	2019 %	2020 %	2019 %
Digital	**9.1**	9.3	**2,101.1**	2,045.1
UK Retail	**9.1**	9.3	**76.4**	76.4
Australia	**10.6**	10.9	**349.5**	326.5
European Retail	**8.5 – 10.4**	8.8 – 10.8	**163.7**	154.0
European Digital	**9.9 – 10.4**	10.1 – 10.8	**355.2**	334.3
All other segments	**9.1**	9.3	**15.2**	30.1
			3,061.1	2,966.4

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

Impairment recognised during the year

Impairments of intangible assets and property, plant and equipment are recognised as separately disclosed items.

During the current year, the Group recorded a non-cash impairment charge of £5.0m (2019: £245.0m) on certain head office locations where we now expect to exercise break clauses (2019: £243.9m in goodwill and £1.1m in PP&E). The impairment in 2019 (£243.9m in goodwill and £1.1m in PP&E) was recognised against our Australian business and reflected the impact of unforeseen Point of Consumption Tax ("POCT") in certain states/regions and unexpected increases in product fees.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

14 Impairment testing of goodwill and indefinite life intangible assets continued

Sensitivity analysis

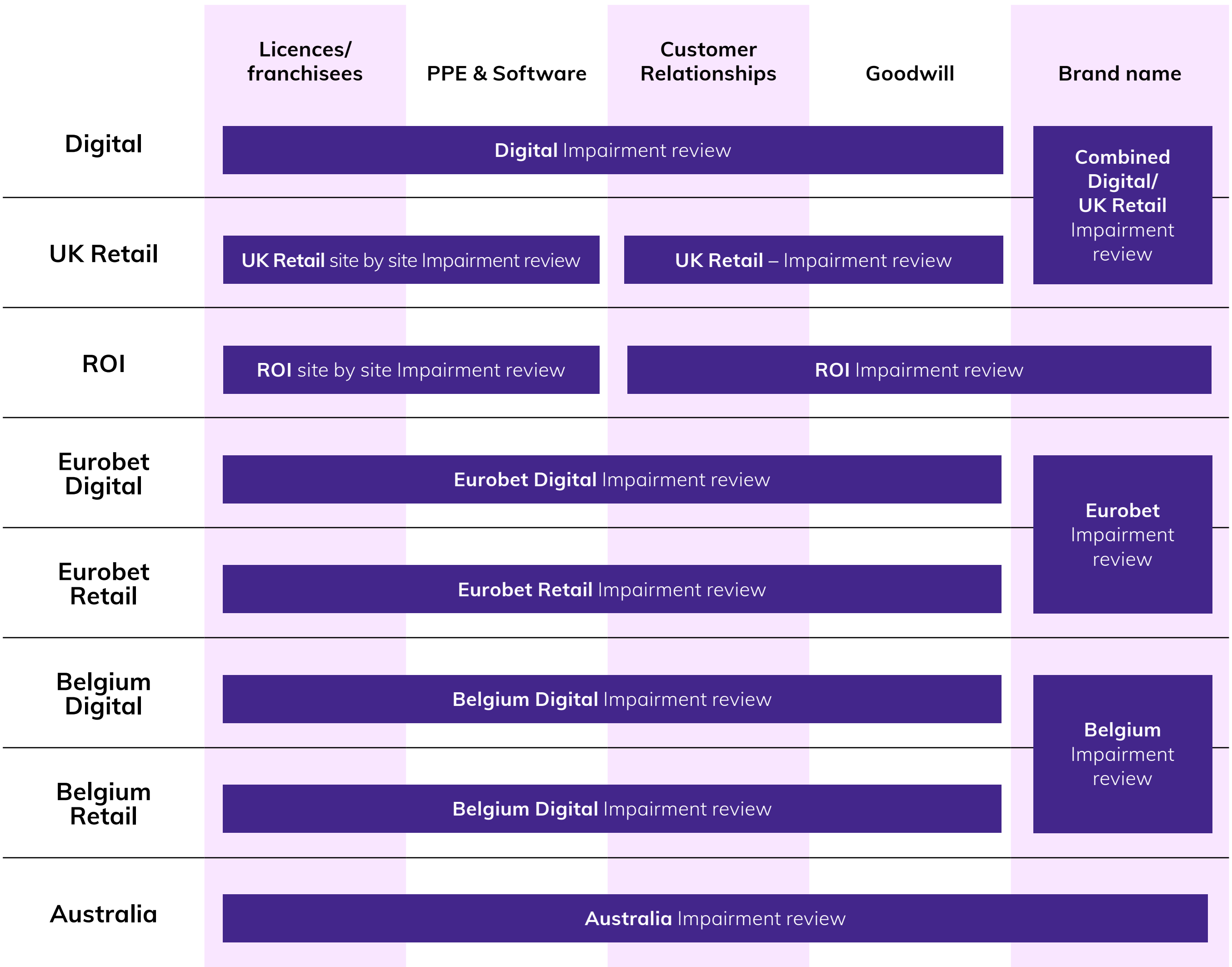
A reduction to 0% for the terminal growth rate applied to the cash flows (with other assumptions remaining constant) would result in no additional impairment to any CGU.

A 5% decrease in all cash flows used in the discounted cash flow model for the value in use calculation (with other assumptions remaining constant) would result in no additional impairment to any CGU.

A 0.5pp increase in discount rates used in the discounted cash flow model for the value in use calculation (with all other assumptions remaining constant) would result in no additional impairment to any CGU.

No other reasonable change in assumptions to the CGUs would cause any additional impairment.

Impairment testing across the business



15 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Leased assets £m	Total £m
Cost					
At 1 January 2019	30.8	62.0	208.2	–	301.0
Arising on transition to IFRS 16	–	–	–	391.9	391.9
Exchange adjustment	(1.4)	(0.3)	(8.3)	(1.8)	(11.8)
Additions	14.5	17.0	62.2	54.8	148.5
Disposals	(14.3)	(0.1)	(24.6)	(5.1)	(44.1)
At 31 December 2019	29.6	78.6	237.5	439.8	785.5
Exchange adjustment	–	2.4	3.7	3.5	9.6
Additions	13.9	13.0	31.6	70.9	129.4
Disposals and assets classified as held for sale	(17.0)	(4.6)	(72.9)	(2.8)	(97.3)
Reclassification	–	–	(18.1)	18.1	–
At 31 December 2020	26.5	89.4	181.8	529.5	827.2
Accumulated depreciation					
At 1 January 2019	21.3	6.9	77.2	–	105.4
Arising on transition to IFRS 16	–	–	–	136.7	136.7
Exchange adjustment	(1.0)	(0.2)	(2.2)	(0.3)	(3.7)
Depreciation charge	12.2	9.1	39.9	52.9	114.1
Impairment	–	–	–	1.1	1.1
Disposals	(11.3)	(0.1)	(24.6)	–	(36.0)
At 31 December 2019	21.2	15.7	90.3	190.4	317.6
Exchange adjustment	–	1.4	2.0	0.4	3.8
Depreciation charge	10.3	12.9	41.6	62.4	127.2
Impairment	–	–	–	5.0	5.0
Disposals and assets classified as held for sale	(17.0)	(4.6)	(72.9)	(2.1)	(96.6)
Reclassification	–		(7.1)	7.1	–
At 31 December 2020	14.5	25.4	53.9	263.2	357.0
Net book value					
At 31 December 2019	8.4	62.9	147.2	249.4	467.9
At 31 December 2020	12.0	64.0	127.9	266.3	470.2

At 31 December 2020, the Group had not entered into contractual commitments for the acquisition of any property, plant and equipment (2019: £nil).

In the year the Group reclassified certain leased assets that were previously held within fixtures and fittings to be presented within leased assets.

Included within fixtures, fittings and equipment are assets in the course of construction, which are not being depreciated, of £38.8m (2019: £42.7m) relating predominantly to the new till system in UK Retail.

An impairment charge of £5.0m (2019: £1.1m) has been made against office buildings included within leased assets in the year. See notes 6 and 14 for further details.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

16 Interest in joint venture

	Share of joint venture's net assets £m
Cost	
At 1 January 2019	46.1
Disposals	(27.4)
Exchange adjustment	(1.9)
Share of loss after tax	(10.8)
At 31 December 2019	6.0
Additions	61.8
Exchange adjustment	(1.0)
Share of loss after tax	(60.6)
At 31 December 2020	**6.2**

The joint venture represents the Group's investment in BetMGM set up in the US in which a 50% stake is held.

Summarised financial information in respect of the Group's share of joint venture's net assets is set out below:

	2020 £m	2019 £m
Non-current assets	**42.2**	12.6
Cash and cash equivalents	**45.0**	13.3
Other current assets	**15.5**	3.1
Current assets	**60.5**	16.4
Current liabilities	**(83.3)**	(17.0)
Non-current liabilities	**(7.0)**	–
Net assets	**12.4**	12.0
Group's share of net assets	**6.2**	6.0

Summarised statement of comprehensive income	**2020 £m**	2019 £m
Revenue	**135.5**	132.7
Depreciation and amortisation	**(3.5)**	(5.7)
Other operating expenses	**(253.2)**	(147.5)
Income tax	**–**	(1.1)
Loss for the year	**(121.2)**	(21.6)
Group's share of loss	**(60.6)**	(10.8)

Revenue included for the previous year includes revenues arising from the Group's previous interest held in Sportium Apuestas Deportivas S.A. which was disposed of in October 2019.

There are no contingent liabilities relating to the Group's interest in the joint venture.

The risks associated with the Group's interest in joint ventures is aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

17 Interest in associates and other investments

	Share of associates' net assets £m	Other investments £m	Total £m
Cost			
At 1 January 2019	17.1	8.9	26.0
Additions	–	0.5	0.5
Revaluation gain	–	1.5	1.5
Share of profit after tax	1.6	–	1.6
Dividends received	(1.2)	–	(1.2)
Share of other comprehensive income	1.0	–	1.0
Foreign exchange	0.5	–	0.5
At 31 December 2019	19.0	10.9	29.9
Additions	**–**	**0.2**	**0.2**
Revaluation loss	**–**	**(1.7)**	**(1.7)**
Share of profit after tax	**0.4**	**–**	**0.4**
Share of other comprehensive income	**0.3**	**–**	**0.3**
Foreign exchange	**(0.4)**	**0.7**	**0.3**
At 31 December 2020	**19.3**	**10.1**	**29.4**

Associates

Summarised financial information in respect of the associates is set out below:

	2020 £m	2019 £m
Non-current assets	**14.1**	12.5
Current assets	**106.5**	102.4
Current liabilities	**(51.5)**	(44.4)
Net assets	**69.1**	70.5
Group's share of net assets	**19.3**	19.0
Revenue for the year	**197.2**	221.6
Profit for the year	**(1.7)**	4.0
Other comprehensive income	**1.3**	4.5
Total comprehensive income	**(0.4)**	8.5
Group's share of total comprehensive income	**0.7**	2.6

Further details of the Group's associates are listed in note 33.

The financial year end of Sports Information Services (Holdings) Limited ("SIS"), an associate of the Group, is 31 March. The Group has included the results for SIS for the 12 months ended 31 December 2020. SIS is a private company and there is no quoted market price available for its shares.

The risks associated with associate investments is considered to be aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

Other investments of £10.1m (2019: £10.9m) consist of investments which have no fixed maturity date or coupon rate.

18 Trade and other receivables

	2020 £m	2019 £m
Trade receivables	**12.8**	2.2
Other receivables	**385.8**	415.0
Finance lease receivable	**4.9**	4.2
Prepayments	**76.1**	59.5
	479.6	480.9

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

18 Trade and other receivables continued

Trade and other receivables are presented on the Balance Sheet as follows:

	2020 £m	2019 £m
Current	**475.8**	477.6
Non-current	**3.8**	3.3
Total	**479.6**	480.9

Trade receivables are non-interest bearing and are generally on 30–90 day terms. Trade receivables are reviewed for impairment on an ongoing basis, taking account of the ageing of outstanding amounts and the credit profile of customers. Impaired receivables, including all trade receivables that are a year old, are provided for in an allowance account. Impaired receivables are derecognised when they are assessed as irrecoverable. The expected credit losses arising from receivables are not considered to be significant.

The majority of other receivables consists of the receivable for Greek tax and amounts receivable from payment service providers.

Greek tax

In the year ended 31 December 2018, the Group recognised a charge of £186.8m in the Income Statement within non-trading items for potential Greek tax liabilities for the years 2010 to 2017. Of the charge recognised, €51.4m (£46.1m) related to 2010/11 for which the Group received an assessment of €186.8m in 2017.

2010/11

The Group's appeal against the original assessment in respect of 2010 and 2011 was heard before the Administrative Court of Appeal in Athens on 13 January 2019. Whilst we do not expect to hear the verdict until mid 2021, the Directors remain confident that the Court will find that the original assessment was out of all proportion to the size of the Group's Greek business at the time.

By 31 December 2020 the Group had paid all of the 2010/2011 assessment of €186.8m. As at 31 December 2020, the total payments made in respect of the assessment exceed our best estimate of the liability for these years by £130.4m, and accordingly this is recorded as a receivable in the Group's balance sheet (2019: £116.0m). In the event of a successful appeal, recovery of the debtor will be through either a repayment or an ability to offset future tax liabilities.

2012–2017

Since the 2019 year end the Group has received final sign off of the 2015 and 2016 Greek tax re-submissions but still awaits final sign off of the 2017 re-submission. The Group has now made all tax payments against the 2012–2017 tax liabilities and has made a provision for the remaining associated fees. The statutory window in Greece for the tax authorities to conclude their audit work is generally six years from the end of the relevant tax year. As such, the outcome of the tax audits as well as the court ruling on the 2010/11 assessment remains uncertain.

19 Cash and cash equivalents

	2020 £m	2019 £m
Cash and short-term deposits	**706.7**	390.1

Additional to the cash balance above are amounts of £43.1m currently included within assets classified as held for sale.

Cash and cash equivalents in the consolidated statement of cash flows comprises cash at bank with a maturity of three months or less, overdrafts netted of short-term investments and includes £36.3m (2019: £26.9m) held in trust in respect of customers.

20 Trade and other payables

Current trade and other payables comprise:

	2020 £m	2019 £m
Trade payables	**47.1**	46.3
Other payables	**103.3**	101.2
Social security and other taxes	**229.7**	234.2
Accruals	**307.3**	297.0
	687.4	678.7

21 Assets held for sale and discontinued operations

The Group continues to engage with an interested party over the sale of its Intertrader business. The directors believe that it is thought an agreement and subsequent sale will be highly probable and completed within the next 12 months. On this basis the Intertrader business is considered to meet the criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' to be classified as discontinued.

As a result of discontinuing the Intertrader businesses the Group recorded an impairment of £19.3m and have provided for a loss on disposal of £10.0m which has been recognised within separately disclosed items. See note 6 for further details.

The results for the year for the discontinued operation are disclosed below:

	2020 £m	2019 £m
Revenue	13.8	22.4
Cost of sales	(7.6)	(13.0)
Gross profit	6.2	9.4
Administrative costs	(20.6)	(10.0)
Operating loss	(14.4)	(0.6)
Separately disclosed items	(21.3)	(9.2)
Loss before tax	(35.7)	(9.8)
Income tax credit	1.3	0.3
Loss for the year from discontinued operations after tax	(34.4)	(9.5)

The results of Intertrader were previously classified within Other in note 5.

Separately disclosed items consisted of £19.3m (2019: £nil) relating to impairment, £10.0m (2019: £nil) relating to a provision for a loss on disposal, £3.4m (2019: £2.2m) relating to amortisation of acquired intangibles and a credit of £11.4m (2019: cost of £6.7m) relating to movement in fair value of contingent consideration and £nil (2019: £0.3m) relating to deal costs.

Items classified as held-for-sale on the balance sheet are disclosed below:

	2020 £m	2019 £m
Non-current assets		
Property, plant and equipment	0.7	–
Current assets		
Trade and other receivables	155.3	–
Cash and cash equivalents	43.1	–
	198.4	–
Assets classified as held for sale	199.1	–
Current liabilities		
Trade and other payables	(12.7)	–
Balances with customers	(155.0)	–
Other financial liabilities	(4.3)	–
Liabilities classified as held for sale	(172.0)	–

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

22 Lease liabilities

	2020 £m	2019 £m
Current		
Lease liabilities	89.8	75.5
Non-current		
Lease liabilities	248.2	288.0
Total lease liabilities	338.0	363.5

The Group's leasing activity consists of leases on property, cars, Self Service Betting Terminals and office equipment. The majority of those relate to the leasing of LBOs within the Retail estates.

Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments on gaming machines based on a percentage of revenue) are excluded from the measurement of the lease liability and asset. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 15).

Leases of vehicles and IT equipment are generally limited to a new lease term of 3 to 5 years. Leases of property generally have a lease term ranging from 5 years to 10 years, with some legacy leases extending out to 20 years and beyond. Most new leases of property are now generally expected to be limited to no more than 10 years, with a break option after no more than 5 years, except in special circumstances.

The maturity analysis of lease liabilities at 31 December 2020 is as follows:

	Minimum lease payments due				
	Within 1 year £m	1–2 years £m	2–5 years £m	> 5 years £m	Total £m
2020					
Net present value	89.8	67.6	108.5	72.1	338.0
2019					
Net present value	75.5	68.9	128.2	90.9	363.5

Certain lease payments are not recognised as a liability where the Group continues to pay rents where it continues to occupy properties after the lease has expired. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments and irrecoverable VAT are not permitted to be recognised as lease liabilities and are expensed as incurred.

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

Group as Lessor:

Finance lease receivables are included in the statement of financial position within trade and other receivables and are as follows:

	2020 £m	2019 £m
Current	1.1	0.9
Non-current	3.8	3.3

22 Lease liabilities continued

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

	Minimum lease payments due				
	Within 1 year £m	1–2 years £m	2–5 years £m	> 5 years £m	Total £m
2020					
Lease payments receivable	**1.3**	**1.1**	**1.9**	**1.3**	**5.6**
Interest	**(0.2)**	**(0.1)**	**(0.2)**	**(0.2)**	**(0.7)**
Present value of lease payments receivable	**1.1**	**1.0**	**1.7**	**1.1**	**4.9**
2019					
Lease payments receivable	1.2	0.9	1.4	1.5	5.0
Interest	(0.3)	(0.1)	(0.2)	(0.2)	(0.8)
Present value of lease payments receivable	0.9	0.8	1.2	1.3	4.2

Operating lease commitments – Group as lessor

A number of the sublease agreements for unutilised space in the UK shop estate are not classified as finance leases within IFRS 16. These non-cancellable leases have remaining lease terms of between one and nine years. The future minimum rentals receivable under these non-cancellable operating leases at 31 December are as follows:

	2020 £m	2019 £m
Within one year	**0.6**	0.6
After one year but not more than five years	**0.8**	1.4
After five years	**0.3**	1.0
	1.7	3.0

23 Interest bearing loans and borrowings

	2020 £m	2019 £m
Current		
Euro denominated loans	**2.8**	8.4
USD denominated loans	**5.9**	17.8
Sterling denominated loans	**5.4**	5.3
	14.1	31.5
Non-current		
Euro denominated loans	**1,011.0**	951.1
USD denominated loans	**563.6**	581.0
Sterling denominated loans	**511.1**	552.4
	2,085.7	2,084.5

As at 31 December 2020 there were £480.0m (2019: £495.0m) of committed bank facilities of which £nil (2019: £35.0m) were drawn down.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

24 Provisions

	Property provisions[1] £m	Restructuring provision[2] £m	Litigation and regulation provisions[3] £m	Total £m
At 1 January 2019	68.6	2.9	145.6	217.1
Effect of transition to IFRS 16	(51.7)	–	–	(51.7)
Provided	9.4	18.9	–	28.3
Utilised	(9.2)	(12.7)	(53.3)	(75.2)
Released	(2.2)	–	(24.6)	(26.8)
Reclassification	(1.9)	–	1.9	–
Exchange adjustment	–	–	(2.2)	(2.2)
At 31 December 2019	13.0	9.1	67.4	89.5
Provided	**12.3**	**6.7**	**24.0**	**43.0**
Utilised	**(8.9)**	**(12.5)**	**(40.0)**	**(61.4)**
Released	**(1.6)**	**–**	**(3.0)**	**(4.6)**
Exchange adjustment	**–**	**–**	**2.4**	**2.4**
At 31 December 2020	**14.8**	**3.3**	**50.8**	**68.9**

1. The Group is party to a number of leasehold property contracts. Provision has been made against the unavoidable non-rent costs on those leases where the property is now vacant. Provisions have been based on management's best estimate of the minimum future cash flows to settle the Group's obligations, taking into account the risks associated with each obligation, discounted at a risk-free interest rate. The periods of vacant property commitments range from 1 to 15 years (2019: 1 to 16 years). As a result of the implementation of IFRS 16 the rental elements of certain property provisions are now included within lease liabilities.
2. Restructuring provisions relate to redundancy costs provided in association with merger and acquisition activities.
3. Other provisions include legal, insurance and regulatory provisions associated with certain claims and taxes of which £13.3m (2019: £49.3m) relates to Greek tax. See note 18 for further details.

Of the total provisions at 31 December 2020, £49.4m (2019: £73.0m) is current and £19.5m (2019: £16.5m) is non-current.

25 Financial risk management objectives and policies

The Group's treasury function provides a centralised service for the provision of finance and the management and control of liquidity, foreign exchange rates and interest rates. The function operates as a cost centre and manages the Group's treasury exposures to reduce risk in accordance with policies approved by the Board.

The Group's principal financial instruments comprise bank loans, overdrafts, loan notes, bonds, financial guarantee contracts, and cash and short-term deposits, together with certain derivative financial instruments. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables, trade payables and accruals that arise directly from its operations. Details of derivatives are set out in note 26.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken other than betting and gaming transactions and for the purposes of currency trading as part of the discontinued Intertrader business (note 21). Activity of this nature is only undertaken by the customer and is not speculative activity of the Group. The Group's exposure to ante-post betting and gaming transactions is not significant.

The main financial risks for the Group are exchange rate risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

Interest rate risk

The Group is exposed to interest rate risk on certain of its interest-bearing loans and borrowings and on cash and cash equivalents.

The Group's policy for the year ended 31 December 2020 was to maintain a minimum of 20.0% (2019: 20.0%) of total borrowings at fixed interest rates to reduce its sensitivity to movements in variable short-term interest rates. The Group anticipates revisiting this policy upon the maturity of its fixed term bonds during 2023. At 31 December 2020, £500.0m (2019: £500.0m) or 24.0% (2019: 24.0%) of the Group's borrowings were at fixed rates excluding those relating to IFRS 16.

Interest on financial instruments at floating rates is repriced at intervals of less than six months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument.

25 Financial risk management objectives and policies continued

The table below demonstrates the sensitivity to reasonably possible changes in interest rates on income for the year when this movement is applied to the carrying value of financial liabilities:

	Profit before tax	
Effect on:	2020	2019
25 basis points increase	4.2	3.9

Foreign currency risk

Given the multi-national nature of the business, the Group is exposed to foreign exchange gains and losses on its trading activities, the net assets of its overseas subsidiaries and its non-GBP denominated financing facilities. The primary currencies that the Group is exposed to fluctuations in are the Euro, Australian Dollar and US Dollar.

Whilst the Group does not actively hedge the foreign exposure on its trading cash flows, it continuously monitors exposures to individual currencies, taking remediating actions as necessary to manage any significant risks as they arise. In the event that the Group anticipates large transactions in currencies other than GBP, forward exchange contracts are taken out to manage the potential foreign exchange exposure.

The Group's exposure to the translation of net assets on foreign currency subsidiaries into its reporting currency are partially offset by the opposite exposure on the Group's financing facilities providing a natural economic hedge, even though the Group does not apply hedge accounting. The Group's policy on borrowings is broadly aligned to the underlying cash flows of the business.

The Group has financing facilities in GBP, Euro and US Dollars. As the Group's overseas subsidiaries largely report in Euros, the Group has taken out a swap contract to hedge the US dollar debt into Euros in order to align the foreign currency exposure on the Group's financing facilities with that on the net assets of its subsidiaries.

A 5% weakening in the Euro would reduce Group operating profit by £22.0m (2019: £23.0m) and net assets by £7.6m (2019: £9.0m) when applied to the results of year in question.

A 5% weakening in the Australian Dollar would reduce Group operating profit by £3.9m (2019: £1.2m) and net assets by £22.7m (2019: £27.0m) when applied to the results of year in question.

Credit risk

The Group is not subject to significant concentration of credit risk, with exposure spread across a large number of counterparties and customers.

Receivable balances are monitored on an ongoing basis. Any changes to credit terms are assessed and authorised by senior management on an individual basis.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit risk in respect of cash and cash equivalents is managed by restricting those transactions to banks that have a defined minimum credit rating and by setting an exposure ceiling per bank.

The Group also has exposure to the credit risk of third parties arising from the financial guarantee contracts provided by the Group. This risk is partly mitigated by the indemnity received from Hilton Hotels Corporation for any loss incurred in connection with these guarantees.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. The Group's policy on liquidity is to ensure that there are sufficient medium-term and long-term committed borrowing facilities to meet the medium-term funding requirements. At 31 December 2020, there were undrawn committed borrowing facilities of £480.0m (2019: £495.0m with £35.0m drawn down). Total committed facilities had an average maturity of 3.0 years (2019: 4.0 years).

The total gross contractual undiscounted cash flows of financial liabilities, including interest payments, fall due as follows. Cash flows in respect of financial guarantee contracts reflect the probability weighted cash flows.

2020	On demand or within 1 year £m	1–2 years £m	2–5 years £m	> 5 years £m	Total £m
Interest bearing loans and borrowings	74.6	643.4	1,575.0	–	2,293.0
Other financial liabilities	13.7	177.4	0.6	1.0	192.7
Trade and other payables	457.7	–	–	–	457.7
Lease liabilities	99.5	79.6	124.6	81.2	384.9
Total	645.5	900.4	1,700.2	82.2	3,328.3

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

25 Financial risk management objectives and policies continued

2019	On demand or within 1 year £m	1–2 years £m	2–5 years £m	> 5 years £m	Total £m
Interest bearing loans and borrowings	103.1	262.8	2,006.6	–	2,372.5
Other financial liabilities	27.3	160.0	0.6	1.2	189.1
Trade and other payables	444.5	–	–	–	444.5
Lease liabilities	89.9	83.6	145.5	103.2	422.2
Total	664.8	506.4	2,152.7	104.4	3,428.3

The Group secures the use of its retail premises primarily through taking out leases for these premises. Typically, the leases are for a duration between 5 and 20 years. In respect of the UK property portfolio there is commonly a right to renew leases on expiry, by virtue of the Landlord and Tenant Act 1954. Details of discounted contractual cash flows of leasing liabilities are set out in note 22.

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a credit quality that enables the Group to raise funds at an economic interest rate and to maintain healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, adjust borrowings, return capital to shareholders or issue new shares.

The Group monitors capital using a net debt to EBITDA ratio (before separately disclosed items). The ratio at 31 December 2020 was 2.1 times (2019: 2.8 times).

The Group's funding policy is to raise funds centrally to meet the Group's anticipated requirements. These are planned so as to mature at different stages in order to reduce refinancing risk. The Board reviews the Group's capital structure and liquidity periodically.

26 Financial instruments and fair value disclosures

The table below analyses the Group's financial instruments into their relevant categories:

31 December 2020	Amortised cost £m	Assets/ (liabilities) at fair value through profit loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments	2.1	2.9	5.1	10.1
Other financial assets	4.4	–	–	4.4
Current:				
Trade and other receivables	268.2	–	–	268.2
Cash and short-term investments (including customer funds)	706.7	–	–	706.7
Total	981.4	2.9	5.1	989.4
Liabilities				
Current:				
Customer balances	241.1	–	–	241.1
Interest bearing loans and borrowings	14.1	–	–	14.1
Trade and other payables	457.7	–	–	457.7
Derivative financial instruments	–	26.1		26.1
Other financial liabilities[1]	–	147.5	–	147.5
Lease liabilities (note 22)	89.8	–	–	89.8
Non-current:				
Interest bearing loans and borrowings	2,085.7	–	–	2,085.7
Other financial liabilities[1]	2.2	7.1	–	9.3
Lease liabilities (note 22)	248.2	–	–	248.2
Total	3,138.8	180.7	–	3,319.5
Net financial assets/(liabilities)	(2,157.4)	(177.8)	5.1	(2,330.1)

26 Financial instruments and fair value disclosures continued

31 December 2019	Amortised cost £m	Assets/ (liabilities) at fair value through profit loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments	1.8	4.2	4.9	10.9
Other financial assets	2.1	–	–	2.1
Current:				
Trade and other receivables	301.1	–	–	301.1
Derivative financial instruments	–	47.4	–	47.4
Cash and short-term investments (including customer funds)	390.1	–	–	390.1
Total	695.1	51.6	4.9	751.6
Liabilities				
Current:				
Customer balances				
Interest bearing loans and borrowings	(335.4)	–	–	(335.4)
Trade and other payables	(31.5)	–	–	(31.5)
Derivative financial instruments	(444.5)	–	–	(444.5)
Other financial liabilities[1]	–	(30.7)	–	(30.7)
Lease liabilities (note 22)	(75.5)	–	–	(75.5)
Non-current:				
Interest bearing loans and borrowings	(2,084.5)	–	–	(2,084.5)
Other financial liabilities[1]	(2.4)	(123.4)	–	(125.8)
Lease liabilities (note 22)	(288.0)	–	–	(288.0)
Total	(3,261.8)	(154.1)	–	(3,415.9)
Net financial assets/(liabilities)	(2,566.7)	(102.5)	4.9	(2,664.3)

1. Other financial liabilities include £142.1m deferred and contingent consideration (2019: £134.0m), £2.2m of financial guarantees (2019: £2.4m) and £12.5m of ante-post liabilities (2019: £20.1m).

Fair value hierarchy

IFRS 13 requires financial assets and liabilities recorded at fair value to be categorised in three levels according to the inputs used in the calculation of their fair value:

- Level 1 – uses quoted prices as the input to fair value calculations
- Level 2 – uses inputs other than quoted prices, that are observable either directly or indirectly
- Level 3 – uses inputs that are not observable

The following tables illustrate the Group's financial assets and liabilities measured at fair value after initial recognition at 31 December 2020 and 31 December 2019:

2020	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets measured at fair value				
Other investments	**–**	**2.9**	**5.1**	**8.0**
Liabilities measured at fair value				
Derivative financial instruments	**–**	**(26.1)**	**–**	**(26.1)**
Other financial liabilities	**–**	**–**	**(154.6)**	**(154.6)**
Net liabilities measured at fair value	**–**	**(23.2)**	**(149.5)**	**(172.7)**

Notes to the consolidated financial statements continued

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26 Financial instruments and fair value disclosures continued

	Level 1 £m	Level 2 £m	Level 3 £m	2019 Total £m
Assets measured at fair value				
Other investments	–	4.2	4.9	9.1
Derivative financial instruments	–	47.4	–	47.4
Total	–	51.6	4.9	56.5
Liabilities measured at fair value				
Other financial liabilities	–	–	(154.1)	(154.1)
Net assets/(liabilities) measured at fair value	–	51.6	(149.2)	(97.6)

There have been no transfers of assets or liabilities recorded at fair value between the levels of the fair value hierarchy.

Included within other financial assets and derivative financial instruments measured at fair value is; the Group's currency swaps held against debt instruments as a liability of £26.1m (2019: asset of £47.4m), investment in Hui 10, designated as fair value through other comprehensive income, of £5.1m (2019: £4.9m) and a convertible equity instrument with Visa Inc. for £2.9m (2019: £4.2m) The fair value of both the investments at 31 December 2020 and 31 December 2019 are not materially different to their original cost. The movement in the year relates to small additions to the investment in Hui 10.

Contingent consideration

Contingent consideration arises through business combinations, the fair value for which is reassessed at each reporting date using updated inputs and assumptions based on the latest financial forecasts of each respective business. As at 31 December 2020 contingent consideration included within other financial liabilities was £142.1m (2019: £134.0m) arising from the historical transactions involving Mars LLC, Neds International Pty Limited, Sigma Booking Limited, Argon Financial Limited and Dusk Till Dawn Limited.

Ante-post

Ante-post liabilities are valued using methods and inputs that are not based upon observable market data. There are no reasonably probable changes to assumptions or inputs that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results. The principal assumptions relate to anticipated gross win margins on unsettled bets.

Financial Guarantee Contracts

Financial guarantee contracts of £2.2m (2019: £2.4m), were acquired through the acquisition of Ladbrokes Coral Group plc. These are classified as level 3 financial instruments as their fair value is measured using techniques where the significant inputs are not based on observable market data.

27 Net debt

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

	2020 £m	2019 £m
Current assets		
Cash and short-term deposits	**749.8**	390.1
Current liabilities		
Interest bearing loans and borrowings	**(14.1)**	(31.5)
Non-current liabilities		
Interest bearing loans and borrowings	**(2,085.7)**	(2,084.5)
Accounting net debt	**(1,350.0)**	(1,725.9)
Cash held on behalf of customers	**(396.1)**	(335.4)
Fair value swaps held against debt instruments (derivative financial assets)	**(26.1)**	47.4
Deposits	**171.2**	129.1
Balances held with payment service providers	**172.4**	78.5
Adjusted net debt	**(1,428.6)**	(1,806.3)
Lease liabilities	**(338.0)**	(363.5)
Net debt including lease liabilities	**(1,766.6)**	(2,169.8)

Cash held on behalf of customers represents the outstanding balance due to customers in respect of their online gaming wallets. Included within this balance is £155.0m (2019: £nil) classified as held for sale.

28 Share capital

	Number of €0.01 ordinary shares	Total €m	Total £m
Authorised:			
At 31 December 2019 and 31 December 2020	773,000,000	7.7	6.4
Issued and fully paid:			
At 1 January 2019	581,870,271	5.8	4.8
Exercise of share options	461,675	–	–
At 31 December 2019	582,331,946	5.8	4.8
Exercise of share options	2,745,701	–	–
At 31 December 2020	585,077,647	5.8	4.8

The Company's share capital consists entirely of ordinary shares, accordingly all shares rank pari passu in all respects.

See note 31 for further information on terms and amounts of shares reserved for issue under options.

29 Notes to the statement of cash flows

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

	2020 £m	2019 £m
Profit/(loss) before tax and net finance expense from continuing operations	358.9	(166.1)
Loss before tax and net finance expense from discontinued operations	(35.7)	(9.8)
Profit/(loss) before tax and net finance expense including discontinued operations	323.2	(175.9)
Adjustments for:		
Impairment	34.3	245.0
Profit on disposal	(6.9)	(19.0)
Depreciation of property, plant and equipment	127.5	114.1
Amortisation of intangible assets	421.8	481.3
Share based payments charge	14.8	12.7
Decrease in short-term investments	–	2.6
(Increase)/decrease in other financial assets	(2.3)	2.8
Increase in trade and other receivables	(161.2)	(92.0)
Increase/(decrease) in other financial liabilities	25.2	(30.5)
Increase in trade and other payables	33.4	29.5
Decrease in provisions	(22.7)	(73.7)
Non-cash movements relating to pensions	–	(3.0)
Share of results from joint venture and associate	60.2	9.2
Other non-cash items	17.5	40.6
Cash generated by operations	864.8	543.7

29.2 Cash flows from discontinued operations:

	2020 £m	2019 £m
Cash generated from operating activities	20.8	(3.0)
Cash generated from investing activities	0.1	0.2
Cash generated from financing activities	–	–
Net cash inflow arising from discontinued operations	20.9	(2.8)

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

29 Notes to the statement of cash flows continued

29.3 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Other loans and borrowings	Lease liabilities	2020 £m Total	Other loans and borrowings	Lease liabilities	2019 £m Total £m
Balance at 1 January	2,116.0	363.5	2,479.5	2,235.4	379.3	2,614.7
Changes from financing cash flows						
Proceeds from borrowings, net of issue costs	–	–	–	1,032.9	–	1,032.9
Repayment of borrowings	(43.5)	–	(43.5)	(1,099.1)	–	(1,099.1)
Repayment of lease liabilities[1]	–	(86.2)	(86.2)	–	(78.5)	(78.5)
Total changes from financing cash flows	(43.5)	(86.2)	(129.7)	(66.2)	(78.5)	(144.7)
The effect of changes in foreign exchange	42.9	3.2	46.1	(84.3)	(2.1)	(86.4)
Other changes						
Interest expense	64.2	16.7	80.9	72.5	16.8	89.3
Interest paid	(81.1)	(16.7)	(97.8)	(54.5)	(16.8)	(71.3)
New lease liabilities	–	70.9	70.9	–	72.9	72.9
Finance fees	1.3	–	1.3	13.1	–	13.1
Remeasurement adjustments	–	(13.4)	(13.4)	–	(8.1)	(8.1)
Total other changes	(15.6)	57.5	41.9	31.1	64.8	95.9
Balance at 31 December	2,099.8	338.0	2,437.8	2,116.0	363.5	2,479.5

1. In addition to the above, the Group received £0.3m (2019: £0.8m) in respect of finance lease receivables resulting in a net repayment of finance leases of £85.9m (2019: £77.7m)

Non cash movements include amounts acquired as a result of business combinations and the amortisation of issue costs incurred in respect of debt instruments.

30 Retirement benefit schemes

Defined contribution schemes

During the year the Group charged contributions of £13.4m (2019: £15.8m) to the consolidated income statement in relation to the defined contribution pension schemes.

Defined benefit plans

Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet.

The Group has two significant defined benefit plans, the Ladbrokes Pension Plan and the Gala Coral Pension Plan. Both are final salary pension plans for UK employees. These are closed to new employees and future accrual.

At retirement each member's pension is related to their final pensionable salary for the Ladbrokes Pension Plan and their 'career average earnings' for the Gala Coral Pension Plan. The weighted average duration of the expected benefit payments from the Plan is around 17 years (2019: 17 years) for Ladbrokes Pension Plan and 19 years (2019: 21 years) for the Gala Coral Pension Plan.

The Plans' assets are held separately from those of the Group. The Plans are approved by HMRC for tax purposes, and are managed by independent Trustees. The Plans are subject to UK regulations, which require the Group and Trustees to agree a funding strategy and contribution schedule at least every three years. Under the current contribution schedule in place, the Group does not pay contributions to the Ladbrokes Pension Plan or Gala Coral Pension Plan but are paying the administrative costs related to the Gala Coral Pension Plan scheme.

There is a risk to the Group that adverse circumstances could lead to a requirement for the Group to make additional contributions to recover any deficit that arises. As at the date of signing the financial statements no such event has arisen.

The results of the formal actuarial valuation as at 30 June 2016 for the Ladbrokes Pension Plan and 30 June 2019 for the Gala Coral Pension Plan were updated to 31 December 2020 by an independent qualified actuary in accordance with IAS 19 (Revised) Employee Benefits. The value of the defined benefit obligation and current service cost have been measured using the projected unit credit method, as required by IAS 19 (Revised). Actuarial gains and losses are recognised immediately through other comprehensive income.

During 2019, the Group undertook a pension buy-in on the Ladbrokes pension scheme with the assets of the scheme replaced with an insurance policy against the payment of future liabilities valued equally to the associated assets. There was no commitment during 2019 to move to a buy-out of the scheme and the Group has continued to consider its position throughout 2020 before agreeing with the Trustees to commence the wind up of the Ladbrokes pension scheme.

30 Retirement benefit schemes continued

The amounts recognised in the balance sheet are as follows:

	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m	2019 (Coral) £m	2019 (Ladbrokes) £m	2019 Total £m
Present value of funded obligations	(450.1)	(385.1)	(835.2)	(396.0)	(357.5)	(753.5)
Fair value of plan assets	506.9	392.5	899.4	455.9	364.2	820.1
Net asset	56.8	7.4	64.2	59.9	6.7	66.6
Disclosed in the balance sheet as: Retirement benefit asset	56.8	7.4	64.2	59.9	6.7	66.6

The Group has considered the appropriate accounting treatment in respect of the pension plan surplus, taking into account the current agreement with the Trustees and concluded the recognition of the surplus is appropriate.

The amounts recognised in the income statement are as follows:

	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m	2019 (Coral) £m	2019 (Ladbrokes) £m	2019 Total £m
Analysis of amounts charged to the Income Statement						
Separately disclosed items	–	2.4	2.4	–	0.8	0.8
Other administrative expenses	(0.1)	1.2	1.1	–	0.8	0.8
Net interest on net asset	(1.2)	(0.1)	(1.3)	(1.7)	(2.9)	(4.6)
Total charge/(credit) recognised in the Income Statement	(1.3)	3.5	2.2	(1.7)	(1.3)	(3.0)

The actual return on plan assets over the year was a £111.0m gain (2019: £5.5m).

The amounts recognised in the statement of comprehensive income are as follows:

	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m	2019 (Coral) £m	2019 (Ladbrokes) £m	2019 Total £m
Actual return on assets less interest on plan assets	54.6	40.3	94.9	39.0	(56.4)	(17.4)
Actuarial gains/(losses) on defined benefit obligation due to changes in demographic assumptions	0.2	10.4	10.6	5.5	(4.1)	1.4
Actuarial (losses)/gains on defined benefit obligation due to changes in financial assumptions	(63.3)	(52.5)	(115.8)	(49.0)	(35.9)	(84.9)
Experience adjustments on benefit obligation	4.1	6.0	10.1	3.5	(7.2)	(3.7)
Actuarial losses recognised in the statement of comprehensive income	(4.4)	4.2	(0.2)	(1.0)	(103.6)	(104.6)

Changes in the present value of the defined benefit obligation are as follows:

	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m	2019 (Coral) £m	2019 (Ladbrokes) £m	2019 Total £m
At 1 January	(396.0)	(357.5)	(753.5)	(358.9)	(316.6)	(675.5)
Interest on obligation	(7.8)	(7.0)	(14.8)	(9.9)	(8.4)	(18.3)
Actuarial gains/(losses) due to changes in demographic assumptions	0.2	10.4	10.6	5.5	(4.1)	1.4
Actuarial (losses)/gains due to changes in financial assumptions	(63.3)	(52.5)	(115.8)	(49.0)	(35.9)	(84.9)
Experience adjustments on obligations	4.1	6.0	10.1	3.5	(7.2)	(3.7)
Benefits paid	12.7	15.5	28.2	12.8	14.7	27.5
At 31 December	(450.1)	(385.1)	(835.2)	(396.0)	(357.5)	(753.5)

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

30 Retirement benefit schemes continued

Changes in the fair value of plan assets are as follows:

	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m	2019 (Coral) £m	2019 (Ladbrokes) £m	2019 Total £m
At 1 January	**455.9**	**364.2**	**820.1**	418.1	425.6	843.7
Interest on plan assets	**9.0**	**7.1**	**16.1**	11.6	11.3	22.9
Administrative expenses	**0.1**	**(3.6)**	**(3.5)**	–	(1.6)	(1.6)
Actual return less interest on plan assets	**54.6**	**40.3**	**94.9**	39.0	(56.4)	(17.4)
Benefits paid	**(12.7)**	**(15.5)**	**(28.2)**	(12.8)	(14.7)	(27.5)
At 31 December	**506.9**	**392.5**	**899.4**	455.9	364.2	820.1

The Group does not expect to contribute to either plan in 2021. The Group will however continue to meet the administrative expenses of the Gala Coral Pension Plan scheme.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2020 (Coral) %	2020 (Ladbrokes) %	2019 (Coral) %	2019 (Ladbrokes) %
Equities and Diversified Growth Funds	**26.9**	**–**	25.4	–
Insurance policy	**–**	**98.1**	–	98.2
Liability Driven Investment (%)	**69.5**	**1.2**	72.4	1.2
Private credit	**3.2**	**–**	1.8	–
Cash and cash equivalents	**0.4**	**0.7**	0.5	0.7

The Plan assets are held exclusively within instruments with quoted market prices in an active market with the exception of the holdings in an insurance policy and a private credit asset. At 31 December 2020 these represented c.42.8% (2019: c.44.6%) of the Plan's total assets.

The Plan does not invest directly in property occupied by the Group or in financial securities issued by the Group. Although, as the Plan holds pooled investment vehicles, there may at times be indirect employer related investment. At 31 December 2020 these represented less than 0.1% (2019: 0.1%) of the Plan's total assets.

The investment strategy is set by the Trustees of the Plans in consultation with the Group. For the Gala Coral Plan the current long-term strategy is to invest in a low-risk matching bond portfolio with a relatively small investment in return seeking funds. With respect to the Ladbrokes pension plan the majority of investment is held within an insurance policy that guarantees the payments of future pension liabilities.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages where appropriate):

		2020 (Coral) % p.a.	2020 (Ladbrokes) % p.a.	2019 (Coral) % p.a.	2019 (Ladbrokes) % p.a.
Discount rate		**1.2**	**1.2**	2.0	2.0
Price inflation (CPI)		**1.9**	**1.9**	2.1	2.1
Price inflation (RPI)		**2.9**	**2.9**	2.9	2.9
Future pension increases	– LPI 5% (CPI)	**2.9**	**2.9**	2.8	2.8
	– LPI 3% (RPI)	**2.3**	**2.3**	2.3	2.3
	– LPI 2.5% (CPI)	**2.1**	**2.1**	1.7	1.7

Post-retirement mortality assumed for most members is based on the standard SAPS mortality table with the CMI 2018 projections which takes into account future improvements, adjusted to reflect plan specific experience.

The assumption used implies that the expected lifetime of members for the two schemes is:

	2020 (Coral)	2020 (Ladbrokes)	2019 (Coral)	2019 (Ladbrokes)
Male aged 65 for year ended	**86.4**	**86.5**	86.4	86.7
Female aged 65 for year ended	**88.5**	**88.9**	88.5	88.7

30 Retirement benefit schemes continued

Changes to the assumptions will impact the amounts recognised in the consolidated balance sheet and the consolidated income statement in respect of the Plan. For the significant assumptions, the following sensitivity analysis provides an indication of the impact on the defined benefit obligation for the year ended 31 December 2020:

	2020 (Coral)	2020 (Ladbrokes)	2019 (Coral)	2019 (Ladbrokes)
– 0.5% p.a. decrease in the discount rate	10.3	9.1	9.9	8.8
– 0.5% p.a. increase in price inflation	7.7	4.7	7.3	5.2
– One year increase in life expectancy	4.5	4.1	4.0	3.6

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practice, for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Plan.

31 Share-based payments

The following options to purchase €0.01 Ordinary Shares in the Group were granted, exercised, forfeited or existing at the year-end:

Date of grant	Exercise price	Existing at 1 January 2020	Granted in the year	Cancelled or forfeited in the year	Exercised in the year	Existing at 31 December 2020	Exercisable at 31 December 2020	Vesting criteria
16 Dec 2016	422p	3,203,347	–	–	(2,572,786)	630,561	630,561	Note a
30 Mar 2017	422p	175,000	–	–	(125,000)	50,000	50,000	Note a
28 Dec 2017	0p	563,627	–	(180,067)	(47,915)	335,645	335,645	Note b
19 Sep 2018	0p	1,890,211	–	(789,890)	–	1,100,321	–	Note c
26 Mar 2019	0p	3,404,563	–	(1,029,277)	–	2,375,286	–	Note d
10 Jun 2020	0p	–	2,045,307	(318,006)	–	1,727,301	–	Note e
Total Schemes		9,236,748	2,045,307	(2,317,240)	(2,745,701)	6,219,114	1,016,206	

Note a: 2016 MIP Scheme – These equity settled awards were issued on completion of the acquisition of bwin.party. The options vest and became exercisable, subject to the satisfaction of a performance condition, over 30 months, with one-ninth vesting six months after the date of grant and a further ninth vesting at each subsequent quarter. The options lapse, if not exercised, on 2 February 2026. The performance condition is comparator total shareholder return ("TSR") of the Group against the FTSE 250. Each ninth of the shares will have its TSR condition reviewed from the date of grant until the relevant testing date. To the extent the TSR is not met at that time, it is tested again the following quarter and, if necessary, at the end of the 30-month vesting period. In order to vest, the TSR of the Group must rank at median or above against the FTSE 250.

Note b: 2017 LTIP Scheme – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative Earnings Per Share ("EPS") exceeding 180 euro cents, with a pro-rata increase in the amount vesting between 180 cents and 214 cents, and TSR performance conditions being met which are split with equal weighting.

Note c: 2018 LTIP Scheme – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 191p, with a pro-rata increase in the amount vesting between 191p and 224p, and TSR performance conditions being met which are split with equal weighting.

Note d: 2019 LTIP Scheme – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 184p, with a pro-rata increase in the amount vesting between 184p and 214p, and TSR performance conditions being met which are split with the weighting of one third based on EPS and two thirds relating to TSR conditions.

Note e: 2020 LTIP Scheme – These equity settled awards were awarded to certain directors and employees and vest over a three-year period from the date of grant. The number of awards to vest are conditional on both cumulative 3 year Earnings Per Share ("EPS") exceeding 267p, with a pro-rata increase in the amount vesting between 267p and 295p, and TSR performance conditions being met which are split with the weighting of one third based on EPS and two thirds relating to TSR conditions. There were also a number of restricted share plan shares issued during 2020 against which service conditions apply.

The charge to share-based payments within the consolidated income statement in respect of these options in 2020 was £14.8m (2019: £12.7m) of which £14.8m related to equity settled options (2019: £12.7m) and £nil to cash settled options (2019: £nil).

Weighted average exercise price of options

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 31 December 2020	Number of options 31 December 2020	Weighted average exercise price 31 December 2019	Number of options 31 December 2019
Outstanding at the beginning of the year	154p	9,236,748	263p	6,293,860
Granted during the year	0p	2,045,307	0p	3,404,563
Exercised during the year	414p	(2,745,701)	422p	(461,675)
Cancelled or forfeited in the year	0p	(2,317,240)	–	–
Outstanding at the end of the year	52p	6,219,114	154p	9,236,748
Exercisable at the end of the year	295p	1,016,206	422p	3,378,347

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

31 Share-based payments continued

The options outstanding at 31 December 2020 have a weighted average contractual life of 1.3 years (31 December 2019: 1.2 years).

Valuation of options

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The Group engaged third-party valuation specialists to provide a fair value for the options.

The 2018 and 2019 LTIP plan was valued using both a Black Scholes valuation model and Monte Carlo valuation for the cumulative EPS and TSR conditions respectively.

Fair value of share options and assumptions:

Date of grant	Share price at date of grant (£)	Exercise price (£)	Expected volatility %	Exercise multiple	Expected dividend yield	Risk free rate %	Fair value at measurement date (£)
Dec 16	6.48	4.22	28%–30%	n/a	n/a	–	1.43 – 1.94
Mar 17	7.28	4.22	28%–30%	n/a	n/a	–	1.88 – 2.39
Dec 17	9.34	–	26.6%	n/a	n/a	0.4%	7.39 – 9.34
Sep 18	9.14	–	33.7%	n/a	n/a	1.0%	4.58– 9.14
Mar 19	4.96	–	31.5%	n/a	n/a	0.7%	1.90–4.96
Jun 20	7.86	–	33.2%	n/a	n/a	0.3%	3.54–7.86

32 Commitments and contingencies

Contingent liabilities

Guarantees have been given in the ordinary course of business in respect of loans and derivative contracts granted to subsidiaries amounting to £500.0m (2019: £500.0m). Bank guarantees have been issued on behalf of subsidiaries with a value of £58.3m (2019: £47.0m).

The Group has given guarantees to third parties in respect of lease liabilities of former subsidiaries within the disposed hotels division. (Note 26).

HMRC investigation

On 28 November 2019, one of our UK subsidiaries, GVC Holdings (UK) Limited, received a production order from HM Revenue & Customs ("HMRC") requiring it to provide information relating to the Group's former Turkish facing online betting and gaming business, sold in 2017. At that time, the Group understood that HMRC's investigation was directed at a number of former third party suppliers, relating to the processing of payments for online betting and gaming in Turkey. On 21 July 2020, GVC Holdings Plc announced that HMRC was widening the scope of its investigation and was examining potential corporate offending by the GVC Group. It had previously been understood that no Group company was a subject of HMRC's investigation. Through ongoing engagement with HMRC we understand that the Group remains a corporate suspect and that the offences under investigation include, but are not limited to, offences under sections 1 and 7 of the Bribery Act 2010. The Group continues to co-operate fully with HMRC's enquiries.

In addition to the items discussed above, the Group is subject to a number of other potential litigation claims that arise as part of the normal course of business. Provision has not been made against these claims as they are not considered likely to result in an economic outflow. Consistent with any claims of this nature there can be uncertainty with the final outcome.

33 Related party disclosures

Other than its associates and joint venture, the related parties of the Group are the Executive Directors, Non-Executive Directors and members of the Executive Committee of the Group.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint venture and other related parties are disclosed below.

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

	2020 £m	2019 £m
Equity investment		
– Joint venture[1]	**61.8**	–
Loans		
– Movement in loan balance with joint venture partner	**–**	(1.8)
Dividends received		
– Associates	**–**	1.2
Sundry expenditure		
– Associates[2]	**56.6**	82.3

1. Equity investment in BetMGM.
2. Payments in the normal course of business made to Sports Information Services (Holdings) Limited and bwin eK Neugersdorf

Details of related party outstanding balances:

	2020 £m	2019 £m
Other amounts outstanding		
– Associates	**0.1**	0.3

Terms and conditions of transactions with related parties

Sales to, and purchases from, related parties are made at market prices and in the ordinary course of business. Outstanding balances at 31 December 2020 are unsecured and settlement occurs in cash. For the year ended 31 December 2020, the Group has not raised any provision (2019: £nil) for doubtful debts relating to amounts owed by related parties as the payment history has been good. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with Directors and key management personnel of the Group

For details of Director's remuneration please refer to the Directors remuneration table included on pages 102 to 121 of this report.

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key management personnel comprise Executive Directors, Non-Executive Directors and members of the Executive management team. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report.

	2020 £m	2019 £m
Short-term employee benefits	**5.8**	12.7
Share-based payments	**7.3**	5.5
Total compensation paid to key management personnel	**13.1**	18.2

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

33 Related party disclosures continued

The consolidated financial statements include the financial statements of Entain PLC and its subsidiaries. The companies listed below are those which were part of the Group at 31 December and therefore the results, cash flows and balance sheets of all subsidiaries listed are consolidated into the Group financial statements, furthermore the results of joint ventures and associates are accounted for in accordance with the policy set out in note 4.

Subsidiaries based in the United Kingdom

		% equity interest	
Registered address	**Company**	**2020**	**2019**
3rd Floor	Arbiter & Weston Limited(4)(5)	**100.0**	100.0
One New Change,	Arthur Prince (Turf Accountants) Limited(5)	**100.0**	100.0
London,	Bartletts Limited(5)	**100.0**	100.0
United Kingdom,	Birchgree Limited(4)	**100.0**	100.0
EC4M 9AF	Bloxhams Bookmakers Limited(5)	**100.0**	100.0
	Brickagent Limited	**100.0**	100.0
	Cashcade Limited	**100.0**	100.0
	CE Acquisition 1 Limited(4)	**100.0**	100.0
	Chas Kendall (Turf Accountant) Limited(5)	**100.0**	100.0
	Chequered Racing Limited(5)	**100.0**	100.0
	Choicebet Limited(5)	**100.0**	100.0
	C L Jennings (1995) Limited(5)	**100.0**	100.0
	Competition Management Services Co. Limited(5)	**97.5**	97.5
	Coral (Holdings) Limited(4)	**100.0**	100.0
	Coral (Stoke) Limited(5)	**100.0**	100.0
	Coral Estates Limited	**100.0**	100.0
	Coral Eurobet Limited	**100.0**	100.0
	Coral Eurobet Holdings Limited(4)	**100.0**	100.0
	Coral Group Limited(4)	**100.0**	100.0
	Coral Group Trading Limited(4)	**100.0**	100.0
	Coral Limited(4)	**100.0**	100.0
	Coral Racing Limited(4)	**100.0**	100.0
	Coral Stadia Limited(4)(5)	**100.0**	100.0
	E.F. Politt & Son Limited(5)	**100.0**	100.0
	Entain Services Limited(5)	**100.0**	100.0
	Forestal Land, Timber and Railways Company Limited (The)(5)	**100.0**	100.0
	Forster's (Bookmakers) Limited(5)	**100.0**	100.0
	Gable House Estates Limited(5)	**100.0**	100.0
	Ganton House Investments Limited	**100.0**	100.0
	Greatmark Limited(5)	**100.0**	100.0
	GVC Holdings (UK) Limited(1)(2)(4)	**100.0**	100.0
	GVC Marketing (UK) Limited(4)	**100.0**	100.0
	Hillford Estates Limited(5)	**97.5**	97.5
	Hindwain Limited	**100.0**	100.0
	Interactive Sports Limited	**100.0**	100.0
	J G Leisure Limited(5)	**100.0**	100.0
	J. Ward Hill & Company(5)	**100.0**	100.0
	Jack Brown (Bookmaker) Limited	**100.0**	100.0
	Jerusalem Development (Mamilla) Co. Limited(5)	**100.0**	100.0
	Jerusalem Development Corporation (Holdings) Limited(4)(5)	**100.0**	100.0
	Joe Jennings (1995) Limited(5)	**100.0**	100.0
	Joe Jennings Limited(5)	**100.0**	100.0
	Krullind Limited(5)	**100.0**	100.0
	Ladbroke & Co., Limited(4)(5)	**100.0**	100.0
	Ladbroke (Course) Limited(5)	**100.0**	100.0
	Ladbroke (Rentals) Limited(5)	**100.0**	100.0
	Ladbroke City & County Land Company Limited(4)(5)	**100.0**	100.0

33 Related party disclosures continued

Registered address	Company	% equity interest 2020	2019
	Ladbroke Coral Corporate Director Limited[5]	100.0	100.0
	Ladbroke Coral Corporate Secretaries Limited[5]	100.0	100.0
	Ladbroke Dormant Holding Company Limited[4][5]	100.0	100.0
	Ladbroke Entertainments Limited	100.0	100.0
	Ladbroke Group[4][5]	100.0	100.0
	Ladbroke Group Homes Limited[5]	100.0	100.0
	Ladbroke Group International[5]	100.0	100.0
	Ladbroke Group Properties Limited[4][5]	100.0	100.0
	Ladbroke Land Limited[5]	100.0	100.0
	Ladbroke Leasing (South East) Limited[5]	100.0	100.0
	Ladbroke Racing (Reading) Limited[5]	100.0	100.0
	Ladbroke Racing (South East) Limited[5]	100.0	100.0
	Ladbroke Retail Parks Limited[5]	100.0	100.0
	Ladbroke US Investments Limited[4][5]	100.0	100.0
	Ladbrokes (CLJEA) Limited[5]	100.0	100.0
	Ladbrokes (CLJHC) Limited[5]	100.0	100.0
	Ladbrokes (CLJSW) Limited[5]	100.0	100.0
	Ladbrokes Betting & Gaming Limited[2][3][4]	100.0	100.0
	Ladbrokes Contact Centre Limited[5]	100.0	100.0
	Ladbrokes Coral Group Life Benefits Trustee Limited[5]	100.0	100.0
	Ladbrokes Coral Group Limited[2][4]	100.0	100.0
	Ladbrokes CPCB Limited[5]	100.0	100.0
	Ladbrokes E-Gaming Limited[5]	100.0	100.0
	Ladbrokes Group Finance plc[2]	100.0	100.0
	Ladbrokes Group Holdings Limited[4][5]	100.0	100.0
	Ladbrokes Investments Holdings Limited[4][5]	100.0	100.0
	Ladbrokes IT & Shared Services Limited[5]	100.0	100.0
	Ladbrokes PT Limited[5]	100.0	100.0
	Ladbrokes Trustee Company Limited	100.0	100.0
	Lightworld Limited[4][5]	100.0	100.0
	London & Leeds Estates Limited[5]	93.5	93.5
	Maple Court Investments Limited[5]	100.0	100.0
	Margolis and Ridley Limited[5]	100.0	100.0
	New Angel Court Limited[5]	100.0	100.0
	Paddington Casino Limited[5]	100.0	100.0
	Reg.Boyle Limited[5]	100.0	100.0
	Reuben Page Limited[4][5]	100.0	100.0
	Romford Stadium Limited[5]	100.0	100.0
	Rousset Capital Limited	100.0	100.0
	Sabrinet Limited[5]	100.0	100.0
	Sponsio Limited[4][5]	100.0	100.0
	Sporting Odds Limited[2][3]	100.0	100.0
	Sportingbet (IT Services) Limited[5]	100.0	100.0
	Sportingbet (Management Services) Limited[5]	100.0	100.0
	Sportingbet (Product Services) Limited[5]	100.0	100.0
	Sportingbet Holdings Limited[5]	100.0	100.0
	Sportingbet Limited[5]	100.0	100.0
	Sports (Bookmakers) Limited[5]	100.0	100.0
	Techno Land Improvements Limited[5]	100.0	100.0
	Town and County Factors Limited[5]	100.0	100.0
	Travel Document Service[4][5]	100.0	100.0

Notes to the consolidated financial statements continued

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33 Related party disclosures continued

Registered address	Company	% equity interest 2020	2019
	Vegas Betting Limited[5]	100.0	100.0
	Ventmear Limited	100.0	100.0
77A Andersonstown Road Belfast BT11 9AH	Ladbrokes (Northern Ireland) (Holdings) Limited[4]	100.0	100.0
	Ladbrokes (Northern Ireland) Limited[5]	100.0	100.0
	North West Bookmakers Limited[2][3]	100.0	100.0
35 Great St. Helen's London United Kingdom EC3A 6AP	Techno Limited	84.0	84.0
28 la Porte Precinct Grangemouth FK3 8BG	Moffat Lodge Motor Inn Limited[5]	100.0	100.0

Subsidiaries based overseas

Registered address	Company	% equity interest 2020	2019
Belmont Chambers Road Town Tortola British Virgin Islands	Creative Trend Limited	100.0	100.0
	CTL Holdings International Limited[4]	100.0	100.0
	SRL Holdings International Limited[4]	100.0	100.0
	Sunrise Resources Limited	100.0	100.0
Jayla Place, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	Westman Holdings Limited	100.0	100.0
13/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong, China	GVC Technology Consulting (Asia) Co Limited	100.0	100.0
Inchalla, Alderney GY9 3UL, Guernsey	ElectraWorks (Alderney) Limited	100.0	100.0
	Exchange Platform Solutions Limited[3]	100.0	100.0
1st Floor, Otter House Naas Road Dublin 22 Ireland	Dara Properties Limited	100.0	100.0
	Harney Bookmakers Limited[5]	100.0	100.0
	Ladbroke (Ireland) Limited[2][3][4]	100.0	100.0
	Ladbroke Leisure (Ireland) Limited[2][3]	100.0	100.0
	Ladbrokes Payments (Ireland) Limited[5]	100.0	100.0
	M D Betting Limited[5]	100.0	100.0
25/28 North Wall Quay, Dublin 1, D01 H104, Ireland	Fort Anne Limited[1]	100.0	100.0
	Garton Admin Services Limited	100.0	100.0
	M.L.B. Limited	100.0	100.0
4th Floor, IFSC House Custom House Quay Dublin 1, Ireland	Ladbroke Services (Ireland) Limited	100.0	100.0
Menahem Begin 125 Tel Aviv, Israel	Gala Interactive (Services) Limited	100.0	100.0
	Ladbrokes Israel Limited[2]	100.0	100.0
Via Alessandro Marchetti No.105 Rome 00148 Italy	Eurobet Holding SRL[4]	100.0	100.0
	Eurobet Italia SRL[2][3][4]	100.0	100.0
1st Floor, Liberation House Castle Street, St. Helier, JE1 1GL, Jersey	IHF (Jersey) Limited[5]	100.0	100.0
	Ladbroke (Channel Islands) Limited[3]	100.0	100.0
461–473 Lutwyche Road Lutwyche Queensland	Gaming Investments Pty Limited[4]	100.0	100.0
	GVC Australia Pty Ltd[2][3]	100.0	100.0
	LB Australia Holdings Pty Limited[4]	100.0	100.0

33 Related party disclosures continued

Registered address	Company	% equity interest 2020	2019
QLD 4030 Australia	Neds.com.au Pty Ltd	100.0	100.0
	Neds International Pty Ltd[2][3]	100.0	100.0
IFC 5, ST. HELIER, JE1 1ST, Jersey	GVC Finance Limited	100.0	100.0
	Maple Court Investments (Jersey) Limited[5]	100.0	100.0
	PartyGaming Finance Limited	100.0	100.0
Chaussée de Wavre 1100/3 1160 Auderghem Belgium	Ladbroke Belgium S.A.[4]	100.0	100.0
	Pari Mutuel Management Services S.A.	100.0	100.0
	Redsports.be SPRL	100.0	100.0
	S.A. Derby N.V.[2][3][4]	100.0	100.0
	Tierce Ladbroke S.A.[3]	100.0	100.0
29 Avenue Lavoisier, 1300 Wavre, Belgium	Professional Gaming Services Sprl	100.0	100.0
6F Tower 3 Double Dragon Plaza EDSA Ext. cor. Macapagal Avenue, Pasay City, Philippines	InteractiveSports Asia Limited Inc.	100.0	100.0
	NCH Customer Support Services, Inc	100.0	100.0
24A 18th Street Menlo Park, Pretoria 0081, South Africa	Ladbrokes (SA) (Pty) Limited	60.0	60.0
Castello 82 4 IZQ, 28006 Madrid, Spain	Ladbrokes Betting and Gaming Spain, S.A.	100.0	100.0
270 E. Park Street, Suite 1 Butte, Montana 59701	Ladbrokes Holdco, Inc.[4]	100.0	100.0
608 Lander Street Reno Nevada 89509 United States	Stadium Technology Group, LLC[3]	100.0	100.0
15 Agion Omologiton, Nicosia, 1080, Cyprus	Bellingrath Enterprises Limited	100.0	100.0
1565 Carling Avenue, Suite 400, Ottawa, Ontario K1Z 8R1	Canada Limited	100.0	100.0
19 Boulevard Malesherbes, 75008, Paris, France	B.E.S. S.A.S	100.0	100.0
2nd Floor, St Mary's Court, 20 Hill Street, Douglas, IM1 1EU, Isle of Man	Cozy Games Management Limited	100.0	100.0
32 Athol Street, Douglas, IM1 1JB, Isle of Man	Entain (IOM) Limited[1]	100.0	100.0
820 Bear Tavern Road, Trenton, New Jersey, 08628, USA	bwin.party (USA) Inc	100.0	100.0
	bwin.party entertainment (NJ) LLC	90.0	90.0
	bwin.party services (NJ) Inc	100.0	100.0
701 S. Carson Street, Suite 200, Carson City, 89701, Nevada	Ladbrokes Subco LLC	100.0	–
Harborside Plaza 3, 210 Hudson Street, Jersey City, New Jersey 07311	GVC Holdings (USA) Inc	100.0	–
50 Raffles Place, 32–01 Singapore Land Tower, Singapore (048623)	Cozy Games Pte Limited	100.0	100.0
	Florent Pte Limited	100.0	100.0
55 Nikola Vaptsarov Blvd, Office Park Expo 2000, Building Phase 4, Floor 3, Lozenets Area, Sofia 1407, Bulgaria	GVC Services (Bulgaria) EOOD	100.0	100.0
5th Floor, Divyasree Omega, Block – B, Hitec City Road, Kondapur, Hyderabad, Andhra Pradesh, 500081, India	IVY Comptech Private Limited	100.0	100.0
6th Floor, Divyashree omega, Block-B, Plot No. 13/E, Survey no.13(part), Kondapur, Hyderabad, 500081, Andhra Pradesh, India	IVY Foundation Limited	100.0	100.0
	IVY Global Shared Services Private Limited	100.0	100.0
	IVY Software Development Services Private Limited	100.0	100.0

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

33 Related party disclosures continued

Registered address	Company	% equity interest 2020	2019
85 St John Street, Valletta, VLT 1165, Malta	Entain Holdings (Malta) Limited	100.0	100.0
	Gaming VC Corporation Limited	99.0	99.0
	bwin.gr Limited	99.0	99.0
	Headlong 2 Limited[1]	100.0	100.0
	Scandic Bookmakers Limited	99.0	99.0
	Spread Your Wings Bravo Limited	99.0	100.0
	VistaBet Limited	100.0	100.0
Avenida de Fuencarral 44, Edificio Tribeca 1, modulo B, CP 28108, Alcobendas, Madrid, Spain	Winner Apuestas S.A.	100.0	100.0
Bertolt – Brecht – Allee 24, 01309, Dresden, Germany	DSG Deutsche Sportwelt GmbH	100.0	100.0
Box 3095, 350 33 Växjö, Sweden	Webdollar Sweden AB	100.0	100.0
c/o Kilpatrick Townsend & Stockton Advokat KB, Box 5421, 114 84 Stockholm, Sweden	bwin.party Games AB	100.0	100.0
Calle Amador de los Ríos nº1, 6 planta, 28010 Madrid, Spain	bwin Interactive Marketing Espana S.L.	100.0	100.0
c/o The Corporation Trust Company, 1209 Orange Street, County of New Castle, Wilmington, Delaware, 19801, USA	GVC Finance LLC[1]	100.0	100.0
Calle Josep Plá, número 2, planta 5ªD, Edificio Torre Diagonal Litoral, 08019, Barcelona, Spain	Javari Marketing Consultancy Services S.L.	100.0	100.0
Century House, 12 Victoria Street, Alderney, GY9 3UF, Channel Islands	Interactive Sports (C.I.) Limited	100.0	100.0
Global Gateway 8, Rue de la Perle, Providence Mahe, Seychelles	InterTrader International Limited	100.0	100.0
Emancipatie Boulevard Dominico F. "Don" Martina 29, Curaçao	First Slip N.V	100.0	100.0
	GVC Services BV	100.0	100.0
	Intera N.V	100.0	100.0
	Luther Properties N.V	100.0	100.0
Fruebjergvej 3, Copenhagen, 2100, Denmark	Interactive Sports (Denmark) ApS	100.0	100.0
Lagoas Park, Edificio 11, Piso 0 Sul, 2740–244, Porto Salvo, Portugal	Infield – Servicos de Consultoria Marketing Unipessoal LDA.	100.0	100.0
Marxergasse 1b, 1030 Vienna, Austria	bwin.party services (Austria) GmbH	100.0	100.0
	Websports Entertainment Marketing Services GmbH	100.0	100.0
Moskovská 13, Bratislava, 81108, Slovakia	VTD Media[1]	100.0	100.0
Penthouse, Palazzo Spinola Business Centre, Number 46, St Christopher Street, Valletta, VLT 1464, Malta	bwin (Deutschland) Limited	100.0	100.0
	bwin Holdings (Malta) Limited	100.0	100.0
	bwin.party services (Malta) Limited	100.0	100.0
	bwin.party holding Malta Limited	100.0	100.0
	bwin.party International Malta Limited	100.0	100.0
	ElectraWorks (France) Limited	100.0	100.0
	ElectraWorks (Kiel) Limited	100.0	100.0
	ElectraWorks (Malta) PLC	100.0	100.0
	ElectraWorks (Svenska) Limited	100.0	100.0
	ElectraWorks Europe Ltd	100.0	100.0
	Gamebookers (Deutschland) Limited	100.0	100.0
	Ladbrokes (Deutschland) Limited	100.0	100.0

33 Related party disclosures continued

Registered address	Company	% equity interest 2020	2019
	Martingale Europe Limited	100.0	100.0
	Martingale Malta 2 Limited	100.0	100.0
	Sportingbet (Deutschland) Limited	100.0	100.0
Oficina nr.201–2015, edeficio@3, ruta 8, km. 17,500, Uruguay	Gomifer S.A.	100.0	100.0
Quay House South Esplanade St Peter Port GUERNSEY GY1 4EJ, PO Box 132	Longfrie Limited	100.0	100.0
Sea Meadow House, Blackburne Highway, Road Town, Tortola, British Virgin Islands, PO BOX 116	Cream Legbar Limited	100.0	100.0
	Wavecrest Providers Limited	100.0	100.0
CL Conde de Aranda 20, 28001, Madrid, Spain	Sportingbet Spain S.A.	100.0	100.0
Suite 4, Constantia House, Steenberg Office Park, Constantia, 7800, South Africa	Main Street 1013 Pty Limited	100.0	100.0
	SBT Software Operations (SA) (Pty)		
Vake District, Kavtaradze Str., No 5, Entrance 2, Floor 2, Office Space No 2, Tbilisi, Georgia	MARS LLC[2]	51.0	51.0
Suite 6, Atlantic Suites, Europort Avenue, Gibraltar	Argon Financial Limited[2][3]	100.0	100.0
	Balltree (International) Limited	100.0	100.0
	Bingo Marketing Limited	100.0	100.0
	bwin.party holdings Limited	100.0	100.0
	bwin.party services (Gibraltar) Limited	100.0	100.0
	Claymore Interactive Entertainment Holdings Limited	100.0	100.0
	Coral Interactive (Gibraltar) Limited[5]	100.0	100.0
	ElectraGames Limited	100.0	100.0
	ElectraWorks Limited[2][3]	100.0	100.0
	Entain Holdings Limited	100.0	100.0
	Gala Coral Interactive (Gibraltar) Limited[4][5]	100.0	100.0
	Gala Interactive (Gibraltar) Limited[4][5]	100.0	100.0
	Greyjoy Limited	100.0	100.0
	GVC Corporate Services Limited	100.0	100.0
	GVC Holdings (Gibraltar) Limited[1]	100.0	100.0
	GVC Services Limited	100.0	100.0
	GVC Trustees Limited	100.0	100.0
	IGM Domain Name Services Limited	100.0	100.0
	InterTrader Limited[2][3]	100.0	100.0
	ISG (Gibraltar) Limited	100.0	100.0
	ITL Holdings Limited	100.0	100.0
	Ladbrokes Sportsbook Limited Partnership[5]	100.0	100.0
	LC International Limited[2][3][4]	100.0	100.0
	PartyGaming IA Limited	100.0	100.0
Via Gaetano Previati 9, 20149, Milan, Italy	bwin European Markets Holding SpA	100.0	100.0
	bwin Italia S.R.L.[3]	100.0	100.0

1. Company that is directly owned by Entain PLC.
2. Company that forms part of the Group as at 31 December 2020 and which, principally affected the Group's reported results for the year.
3. Trading entity engaged in activity associated with betting and gaming.
4. Holding company.
5. Dormant company.

Notes to the consolidated financial statements continued

for the year ended 31 December 2020

33 Related party disclosures continued

Joint ventures

Registered address	Company	% equity interest 2020	2019
Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808 USA	BetMGM	**50.0**	50.0

Associates

Country of incorporation	Company	% equity interest 2020	2019
China	Asia Gaming Technologies (Beijing) Co., Ltd[1]	**49.0**	49.0
	Asia Gaming Technologies (Tianjin) Co., Ltd[1]	**49.0**	49.0
	Asia Gaming Technologies Limited	**49.0**	49.0
Germany	bwin E.K. Neugersdorf	**50.0**	50.0
United Kingdom	Games For Good Causes PLC	**36.3**	36.3
	Lucky Choice Limited[2]	**66.6**	66.6
	Sports Information Services (Holdings) Limited	**23.4**	23.4

1. Subsidiary of Asia Gaming Technologies Limited.
2. Entain PLC hold 66.6% of the equity of the investment. The associate is not consolidated in the Group financial statements on the basis that the Group does not exercise management control over the associate.

34 Non-controlling interests

Non-controlling interests include a 10% holding in Bwin.party entertainment (NJ) LLC, a company incorporated in the United States, and a 49% holding in Mars LLC, a company incorporated in Georgia.

The total assets relating to subsidiaries with a non-controlling interest were £42.4m (2019: £29.0m) of which there were related liabilities of £25.3m (2019: £26.7m).

The profit attributable to non-controlling interests was £21.6m (2019: £13.0m profit attributable).

The balance of retained earnings attributable to non-controlling interest is disclosed in the table below:

	Total £m
As at January 2019	**38.2**
Profit attributable to non-controlling interests	13.0
Payment of dividends	(8.1)
As at 31 December 2019	**43.1**
Profit attributable to non-controlling interests	21.6
Payment of dividends	(12.4)
As at 31 December 2020	**52.3**

35 Subsequent Events

On 7 January 2021 the Group announced a cash offer of SEK40 per share for the shares of Enlabs AB. On 1 March 2021 the Group announced an increased offer for Enlabs AB of SEK53 per share securing irrevocables to accept this final offer from shareholders representing around 51% of Enlabs AB's shares. Enlabs predominantly operates in online sports-betting and gaming brands across the fast-growing Baltic region, with a small retail presence. In November 2020 Enlabs completed the acquisition of Global Gaming, which enables Enlabs to extend its operations into the Nordics. The offer remains subject to regulatory approval and acceptance by Enlabs shareholders.

On 11 January 2021 Shay Segev gave notice that he would be leaving Entain. His final date of employment will be 8 July 2021.

Company income statement

for the year ended 31 December 2020

For the year ended 31 December	Note	2020 £m	2019 £m
Other operating income		12.2	8.5
Dividends received		–	464.4
Operating (expense)/income	5	(11.5)	(26.2)
Operating profit before separately disclosed items		0.7	446.7
Separately disclosed items	6	(31.2)	(3.9)
(Loss)/profit before tax and net finance expense		(30.5)	442.8
Finance expense	7	(2.8)	(69.0)
Finance income	7	22.9	121.2
(Losses)/gains arising from change in fair value of financial instruments	7	(59.8)	16.6
(Losses)/gains arising from foreign exchange on debt instruments	7	(10.5)	43.4
(Loss)/profit before tax		(80.7)	555.0
Income tax	8	–	–
(Loss)/profit for the year		(80.7)	555.0

All items included above relate to continuing operations.

There were no other items of comprehensive income in the year.

Company balance sheet

for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Assets			
Non-current assets			
Investments	10	**4,008.6**	3,950.9
Interest bearing loans and borrowings	13	**6.7**	–
		4,015.3	3,950.9
Current assets			
Trade and other receivables	11	**1,013.6**	897.5
Derivative financial assets		**–**	47.4
Interest bearing loans and borrowings	13	**0.6**	–
Cash and cash equivalents		**2.9**	12.8
		1,017.1	957.7
Total assets		**5,032.4**	4,908.6
Liabilities			
Current liabilities			
Trade and other payables	12	**(875.3)**	(683.4)
Derivative financial liability		**(26.0)**	–
Interest bearing loans and borrowings	13	**–**	(17.0)
		(901.3)	(700.4)
Net current assets		**115.8**	257.3
Non-current liabilities			
Trade and other payables	12	**(566.9)**	–
Interest bearing loans and borrowings	13	**–**	(573.5)
Other financial liabilities		**–**	(10.5)
		(566.9)	(584.0)
Net assets		**3,564.2**	3,624.2
Shareholders' equity			
Called up share capital	15	**4.8**	4.8
Share premium account		**1,206.6**	1,198.0
Merger reserve		**2,527.4**	2,527.4
Retained earnings		**(174.6)**	(106.0)
Total shareholders' equity		**3,564.2**	3,624.2

Under the Companies Act 2006 section 49 (Isle of Man), the directors are satisfied that the Company satisfies the solvency test for distributions to be made.

The notes on pages 186 to 190 are an integral part of these financial statements.

The financial statements on pages 183 to 190 were approved by the Board of Directors on 4 March 2021 and signed on its behalf by

J Nygaard-Andersen
Chief Executive Officer

R Wood
Deputy Chief Executive Officer/Chief Financial Officer

Company statement of changes in equity

for the year ended 31 December 2020

	Called up share capital £m	Share premium account £m	Merger Reserve account £m	Retained earnings £m	Total £m
At January 2019	4.8	1,196.5	2,527.4	(478.2)	3,250.5
Profit for the year	–	–	–	555.0	555.0
Total comprehensive income	–	–	–	555.0	555.0
Share options exercised	–	1.5	–	–	1.5
Share-based payments charge	–	–	–	12.7	12.7
Equity dividends	–	–	–	(195.5)	(195.5)
At 31 December 2019	4.8	1,198.0	2,527.4	(106.0)	3,624.2
Loss for the year	–	–	–	**(80.7)**	**(80.7)**
Total comprehensive expense	–	–	–	**(80.7)**	**(80.7)**
Share options exercised	–	**8.6**	–	–	**8.6**
Share-based payments charge	–	–	–	**12.1**	**12.1**
At 31 December 2020	**4.8**	**1,206.6**	**2,527.4**	**(174.6)**	**3,564.2**

The notes on pages 186 to 190 are an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 31 December 2020

1 General information

Entain PLC ('the Company') is a limited company incorporated and domiciled in the Isle of Man. The address of its registered office and principal place of business is disclosed in the Directors' report.

The financial statements of the Company for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 4 March 2021.

The Company has taken advantage of the exemption from preparing a cash flow statement under paragraph 8(g) of the disclosure exemptions from EU-adopted IFRS for qualifying entities included in Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The Entain PLC consolidated financial statements for the year ended 31 December 2020 contain a consolidated statement of cash flows.

The Company is exempt under paragraph 8(k) of the disclosure exemptions from EU-adopted IFRS included in FRS 101 for qualifying entities from disclosing related party transactions with entities that form part of the Entain PLC group of which Entain PLC is the ultimate parent undertaking.

The Company's financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated. The Company's financial statements are individual entity financial statements.

2 Basis of preparation

These financial statements were prepared in accordance with FRS 101 and Isle of Man Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention except for certain financial liabilities measured at fair value.

The accounting policies which follow in note 3 set out those policies which apply in preparing the financial statements for the year ended 31 December 2020 and have been applied consistently to all years presented. For details on the going concern considerations made, see note 2 of the consolidated financial statements.

The Company has taken advantage of the following disclosure exemptions under FRS 101 in respect of:

(a) IFRS 3 Business Combinations;

(b) the requirements of IFRS 7 Financial Instruments: Disclosures;

(c) IFRS 13 Fair Value Measurement;

(d) Share-based payments;

(e) Intra-Group-related party transactions; and

(f) Related party transactions.

For details of audit fees, see note 7 of the consolidated financial statements.

3 Summary of significant accounting policies

Investments

Investments comprise interests in subsidiary companies and are held as non-current assets stated at cost less provision for impairment.

The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet consist of cash at banks and in hand, short-term deposits with an original maturity of less than three months.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them.

The Company classifies financial assets at inception as either financial assets at fair value or loans and receivables. On initial recognition, loans and receivables are measured at fair value. Financial assets at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the income statement.

3 Summary of significant accounting policies continued

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, loans and receivables are measured at fair value plus directly attributable transaction costs. Subsequently, such assets are measured at amortised cost, using the effective interest ("EIR") method, less any allowance for impairment.

Financial liabilities

Financial liabilities comprise guarantees given to third parties and contingent consideration. On initial recognition, financial liabilities are measured at fair value plus transaction costs where they are not categorised as financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured initially at fair value, with transaction costs taken directly to the income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Current and deferred income tax

The Company is tax resident in the United Kingdom.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is recognised using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply then the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are only recognised to the extent it is probable that there will be suitable taxable profits from which they can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred tax balances are not discounted.

Foreign currency translation

Transactions in foreign currencies are initially recorded in Pounds Sterling (£) at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pounds Sterling (£) at the rates of exchange ruling at the balance sheet date (the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Dividends

Final dividends proposed by the Board of Directors and unpaid at the year end are not recognised in the financial statements until they have been approved by shareholders at the Annual General Meeting. Interim dividends are recognised when paid.

Notes to the Company financial statements continued

for the year ended 31 December 2020

3 Summary of significant accounting policies continued

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Share-based payments

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted (see note 31 of the consolidated financial statements for further details).

The cost of equity settled transactions is recharged to the respective employing entities.

Separately disclosed items

To assist in understanding its underlying performance, the Company has defined the following items of pre-tax income and expense as separately disclosed items as they reflect items which are exceptional in nature or size.

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

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

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

4 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make assumptions, estimates and judgements that affect the amounts reported as assets and liabilities as at the balance sheet date and the amounts reported as revenues and expenses during the year. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported. In this regard, management believes that the accounting policies where judgement is necessarily applied are those that relate to:

Investment in subsidiaries

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

5 Operating profit before separately disclosed items

This is stated after crediting/(charging):

	2020 £m	2019 £m
Management fees	**12.2**	8.5
Audit fees	**(0.6)**	(0.6)

6 Separately disclosed items

	2020 £m	2019 £m
Integration costs	**0.2**	0.2
Legal and onerous contract provisions	**6.2**	–
Movement in fair value of contingent consideration	**19.5**	3.7
Issue costs write off	**5.3**	–
	31.2	3.9

7 Finance expense and income

	2020 £m	2019 £m
Loan interest income	7.0	(69.0)
Intercompany interest	15.9	121.2
Loan interest expense	(2.8)	–
(Losses)/gains arising from change in fair value of financial instruments	(59.8)	16.6
(Losses)/gains arising from foreign exchange on debt instruments	(10.5)	43.4
Net finance (expense)/income	(50.2)	112.2

8 Income tax

The tax charge for both years presented is £nil.

A reconciliation of income tax applicable to loss (2019: profit) before tax at the UK statutory income tax rate to the income tax for the years ended 31 December 2020 and 31 December 2019 is as follows:

	2020 £m	2019 £m
(Loss)/profit before tax	(80.7)	555.0
Corporate tax (credit) /expense thereon at 19.00%	(15.3)	105.5
Adjusted for the effects of:		
– Non-taxable income	(4.3)	(118.4)
– Non-deductible expenses	6.8	12.1
– Tax losses carried forward	12.8	0.8
Income tax	–	–

There is no deferred tax present on the balance sheet for either periods presented.

9 Dividends

Please see note 11 of the consolidated financial statements.

10 Investments

	Total £m
Cost and net book value	
At 1 January 2019	1,638.6
Additions	2,312.3
At 31 December 2019	3,950.9
Cost and net book value	
At 1 January 2020	3,950.9
Additions	57.7
At 31 December 2020	4,008.6

Subsidiaries and other related entities are listed in note 33 of the consolidated financial statements.

In November 2020, the Company subscribed £45.6m for additional share capital in its wholly owned subsidiary, Bwin Holdings (Malta) Limited. In addition, the Company has capitalised £12.1m in respect of share based payment expense incurred by the Company and relating to employees of GVC Holdings (UK) Limited and its subsidiaries, which were not recharged to those subsidiaries.

Notes to the Company financial statements continued

for the year ended 31 December 2020

11 Trade and other receivables

	2020 £m	2019 £m
Amounts due from Group companies	**1,009.8**	895.8
Other debtors	**1.6**	1.0
Prepayments	**2.2**	0.7
	1,013.6	897.5

Amounts owed by other Group undertakings are included under amounts falling due within one year as they are repayable on demand, unsecured, and accumulate interest in a range between 0% and 4% plus IBOR.

12 Trade and other payables

	2020 £m	2019 £m
Current		
Amounts due to Group companies	**872.8**	683.2
Other payables	**2.5**	0.2
	875.3	683.4
Non-current		
Amounts due to Group companies	**566.9**	–

Amounts owed to other Group undertakings are included under amounts falling due within one year as they are repayable on demand, unsecured, and accumulate interest in a range between 0% and 4% plus IBOR.

13 Interest bearing loans and borrowings

	2020 £m	2019 £m
Current		
Euro denominated loans	**2.1**	1.9
USD denominated loans	**(0.1)**	17.8
Sterling denominated loans	**(2.6)**	(2.7)
	(0.6)	17.0
Non–current		
Euro denominated loans	**–**	–
USD denominated loans	**–**	581.0
Sterling denominated loans	**(6.7)**	(7.5)
	(6.7)	573.5

As at 31 December 2020 there were £535.0m (2019: £550.0m) of committed bank facilities against which £55.0m (2019: £55.0m) has been utilised for letters of credit. Of the remaining balance £nil (2019: £35.0m) was drawn down. Fees in the year relating to the undrawn facility were £6.7m (2019: £7.5m).

14 Financial risk management objectives and policies

The financial risk management objectives and policies applied by the Company are in line with those of the Group as disclosed in note 25 to the consolidated financial statements.

15 Called up share capital

Details of the share capital of the Company are given in note 28 of the consolidated financial statements.

16 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly-owned subsidiaries. See note 33 of the consolidated financial statements for disclosure of remuneration of key management personnel.

17 Subsequent Events

For details of subsequent events affecting the Company, see note 35 of the consolidated financial statements.

Glossary
Definition of terms

Definition of terms

AAMS	Automated accounts management systems
Adjusted fully diluted EPS cents	Fully diluted earnings per share based on adjusted PBT
Adjusted PBT	Profit before exceptional items, amortisation associated with acquisition, dividends from previously sold businesses
ARC	Advances Responsibility and Care, the Group's safer betting and gaming technology programme
B2B	Business-to-business
B2C	Business-to-consumer
BI	Business intelligence
CAGR	Compound annual growth rate
CGUs	Cash-generating units
CMS	Customer marketing services
Constant currency basis	Each month in the prior period re-translated at the current periods exchange rate
Contribution	Revenue less betting taxes, payment service provider fees, software royalties, affiliate commissions, revenue share and marketing costs
Contribution margin	Contribution as a percentage of NGR
CRM	Customer relationship management
CS	Customer services
CSR	Corporate Social Responsibility
DTR	Disclosure and transparency rules
EPS	Earnings per share
GVC / GVC Holdings PLC	The Group's former name before becoming Entain plc in December 2021
H2GC	H2 Gambling Capital – independent providers of betting and gaming market data and estimates
IA	Internal audit and risk management
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IOT	Internet of things
KPIs	Key performance indicators
KYC	Know your customer – customer verification tools
Ladbrokes Coral	Ladbrokes Coral Group Plc
LTIP	Long-term incentive plan
MIP	Management incentive plan
Net debt	Cash and cash equivalents (including amounts recorded as assets in disposal groups classified as held for sale), less customer liabilities less interest bearing loans and borrowings
Net Gaming Revenue ("NGR")	Revenue before deducting VAT
NGR YTD	Net Gaming Revenue in the year to date
Revenue	Net Gaming Revenue less VAT (imposed by certain EU jurisdictions on either sports or gaming revenue)
Sports Gross Win Margin	Sports wagers less payouts
Sports Gross Win Margin %	Sports Gross Win Margin divided by Sports wagers
Sports Net Gaming Revenue ("Sports NGR")	Sports Gross Win Margin less free bets and promotional bonuses
Sports Wagers	Gross bets placed by customers on sporting events
Underlying EBITDA	Stated pre separately disclosed items and shared based payments

Shareholder information

Annual General Meeting

The date and details of the Company's 2021 AGM will be announced in due course. Details of each resolution to be considered at the meeting and voting instructions will be provided in the Notice of Meeting that will be available on the Company's website at www.entaingroup.com. The voting results of the 2021 AGM will be accessible on the Company's website at www.entaingroup.com shortly after the meeting.

Communications

Information about the company, including details of the current share price, is available on the website, www.entaingroup.com.

Shareholding contacts

For any queries regarding your shareholding, please contact Link Asset Services.

Share fraud warning

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way you will probably lose your money. Should you receive any unsolicited calls or documents to this effect, you are advised not to give out any personal details or to hand over any money without ensuring that the organisation is authorised by the UK Financial Conduct Authority ("FCA") and doing further research.

If you are unsure or you think you have been targeted, you should report the organisation to the FCA. For further information, please visit the FCA's website at www.fca.org.uk, email consumer.queries@fca.org.uk or call the FCA consumer helpline on 0800 111 6768 if calling from the UK or +44 20 7066 1000 if calling from outside the UK.

Corporate information

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Company number

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Addleshaw Goddard

DQ Advocates

Principal UK Bankers

Barclays Bank PLC
The Royal Bank of Scotland plc

Future trading updates and financial calendar

8 July	Post close trading update
12 August	Interim results
7 October	Q3 trading update

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