Entain

Annual Report 2021

It's your game

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We are Entain.

A world leader in sports betting, gaming and interactive entertainment with a clear strategy to deliver sustainability and growth. Our purpose is to bring moments of excitement into our customers' lives.

It's our game, it's their game...

Explore more in our online annual report:

www.entaingroup.com/2021annualreport

...it's your game.

Read more about our new experiences: **pages 26 to 27**

Read more about our best entertainment: **pages 24 to 25**

Read more about our support for customers: **pages 28 to 29**

Read more about doing the right thing: **pages 30 to 31**

We are Entain

At Entain, everything we do is aimed at delivering the very best in betting, gaming and interactive entertainment.

We are one of the world's largest sports betting, gaming and interactive entertainment groups, operating in the online and retail sectors. As the worlds of betting, gaming media and technology converge, we are uniquely placed to give our customers what they want. Through our proprietary cutting edge technology platform, we provide safe and exciting gaming experiences, to millions of customers, via many iconic brands.

Continued success

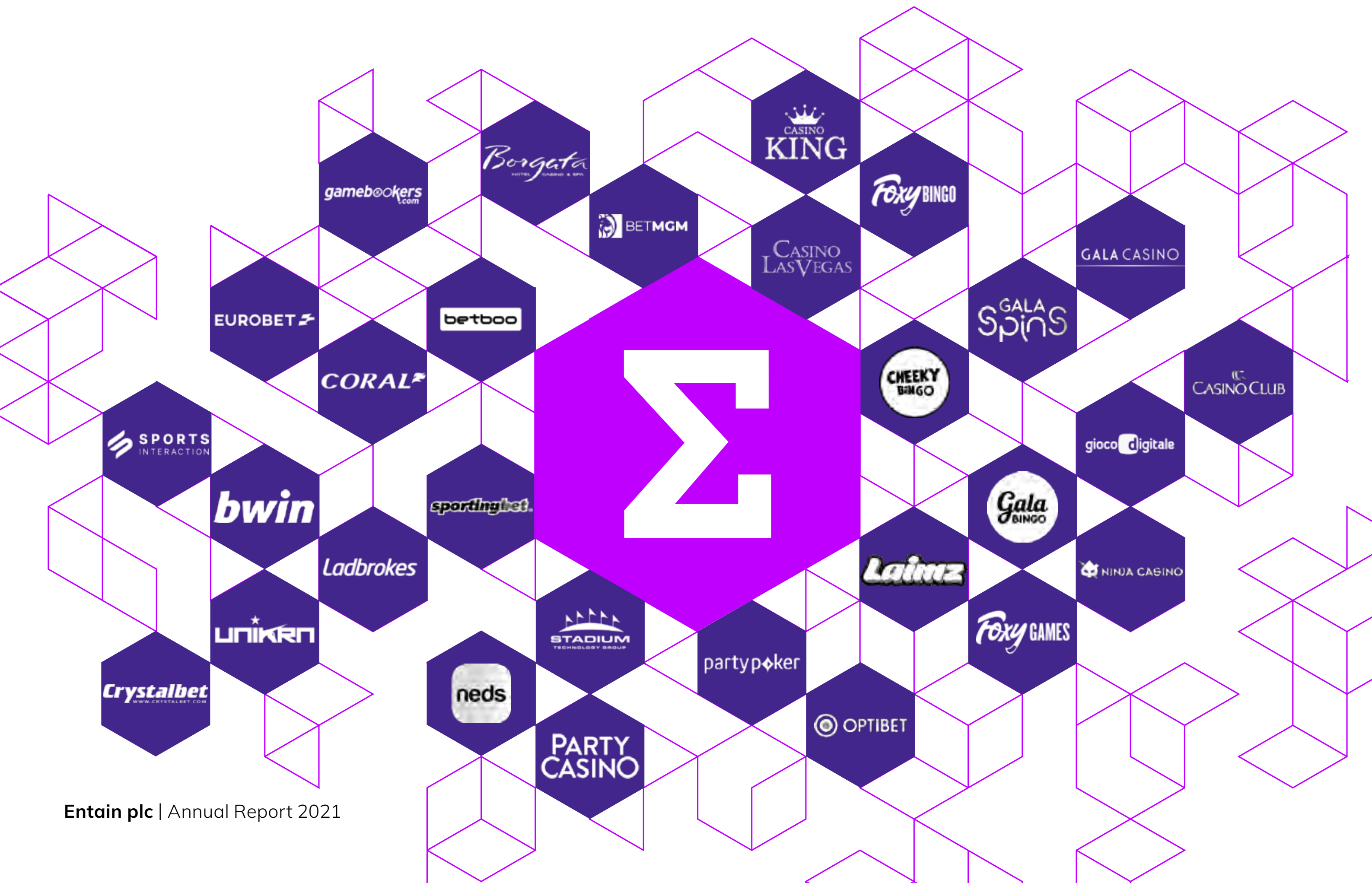
Our market-leading platform enables us to deliver robust, sustainable and diversified growth. In 2021 we once again performed strongly in all of our major markets. BetMGM, our hugely exciting business in the US, which is now the second largest in the market, was a particular highlight.

In addition to growing in our traditional areas of strength, we have broadened our horizons, investing in new areas of interactive entertainment such as esports and virtual reality ("VR") while providing a broader and richer experience for our customers.

Equally important to our growth story is our focus on sustainability. We believe that the most sustainable business in our sector will be the most successful. That is why we continue to lead the way in the critically important area of player protection, via our technology-based Advanced Responsibility and Care™ ("ARC™") programme, and why we are investing in programmes to encourage diversity through technology and support grass roots sport.

Where we're heading

Our purpose is clear – bring moments of excitement into our customers' lives. 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 protection.



Operational highlights

- Fulfil our core strategic objectives to deliver growth and sustainability.
- Now live in 21 US jurisdictions, our BetMGM joint venture is the second largest in the US and the clear leader in iGaming.
- Strong growth across the Group with market share gains in all major markets.
- Full year online net gaming revenue up 13% in constant currency and total net gaming revenue +8% in constant currency.
- Launch of Ennovate, our new innovation hub with £100m investment to develop and showcase disruptive technologies and first consumer products for the sports and entertainment metaverse.
- Roll-out ARC™, our technology led safer gaming programme with real-time customer interaction tools.
- Through our Entain Foundation, invest in socially positive programmes to support grassroots sports and increase diversity in the field of technology.

Financial highlights[1]

Group Revenue
£3.9bn
+8% (constant currency)
2020: £3.6bn

Online Net Gaming Revenue
£3.1bn
+13% (constant currency)
2020: £2.7bn

BetMGM Net Gaming Revenue
$850m
+378%
2020: $178m

Group Underlying EBITDA
£881.7m
+5%
2020: £843m

Profit After Tax
£275.6m
+142%
2020: £113.8m

Net Debt
£2.1bn (2.4x)
2020: £1.8bn (2.1x)

Diluted EPS
53.8p
-14%
2020: 62.8p

Adjusted Diluted EPS (excluding US JV)
81.1p
+11%
2020: 73.1p

1. From continuing operations.

Our commitments

We have long held the view that the most sustainable business 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 the end of 2023 we will only operate in domestically regulated markets. We now generate nearly 100% of our NGR from regulated markets, more than any other major global operator.
- Lead on safer betting and gaming – provide our customers with the safest and most trusted 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 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

Five values guide every decision we make and action we take. They are vital to our culture.

Why? Well that's simple...because they map out how we do things. They're at the heart of how we work together, serve our customers and even celebrate success.

At Entain we strive to:

- Excite our customers.
- Drive innovation.
- Do what is right.
- Win together.
- Be bold.

Customer commitments

- Customers are the focus of everything we do.
- Our purpose is to provide them with moments of excitement.
- We will offer them exciting and trusted entertainment products and services.
- Listen to and respond to customer needs.
- Using our technology platform, we will continuously innovate to introduce new products and create a personalised experience for each of our customers.

>100 Licences across 31 regulated territories
100+

Offices worldwide
20+

Employees & contractors
c.25,000

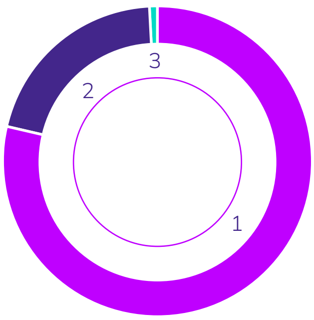
Leading brands
24

Currencies accepted
42

Languages offered
33

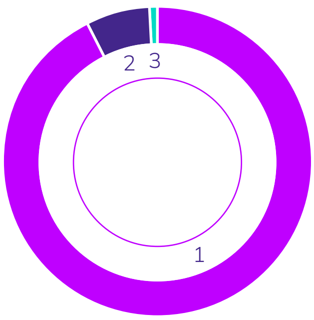
Our divisions

2021 NGR Split



1.	**Online**	78.8%
2.	**Retail**	20.3%
3.	**Other**	0.8%

2021 EBITDA Split[1]



1.	**Online**	92.5%
2.	**Retail**	6.9%
3.	**Other**	0.6%

1. New Opportunities and Corporate are excluded as they are negative.

Market position

Online

Online sports wagers
£14.2bn
+20% (+22%cc)
2020: £11.8bn

UK
#2

US
#2

Italy
#1

Germany
#2

Australia
#3

Brazil
#1

Retail
4,300+ global outlets

Retail sports wagers (like-for-like)
£2.3bn
-10% (-9%cc)
2020: £2.6bn

UK
#1

Belgium
#1

Italy
#3

Ireland
#3

Chairman's introduction

Entain has now delivered nine years of double-digit growth in our online business."

J M Barry Gibson
Chairman

2021 has been an extraordinarily successful and eventful year for Entain, albeit one in which we continued to contend with the significant challenges of operating against the backdrop of the Covid-19 pandemic. In successfully doing so, we proved beyond doubt the resilience of our business model as well as our ability to take advantages of growth opportunities in the most challenging of circumstances.

If 2020 was the year in which Entain redefined its strategy and articulated its ambition to be the world-leader in sports betting and gaming entertainment, then 2021 has been the year in which we emphatically delivered on the first stage of that journey.

Entain has now delivered nine years of double-digit growth in our online business, so we feel confident in asserting our strong belief that this is a business that is capable of delivering sustainable and meaningful long-term returns for all of its stakeholders.

This confidence is underpinned by our powerful, unique and market-leading platform, which encompasses everything from our outstanding proprietary technology to our capabilities in digital marketing, customer interaction, regulatory engagement, and M&A. And, of course, the foundation on which the Entain platform is built – and which connects it directly to our customers – is the industry-leading talent that we have across the business. On this front, we are working hard to continue to attract and retain the very best people at all levels at Entain and we know that, as a world-leader in technology, we need to be able to compete with the global tech giants in order to do so.

It is the strength and viability of this platform which is behind our conviction that, as we announced in August, our total addressable market will grow more than three-fold to $160bn. There are vast growth opportunities ahead of us, which we intend to capture by: achieving leadership in the US market; growing our presence in core markets; expanding into new regulated markets; and extending into new interactive entertainment experiences.

As a result, it was no surprise that Entain attracted interest from other industry players during the year. We strongly felt that the proposals that we received from MGM Resorts in January and DraftKings in September both substantially undervalued the Company and its prospects. But their interest was a great endorsement of the attractiveness of our strategy, operations, technology, and people. In the case of MGM Resorts, our relationship through our BetMGM joint venture in the US continues to go from strength to strength.

Read more about our Board:
pages 89 to 90

ESG at the heart of Entain

2021 was also a year in which we cemented our commitment to putting ESG at the heart of everything that we do. We are clear that this approach will make us an even more successful business for the future, and we want to take a lead on the issues that matter most to us including sustainability, diversity, and responsibility.

As part of this, our goal is to provide the most trusted environment for betting and gaming in the world, so that our customers know that they can have a fantastic experience with us and that we have their interests at heart. This philosophy has been the driving force behind the development of our Advanced Responsibility and Care™ ("ARC™") programme, which has made great strides during the year and is redefining the critically important area of player protection.

As a further demonstration of the fact that safer gambling sits at the core of our strategy, we have incorporated a safer gambling metric into remuneration. Colleagues are now assessed against whether certain milestones have been achieved in implementing our ARC™ programme, as part of the conditions of their annual bonus. We will be adding to this further in 2022, with an additional portion of the Group annual bonus being based on 'customer centricity'.

Read more about remuneration metrics: **page 126**

Financial performance

I'm pleased to be able to reflect on another set of strong results, delivered whilst both the business and our customers continue to face the challenges presented by Covid-19. This performance is a tribute to the quality of our people and resilience of our business model due to its diversification across product, brand, territory and channel. Group net gaming revenue ("NGR") was up by 8%cc for the full year, while our online NGR was ahead by 13%cc, the ninth consecutive year that we have delivered double-digit growth online. With all key markets in growth, with the exception of Germany and the Netherlands, which were subject to regulatory changes – our online business continues to go from strength-to-strength. The performance of our US joint venture, BetMGM, was particularly pleasing, securing our leading position with a 23% share of the the states we were active in during the fourth quarter of 2021. This is an outstanding achievement, in line with our target to secure 20-25% of the US market and we look forward to building on this position as further states regulate in 2022. Overall this performance enabled us to deliver £881.7m of underlying EBITDA, a 5% increase on the year, and gives us confidence that our strategy of growth and sustainability remains on course.

A clear commitment to robust corporate governance

Our outstanding CEO, Jette Nygaard-Andersen, has now been in the role for over a year and, as we had hoped, her background in fast-growing disruptive next generation digital entertainment companies has added fresh perspective and impetus to Entain's strategic direction. On behalf of the Board, I would like to congratulate Jette on a hugely successful first year in charge.

After the significant changes of 2020, this has been a year of consolidation for the Board, although we were delighted to be joined by Mark Gregory as an independent Non-Executive Director in March. Mark is now Chair of the Remuneration Committee and a member of the Audit and Nomination Committees. He has more than 35 years' experience in a wide variety of senior leadership roles across both the financial services and retail sectors.

Last year we announced that Sandeep Tiku would be joining the Board as an Executive Director following his relocation to Gibraltar. Following ill health due to Covid-19, Sandeep's relocation was delayed and he has notified the Company that he no longer intends to relocate to Gibraltar and will therefore not join the Board.

Read more about our strategy:
pages 20 to 21

We recognise the value of having an inclusive and diverse Board and following Sandeep's decision we will not meet shareholder expectations and our own Board Diversity Policy with respect to membership of a Director from an ethnic minority background. The Nomination Committee is undertaking an active search to find an appropriate candidate.

Rewarding our outstanding global team

As ever, the hard work, dedication and innovation of our teams across the globe has been awe-inspiring to see, and on behalf of the Board I would like to thank all of our colleagues for another year of outstanding commitment and outperformance.

In recognition of their extraordinary contribution, we were delighted to launch a Group-wide employee share ownership plan in April to give our UK and international colleagues the opportunity to share in the success and growth of the business.

Looking ahead: 2022 and beyond

As we look ahead to the coming year, the UK Government's review of the 2005 Gambling Act will be a key milestone for our industry. We are in full support of the review, and have been engaging openly, proactively and transparently with all aspects of the process. We are hopeful that it will be a step towards creating the highest possible regulatory standards, and that any revised legislation is not draconian; we have seen in other markets that imposing arbitrarily low and disproportionate blanket thresholds will have the unintended consequence of driving customers to the black market, where the small minority of players who are at risk of harm will have none of the protection offered by established, regulated operators.

When we think about the future more broadly, it is clear that the worlds of media, entertainment, technology and gaming are rapidly coming together, and that Entain sits at the very heart of that convergence. This provides us with a great opportunity to redefine our industry, and also to meet the changing demands of customers who now want a richer and more engaging experience, with more content, social interaction, analytics, data, and live statistics. In simple terms, we are now able to use our outstandingly strong platform to give our customers even more reasons to engage with and stay with us. As a result, we are more excited than ever before about the exciting opportunities ahead of us that will drive Entain's growth for many years to come.

J M Barry Gibson
Chairman

3 March 2022

"Our goal is to provide the most trusted environment for betting and gaming in the world."

Chief Executive's Review

"Entain is a consumer-focused growth business, and we continue to make progress on our ambition as a global leader in betting, gaming and interactive entertainment."

Jette Nygaard-Andersen
Chief Executive Officer

A global leader for our industry

Entain is a consumer-focused growth business delivering profitable and sustainable returns for our stakeholders. We continue to make progress on our ambition as a global leader in betting, gaming and interactive entertainment.

Having substantially increased our online revenues year-on-year for the last nine years and grown at a compound annual rate of 20%cc over the last two years, we are clearly a business delivering growth. Our customer base has 25% more actives than in 2020. Our operations now span 31 regulated or regulating territories and we have established leading positions in each of our key markets. We also have further significant growth opportunities ahead of us with our addressable markets set to grow to more than $160bn over the medium term – providing us with the opportunity to treble the size of our business. Entain is a business with growth built into our model, driven by our industry leading platform comprising our unique technology, people and capabilities. It is this platform that enables us to deliver an ever-better customer experience, evolve into emerging customer trends and grow into new markets and products. We continue to evolve as a business and position ourselves as a leader in our industry across growth, innovation, capabilities, player protection and customer centricity.

By expanding content, products and experiences to broaden our customer appeal, creating moments of excitement across betting, gaming and interactive entertainment, we are rapidly laying the foundations to drive customer centric growth into new markets and products. This will further broaden our customer base, increase loyalty, drive greater diversification in our revenue streams and reduce acquisition costs.

We have established ourselves at the forefront of sustainability in our industry with recognition across a number of indices as well as earning numerous awards. Importantly we are delivering ground-breaking improvements in player protection through our Advanced Responsibility and Care™ programme ("ARC™").

We delivered a strong performance in 2021 with Group NGR up +8%cc (up +15%cc including our 50% share of BetMGM) and EBITDA up +5%. Online NGR was up +13%cc with signs of the new normal emerging during the final quarter.

We have made great progress in 2021 and I am delighted all my colleagues hard work has been recognised externally, especially in being awarded Operator of the year by EGR and being recognised as one of the most admired companies in 2021 by Management Today. These great achievements are testament to the high quality and talented team we have at Entain. I would like to thank each and everyone of them for the dedication and the commitment they have demonstrated throughout the year.

We have a clear strategy that levers this platform to deliver on our core pillars of **growth** and **sustainability**. Our ambition is to be the world's leading betting, gaming and entertainment company with our customers at the core of everything we do. It is through this strategy that we will continue to drive significant value for our stakeholders.

Customer centric Entain platform

Our Entain platform distinguishes us from competitors, powering our growth, supporting our customer centric focus and driving value creation. It comprises our unique in-house technology, our industry leading talent and our customer focused capabilities. It enables us to act differently, be flexible and agile and deliver on being a responsible entertainment company whilst also driving significant competitive advantages in five key strategic areas:

- **Customer centric continuous improvement** – customer centricity is the backbone of our growth across the Group. Ensuring our customers' experience is engaging, exciting, relevant and always improving means a continuous refreshment and evolution of our content, our offering and the way we support our customers. By focusing on what makes a better customer experience and creating those little moments of excitement, we have grown our active base 25% in 2021 and improved customer loyalty.
- **Driving growth** – with flexibility, agility and scalability built in, we are able to expand internationally, integrate new acquisitions, support growth in existing markets, including the US, understand and evolve into changing customer behaviours and grow into new products as demonstrated by our successful M&A and integration delivery to date.
- **Player protection and Advanced Responsibility and Care™** – ARC™ is Entain's industry-leading approach to customer protection. It is a proactive player programme that navigates each customer journey in real-time, using advanced analytics to monitor markers of protection and behavioural triggers to identify risks specific to that customer. Early trials have delivered encouraging results, with a 30% overall reduction in customers increasing their risk levels, and we are now starting to roll out the programme internationally.
- **Innovation engine** – continuous product evolution keeps the customer experience fresh and engaging. With the launch of Ennovate, our innovation hub in London, supported by a £100m investment, we are exploring new technologies. These include AI and both virtual and augmented reality to create new moments of excitement for our customers.
- **Driving efficiencies** – maximising cost and revenue synergies from both acquisitions and efficiencies across the Group. Operating our own platform enables us to operate at a lower cost than our competitors. Having launched our Evolve programme in 2021, we are on track to deliver £100m of efficiencies over three years.

As Entain continues to grow, we are evolving our operational structures, processes and capabilities around the Entain Platform. This will enable us to drive an even better customer experience and ensure that we are able to deliver on the significant growth opportunities open to us as a leading global sports betting, gaming and interactive entertainment company.

We have a clear strategy that levers our platform to deliver on our core pillars of growth and sustainability. Our ambition is to be the world's leading betting, gaming and interactive entertainment company with our customers at the core of everything we do. It is through this strategy that we will continue to drive significant value for our stakeholders.

Read more about how we create value: pages 22-23

Growth

Entain is a growth business. We have grown Online revenues at a compound annual growth rate of 20%cc over the last two years. We operate in 31 regulated territories across betting and gaming and we have ambitious plans to expand into new markets and new products as we lean into interactive entertainment opportunities.

Our growth strategy has four pillars that will enable us to 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 new regulated markets – both organically and via M&A – and expanding to reach new audiences.

Leadership in North America

BetMGM is firmly established as a leading operator in the US market built on the strength of the technology and capabilities of the Entain platform as well as the brand strength of our joint venture partner, MGM Resorts International. The North American market is expected to be worth around $32bn over the long term. Throughout 2021, BetMGM has gone from strength-to- strength and, in the three months to December 2021, delivered a market share across sports betting and iGaming of 23% in the markets in which it operated. This is in line with our long-term objective of 20% to 25%, and while that secured BetMGM as the number two operator, we are ready to challenge for the number one position in these markets.

BetMGM continues to lead in iGaming with a 29% market share in Q4, and in Sports betting BetMGM further built its position across its markets with an 18% share in Q4. The unique range of bespoke and exclusive products provided through the Entain platform differentiate BetMGM's offer, provide a competitive advantage and supports growth with over 70% of BetMGM customers engaging with these exclusive products.

During the year BetMGM went live in nine markets. In the first two months of 2022 we added a further four jurisdictions taking the total to 21. BetMGM is live with 11 retail, 15 online sports betting and four iGaming markets, reaching approximately 37% of the US adult population. In addition, it has launched its horse racing product in three further markets leveraging our global expertise in this category. With Ontario opening up to regulation, we look forward to taking the BetMGM brand into that market as well as launching in Illinois during the first half.

In 2021, we launched our first national advertising campaign featuring Jamie Foxx which resonated strongly with customers as a differentiated approach in the emergent betting and gaming market. This was followed by a further campaign and a refreshed advert ahead of the 2022 NFL Superbowl.

BetMGM benefits from the powerful Entain platform that provides best in class digital marketing tools, deep database analytics and bespoke in-house products. BetMGM also benefits from MGM Resorts omni-channel presence and loyalty programme with around 14% of new sign-ups having a pre-existing relationship through one of these channels. During the year we leveraged Entain's global leadership in bingo and horse racing to launch several ground-breaking products such as Borgata Bingo in New Jersey and a horse racing app in three states where we did not have pre-existing operations.

As a result, BetMGM has grown its leadership position rapidly while maintaining financial discipline. Same state revenues were up around 140% year-on-year and overall revenues were up nearly five times to $850m in the full year. Costs per acquisition were in line with forecasts which reaffirms our expectation of achieving a long-term cost per acquisition of $250. We are already achieving positive contribution in several markets, some within 12 months of opening. We anticipate that we will deliver revenues of over $1.3bn in 2022 and reach positive EBITDA in 2023.

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 20-25% market share.

Grow core markets

Our operations now span 31 regulated or regulating territories and we have established leading positions in each of our key markets. Our combination of customer focus, strong brands, great products and digital marketing expertise has enabled us to grow across all our major online markets. Our current markets are expected to grow by a compound annual growth rate of over 8% and are expected to be worth around $60bn (up from around $40bn today) over the medium term.

The Entain platform enables us to deliver a great experience for our customers with ease of use, stability, great service, and protection enhanced by fresh, unique and exciting content. We continue to evolve our offering and appeal to create moments of excitement for a broader, more recreational customer base. Not only will this grow and deepen our presence in our markets, but it will deliver earnings with greater stability and of a higher quality.

In the UK, our brands continue to resonate with, and be enjoyed by, a growing number of customers with online actives growing by 15% in 2021. We have made significant progress in re-positioning the UK brands, particularly Ladbrokes and Coral, to maximise their appeal to a broader audience. Our new advertising saw us launch the industry's first brand-led marketing campaigns with both our "Drummers" and "Balloon" adverts captivating and exciting audiences, whilst our new range of TV adverts for Foxy and sponsorship of First Dates also landed well. We also further enhanced our offering and user experience, engaging customers with new games, products and content. We are creating free-to-play games in sports and gaming to provide more options for customers. Our partnership with ITV to create documentaries around inspiring stories in sports has reached an average 800k viewers plus five million on social channels.

Our digital businesses in Italy and Belgium both performed strongly, despite the retail environment across Europe facing challenges due to Covid restrictions. The online winners during 2021 were those operators with the largest retail network, with omnichannel operations seeing a significant advantage. In Italy actives and NGR both saw strong growth, +18% and +31%cc respectively, as our offering benefited from product and feature enhancements as well as user experience improvements. We also introduced new NBA game footage, new pre-match football player markets and in-house Eurobet games across bwin and Gioco Digitale. Eurobet continued to bring new and exciting content to customers with the release of over 300 new casino games as well as adding esports streaming to bwin.tv. The relaunch of Ladbrokes.be in Belgium drove almost 72% growth in actives, with the digital offering also benefiting from refreshed advertising campaigns and bwin's sponsorship of Jupiler Pro League enabling live streaming of football matches both online and mobile.

During 2021, the German market further digested the new regulatory regime including both the Interstate Treaty and the new Turnover Tax. This structure brought welcome clarity to the German online betting and gaming market, however, challenges remain. We look forward to full licensing and regulatory oversight, creating an orderly market that delivers a properly regulated environment and protects customers from unregulated operators. We have continued to differentiate bwin's offer with a number of products and enhancements. During the year bwin entered into a sponsorship agreement with UEFA that provides significant brand exposure through stadia and media backdrops, not just in Germany, but also in many other countries around the world that follow the Europa League and the Europa Conference League. In addition, bwin's exclusive free to play product partnership with football focused content platform, 433, has helped to drive a 40% increase in bwin Instagram followers.

Our Australian business continues to go from strength to strength with excellent performances from both Ladbrokes and Neds brands with actives +9%, versus strong 2020 comparators, and NGR +20% (+18%cc) year-on-year. Its refreshed approach has engaged with new and lapsed customers delivering exciting content, engaging material, eye-catching adverts, and an unwavering focus on customer experience. Since kicking off our content-led growth strategy, we have produced over 250 content pieces with Ladbrokes Deep Dives for both the Melbourne Cup and the Ladbrokes Cox Plate, as well as our 'Moody on the Mic' podcast. To date, this content has had more than 440m impressions, with Peter Moody's podcast reaching an average of 2.5m people per episode. We launched free-to-play games and a new quiz-based game to coincide with the launch of the domestic 20/20 cricket season.

Enlabs in the Baltics continues to perform ahead of our expectations with Entain's core products now fully integrated in the Optibet offering helping to drive actives up +38% on a proforma basis. During H2 2021, Optibet rolled out a new esports betting product in Latvia and Estonia, with customers now able to bet and watch gaming such as eFIFA, eNBA, Fortnite, and Call Of Duty.

Our acquisition of Bet.pt saw Entain enter Portugal, one of Europe's fastest growing markets. Since its platform migration and brand alignment to bwin.pt the business now benefits from a larger and broader range of products with greater availability of live games whilst also leveraging our existing sportsbook strength alongside bwin's partnership with Liga Portugal.

Crystalbet continues to deliver strong growth with a leading market share of 32% and retaining its position as number one operator in the Georgian market.

"We opened our 'shop of the future' in the UK that better connects with the retail environment."

Our business in Brazil continues to be the market leader, delivering exceptional growth with actives +156% and NGR +111%cc in 2021. Performance remains very strong and despite the heightened competition ahead of regulation of sports betting expected during 2022 (and gaming in 2023), the strength of our Sportingbet brands and operational expertise ensure we continued to outperform other operators, as there is clear demand for the high quality experience and breadth of product offering which Entain provides.

PartyCasino and partypoker brands were consolidated to become One Party. The business performance was in-line with expectations, with pleasing growth in casino actives in particular. One Party continues its renewed focus on recreational players and their entertainment experience.

The impact of Covid restrictions and associated disruptions impacted all our Retail operations throughout 2021, but to varying degrees. However, we were encouraged by the resilience of our Retail operations as customers demonstrated that they enjoy the in-store experience with volumes growing quickly as restrictions eased.

Our shops in Europe were a step behind the UK on the recovery path due to the later easing of restrictions. Early reopening activity was machine-led with sports volumes returning with the football season and broader sporting calendar.

Evolving the customer experience across Retail, leveraging digitalisation and improving the omni-channel journey is a key driver across our retail business in the UK with customers highly engaged with the range and depth of our offering. As part of our brand reinvigoration we leveraged the media value of our store windows through digitalisation of displays. Omnia, our proprietary EPOS system, is now fully rolled out in Great Britain and our in-house Betstation terminals, being enjoyed by customers in over 200 shops, have supercharged our machine-led growth for both sports and gaming. Positive feedback and encouraging data suggests customers are enjoying our Digital Hubs in the current 30 locations.

Expanding into new markets

There are significant growth opportunities across the globe with around $40 billion in long-term gross gaming revenues in over 50 regulated markets in Central & Eastern Europe, Latin America and Africa where we do not currently operate today.

We have a strong track record of integration and value creation through M&A and completed four acquisitions during 2021 including Enlabs across the Baltics, Bet.pt in Portugal, Impala to drive access across Africa and Unikrn to take us into the esports wagering market. We have already been active in 2022 with three transactions to date.

In February 2022, we acquired Avid Gaming which, through Sports Interaction, provides access to the highly attractive, fast growing and regulating sports betting and gaming market in Canada. Sports Interaction's sports-led offering is highly complementary to Entain's existing business, and the combination will provide customers with a broader offering of engaging products and services for customers in the Canadian market.

With a portfolio of strong brands across the Group, some with global recognition such as bwin and Party, we are able to grow into new markets organically. We were one of the first operators to launch in Colombia as that market regulated and having acquired the enabling tools in Impala we will launch organically across Africa through 2022 and beyond.

New market entries, both through M&A and organic expansion, collectively contributed 3% of Online NGR during the year.

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

Engaging and attracting new audiences

Technology is changing consumer behaviour with new trends and ecosystems creating exciting opportunities. We are listening to the customers, we understand these changes, and we adapt and innovate to drive further growth across new audiences.

Customers are seeking more content, more engagement, more interactive and social experiences, more video, more audio and more free-to-play entertainment. Simply put, interactive entertainment and media are converging with our traditional markets of betting and gaming.

Entain sits at the heart of this convergence and provides us with a tremendous opportunity to leverage our platform to meet customers' needs whilst attracting more customers into our network. This not only increases engagement and stickiness, but also starts creating powerful flywheel effects that enhance product cross-sell and reduce acquisition costs.

During the year, we laid some of the foundations to grow into these markets and start to benefit from those flywheel effects. As discussed above, in markets like the UK, Australia and Germany we have created rich content and media to engage customers around sports. These have already shown significant success in broadening our actives base. We have created new products across both our free-to-play and real money offering that broadens engagement with customers.

In August, we acquired Unikrn to provide access to the esports wagering market that we expect to be worth c$12bn over the medium term. Since the acquisition we have been re-setting the product suite and working with partners and regulators to develop a product that we will launch later this year.

The casual mobile gaming market has grown rapidly in recent years and our technology, data analytics and other capabilities align with how this market operates. To fully benefit from this market we will likely acquire or partner with an existing operator. We believe that this market aligns closely with the evolving demands of our customers and will help drive flywheel effects of reducing costs, increasing stickiness and diversifying our revenue base.

As we evolve Entain to address these changing customer needs and broaden our product markets, we will increasingly look to partnerships to expand our growth. For example, our partnership with McLaren provides richer and more engaging experiences for Formula 1 fans that are not available anywhere else. Our partnerships with BT & Verizon will help us benefit from innovative new experiences for customers.

Technology continues to evolve and the Entain platform puts us in a unique position to be able to explore and innovate to create exciting new unique products and experiences for our customers. In order to accelerate that we have created the Ennovate hub supported by a £100m investment over three years. The Ennovate hub will develop new products around augmented reality ("AR"), virtual reality ("VR"), 5G and edge computing technology both directly and through funding for incubators and accelerators. We recently acquired an interest in Draw & Code, a leading immersive experience studio to develop VR products. We will also work with a number of partners such as Verizon, BT and Theta Labs in developing the technology and products that drive the emerging ecosystems within the metaverse. In addition, it will support initiatives in Entain's Sustainability Charter around environmental and social issues as well as supporting EnTrain the Group's global D&I initiative to provide more opportunities in technology and technology-related careers.

"We positively promote an inclusive culture as we believe that the more diverse your colleague group the better the business."

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. Our Sustainability Charter underpins this approach and is 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.

Read more about our Sustainability Charter: **pages 40 to 65**

We made significant progress across all four of these during the year, many of which we highlighted at our first Entain Sustain event in November. Globally, we lead the industry on responsibility, with revolutionising player protection at the core of our approach. We continue to make great progress with ARC™ with both the real-time customer interaction trials and the international rollout well underway.

It is pleasing to see our efforts being recognised externally with Entain being awarded Operator of the Year by EGR, and Socially Responsible Operator of the Year at the SBC Awards North America, our continued participation in the FTSE4Good index and the Dow Jones sustainability index as well as being recognised as a most admired company in Management Today's annual awards.

Focus on regulated markets

We continue to make progress towards our commitment that all our revenues will come from regulated markets by the end of 2023. As at end of 2021, almost 100% of our NGR was from regulated or regulating markets, with Brazil, Canada and Netherlands being the most significant in the process of regulating within this.

Being a trusted entertainment provider, protection of our customers is fundamental to our customer centric strategy. Operating in a well-structured regulatory regime ensures revenues have greater clarity and certainty and are ultimately more sustainable and therefore are of higher quality than earnings from non-regulated markets.

Having withdrawn from a number of markets since November 2020, we continue to monitor the regulatory timetable for other countries, working closely with the relevant authorities to help develop a robust framework that protects players and maintains the highest regulatory standards. In October 2021, we ceased trading in the Netherlands whilst we await the licensing process to complete.

We actively engage with regulators in order to help support a well-structured regulatory environment that balances a fair and open recreational market with the need to provide protections for the small minority of customers who may run into problems. 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. We are contributing to this process both directly and with our industry peers through the Betting & Gaming Council to help find the right balance for a well-regulated market that protects the minority at risk, polices the fringes of the industry such as the black market and preserves the market as entertainment for the vast majority of customers who enjoy betting and gaming as part of their recreational activity.

We are also engaging with regulators around the world to support emerging regulation around esports skill-based wagering as this market opens up across the world.

As a reflection of the importance of this across our business, last year we introduced a responsible betting and gaming metric to our Group-wide remuneration policy."

Lead on Responsibility

We continue to lead the market in the critically important area of responsible betting and gaming. As a reflection of the importance of this across our business, in 2021 we introduced a responsible betting and gaming metric to our Group wide remuneration policy which, in 2022, will expand its measurement and accountability further into our international markets.

Through our award-winning Changing for the Bettor safer betting and gaming programme, we take a holistic approach to protecting customers, investing millions into research, education and treatment. In 2021, we introduced ARC™ which, using revolutionary AI technology, operates in real-time, and, crucially, is individually tailored for each customer. It is built on a foundation of academic research and is designed to work invisibly in the background stepping in when needed.

ARC™ employs sophisticated algorithms, using 26 different markers of protection to identify signs of risk and, when needed, steps in to interact with the customer, modify the operation of games such as limiting stakes or slowing down play and suppressing marketing activity. Our initial trials have been very encouraging, with results showing a risk assessment accuracy of over 80%, a 120% uplift in the use of safer gambling tools by those most at risk and a 30% overall reduction in customers increasing their risk levels.

We continue to refine ARC™, as the programme continuously improves through machine-learning. Having been initially trialled in the UK, the programme is now being rolled-out internationally.

During the Covid-19 lockdowns, mindful of the impact of restrictions on customers, we expanded our monitoring and markers of protection and increased communication and messaging to all customers on the importance of safer betting and gaming.

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. In March 2021, Mark Gregory was appointed to the Board as an independent Non-Executive Director and as the Chair of the Remuneration Committee. The Board is now made-up of a Chairman, three Executive Directors and seven independent Non-Executive Directors, with a 64%:36% male to female gender split.

In line with our objective to operate best in class corporate governance, we commissioned Alvarez & Marsal ("A&M"), an independent professional firm to conduct a comprehensive review of the Group's governance and compliance practices. Having completed their review, A&M concluded the Group had "put in place all the key components of a compliance framework to enable it to identify and manage its general compliance and regulatory risks". While welcoming this positive assessment, the Group is taking on a number of specific recommendations within A&M's report to further strengthen our processes.

Best place to work and investing in our communities

We want Entain to be a great place for our people to thrive, develop careers and feel empowered to do what's right for our customers, our colleagues and our communities.

We positively promote an inclusive culture as we believe that the more diverse your colleague group the better the business will be and, as importantly, will be better representative of our customer base.

We have always had a flexible approach to office-based working and with the evolution taking place as a result of the Covid pandemic, we are further evolving that flexibility recognising the needs of different teams and different global offices will vary. We want to provide the right environment to continue to attract the best talent and to enable them to thrive. However, the power of collective thought and idea creation, particularly in face-to-face environments will remain a core part of how we do business and so we are evolving our workspaces to enable that flexible co-ordination to evolve. We have completely refurbished our offices in Stratford, London to create the right sort of collaborative environment for our people. We will be testing and reviewing our findings from this and take those into development of our other offices.

We are committed to lightening our footprint on the planet and have already reduced our greenhouse gas emissions by 15% from 2018 to 2021. Last year, we committed to Net Zero carbon emissions by 2035 – 15 years ahead of the target set by the Paris Agreement on climate change. In doing so we have formally joined the Science Based Target initiative and are seeking to demonstrate leadership within our sector.

Our two Foundations – the Entain Foundation and the Entain Foundation US, continue to support research into problem gambling, education initiatives that align with our sustainability ambitions as well as investing into local communities and grass roots sports across our key markets. In November we launched EnTrain, an initiative to provide access, education and technology for groups underrepresented across all sectors. EnTrain set the ambitious target to positively impact one million people through increased diversity in technology by the end of the decade. This builds on our partnerships with organisations such as Girls Who Code, the international non-profit body working to close the gender gap in technology and redefine the image of what a programmer does; and The Tech Girls Movement Foundation, the Australian based foundation which is challenging gender stereotypes to increase female participation in STEM industries. The Entain Foundation is looking to build on these partnerships throughout 2022.

The Entain Foundation has also continued to invest in grassroots sports through its Pitching In programme and partnered with the Pitching In Trident Leagues containing 245 clubs and over 15,000 community based non-league football players. In addition to funding the running of the leagues, the Foundation is also the Founding partner in the Trident Community Fund, which enables clubs to run community engagement projects. In 2021 we also extended our long-term collaboration with SportsAid, the UK based sports charity, through which we sponsor and provide personal development coaching to 50 young athletes each year. We are also internationalising our investment in grassroots sport and are backing projects in Italy, Greece and Colombia.

In Canada, since our recent acquisition of Avid Gaming and its Sports Interaction brand, Entain are delighted that our new unique relationship allows us to support the socioeconomic efforts of the Mohawks of Kahnawà:ke through our Mohawk Online agreement.

Jette Nygaard-Andersen
Chief Executive Officer

3 March 2022

Our strategic framework

Our vision

The world leader in betting, gaming and interactive entertainment

2021 priorities		2021 progress
Growth		
1 – Leadership in North America Clear ambition to be the leading operator in the North American sports betting and iGaming market through BetMGM.		Now the second biggest US operator, BetMGM achieved a 23% market share in the markets which it operates in, in the fourth quarter, in line with our long-term objective of 20% to 25.
2 – Grow our core markets Continue to grow rapidly in the 31 territories in which we already operate.		We have now delivered nine years of double-digit growth in online NGR with a two-year compound annual growth rate of 20%cc.
3 – Expanding into new markets Significant opportunities exist for expand into new regulated markets through organic opportunities as well as M&A.		Completed acquisitions of Enlabs in the Baltics, Bet.pt in Portugal, Impala to drive access across Africa and Unikrn to take us into the esports wagering market.
4 – Engaging and attracting 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		
5 – Focus on regulated markets All revenues to derive from regulated markets by end of 2023.		In 2021 nearly 100% of our revenue derived from nationally regulated or regulating markets.
6 – Lead on responsibility Our technology enables us to continuously upgrade and personalise our protections for customers.		Trialled our 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.
7 – 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 Chairman Barry Gibson. Appointed Robert Hoskin as Chief Governance Officer.
8 – Best place to work and investing in our people and communities Ensure Entain is the best place to work while contributing to communities where we are based and operate.		In line with its with its commitment to donate £100m to good causes over five years, the Entain Foundation invested in research, education and treatment of problem gambling; its grassroots sports investment fund; and launched EnTrain, its diversity through technology programme.

Key: Achieved | On target | Not achieved

Our purpose

Bring moments of excitement into people's lives

Priorities for 2022	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 **NGR growth** +13%cc **Online net gaming revenue** £3,067m **Underlying EBITDA** £881.7m	• Technology failure. • Loss of key locations. • Trading, liability and pricing management. • Increased cost of product.	• Executive annual bonus are linked to Operating Profit, Online NGR growth and safer betting and gaming targets and customer metrics.
• Work with authorities in remaining markets to find a path to regulation. • Continue roll-out of ARC™ and increase investment in all areas of research, education and treatment of problematic behaviour. • Continuation of safer betting and gaming metric to make-up 15% of 2022 bonus payments for all office based employees. • Continue to diversify Board and evolve governance best practice. • Roll-out Foundation investment programmes in more international markets.	**Contribution to safer betting and gaming initiatives** £12.9m **Employee satisfaction with approach to wellbeing** 87% **Target set for carbon Net Zero throughout operations** 2035 **Commitment to Entain Foundation over five years** £100m Read more: pages 40–65	• Ensuring health, safety and wellbeing of our people. • Ability to recruit and retain 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 79–85	• Furloughed colleagues received 100% of salary. • Safer betting and gaming metric for 2021 bonus schemes implemented. Read more: pages 116–140

How we create value

1. Our purpose

Bring moments of excitement into people's lives

2. Our platform

The Entain Platform provides us with unique competitive advantages to provide customers with a great experience and to deliver on our strategy

- People and Talent
- Content Creation and Products
- Global Scale and Brand Awareness
- Marketing Excellence
- Proprietary Technology
- M&A and Integration Track Record
- Customer Relationships and Data
- Regulatory Expertise and Responsibility

3. Our strategy

Growth

We are focused on a range of exciting growth opportunities that will significantly increase the value of the Group.

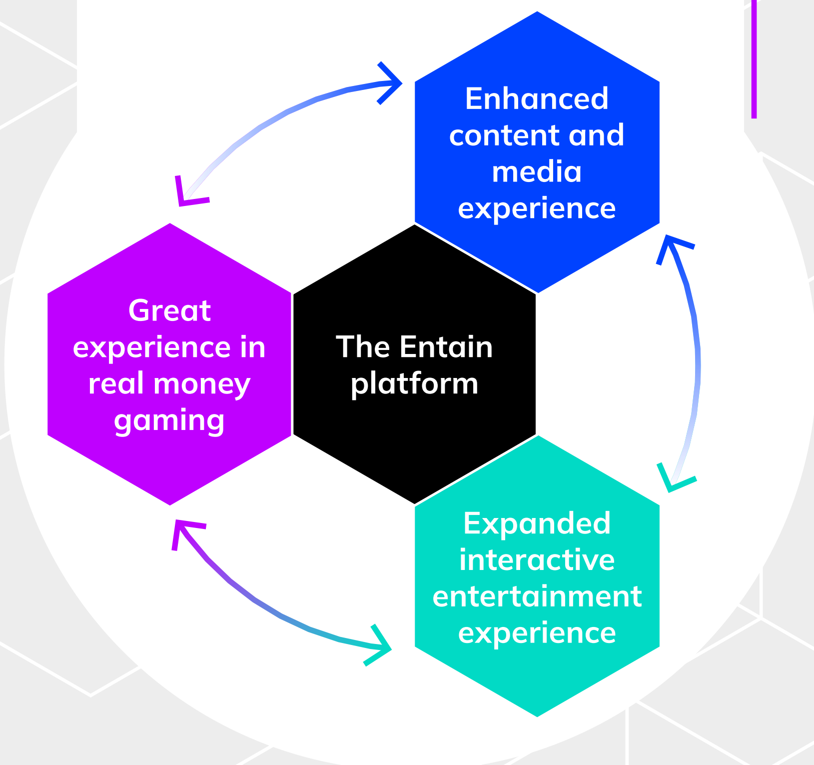
Sustainability

We believe the most sustainable business will be the most successful business.

Read more: pages 20 to 21

4. Delivering a differentiated customer experience

Understanding and responding to customers' needs, particularly as they evolve, enables us to benefit from powerful flywheel effects that, in turn, broadens our customer reach, increases engagement and loyalty, grows revenues and drives down acquisition costs.



5. How we add value

Create moments of excitement

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

Read more: pages 24 to 25

Grow our business

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

Read more: pages 13 to 16

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 13 to 18

Ensure sustainability

- Be a great place to work.
- Deliver ARC™.
- Protect the environment.
- Support our communities.

Read more: pages 40 to 65

6. Our stakeholder outcomes

Customers

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

Online performance

+19% NGR CAGR 2019–2021

(+20%cc)

Our people

Great place to work
In a global 'Your Voice' 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

£881.7m +5%

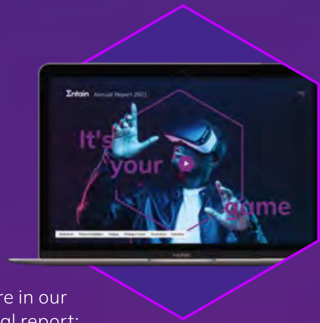
2020: £843.1m

Dividends
Recognising the importance of dividends to shareholders alongside our capital allocation priorities in support the Group's growth strategy, the Board continue to keep the recommencement of the payment of dividends under ongoing review.

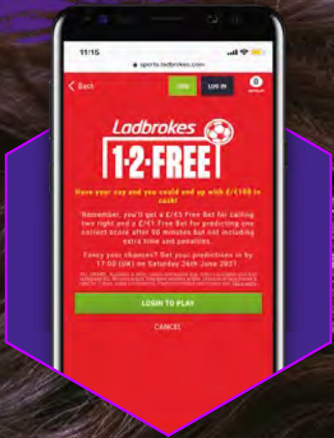
Read more: pages 66 to 76

Our strategy in action

We are constantly working to provide a richer and more engaging experience for our customers. At the product level this means a continuous process of optimising our sites, apps and games to create the smoothest, most enjoyable experience.



Explore more in our online annual report:
www.entaingroup.com/2021annualreport



Free-to-play

We have a built a hugely popular free-to-play portfolio that provides great entertainment at no cost to the customer. In Australia our Neds brand has introduced a live trivia quiz which takes place while sports are in play. At Coral we have a fully featured free arcade where customers can win prizes, while Ladbrokes offers 1-2-Free, a prediction game offering free bets. In the UK, our six free-to-play games are enjoyed by 700,000 customers a week, many of whom go on to enjoy our real money offer.

be
enter

McLaren F1

In 2021 our partypoker and PartyCasino brands teamed-up with McLaren Racing. Featuring the Party brands on two of the fastest cars in Formula 1 was only the beginning of the story. Working with the McLaren team, we took fans behind the pit wall with the See the Unseen video series in which driver Daniel Ricciardo gave his unique insights into the world of F1. The series proved a massive hit, having been viewed over 40,000 times. See the Unseen was part of a broader McLaren Access content package that included rich media and money-can't-buy competition prizes.

Against the Odds

2021 was also the year that Coral turned documentary maker, creating Against the Odds, a groundbreaking series of 10 full-length sporting documentaries broadcast on primetime television by ITV. Featuring the unique stories of Danish international goalkeeper Kasper Schmeichel, trailblazing female flat jockey Hollie Doyle and darts world champion Gerwyn Price, the series captures some of the most inspiring stories in sport. Backed by social media campaigns, Against the Odds, which runs until July 2022, is enabling Coral to engage with customers in a more thought-provoking way.

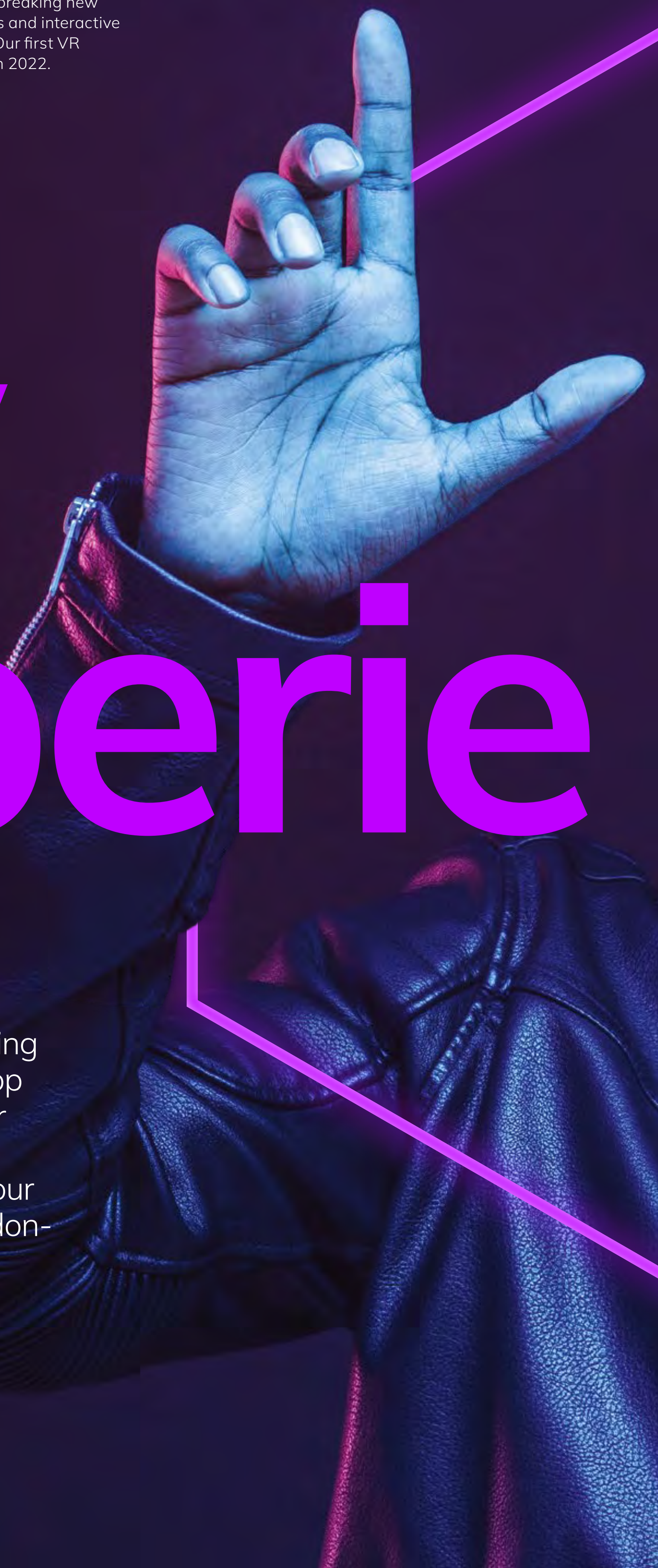
esports

With our acquisition of Unikrn in August 2021, we got serious about esports. Boasting an audience of over 450 million viewers annually, the sector is more popular with viewers than the NFL, NBA or NLB. The global esports betting market is projected to be valued at $12bn by 2025. We are developing a dynamic new offer which will enable customers to bet against each other on their own performance, in either casual, skill-based games or in the massively popular blockbusters titles such as League of Legends and Counter Strike. The Group is also building an esports book where bets can be placed on professional esports athletes. The experience will be surrounded with rich media and social integrations.

tained

VR Arcades

Through Ennovate, we are taking the immersive VR experience to customers on the high street, converting two of our betting shops into new VR retail experience zones. Consumers will soon be able to try out ground-breaking new experiences in immersive sports and interactive entertainment for themselves. Our first VR arcades are expected to open in 2022.



new experie

While we enrich the betting and gaming experiences on our core products to entertain our customers in the present, we are also looking to the future, expanding our horizons to develop new cutting-edge products which will thrill our customers tomorrow and beyond. In January 2022 we announced the launch of Ennovate, our global innovation hub, with a brand-new London-based lab, backed by £100m of funding.

nces

Virtual Sports Club

Soon to launch, we have developed a brand-new concept for socialising around sport – the virtual sports club. Utilising the world's most popular VR headsets the Oculus Quest 2, customers will be able to meet and hang out with each other in a virtual environment. There they will be able to chat, play games against each other, watch broadcast quality live-streamed sporting fixtures and even place a bet.

NFTs

NFTs or Non-fungible tokens, are unique digital collectible assets which have rapidly exploded in popularity over the past year. In partnership with Theta Labs, we are developing NFTs to enable our customers to own unique moments of digital history. Our first NFTs from partypoker will showcase some of the most iconic moments and tournament hands in the history of poker, while others will feature PokerApes, a series of high-definition images with a partypoker twist, featuring full 3D artwork.

As we entertain our customers, our number one priority remains ensuring they can play safely and within their means. Through our award-winning Changing for the Bettor safer betting and gaming programme, we take a holistic approach to protecting the customers, investing millions into research, education and treatment.

ARC™

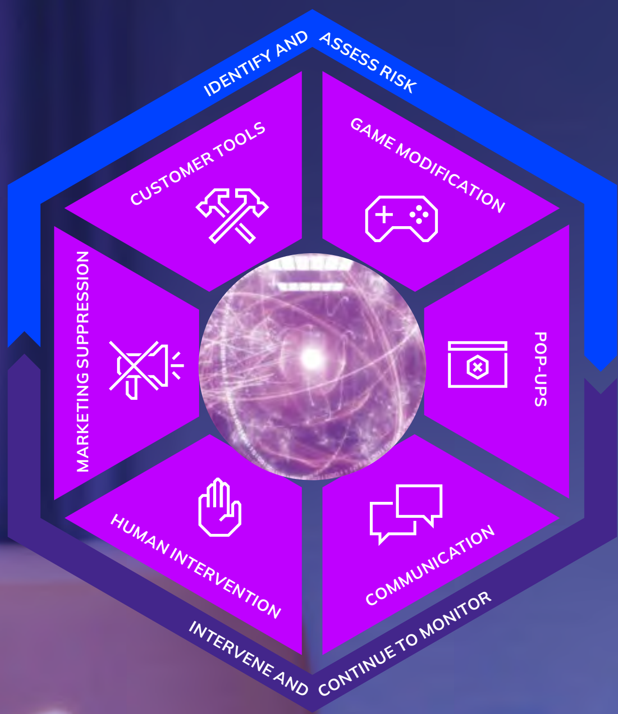
In 2021 we introduced ARC™ – Advanced Responsibility and Care™ – which takes a technology-led intelligent approach to risk reduction. Using revolutionary AI technology, ARC™ operates in real-time, and crucially, it is individually tailored for each customer. It is built on a foundation of academic research and will always be working invisibly in the background stepping in when needed.

ARC™ employs sophisticated algorithms, utilising 26 different markers of protection to identify signs of risk and when needed steps in to interact with the customer, modify the operation of games such as limiting stakes or slowing down play and suppressing marketing activity.

Our initial trials have been very encouraging, with results showing a risk assessment accuracy of over 80%, a 120% uplift in the use of safer gambling tools by those most at risk and a 30% overall reduction in customers increasing their risk levels.

We continue to refine ARC™, as the programme continuously improves through machine-learning. Having been initially trialled in the UK, the programme is now being rolled-out internationally.

+
Read more: pages 46 to 47



ection

As a major international business, we embrace our responsibility to make a positive contribution to the societies and communities in which we operate – it's what our customers and colleagues rightly expect of us. Our Sustainability Charter is at the heart of our business and sets out our commitment to operate exclusively in regulated or regulating markets, to lead on responsible gambling, pursue the highest standards in corporate governance and invest in our people and our communities.

the right

Net Zero

We have taken an industry leading role on the environment, by formally committing to reach net zero for carbon emissions by 2035, 15 years ahead of the target set at the Paris Agreement. To deliver on this we are working with the Carbon Trust to develop our carbon reduction plan before submitting it to the Science Based Target Initiative. We are also working with an independent third-party to plant a one million tree Entain forest to capture carbon from the environment.

Read more: pages 63 to 65

Pitching In

Sport is in our DNA at Entain and we are focused on providing support at the grassroots level, where it is most needed. In the UK we operate two flagship projects, partnering with SportsAid, to provide young athletes with their first external funding and personal development training and the Pitching In Trident Leagues, made up of 245 clubs at the heart of non-league football. In Greece we run our Team Future programme, supporting the next generation of Greek athletes to reach their potential, with six bwin sponsored athletes featuring at the Tokyo Olympics. Elsewhere we are backing community football projects in countries including Italy, Germany and Colombia.

Read more: page 61

Chance for Childhood

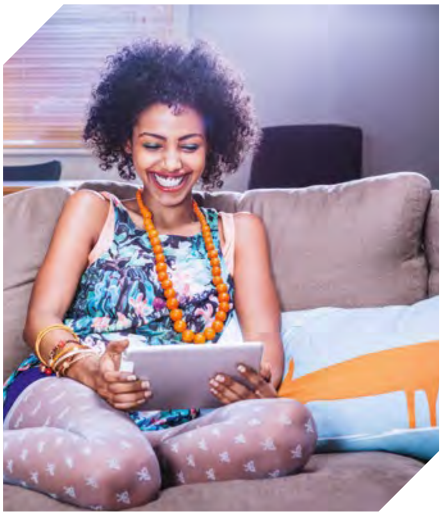
At the community level one of our largest projects has been supporting Chance for Childhood, the award-winning charity working in Africa to help the most vulnerable children. In partnership with them we are working to break the vicious cycle of poverty and exclusion through an approach tailored to the unique needs of each child. With this support from the Entain Foundation, in 2021 Chance for Children supported 714 marginalised women, children and families.

EnTrain

At Entain:Sustain we launched EnTrain, a global programme to promote increased access to, and diversity within, technology. We set a bold ambitious target for EnTrain to positively impact the lives of one million people around the world – either directly or through their families and dependants – by 2030. Working with non-profit partners such as Girls Who Code and the Tech Girls Movement Foundation, we are delivering programmes to inspire, educate and equip young women with the technology and IT skills to help them take leading roles in STEM industries in the future. EnTrain encompasses: the Entain Academy to develop tech skills; scholarships to provide academic learning; and apprenticeships to provide in-job training.

Read more: pages 61 to 62

The industry in which we operate

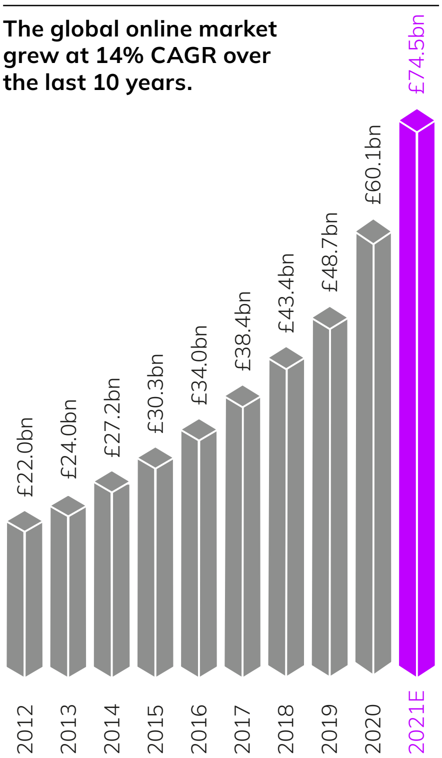


Global Online Growth

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

14%

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



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

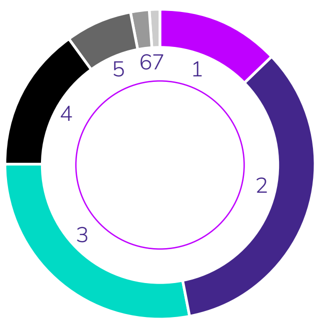
Online Europe

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

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

47%

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



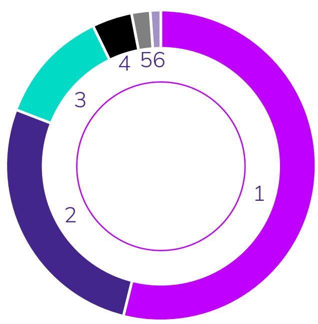
1. UK	13%
2. Europe	34%
3. Asia / Middle East	28%
4. North America	15%
5. Oceania	7%
6. Latin America / Caribbean	2%
7. Africa	1%

Online Market by Product

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

87%

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



1. Betting	54%
2. Casino	27%
3. State lotteries	12%
4. Poker	4%
5. Bingo	2%
6. Skill / other gaming / commercial lotteries	1%

Forecast

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

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

Retail

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

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

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

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

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

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

>85%

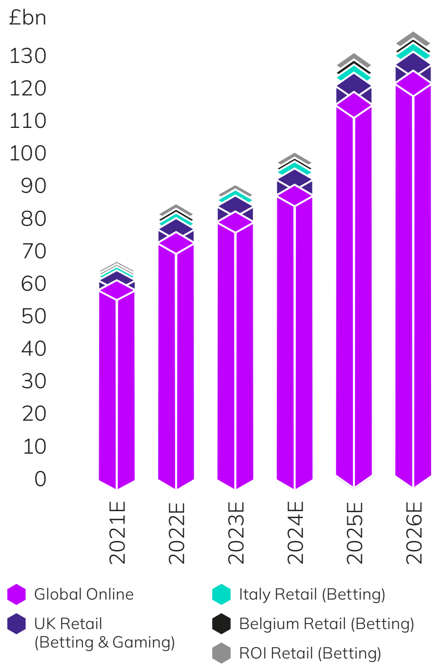
Four operators account for over 85% of all UK betting shops.

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

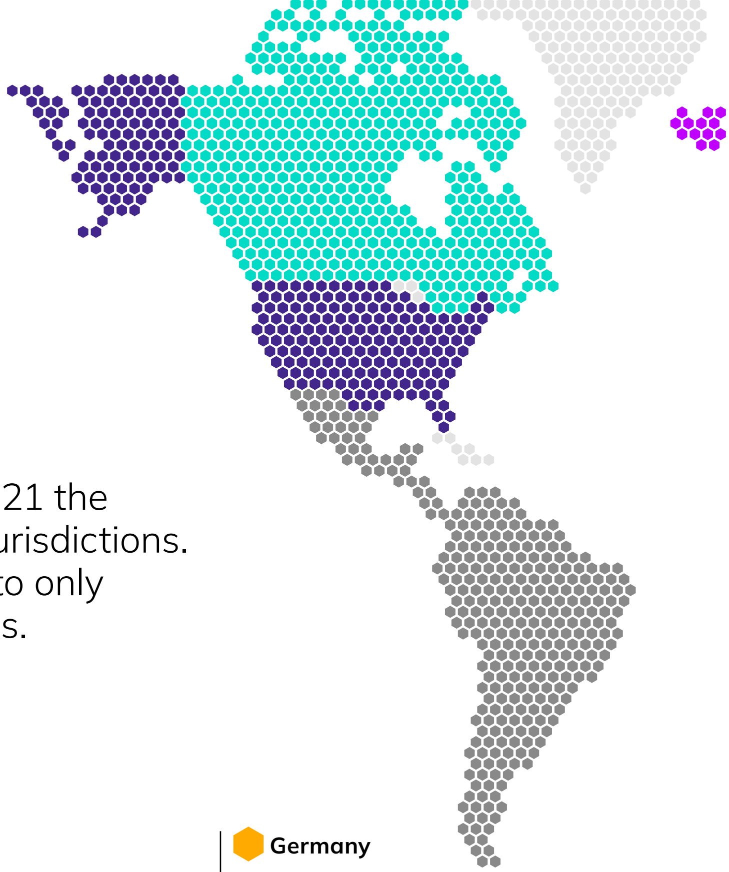
(Entain areas of operations are highlighted)

11%

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



Regulatory Update



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

The UK

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

United States

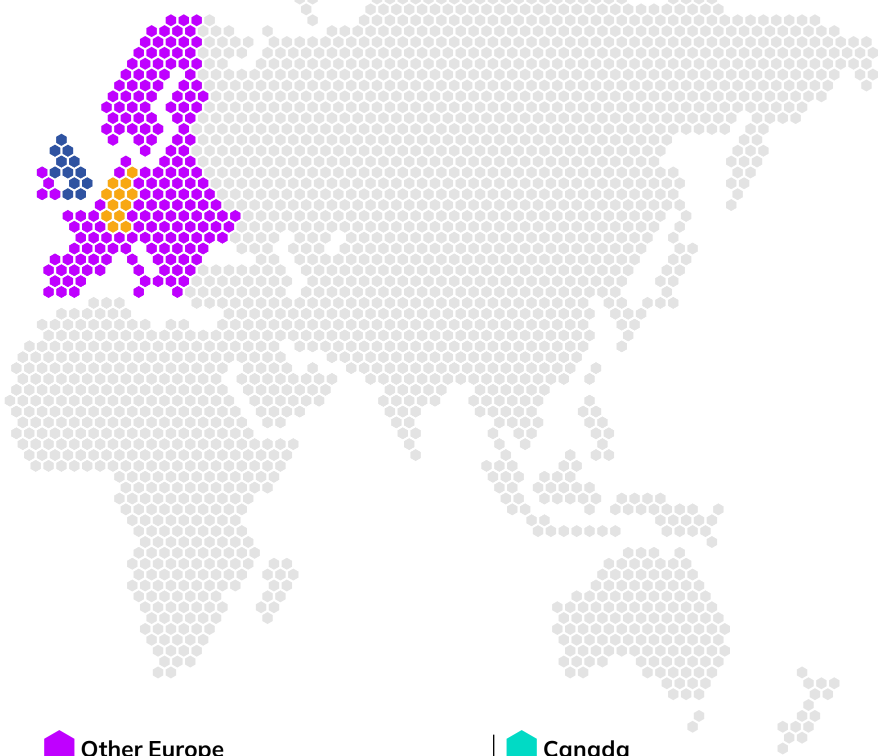
The sports betting regulatory activity continues at pace in the United States. Arizona, Louisiana, Maryland and South Dakota are amongst the US states that have regulated and launched their sport betting markets in 2021 or early 2022. Crucially, the state of New York opened up its mobile sports betting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

Germany

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

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

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



Other Europe

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

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

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

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

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

Canada

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

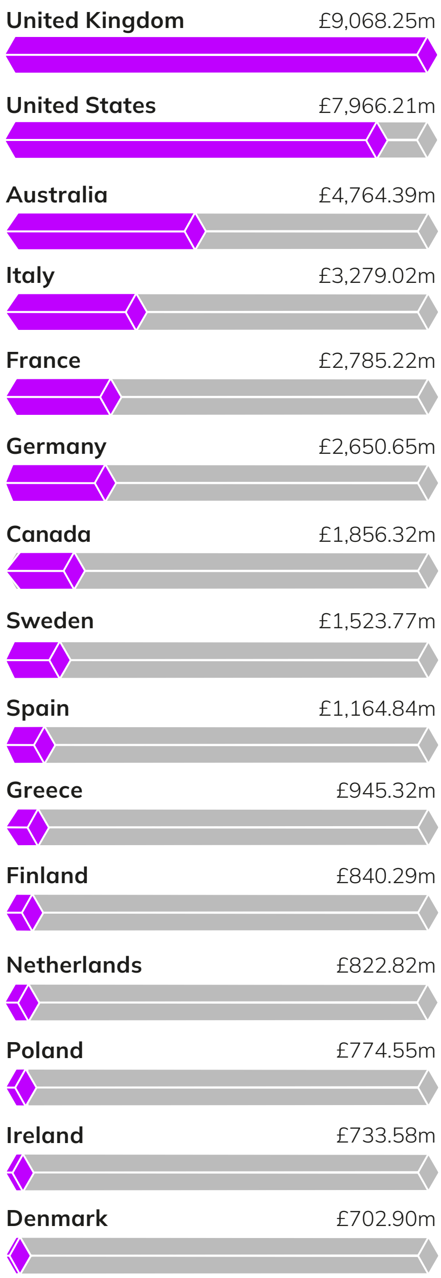
Latin America

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

Read more about our engagement with regulators: page 39

2021 Global online gross gaming revenue

In 2021 online global gross gaming revenue was estimated to be valued at £74.5bn[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).

Engaging with stakeholders

The Board recognises the importance of effective governance and operates 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 was again limited in 2021 by Covid-19 related restrictions, Board members have taken part in virtual employee events and heard colleagues around the Group giving their views on our 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 our Employee Forums (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 CEO, Jette Nygaard-Andersen and Deputy CEO and CFO, Rob Wood 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.

Read more: pages 57 to 59

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 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.

Read more: **pages 44 to 53**

Shareholders

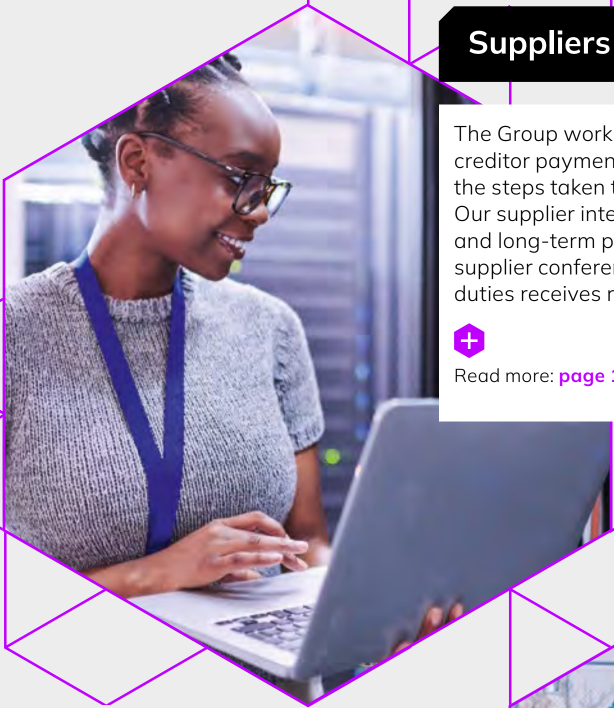
The Group's investors and shareholders expect, and get, a comprehensive view of the financial and sustainable performance of the business as well as a clear commitment to, and delivery against ESG objectives. The Group undertakes regular conference calls and meetings with investors through roadshows, investor conferences, one to one and group calls, publication of the Annual Report, press releases and Stock Exchange announcements. In 2021, 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 747 investor interactions, with over 300 unique institutions. These interactions involved a combination of the CEO, CFO, the Chairman, the Chief IR & Communications Officer, Head of IR and other management as appropriate.

In addition to these meetings, the Group also held three shareholder events throughout the year. The first, held in April 2021 provided a detailed update on the Group's BetMGM joint venture. This was followed in August with a capital markets day, updating on the Group's strategic direction and opportunities, while in November, the Group held its inaugural Entain:Sustain sustainability showcase, with a comprehensive presentation on the Group ESG and sustainability strategy.

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. In the past year the investor relations team conducted two feedback and audit exercises 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 versus expectations and transparency.

The quantitative analysis and qualitative feedback were presented to the Board 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.

Read more: **page 99**



Suppliers

The Group works responsibly with its suppliers and regularly reviews its customer and creditor payment policies. In 2021 we updated our Modern Slavery Statement to set out 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.

Read more: **page 111**

The Community

As set out in the Company's Sustainability Charter, 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 is the Group's Pitching In grassroots sport investment programme through which the Entain Foundation supports The Trident Leagues in the UK, made up of 245 clubs at the heart of England's non-league football pyramid. In November, the Group announced its EnTrain initiative, setting a target of positively impacting one million lives through a range of diversity in technology projects by the end of the decade. The Company engages through the publication of its ESG report and employee-matched funding for charity policy.

The Board has overall oversight of corporate responsibility planning and reporting as well as involvement in corporate affairs strategy which is delegated 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.

Read more: **pages 57 to 63**

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.
- 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.

Read more: **pages 34 to 35**

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.
- Engagement with the Nevada Gaming Commission's Compliance Committee
- 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 (eg Spain).
- Engagement with regulatory authorities in regulating markets via local associations and advisors in the run up to licensing (eg Netherlands, Brazil).

Sustainability

Our commitment to sustainability

At Entain, we have proudly put sustainability on an equal footing to our growth strategy. We embrace our role within society and want to take the lead on the issues that matter to us – sustainability, diversity, and responsibility – with the strongly held belief that the most sustainable business in our industry will be the most successful. This is reflected in our Sustainability Charter, which outlines our ESG leadership ambitions across four pillars.

Commitments:
- Only operate in regulated markets by the end of 2023

2021 highlights:
- Nearly 100% of revenues from regulated markets
- Exited three markets with no clear path to a sustainable and safe regulated betting and gaming industry

Commitments:
- Take the lead on safer betting and gaming

2021 highlights:
- Successful roll-out of our pioneering ARC™ player protection programme across all UK online products
- Increased UK contributions to RET to 0.5% of GGY

Commitments:
- Best-in class corporate governance

2021 highlights:
- Jette Nygaard-Andersen appointed as CEO – the first female CEO of a UK-listed betting and gaming company

Commitments:
- Best place to work
- Net-zero greenhouse gas ("GHG") emissions by 2035

2021 highlights:
- Launched Entrain
- #1 in the All-In Diversity Index
- 7% reduction of GHG emissions from 2020, with 100% renewable energy in the UK and ROI retail estate

Long-term sustainability = Long-term success

"Our governance structure is now fully embedded and has proved effective in managing the increased scale, complexity and expectations of the Group."

Governance for long-term success

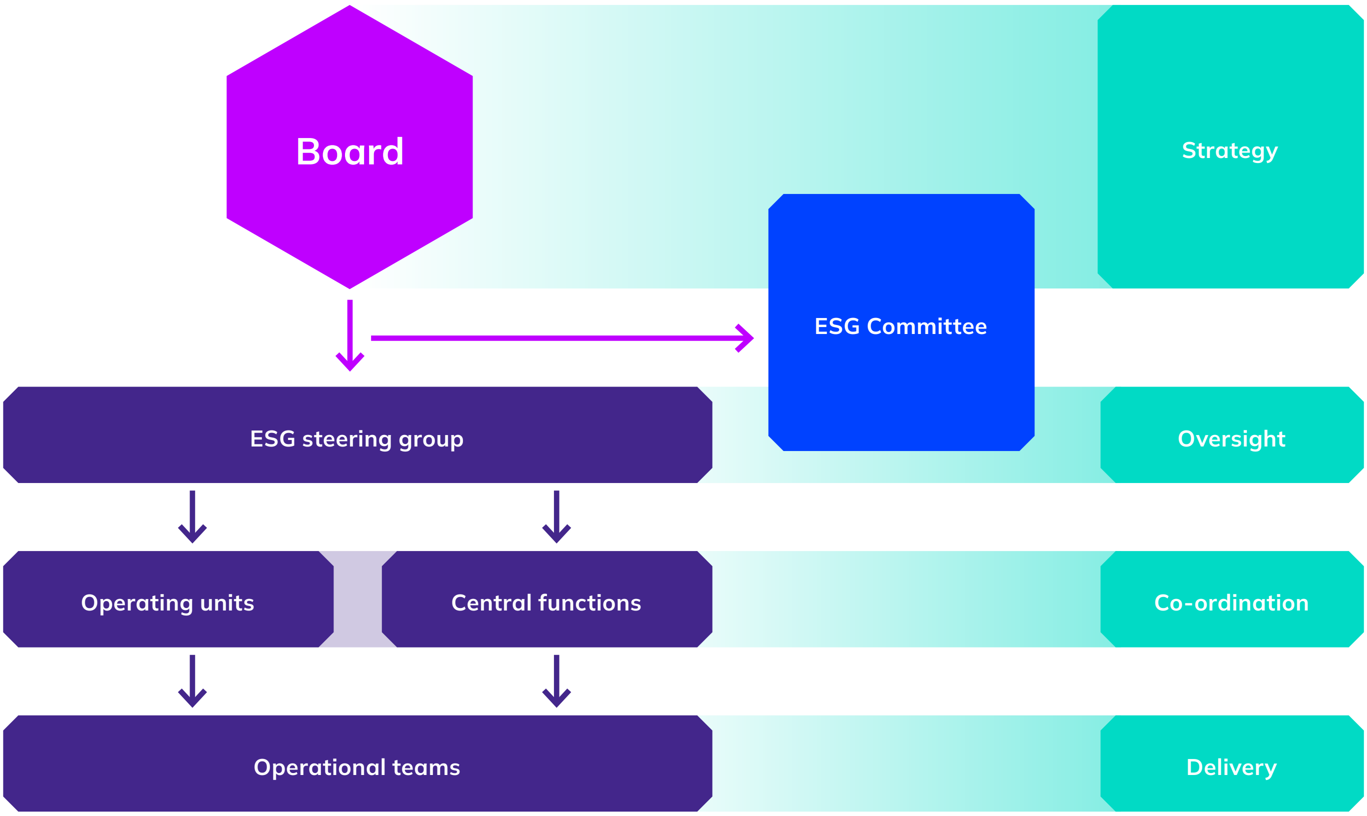
Environmental, Social and Governance ("ESG") issues leadership starts with strong governance. This is crucial to managing our non-financial risks and opportunities effectively and efficiently, whilst creating value for all our stakeholders. Our governance structure is now fully embedded and has proved effective in managing the increased scale, complexity, and expectations of the Group. Our best-in-class Governance is overseen by Robert Hoskin as our Chief Governance Officer.

The ESG Committee

The Board-level ESG Committee has ultimate responsibility for safer betting and gaming, regulatory compliance, anti-money laundering ("AML") and counter-terrorism financing, anti-bribery & corruption ("ABC"), health and safety, environmental impact, data protection and diversity in the workplace. Chaired by Virginia McDowell one of our Non-Executive Directors, the Committee has four members and guides the business on all aspects of ESG strategy, sets targets and monitors our performance.

The ESG Steering Group

The ESG Steering Group which meets on a monthly basis 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.



Our performance across ESG ratings providers

We're proud to be a sector leader amongst many of the leading independent ESG ratings providers. The below table summarises our performance, and improvement over time. We will continue to work tirelessly to further improve our ESG practices and performance, and hope to see this reflected in these external assessments.

Agency	Rating	Evaluation	Score		Industry rank
			Current	Previous	
MSCI	ESG Score	AA (leader)	↑ **6.7**	5.6	N/A
Sustainalytics	ESG Risk Rating	Medium risk	↑ **21.5**	27	15/88 in the Casinos & Gaming Subindustry
ISS ESG	ESG Score		↑ **C**	C-	2nd highest decile
S&P Global	ESG Score	S&P Sustainability Yearbook (Bronze class) & DJSI Europe constituent	↑ **67**	63	94th percentile
Refinitiv	ESG Score	Top quartile	↑ **83**	N/A	11/319
FTSE4Good	ESG Score	Inclusion in FTSE4Good Index	↓ **3.4**	4.1	87th percentile
CDP	Climate change score	Management	↑ **B-**	D	Taking coordinated action on climate issues

ESG Materiality

We have a long-established discipline of assessing our material ESG issues. These material issues are reviewed annually as part of our internal ESG reporting process and updated based on any strategic and operational changes, as well as developments in the wider industry and society. Our current top material issues include:

- Industry self-regulation (safer betting and gaming)
- Protecting the young and the vulnerable through working practices
- Providing support for customers at risk and problem gamblers
- Customer privacy and data security
- Providing safe and responsible products, including safeguards inherent in design
- Promotion of safer betting and gaming
- Talent attraction and retention
- Preventing betting and gaming being used to support crime or associated with crime
- Diversity and equal opportunity

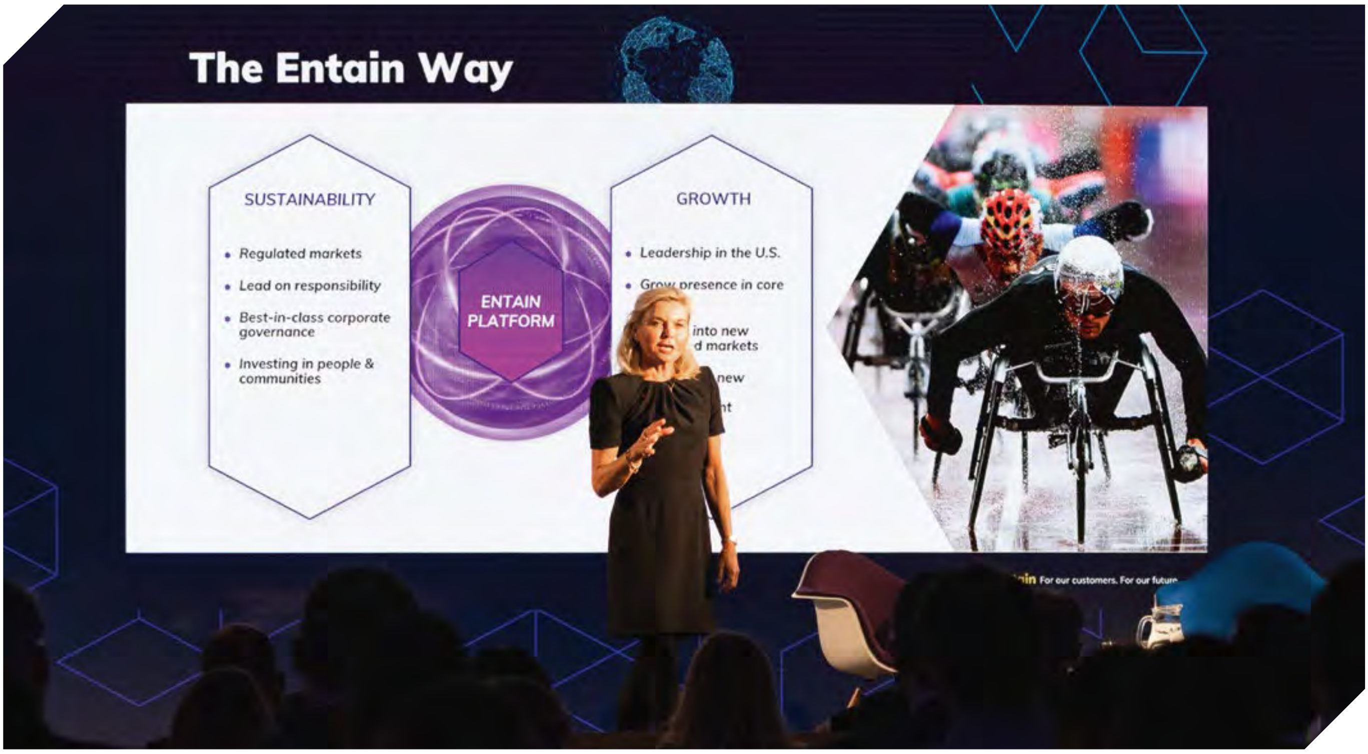
Towards the end of 2021, we commenced a project to conduct a full-scale review of our materiality assessment framework. This update will draw upon evolutions in materiality best practice, and align our process and issues considered to the strategic reorientation of our business and external landscape. The outputs and process will inform our ESG strategy going forward, help us to identify emerging ESG issues, and prioritise the material ESG issues relevant to investors, as well as our wider stakeholders. As part of this process, we will conduct a comprehensive consultation across a broad range of our stakeholder groups through surveys, interviews and desk-based research. The outputs of our new materiality assessment will be presented in our 2022 Annual Report.

Showcasing our ESG leadership at Entain:Sustain

In November 2021, we held an in-depth sustainability showcase to highlight our approach to ESG and provide detail on a range of sustainability related initiatives. Held as both a virtual and in-person event in London, “Entain:Sustain” featured presentations from the Group’s senior management, the independent Chair of the Entain Foundation and academics from the Harvard Medical School’s Division on Addiction. The day also included a number of panel discussions, featuring a cross section of sustainability experts. Alongside the main presentation the event also featured an exhibition area with representatives from a range of the internal Entain initiatives as well as the Group’s external community investment partners such as Chance for Childhood and SportsAid.

At the event, we shared the first results and milestones from the trials of ARC™, our pioneering, technology-led approach to personalised player protection. We also announced the launch of our EnTrain initiative, with its target to positively impact a million people across the globe through providing greater diversity in technology.

The inaugural event was attended by over 100 delegates in person, with nearly 200 joining virtually. We plan to share our progress in this format again in 2022.



Safer betting and gaming

Changing for the Bettor

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

1 **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.

2 **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.

3 **Promote responsible attitudes**

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

4 **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.

5 **Fund treatment for those in need**

We're funding treatment and support for people who suffer from gambling harm.

6 **Champion responsible product design**

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

7 **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.

Read more about our Sustainability Charter: **page 40**

Our purpose is to bring moments of excitement to people's lives. We do this by putting our customers at the centre of everything we do. This includes providing the best experience and taking the lead on safer betting and gaming. Whilst the Gambling Commission found that 99.7% of betting and gaming players in the UK use these products safely, there are still customers that are at-risk of harmful betting and gaming. Our Changing for the Bettor safer betting and gaming strategy focuses on making Entain the safest and most trusted betting and gaming environment in the world.

We have a vision to use data, technology, and evidence-based insights to deliver the most sophisticated and effective player protection. We deliver this vision as part of our ARC™" programme, which we have advanced significantly in 2021. ARC™ cuts across all strands of the Changing for the Bettor Strategy and positions Entain as a leader in player protection. This section provides an update on ARC™ and other leading initiatives that are delivering on the seven pillars of our strategy.

Changing for the Bettor 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. Our strategy is global, and we pursue these objectives across all our operations.

The safer betting and gaming regulatory landscape continues to evolve, and we work proactively with regulators globally to ensure that regulation protects players from betting and gaming related harm, without excessive restrictions that run the risk of driving customers to the unregulated black market.

In the UK, we provided evidence and engagement as part of the UK Government's Gambling Act review. We continue to support the review, which is a step towards creating the highest possible regulatory standards. We co-ordinated the 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 2021, we continued to increase the proportion of UK Gross Gaming Yield ("GGY") that is contributed to organisations working on Research, Education and Treatment ("RET") to 0.5%, which equated to £12.5m in 2021 – over seven times more than the recommended requirement by the UK Gambling Commission. The four largest operators in the UK have pledged to scale up RET funding to 1% by 2023. Entain has gone further and committed to reach this commitment one year earlier by 2022. These RET contributions were provided to GambleAware, a grant-making charity that is wholly independent and has a framework agreement with the industry to deliver the National Strategy to Reduce Gambling Harms.

In the US and the Americas, as a number of jurisdictions launch regulated betting markets, we are scaling up our level of support of safer betting and gaming organisations to ensure that the correct support processes and pathways are established in these new and growing markets. We continue to proactively engage with regulators in these markets, including a digital roadshow. We have also set up a US Regulatory Advisory Committee consisting of Entain Non-Executive Director David Satz, three former US regulators and members of the Entain Governance team, to act as a sounding board to review Entain's regulatory policies.

We have also implemented our commitment to include a safer betting and gaming metric in our Group-wide annual bonus scheme (see page 126). This year's targets were assessed against certain milestones of the delivery of the ARC™ programme. In 2022, as the programmes mature, we will be shifting to outcomes-based performance metrics – to ensure that our world-leading player protection features are having a positive and measurable impact on our customers.

Our leadership in this area was recognised at the end of the year on both sides of the Atlantic with Entain being named Operator of the Year at the 2021 EGR Operator Awards, the industry's premier awards event, and as Socially Responsible Operator of the Year at the SBC Awards North America.

Advanced Responsibility & Care™: Using data and technology to provide sector-leading player protection

ARC™ is our pioneering approach to customer protection, by limiting customer exposure to risk at an individual level. It switches our player protection approach from reactive to proactive, and allows players to receive the intervention they need in real time, not after the fact. ARC™ represents a fundamental shift in our approach to player protection, and is the driving force behind our vision to be the go-to platform for safe play.

Using behavioural indicators, data science and analytics to assess risk in betting and gaming, ARC™ works behind the scenes using advanced artificial intelligence to learn and identify risks in player behaviour so we can intervene before a problem develops.

In 2021, we commenced live trialling of ARC™ in the UK, and by the end of 2021, ARC™ was rolled out across our entire platform for all UK jurisdictions. In 2022, we will commence our work on adapting and implementing ARC™ in some of our key markets outside of the UK.

What does ARC™ involve?

Protector Model: Identifying high-risk behaviour in real time

Our leading Protector Model was launched in June 2021. It allows us to identify and understand customers who need our support the most, intervening with measures which are specific to their needs. ARC™ significantly extends the markers of protection beyond merely financial markers to other behavioural characteristics that might suggest high-risk playing. Our model draws upon 26 research-backed markers – over three times more than in the past – adding further sophistication to improve the accuracy of identifying high-risk behaviour. As a result, we found that our predictor model is able to identify high-risk behaviour with 80% accuracy.

These markers developed through our partnerships with leading research institutions and consultancies, including lived experience insights from EPIC Risk Management, Professor Mark Griffiths of Nottingham Trent University, and Cambridge Health Alliance Division on Addiction, a Harvard Medical School Faculty. Examples of these markers include fluctuations in stake levels, erratic play during a single session and signs that a player might be chasing losses.

Support for higher-risk players

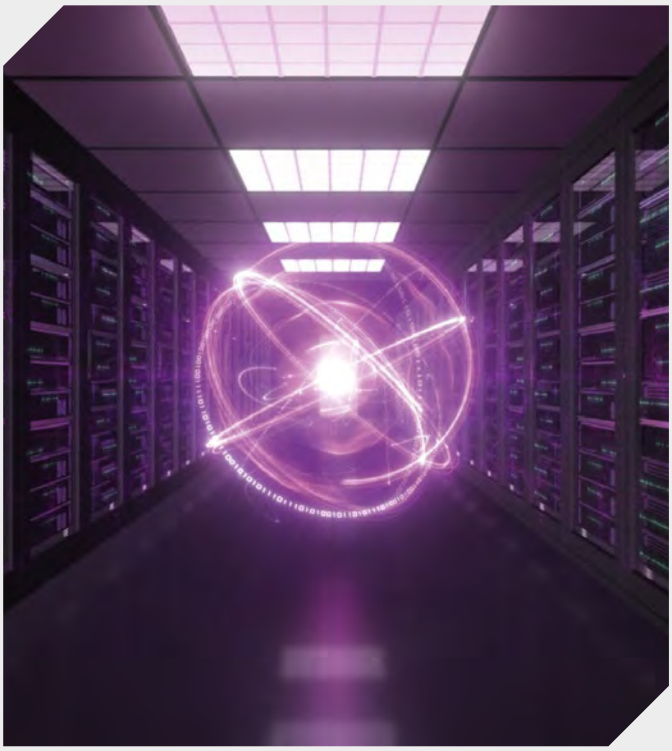
Through a complete redesign of the user experience and customer communications together with the deployment of two new gambling controls (Play Break and Deposit Curfew) we have been able to significantly increase the use of account controls. The on-site interactive interceptors have meant that as well as being able to intervene and speak to a customer quickly, we can also recommend a gambling control for that customer based on their specific play and needs. These interceptors have resulted in more than 90% of our highest-risk players showing a reduction in risky play.

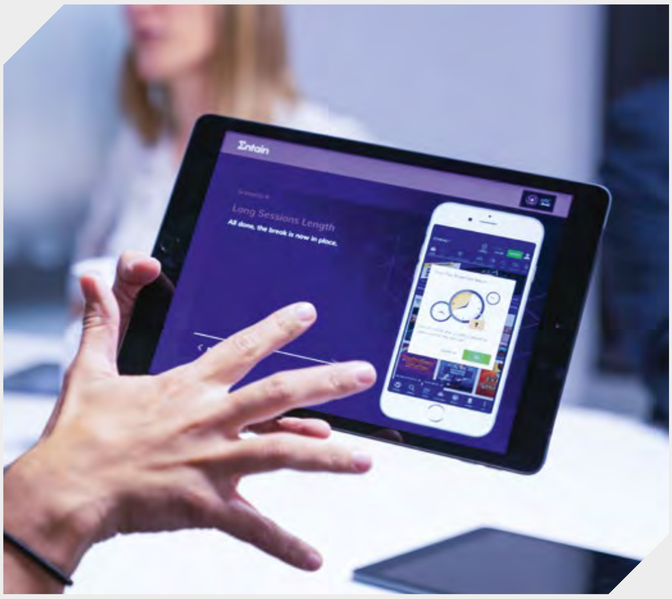
As part of ARC™ we have also made step-change improvements in some of our safer gambling tools, including a budget calculator and improvements to our safer gambling help page – providing players with seamless access to engaging and research-backed safer gambling support and content.

Protect using real-time interventions

We are using advanced analytics real-time capabilities of our Protector Model to identify customers who deposit more than they usually would within a session of play. Once identified, a customer will initially be advised that they are depositing more than normal and offered the chance to reassess their depositing. If they do not take action by setting a control themselves, we will step in and prevent further deposits being made.

As a result, we are seeing positive actions by customers with a reduction in higher deposits and a significant reduction in the number of customers who raise their depositing. Encouragingly we also see a 25% decrease in deposits following the initial interaction, and a 75% decrease in the number of players who previously would have continued to increase their spending. Almost all customers return to their previous betting norms shortly after intervention by ARC™. This means our messaging is positively guiding their experience to remain safe.





Our plans for 2022

ARC™ is continually improving, with regular testing and expert analysis to build on our initial successes and further enhance player protection. In 2022, we will continue to build on the success of ARC™, with an exciting roadmap of individualised features and improved modelling that will enhance its effectiveness and functionality.

Real-time tools: Over the coming months we will be implementing more real-time tools including those concerning long session lengths, declined deposits and large withdrawals.

Product-specific initiatives: We will also be implementing product-specific initiatives that will provide player support at a more granular level.

Real-time player identification: We are further developing our Protector Model to enhance its real-time predictive nature and potentially halt any risk-conducive behaviour before it becomes a problem.

International: In addition, we will also introduce ARC™ into markets beyond the UK, with a target to introduce it to nine new markets in 2022. We will adopt a staged approach to the international roll out, to ensure that ARC™ provides the same high level of player protection, whilst adapting it to meet the unique regulatory, cultural, and game-specific requirements in each market.

The effectiveness of ARC™ is linked to remuneration

The importance of ARC™ and our commitment to ESG and safer gambling is reflected in our colleague and executive remuneration structure. In 2021, 15% of the Group annual bonus scheme is based on the business demonstrating that the ARC™ models are successfully implemented, able to understand who the problem gamblers are, and why they're classified as such. To ensure the credibility of the process, we commissioned EPIC Risk Management to provide an independent review to determine whether we reached our targets for the year.

In 2022, the ESG component of our Group annual bonus scheme will continue to focus on ARC™, but will pivot to incentivise the international roll-out of ARC™, and its ability to drive behavioural change in customers – including the uptake of safer gambling tools to medium and high-risk players.

1 Understand the problem and best solutions

A key focus for our Changing for the Bettor strategy is to continually deepen our understanding of gambling-related harm, disseminate this knowledge with the wider industry, and incorporate this knowledge into our processes, policies and culture. This work is catalysed by developing long-term research partnerships with world-leading institutions in safer betting and gaming.

Our five-year research collaboration with Cambridge Health Alliance Division on Addiction is our flagship research programme, where we have committed £5m over five years. You can read more about this collaboration below.

In the US, we have partnered with the University of Nevada, Las Vegas and their International Gaming Institute ("IGI"). In September 2021, we provided a founding grant to the IGI to establish a pioneering betting and gaming research initiative which, for the first time in the US, will combine scientific research with operational expertise to apply best practice in responsible gambling, policy, and health. Using a multidisciplinary approach, the IGI plans to take a holistic look at all aspects of betting and gaming from various perspectives, including problem gambling, responsible gaming, public health, education, economic impacts, research, and technology. The centre is planned to launch in 2022.

Entain's cutting edge research collaborative with Cambridge Health Alliance Division on Addiction, a Harvard Medical School Faculty.

Our five-year research collaborative with the Division continues to go from strength-to-strength. Now in its third year, we have already contributed $3.2m to this cutting-edge research programme that is having real-world impact. The programme has progressed beyond expectations. It was originally expected to produce three papers annually, but in two and a half years the research teams have already submitted 11 papers for review and has an additional four papers in active development for submission to peer review.

Our ongoing support for the collaboration currently funds the equivalent of eight full-time researchers: six researchers at the doctoral level, a part-time researcher at the masters level, and two researchers at the baccalaureate level. Entain not only provides funding but gives access to anonymised data from player records, ensuring that the research is based on real-life data and behavioural patterns.

The ongoing projects with the Division fall under the four categories below. This important research is published in peer-reviewed and high-impact scientific research articles, with worldwide circulation. The journals include Psychology of Addictive Behaviors, PLOS One and International Gambling Studies.

> The programme has progressed beyond expectations."
>
> **Grainne Hurst**
> Group Director of Corporate Affairs

Player data research projects

Using real-life, anonymised player records from Entain to contribute to a growing body of knowledge revealing the nature of actual online gambling. These projects help refine our understanding of evidence-based markers of disordered gambling and expand our search for potential markers.

Safer betting and gaming training projects

This in-depth understanding from the research is vital to strengthening our culture, processes and policies. We disseminate learnings from the research to employees through various training activities. The Division conducted reviews of 14 existing Entain employee training programmes, two teach-in seminars with select Entain employees to assist in the digestion and understanding of the findings, and the creation of four research snapshots with graphical summaries of published research.

Open science projects

Projects that relate to the Division's and Entain's commitment to the highest standards, and upholding the principles of academic freedom. In addition to engaging in open science practices for these research projects, including research pre-registration and data transparency, the Division has engaged in multiple projects and papers to advance the field of gambling studies toward more open science practices.

General research projects

These projects address important areas in the field of gambling studies. So far, they have included a study on the state of the literature about gambling and self-harm and understanding gambling product safety features.

2 Educate our key stakeholders

We continue to partner with charities and other organisations to support their important work in preventing vulnerable audiences from potential betting and gaming harm.

In the UK, we supported EPIC's Risk Management's State Schools programme. EPIC delivered impactful gambling harm awareness sessions to 15,284 young people across 81 school visits in the 2020/21 academic year.

We support Young People's Gambling Harm Prevention Programme ("YGAM") through GamCare and YGAM as part of our involvement with Betting and Gaming Council. By 2024, YGAM and GamCare aim to work with over 13,400 practitioners and partner organisations, resulting in millions of young people aged 11-19 receiving at least one awareness session during their secondary or further education. By the end of 2021, the programme delivered training to 4,500 young people, with 90% of those participating reporting that they better understand how to make safe choices about betting and gaming, and where to get help if they were experiencing problems.

In addition, we have supported YGAM to deliver their City & Guilds Assured training to 3,895 professionals that work with young people. This training is focused on identifying signs of harm and signposting to the help and support available.

We also know that our customer services teams are an important resource for our customers to learn more about safer betting and gaming. In 2021, we streamlined our processes for these teams, providing them with all customer due diligence, anti-money laundering, affordability and player protection all within one dashboard – allowing these representatives to provide informed advice based on the customer's individual circumstances.

In the US, we supported EPIC to deliver 71 first-of-its-kind education and advice sessions to groups that may be more likely to experience problems with betting and gaming – such as college and professional athletes. As sports betting is licensed and launched in an increasing number of states, this programme – sharing knowledge about harm prevention and sports betting integrity is front and centre of conversations at a time when it is needed most. We will continue to scale up this programme in 2022.

In the US, we launched the Gamble Responsibly America App. The app – freely available on phone iPhone and Android – provides a host of educational resources and tools to help and support anyone facing potential issues with problem gambling. It is the first app of its kind in the US that is from the outset available in both English and Spanish. Gamble Responsibly America has been endorsed by the American Gaming Association as one of the key sources of problem and responsible gambling information.

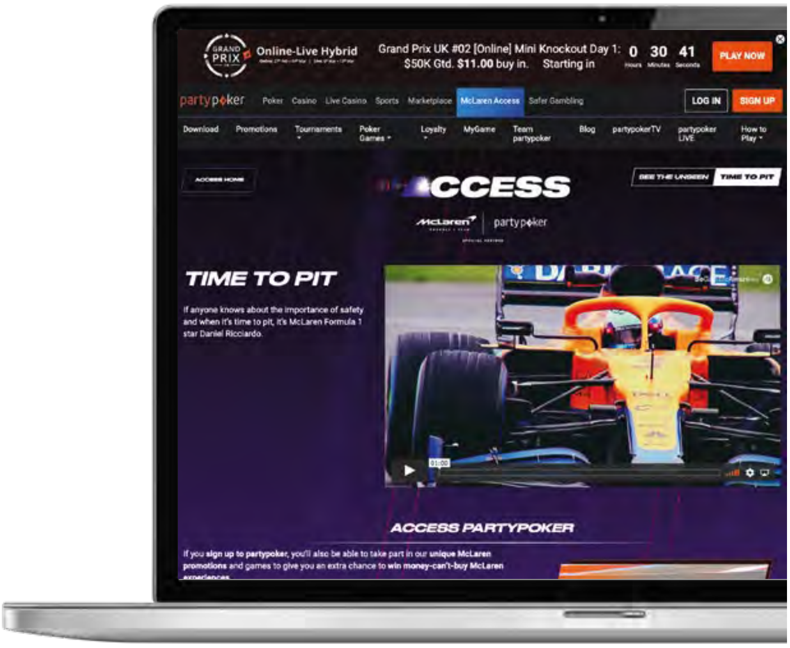
3 Promote responsible attitudes

Our approach to promoting responsible attitudes is focused on embedding these principles into our advertising and marketing.

Responsible attitudes to advertising and marketing start with us, and we're committed to ensuring that our activities in these areas uphold both the letter and spirit of the relevant legislation, regulations and industry Codes of Practice. We are a signatory of the European Betting and Gaming Association's Code of Conduct. Our approach is guided by our Group Responsible Marketing Policy ("Policy"). This Policy is sponsored by the Chief Governance Officer – also a Director on the Group Board. The Policy applies to all marketing activity undertaken by all brands within the Group, and applies to all marketing activities and channels. The Policy is complemented by internal guidelines for each market where we operate, including examples of acceptable and unacceptable marketing behaviour.

In the UK, we work with the industry via the Betting and Gaming Council ("BGC"). This includes utilising our marketing budget and airtime for responsible gambling initiatives.

We also use our reach and partnerships to bring safer betting and gaming to life via compelling content. Through our partypoker brand, we worked with the McLaren Formula 1 team to produce the "Time to Pit" campaign. Starring McLaren F1 star Daniel Ricciardo, the video and microsite draws parallels between racing and betting and gaming, and the importance of knowing your limits and staying in control. The "Time to Pit" campaign has been viewed over 40,000 times.



4 Empower customers

As part of our ARC™ programme, we made step-changes in the safer betting and gaming tools that we provide to customers to empower them to be in control of their play. As part of the enhanced customer journeys in ARC™, we are now able to proactively provide players with tailored recommendations and informative content based on their style of play. In addition, we have implemented an improved budget calculator to help customers understand a safe level to play based on their individual circumstances, and recommendations on setting deposit limits.

These will be further enhanced in 2022 with the introduction of our safer gambling questionnaire, which will help customers understand whether a gambling control is needed and, if so, which one. We will also continue to improve our real-time interactions and intervention with customers, to provide them with recommendations that empower them to put in place the tools that help them to continue playing responsibly.

For those customers who wish to take time out altogether, we also continued to promote the use of the Gamban software, which we make freely available to all of our customers. Gamban allows users to block betting and gaming websites and apps globally from a user's devices. We continue to take part in all relevant industry-wide self-exclusion programmes in the markets where we operate. In the US, Entain with joint-venture partner BetMGM are amongst the first operators to have supported PlayPause, a project intended to introduce cross-state self-exclusion.

5 Fund treatment for those in need

We work closely with Cognacity, a world leading mental health organisation who are an approved LCCP Research Education and Treatment ("RET") provider, to offer additional support for those customers requiring clinical diagnosis, or support/signposting for treatment. The outcome of the assessment may result in a referral to a fully funded residential treatment programme with Cognacity@Leon House. Over the past two years, Entain funding has enabled 154 comprehensive assessments and 100 individuals to access support. This includes 67 individuals accessing three-day intensive residential gambling treatment programme at Leon House (or online during the Covid-19 pandemic) followed by individual follow-up therapy and relapse prevention (a minimum of six sessions per person, with a total of 258 one-to-one sessions delivered).

This programme has had a significantly higher retention rate than the national average, with 70% of those seeking support at Cognacity@Leon House completing the course, and 86% reporting abstinence from gambling at last observation (six or 12 months after the programme).

We also provided funding to Gordon Moody's online Gambling Therapy service which has enabled the charity to reach an increasing number of people needing support worldwide, with over five million people accessing the service.

6 Champion responsible product design

At the heart of championing responsible product design is our groundbreaking ARC™ programme, which has catalysed a step change in the way our online products are designed in order to maximise player protection. Please refer to pages 46 to 47 for information and an update on ARC™.

To be effective as an organisation in responsible product design, we understand the need for engagement from the wider industry. To do this, we engage directly via our involvement in the Betting and Gaming Council ("BGC") Game Design Working Group. The group focuses on game characteristics, informed player choice, enhancing control innovation and governance and continuous improvements. In 2021, we implemented the BGC working group Phase II principles on Game Design, including guidance on wins below the stake line, and bonus game notifications.

Responsibility is also about protecting our customers' data, which is why we continue to roll out and implement our privacy-by-design principles, which puts privacy at the centre of our product design cycle early in its development. A full outline of our data privacy and cybersecurity is included on page 65.

7 Change ourselves for the bettor

We strive to enable all colleagues, relevant suppliers, contractors, and secondees to undertake training on safer betting and gaming, with additional in-depth training that is tailored to role types. At the end of 2021, 88% of colleagues were up to date on their mandatory safer betting and gaming training, with 11,216 retail and 914 digital colleagues receiving face-to-face training specific to their roles. In addition, our customer service teams received training from our partners EPIC Risk Management, which empowered them to spot the signs of risky behaviour and utilise behavioural and interaction training to provide effective and empathetic customer interactions.

Our Customer Ombudsman Director ("COD"), initially appointed in 2020, continues to protect our customers in everything that we do. 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	2021	2020	2019
Cash and in-kind contributions towards responsible betting and gaming initiatives	**£12.9m**	£9.7m	£3.6m
Customer interactions regarding problem gambling[1,2]	**2,268,550**	1,390,906	1,067,908
Customer complaints[1,2]	**4,045**	6,378	15,692
Customer complaints specifically related to a betting and gaming transaction[1,2]	**655**	919	2,031
Self-exclusions made[1,2,3]	**61,644**	59,465	137,391
Robberies	**36**	45	110
Anti-social behaviour	**4,216**	4,760	6,065
Assaults	**132**	204	345

1. Data covers all UK licences.
2. 2020 and 2019 data have been restated to removed discontinued licences, to be comparable to 2021 data.
3. Data only includes self-exclusions made via Entain's own processes (eg 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.

Read the Report of our ESG Committee: pages 109-111

Covid-19

Putting our colleagues and customers first

Covid-19 continued throwing serious challenges at businesses and societies in 2021 – and we were no exception. We started the year suspending our entire retail estate over three months. Throughout the ups and downs of 2021, we spared no effort to continue protecting our customers and colleagues.

Protecting our colleagues

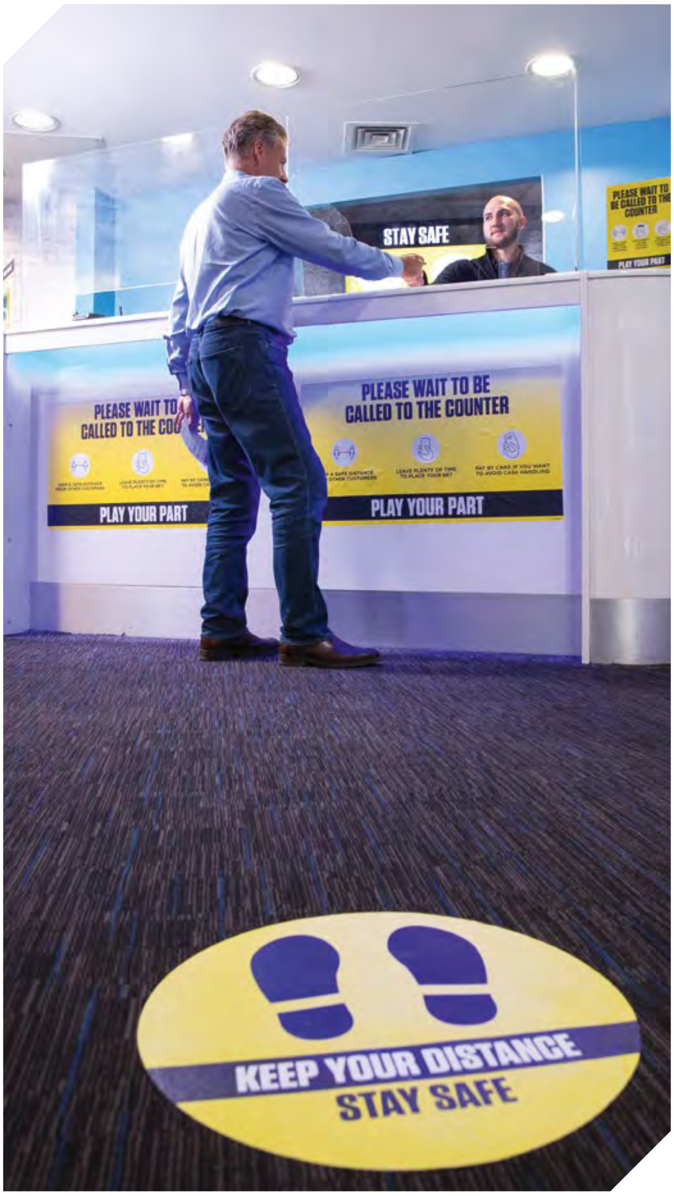
Shop closure at the beginning of the 2021 meant that c.14,000 colleagues were placed on the UK Government's furlough scheme. As in 2020, we topped up furlough payments to full salary to protect our staff's financial safety. We continued investing heavily in wellbeing initiatives to support colleagues whilst they were placed on furlough, working from home, or returning to the workplace post-lockdown. Our Employee Assistance Programme provided staff with 24/7 support, including confidential counselling and legal advice. We also delivered 11 wellbeing campaigns across our global operations and trained 100 colleagues to become Mental Health First Aiders. To read more about our Well-Me strategy, please go to page 58.

During the first weeks of the pandemic, we rapidly learned that the unprecedented levels of isolation and anxiety could put at-risk online gamblers in a vulnerable position. We were one of the first operators in 2020 to introduce additional safeguards, and we continued in 2021 to bolster and adapt our player protection programmes to the unique challenges brought by Covid-19.

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.

Protecting our customers during Covid-19

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.



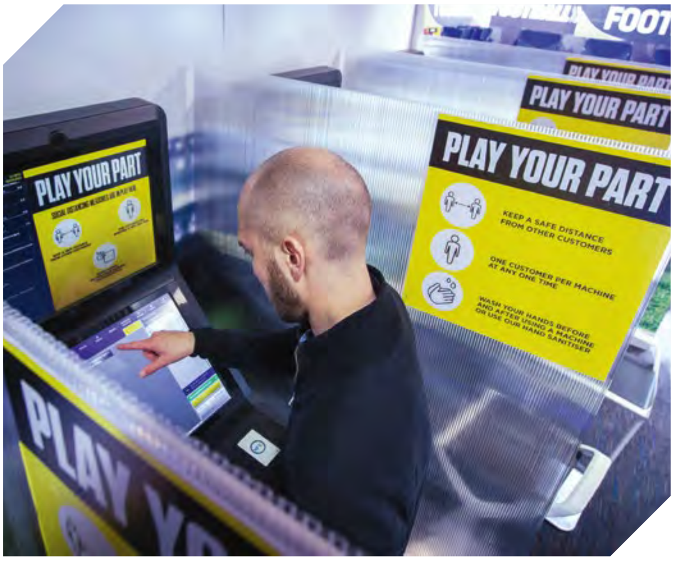
Protecting our customers during Covid-19

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. Our gaming brands also ran multi-channel advertising and marketing campaigns to promote responsible betting and gaming to our 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 our player protection interventions a step further, introducing additional safeguarding measures to ensure that we can rigorously monitor and protect anyone who may be vulnerable at this time. This includes the introduction of 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 the Betting and Gaming Council'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 encouraged 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.	We implemented specific guidance and restrictions 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 2021.
8. Ensure continued funding for Research Education and Treatment ("RET").	In 2021, we increased our UK Gross Gaming Yield ("GGY") that is contributed to organisations working on the Research, Education and Treatment ("RET") to 0.5%.
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

We take every measure possible to ensure our colleagues and customers are safe in our shops. After an initial investment of over £3m in 2020, we continued to invest in measures to keep our colleagues and customers safe. Our c.3,000 shops operate with strict procedures in place – including limited shop occupancy levels, signage and floor marking, machines and till dividers, and personnel protective equipment. We continued our participation in the UK's NHS Track & Trace system, identifying and isolating colleagues who may have been in contact with someone who had tested positive for Covid-19.

We asked that colleagues who displayed symptoms, even minor, self-isolate immediately. We opened a hotline to help local teams deal with staff being unexpectedly off work.



Supporting our communities

The pandemic has never altered our commitment to supporting communities. In 2021, we extended our long-term partnership with SportsAid, increasing our total commitment to around £500,000 by 2024 and thereby supporting more up-and-coming athletes. Through Pitching in, our multi-million investment programme, we have continued promoting grassroot sports and delivering vital support to sport clubs and organisations. We also launched EnTrain, a global programme to increase access to, and diversity within, technology. To read more about these initiatives and the Entain Foundation, please go to pages 60 to 63.

Investing in people and communities

One of the key pillars of our Sustainability Charter is to continue investing in our people and communities. We understand the importance of recruiting, retaining, and nurturing top talents from diverse backgrounds – especially as our people are central to our Entain platform. We are aware of our role in limiting global warming to no more than 1.5°C and we have pledged to be Net Zero by no later than 2035. We also contribute to the wider communities in which we operate, supporting community organisation via the Entain Foundation.

Best place to work

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

Our vision is to create a best place to work where our colleagues feel valued, respected, and engaged. We want to revolutionise the betting and gaming industry and become the technology employer of choice for all talented people regardless of who they are.

2021 was the final year of the Everyone's in the Game strategy. During this time, we started building a more intersectional and localised approach to diversity and inclusion. We are expanding our focus beyond gender equality, as well as ensuring our interventions are tailored to the context in which our colleagues live. We launched an Inclusion Ambassadors programme, Entain Nationals, and recruited 30 ambassadors across our global footprint. Those colleagues help us to better understand local challenges and to adapt and embed our programmes in each office.

We invested in educating Entain's senior leaders on the importance of diversity & inclusion. Our Inclusion Team engaged with each Executive Committee ("ExCo") member and their direct reports, presenting the diversity demographics of their team and helping them create tailored action plans for all business areas. We started reaching to our wider colleague-base with the Global Inclusion Learning, a new interactive and immersive training delivered by 50 facilitators across the business. Based on real-life testimonials from our colleagues, the course discusses how to be more inclusive in day-to-day business interactions and to challenge negative behaviours. Our aim is for all our people to have completed the programme by the end of 2022.

We also broadened our inclusion partnerships by teaming up with global organisations. On International Women's Day, we announced our collaboration with Girls who Code, donating $250,000 through the Entain Foundation to their work on encouraging more young girls of diverse backgrounds to study technology. In November, we launched our new multi-million-pound global initiative called EnTrain. Our goal is to positively impact the lives of one million people by 2030 by enabling access to technology and changing the diversity within technology. To read more about these partnerships, please see pages 60 to 62.

Recognising our ambition and that there is still much to do, 2022 will see us launching the next iteration of our Diversity & Inclusion Strategy. We will deliver a six-month Reverse Mentoring programme to help our leaders stay in touch with colleagues and understand the lived experience of different groups. We are partnering with Global Gaming Women and the All-In Diversity Project to create 'Lean In' circles across Entain and connect our women across the globe with each other and other women within the broader technology and entertainment sectors. We will continue improving our talent attraction, selection, and development processes to remove bias and improve representation, using well-tested methods such as diverse candidate slates and interview panels, as well as gender neutralisation and bias removal in job adverts. We will also be investing in the creation of employee resource groups who will help us to better engage and advocate for minority groups at Entain. Additionally we are expanding our education and awareness-building efforts to cover topics including allyship and the use of inclusive language to set the foundations of creating a psychologically safe culture at Entain. We will also work to improve our diversity data collection with a new global self-declaration campaign, encouraging our colleagues to disclose demographics beyond gender on our internal people management system.

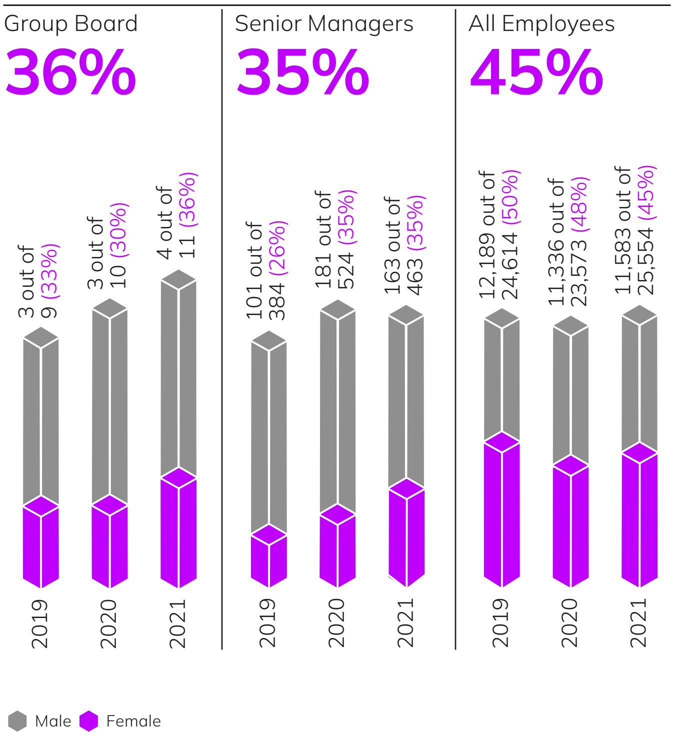
> In the past three years, we have made improvements across our gender diversity at senior leadership level and across the business. We are now moving towards a more holistic approach to diversity, creating a workplace where everyone belongs and where access to opportunities is equal regardless of who you are."

Sophie Hawley
Head of Diversity, Inclusion, & Equality

Diversity at Entain	2021	2020	2019
Employees worldwide	25,554	23,573	24,614
Female employees	11,583	11,336	12,189
% female employees	45%	48%	50%
Part-time employees[1]	4,328	2,525	1,458
% part-time employees	17%	11%	6%
Employee Engagement Index	78%	78%	74%
Median hourly pay difference between male and female colleagues (Gender Pay Gap)[2]	5%	7%	4%
Mean Hourly pay difference between male and female colleagues (Gender Pay Gap)[2]	16%	15%	18%
Median bonus pay difference between male and female colleagues[2]	60%	13%	36%
Mean bonus pay difference between male and female colleagues[2]	63%	19%	83%

1. Data for 2019 and 2020 has been restated due to the merging of HR systems and the harmonisation of the definition of part-time employees between these systems.
2. Data covers all UK colleagues. Data is base on a snapshot date of 5 April for the year stated, as per the requirements of the UK's Gender Pay Gap Reporting.

Gender Diversity at Entain



"I became a mental health first aider as I believe that everyone has a right to be heard and that we all need to be placing equal importance on our mental health as we do our physical health."

Jo Bleasdale
Director of Internal Communications

Well-Me: Wellbeing at Entain

The delivery of our well-me strategy went from strength-to-strength in 2021, as we further embedded wellbeing in every aspect of the employee lifecycle, from recruitment and onboarding to rewards and development. Our Global Wellbeing Network expanded across our offices to 13 wellbeing leads, who are helping us to shape our global wellbeing strategy and adapt it to local contexts.

In the past months, we continued to focus on supporting our colleagues through the pandemic. We have offered Well-Me booster sessions twice a week, alternating between yoga and meditation, and provided an interactive toolkit with resources to help our people adjust with returning to the workplace post lockdown. Throughout the year we continued the roll-out of our Mental Health First Aid ("MHFA") programme, having recruited and trained over 100 colleagues globally to act as the first point of contact for people with mental health issues. Launched in 2020, our Employee Assistance Programme ("EAP") remains a major source of support for our colleagues, with 8% of utilisation (a high take-up rate when compared to similar-sized companies). We also delivered 11 global campaigns on a variety of wellbeing topics, achieving 130,000 views and interactions globally, a 35% increase in engagement from 2020.

As part of our broader response to Covid-19, we launched the Future of the Office – a strategic review of our working practices, exploring how we can use experience of how office-based colleagues adapted during lockdowns to benefit both our business and our people. We have adopted greater flexibility in our colleagues' ability to work within the office or from a home-setting. We are also looking at how we can radically change our physical locations to create more inspiring and flexible workspaces, while increasing the use of existing buildings and maximising sustainability. As a first step, in April 2022, we will open a re-imagined and renovated office in Stratford, London, where we will provide a radically more creative and flexible workspace. Through these developments, we want to deliver a more personalised office experience which we believe will help us to attract and retain the best talent.

Also, later this year, we will partner with Robertson Cooper to undertake a Global Wellbeing Survey. This in-depth assessment will help us to better understand the root causes of mental health risks at Entain and to tailor future interventions in different areas of the business. We will also focus on our 'frontline' people who are providing support to colleagues and customers and are at greater risk of mental health issues, developing an end-to-end process to assist them in their roles.

75% of our colleagues think Entain takes genuine interest in colleagues' wellbeing."

Jo Bleasdale
Director of Internal Communications

Committed to colleague development

In 2021, we delivered important milestones in improving the way people learn and grow at Entain. At the beginning of the year, we introduced a new performance management strategy called Entain & Perform. Our ambition was to harmonise how our colleagues and teams are supported to set and meet their objectives. The strategy has been underpinned by learning camps for all our people managers and a new online tool where colleagues can capture their goals, learnings, career conversations, and reviews. In June, we also launched Learning Moments, a global learning platform accessible to all our colleagues. Learning Moments provides an online library with podcasts, articles, LinkedIn Learning courses, getAbstract book summaries, and other video content. The platform is a great example of self-led learning and has been nominated for the 2022 RAD Innovation Award.

Best place to work performance indicators	2021	2020	2019
Customer Satisfaction	**60%**	60%	60%
Central L&D investment	**£2.6m**	£1.2m	n/a
Average hours per employee of training and development	**10.5 hours**	n/a	n/a
Average amount spent per employee on training and development	**£116**	n/a	n/a
Average hours per manager of training and development	**38.5 hours**	n/a	n/a
Average amount spent per manager on training and development	**£577**	n/a	n/a
Employee turnover – all	**32%**	26%	44%
Employee turnover – voluntary	**25%**	17%	33%
Whistleblowing incidents reported and investigated	**29**	34	34
Employee accidents	**117**	137	179
Employee reportable incidents	**5**	4	8
Public accidents	**9**	31	24
Public reportable incidents	**1**	0	0

Our economic contributions

The Group employs a significant number of people across over 4,346 retail outlets and offices in more than 20 territories. As such, our economic footprint is significant. In 2021, we paid £1.1bn in taxes and levies across our countries of operation. This comes in addition to the £579.1m we paid in employee wages and salaries.

Economic contributions	2021	2020	2019
Net gaming revenue (NGR)	**£3,886.3m**	£3,628.5m	£3,632.7m
Underlying EBITDA	**£881.7m**	£843.1m	£761.4m
Total tax paid	**£1,055m**	£962m	£927m
Employee wages and salaries	**£579.1m**	£524.0m	£671.2m
Payments to providers of capital (interest & dividends)	**£63.9m**	£62.8m	£267.1m

In January 2022, we launched Ennovate, our new global innovation hub. Through Ennovate we are investing up to £100m in innovation projects, start-up investments and collaborations with UK, European and global partners. Our first lab in London will open later in the first half of the year, with £40m specifically of investment allocated to pursue UK-based innovation initiatives. Ennovate reflects Entain's ambition to be a global leader in interactive entertainment and provide great products and moments of excitement for customers. As the media, entertainment and gaming sectors converge, we are adapting to offer customers the richer experiences they now expect, with a greater variety of content, immersive experiences, personalisation, and social interaction which increase their enjoyment and engagement. Through Ennovate we are partnering with cutting-edge technology companies such as Verizon, BT, and Theta Labs, to develop groundbreaking experiences for customers in gaming and interactive entertainment.

Investing in Communities

We aim for our impact on society to be positive, whether in terms of creating a great place to work, supporting communities, and promoting diversity and healthy lifestyles, and entertainment. We work with a range of partner organisations to bring this ambition to life.

The Entain Foundation

We originally launched the Entain Foundation ("the Foundation") in September 2019 to help deliver the Group's ambition to take the lead on safer betting and gaming and support the communities in which we operate. In addition to the main global Foundation, we also operate the Entain Foundation US, a dedicated US-based not-for-profit. In November 2020, the Group and its renamed Entain Foundation, which now enjoys registered charitable status, committed to investing £100m to good causes over five years.

The work of the Foundation supports the Group's pioneering Sustainability Charter and wider ESG initiatives, and plays an integral role in delivering against the Charter's pillars of People and Communities, and Responsibility. The Foundation's key areas of focus are safer betting and gaming, grassroots sports, diversity in technology and projects with a clear link to where we operate.

How our social impact focus supports the Entain Sustainability Charter

Entain group sustainability charter

Regulation	Responsibility	Corporate Governance	People & Communities
Only operate in regulated markets by 2023.	Taking the lead on responsible betting and gaming.	Best-in-class standards of corporate governance.	Creating the best place to work, net-zero emissions by 2035, and support the communities where we operate.

Social impact areas of focus / **Why it matters**

Safer betting and gaming	Grassroots, women's and disability sports	Diversity in technology	Projects in the communities where we operate
3 Good health and well-being	3 Good health and well-being	5 Gender equality	1 No poverty; 3 Good health and well-being; 8 Decent work and economic growth
We support partner organisations that are engaged in research, education and treatment of problem gambling to bolster our internal Changing for the Better safer betting and gaming strategy.	Sports and sports betting are what we do. We give back by supporting the next crop of athletes, and work with organisations that are making sport inclusive to bring everyone into the game.	As a technology company at heart, we are supporting organisations that are working with young people that may currently be underrepresented in the tech talent pool. Promoting tech careers and ensuring that the future talent pipeline is inclusive, making sure that Everyone's in the Game.	Our operations are truly global – embedded in communities in more than 15 countries.

Supporting academic research

- Research papers
- Building credible institutions
- Generating interest in advance methods of gambling research
- Using findings in our own operations

Raising awareness amongst key stakeholders

- Training
- Outreach and awareness training
- Signposting to high-quality resources

Providing treatment for those who need it

- Support and assessments
- Intensive treatment
- Improving retention

Focus on safer betting and gaming

As noted above, within our seven principles of safer betting and gaming (see pages 44 to 53), the Foundation's top priority is to further our promotion of safer betting and gaming and our contributions to partner organisations support the delivery of the Group's Changing for the Bettor safer betting and gaming strategy. Our work with our partner organisations supports this strategy across three key focus areas.

As part of our operations in the UK, in 2021 we contributed 0.5% of our Gross Gaming Yield ("GGY") to support Research, Education and Treatment ("RET") of problem gambling, this will rise to 0.75% in 2022. This funding is provided directly to GambleAware – a wholly independent grant-making charity that has a framework agreement amongst the Industry to deliver the National Strategy to Reduce Gambling Harms.

In addition to these contributions, we work with a range of organisations that are leading on groundbreaking safer betting and gaming initiatives and research. We also leverage the expertise of our academic partners to ensure our own player protection culture, processes and decisions are informed by scientific research and lived experience.

In the USA, as an increasing number of states launch regulated betting markets, we are also scaling up our level of support of safer gambling organisations to ensure that the correct support processes and pathways are established in these new and growing markets.

Promoting grassroots sport

As a business Entain is closely linked to the world of sport, and we believe an important way we can make impactful contribution is by investing at the grassroots level. The Foundation currently supports two key flagship projects in the UK as well initiatives in Greece and Colombia. In 2022, we will be expanding this support to projects internationally.

Pitching In

Via Pitching In, our the multi-million-pound, multi-year, investment programme, the Foundation is partnered with the 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 leagues pyramid. The Trident Leagues, which trace their roots back to the nineteenth century, are at the heart of the national game, with 245 clubs and 15,000 players registered across the three leagues in many villages, towns and cities of England and Wales. Under the Pitching In banner – avoiding any promotion of our betting brands – Entain not only supports running of the Trident Leagues, but has also established the Trident Community Fund, which enables clubs to receive funding to run community engagement projects.

In 2022 a key focus for the programme is to facilitate and encourage community volunteers to do some pitching in of their own and contribute their time and effort. A Pitching In online volunteering hub will launch in Q1, providing a national framework to connect volunteers with their local club. The scheme will also encourage UK based Entain colleagues to connect with their local clubs to further strengthen community ties.

SportsAid

Entain has been partnered with SportsAid since 2018. SportsAid is the only national charity in the UK of its kind, helping young British athletes aspiring to be the country's next Olympic, Paralympic, Commonwealth and world champions. Through the partnership Entain supports over 50 athletes each year by providing them with a financial award to help towards training, equipment and competition costs, as well as personal development training.

In 2021 we extended our long-term partnership with SportsAid through to the Paris 2024 Olympic and Paralympic Games, doubling the financial backing made thus far and increasing our total commitment to around £500,000 by 2024, thereby ensuring more up-and-coming athletes benefit from the programme.

SportsAid also provides access to a variety of online workshops for athletes and their parents, online access to Olympians and Paralympians, and attendance at the House of Commons (where MPs meet athletes). These athletes are Great Britain's brightest sporting prospects. They are nominated to SportsAid by the national governing bodies of more than 60 sports. SportsAid found that 61% (or 242 athletes) of those selected to represent Team GB at the Tokyo 2020 Olympic Games have received financial support and recognition from the charity during their careers. Through our multi-year strategic partnership, Entain's contributions to SportsAid provides 50 up and coming athletes each year with financial support, recognition and personal development opportunities.

Promoting diversity in technology

In November 2021, we launched EnTrain, a global programme to promote increased access to, and diversity within, technology.

We have set the ambitious target for EnTrain to positively impact the lives of one million people around the world – either directly or through their families and dependants – by 2030.

> 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

As new and future generations face an increasingly digital world, the opportunity to level the playing field by diversifying human capital, reorienting, and reskilling the workforce has never been more pressing. As of July 2021, over 40% of the world's population did not have access to the internet, which, if not addressed, could lead to a digital skills gap that results in a loss of $11.5trn by 2028. As a company that develops cutting-edge technology, we're determined to use our position to provide opportunities that will help to address this picture. The EnTrain programme is comprised of four core initiatives:

- Entain Academy: Supplying transformative tech training for the next generation;
- Entain Scholarships: Providing the platform for a diverse selection of candidates to become digital pioneers;
- Entain Apprenticeships: Expanding internal and external apprenticeship schemes with new and existing partners. Enabling our apprenticeship partners to provide technology courses for people in developing countries; and
- Entain Partnerships: Building on our existing partnerships with organisations including Girls Who Code and Chance for Childhood and forming new collaborations with charities and non-profit organisations to improve diversity and increase access to technology for educational purposes.

Two organisations that Entain has worked with under our EnTrain initiative are Girls Who Code and the Tech Girls Movement Foundation:

Girls Who Code

Girls Who Code is an international non-profit organisation working to close the gender gap in technology and change the image of what a programmer looks like and does. With their initiatives, Girls Who Code are leading the movement to inspire, educate, and equip young women with the computing skills to pursue 21st century opportunities.

In March 2021, we announced that we are providing $250,000 of funding to the organisation to expand its global pipeline of programmes to spark girls' interest in technology. This pipeline includes free coding clubs, at home modules, virtual mentoring, panels and workshops as well as career fairs. Through these programmes, Girls Who Code has reached more than 300,000 young women globally and has nearly 90,000 college-aged alumni, who are majoring in Computer Science and related fields. Alumni are 15 times more likely to study such degrees, when compared to the US average for female enrolments. Over half of the girls served by Girls Who Code are from historically underrepresented groups.

The Tech Girls Movement Foundation

The Tech Girls Movement Foundation was founded in Queensland, Australia in 2014 with the aim of actively challenging gender stereotypes that limit girls' participation in Science, Technology, Engineering, and Mathematics ("STEM") subjects. Their vision is to create a society in which girls confidently lead in STEM entrepreneurship and contribute to their community and the economy.

Through support from the Entain Foundation, Tech Girls Movement Foundation was able to provide free competition places for girls who faced financial barriers to participating.

Reduce environmental Impact

2021 has been pivotal in our efforts to address climate change and reduce our environmental impact. At the start of 2021, we pledged to become net zero for greenhouse gas emissions (GHG emissions) by no later than 2035, 15 years ahead of the 2050 target under the Paris Agreement. As part of this, we are formally submitting a near-term science-based target to the Science Based Target initiative ("SBTi") which will be effective from 2022. This is the next step on our journey to net zero, and we will outline our pathway to achieving our ambitious target in our upcoming ESG Report. We successfully increased our score to CDP's Climate Change questionnaire, moving from a D in 2020 to a B-. We also achieved our first ISO140001:2015 Environmental Management System accreditation, covering a number of our UK offices, stadia, and c.3,000 shops. In 2022, we will expand this coverage across our UK operations and, in later years, to our global operations.

In the UK all of our electricity supply contracts for our shops and greyhound stadia have switched over to 100% renewable energy. With the renewable supply we already used in the Republic of Ireland, this amounts to 71% of the Group's total electricity consumption being actively sourced from renewables, and a reduction of over 4,000 tons of our market-based emissions compared to 2020.

We continued to support climate mitigation beyond our own value chain by partnering with an independent platform to support tree planting and reforestation projects globally. By the end of the first half of 2022 we will have planted one million trees in our Entain forest. By 2032 it is forecast that these trees with sequester 21,000 tonnes of CO_2e from the atmosphere and provide employment and training for local people as well as localised environmental and social benefits. We will continue to evolve our approach to offsetting in line with best practice.

We are also working to understand and reduce emissions throughout our value chain. We worked with the Carbon Trust to conduct a screening assessment of our Scope 3 emissions, which we will publicly report for the first time in our 2022 ESG Report. We also achieved Level 1 Certification of the Carbon Trust Supply Chain Standard, an important first step in decarbonising our value chain. With this exercise, we've confirmed that Entain's Scope 3 emissions make up 96% of our total value chain emissions. We've also mapped hotspots across our value chain, identifying where carbon emissions are greatest. We're now planning to engage with those these key suppliers and value chain partners that represent 75% of our value chain emissions.

Our colleagues also play an important role in our decarbonisation strategy, and we make sure to bring them along in this journey. Established in 2019, our Green Ambassadors Network has grown globally to 120 colleagues who help us find practical ways to improve environmental efficiency in the workplace. With their support and guidance, we've piloted two environmental awareness campaigns in 2021: *Make Today Matter*, to communicate our Net Zero target across the organisation, and *It's a Turn-Off*, to drive positive behaviour change around energy consumption in our operations. As more colleagues return to the workplace this year, we will focus our awareness activities on waste and recycling. We have also set up a Net Zero Action Group, convening senior colleagues across departments to develop and accelerate our decarbonisation strategy with practical measures which can be implemented throughout our global operations.

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

Entain is a supporter of the recommendations of the Task Force for Climate-related Financial Disclosures (“TCFD”), and it is committed to implementing the TCFD recommendations. We also welcome the introduction of the FCA requirements for UK Premium Listed Companies to report in line with the TCFD recommendations.

In this section, we outline our approach to climate-related risks and opportunities. This statement is in line with the four pillars of the recommendations: Governance, Strategy, Risk Management and Metrics and Targets. Whilst we discuss in general terms the resilience of our strategy and approach considering different climate-related scenarios, we plan to further specify this and include quantitative measures in future years.

Governance

The Group Board is ultimately responsible for climate-related risks and opportunities, with overall ownership of this agenda sitting driven by our CEO. Responsibility for identifying and managing risk is delegated to both the Board-level ESG Committee and the Audit Committee, who are accountable for monitoring our progress against targets, and ensuring climate-related risks are adequately addressed, respectively. The involvement of two Board Committees reflects the inter-related nature of climate-related risks and opportunities, and our commitment to climate action. Climate-related issues are raised at least quarterly with the ESG Committee.

These Committees are supported by the ESG Steering Committee (which reports to the Board ESG Committee) and our Net Zero Action Group to challenge and advise on the prioritisation and mitigation of climate-related risks and opportunities, as well as implement our climate strategy. The Risk Committee, which reports to the Audit Committee and is chaired by Rob Wood, has operational responsibility for managing risk within the Group, including climate-related risks.

Strategy

We identify climate-related risks as part of our Group risk management system. Through this process, we have identified both physical and transition risks and opportunities, with the key risks explained below. As a result of this assessment, no climate-related risks have been identified as principal risks to the Group, and they are addressed at the functional and divisional levels.

Physical risks

As the operator of a large retail estate and four stadia in the UK and ROI, there is the risk that climate change will bring about increased exposure of these sites to extreme weather events in the longer term, especially flooding. This could cause shop closures and increased insurance claims liability. This exposure varies across our estate, based on geography. Given the geographical dispersion of our estate, as well as the diversification of our business into digital, this risk has not yet been identified as a principal risk.

Transition risks

As part of the transition to a lower-carbon economy, we expect an increase in the requirements for and expectations on our organisation to accurately report and reduce greenhouse gas emissions. We are managing this risk through our ambitious climate commitments – to reduce our greenhouse gas emissions in line with a science-based 1.5 degree scenario, and reach net-zero emissions by 2035. In 2022, we also purchased 100% renewable electricity across our UK and Irish retail estate, as well as many of our major offices. Globally, over 70% of our electricity purchased was from renewable energy contracts. This provides us with an opportunity to improve our trust and reputation with key stakeholders and realise cost savings through our energy efficiency improvements as part of our ongoing shop refurbishment scheme.

We have also undertaken a screening assessment of our Scope 3 emissions, which is outlined in this report. We have started to engage our key suppliers to support them in reducing their own emissions. We will start to report systematically on our Scope 3 emissions in the coming years, improving the data quality and coverage of primary information obtained directly from our value chain partners.

Risk management

The process for identifying, assessing, and managing climate-related risks is integrated into our overall risk management and governance framework, which is outlined on pages 78 to 85. As part of this process, mitigation and management of specific risks is delegated to the relevant divisional or functional heads.

At the end of 2021, we initiated a project to review the climate-related risks identified in our risk management process. This will involve an in-depth review of the current risks identified, as well as considering future climate scenarios, in line with the TCFD recommendations. In Q2 of 2022, we will convene leaders across Entain to carefully consider three climate change scenarios describing a temperature rise of 1.5°C, 2.0°C, and 3.0°C compared to pre-industrial levels. This exercise will enable us to sense check our current risks, identify additional risks and opportunities, and communicate their impact on the Group and our stakeholders. The project is being championed by our CEO, with the output informing our next TCFD disclosure.

By involving senior leaders across the Group in this work, we hope to encourage holistic thinking about climate-related risk. We want our leaders to provide guidance and support for further incorporating climate-related risk identification and management into the operational risk registers of each division and function. As the time horizons for climate-related risks tend to span longer into the future than many other risks, we will implement a parallel process to ensure that longer term risks are formally considered as part of our climate and business strategies.

Targets and metrics

In the table below, we outline our greenhouse gas emissions, with a further breakdown to be provided in our upcoming ESG report. We also report on our global energy consumption, and the percentage of electricity purchased on renewable energy contracts. These metrics are used to monitor our performance in managing our transition risks, and to monitor our progress against our science-based greenhouse gas reduction targets.

Given the significance of this area, the reputational risk of inaccurate reporting, and the need for high-quality ESG data, we commissioned the Carbon Trust to assure our Scope 1, 2 and business travel data. This assurance has taken place for our 2019 and 2020 data, with our 2021 data to be assured in 2022.

Environmental KPIs, including Streamlined Energy and Carbon Reporting (SECR) data	2021[1]	2020[2]	2019[2]
Total energy consumption (kWh)	**112,035,246**	111,755,270	149,976,498
UK	*86,962,233*	*92,776,583*	*123,723,097*
Rest of the world ("ROW")	*25,073,014*	*18,978,687*	*26,253,400*
Total GHG emissions – direct and indirect (tonnes CO_2e)[3,4]	**26,960**	28,958	41,353
UK	*18,679*	*21,497*	*29,331*
Rest of the world	*8,281*	*7,461*	*12,022*
Total GHG emissions intensity per employee (tonnes CO_2e/headcount)[3,4]	**1.07**	1.21	1.68
Total direct emissions (Scope 1) – direct (tCO_2e)[3,4]	**1,998**	822	3,083
Total indirect emissions (Scope 2) – indirect (tCO_2e)[3,4]	**24,962**	28,136	38,270
% of purchased electricity from renewable sources	**71%**	59%	5%
Water withdrawal (cubic metres)[5]	**231,789**	252,345	527,694

1. Estimates for the full 2021 reporting year were still being finalised at the time of reporting, and may be revised in subsequent reporting.
2. Data from previous years has been restated based on minor adjustments that arose as part of Entain's GHG independent data validation by the Carbon Trust.
3. Emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard. Consumption data has been converted to GHG emissions using 2021 BEIS emissions factors and 2021 IEA emissions factors for non-UK grid electricity. We have excluded fugitive emissions from refrigerants, as they have been deemed de minimis in previous years. Emissions reported above are calculated using the location-based method, using an operational control boundary.
4. GHG emissions data has been calculated based on primary data covering 100% of UK operations, and 95% of global operations, based on headcount. The GHG data is scaled up to estimate the total global GHG emissions and energy consumption.
5. All water withdrawn is sourced from municipal water supplies. Water data includes our operations in the following countries: Austria, Belgium, Bulgaria, Gibraltar, India, Ireland, Israel, Philippines, UK, Uruguay. This makes up 88% of Entain's global headcount. Note that this data is not scaled up to estimate the total global consumption, but reported consistently for the operations where data is available.

Our Commitment to Human Rights

We are committed to act morally, honestly, openly and with integrity in everything we do. We firmly believe that a robust approach to protect human rights and prevent modern slavery is one way we can evidence this, as well as demonstrating our positive contribution to the communities in which we work and to society at large. We have identified that the two main potential risk areas for our business are in the recruitment and onboarding of staff and in our broader our supply chain.

In 2021 we partnered with Unseen, a UK-based charity fighting modern slavery, to strengthen our procurement processes and policies. Unseen helped us revise our Supplier Code of Conduct, providing greater emphasis on human rights standards within it. Every supplier must now approve the updated Code and share their anti-bribery and corruption policy before they can start doing business with us. Unseen also helped us to upskill our procurement, HR, and property colleagues, delivering bespoke, in-depth training courses on modern slavery. This was rolled out to all staff with a mandatory online training, completed by 78% colleagues in 2021.

In 2022, we will continue working with Unseen and implementing their recommendations. We will reinforce our supplier due diligence processes, with additional checks for high-risk suppliers at the onboarding stage and throughout the duration of the contract. We are also conducting a review of our supplier questionnaire to refine our supplier risk assessment and escalation process. Following this process we expect to introduce more stringent environmental and social clauses to our standard Terms & Conditions.

Data Privacy & Cybersecurity

Safeguarding our customer and corporate information remains a top priority for Entain, as our betting and gaming interactive entertainment offer continues to expand. Our commitment is reflected in a growing headcount and the robust governance procedures we have implemented. Our Chief Privacy Officer (who also holds the position of Group Data Protection Officer) and our Chief Security Officer provide regular updates to the Board and deliver deep-dive sessions to our Executive Committee.

In 2021, we further embedded our Group-wide Data Protection and Data Retention policies, which apply to everyone working for Entain, including agency staff and contractors. 21,495 colleagues completed the annual mandatory GDPR training, and data owners have been identified across all departments to implement a four-stage data retention programme.

Data privacy is also built into the development of our safer betting and gaming initiatives, including in our new ARC™ programme. Whilst we use data-driven technologies such as Artificial Intelligence ("AI") to create a safe environment for our players, we also have a duty to meet their privacy expectations and we're working hard to strike that balance. Our data privacy experts are part of the ARC™ Steering Committee, through which they provide technical guidance to the safer betting and gaming and customer services teams. Over the year, these teams undertook a Data Privacy Impact Assessment ("DPIA") programme, helping them to address privacy-by-design requirements and implement appropriate disclosure into privacy notices. We have also developed an AI and Data Ethics Charter, overseen by the ESG Committee, which defines our principles on the responsible use of AI to ensure it is used in the best interests of our customers and employees.

Our investment in cybersecurity continues to grow, with our team's headcount increasing by 33% in 2021. We created a Cybersecurity Crisis Management Plan, which guides our response across all functions and business units in case of a critical cybersecurity breach. We've also initiated a new programme to reduce data privacy and cybersecurity risks in mergers & acquisitions ("M&A"), bolstering due diligence on M&A targets and speeding up the integration process. Businesses joining the Group must now align with our data privacy and cybersecurity requirements within six months of acquisition.

Business Review

Financial Results and the use of Non-GAAP measures

The Group's statutory financial information is prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") pronouncements as adopted for use in the European Union. In addition to the statutory information provided, management has also provided additional information in the form of Contribution, EBITDAR and EBITDA as these metrics are industry standard KPIs which help facilitate the understanding of the Group's performance in comparison to its peers. A full reconciliation of these non-GAAP measures is provided within the Income Statement and supporting memo.

The Group's operating segments are now aggregated into five reportable segments; Online, Retail, New Opportunities, Other and Corporate. This represents a change from 2020 with our former UK and European Retail segments now combined to form one Retail segment and the introduction of a New Opportunities segment to reflect the investment strategy in innovation and new products and verticals such as esports wagering products as announced in August 2021. Both changes are in line with the changes in the Group's reporting to the executive management team ("CODM"), with the Retail consolidation also a product of our Retail segment displaying consistent trading patterns and risk profiles across territories and all Retail businesses now reporting into the Deputy Chief Executive Officer/Chief Financial Officer.

Group

	Reported results[1,2]			
Year ended 31 December	2021 £m	2020 £m	Change %	CC[3] %
NGR	**3,886.3**	3,628.5	7%	8%
VAT/GST	**(56.3)**	(66.9)	16%	16%
Revenue	**3,830.0**	3,561.6	8%	9%
Gross profit	**2,435.8**	2,308.6	6%	
Contribution	**1,851.5**	1,740.2	6%	
Operating costs	**(952.7)**	(878.1)	(8%)	
Underlying EBITDAR[4]	**898.8**	862.1	4%	
Rent and associated costs	**(17.1)**	(19.0)	10%	
Underlying EBITDA[4]	**881.7**	843.1	5%	
Share-based payments	**(12.3)**	(14.8)	17%	
Underlying depreciation and amortisation	**(222.8)**	(238.6)	7%	
Share of JV income	**(162.5)**	(60.2)	(170%)	
Underlying operating profit[5]	**484.1**	529.5	(9%)	

Reported Results[1,2]:

While 2021 was another year disrupted by Covid-19 and temporary shop closures, the Group still delivered strong underlying year on year growth in NGR of +7% (+8%cc). Online NGR was +28% (+27%cc) ahead in the first half as Online benefited from Retail customers playing Online. Covid-19 restrictions on Retail saw all of our Retail stores closed in Q1 and extended closures in Europe continuing into Q2, resulting in H1 NGR in Retail -46%cc behind the prior year. H2 saw a return to more normal trading patterns with Retail open and Covid-19 restrictions abating. Resulting Retail NGR was +20%cc ahead in H2 with Online NGR a more modest 1%cc ahead as it lapped Covid-19 restrictions in H2 2020. While Covid-19 restrictions have distorted the year on year comparisons, pleasingly we are exiting 2021 with Online NGR in Q4 +29% ahead of 2019 (+14% two year CAGR) and Retail over 90% of pre Covid-19 NGR on a like-for-like basis. Resulting full year NGR was +13%cc ahead in Online but -7%cc (-3%cc LFL) behind in Retail.

Contribution for the year of £1,851.5m was 6% higher than last year, representing a contribution margin of 47.6%, -0.4pp lower than last year due to a higher Online segmental mix and the implementation of gaming taxes in Germany. Operating costs (before rent) were 8% higher due to acquisitions and investment in our product, technology and people, leaving underlying EBITDA[4] of £881.7m, +5% higher than 2020.

Share based payment charges were £2.5m lower than last year, while underlying depreciation and amortisation was 7% lower as the impact of historic M&A on depreciation starts to reduce. Share of JV losses of £162.5m includes a loss of £161.9m relating to BetMGM, which is in line with expectations. Group underlying operating profit[5] was -9% behind 2020. After separately disclosed items of £128.3m excluding £5.8m recorded in interest (2020: £170.6m excluding £5.3m recorded in interest), operating profit was £355.8m, a decrease of £3.1m on 2020.

Online

Year ended 31 December	Reported results[1,2] 2021 £m	2020 £m	Change %	CC[3] %
Sports wagers	**14,165.9**	11,780.9	20%	21%
Sports margin	**12.7%**	12.7%	–	–
Sports NGR	**1,444.3**	1,196.8	21%	22%
Gaming NGR	**1,595.9**	1,534.8	4%	6%
B2B NGR	**26.3**	15.9	65%	68%
Total NGR	**3,066.5**	2,747.5	12%	13%
VAT/GST	**(56.3)**	(66.9)	16%	16%
Revenue	**3,010.2**	2,680.6	12%	14%
Gross profit	**1,871.5**	1,708.7	10%	
Contribution	**1,294.7**	1,147.4	13%	
Contribution margin	**42.2%**	41.8%	0.4pp	
Operating costs	**(393.7)**	(342.5)	(15%)	
Underlying EBITDAR[4]	**901.0**	804.9	12%	
Rent and associated costs	**(2.0)**	(1.4)	(43%)	
Underlying EBITDA[4]	**899.0**	803.5	12%	
Share based payments	**(5.3)**	(4.3)	(23%)	
Underlying depreciation and amortisation	**(116.7)**	(120.1)	3%	
Share of JV (loss)/income	**(1.0)**	0.1	n/m	
Underlying operating profit[5]	**776.0**	679.2	14%	

Reported Results[1,2]:

Our Online business continues to go from strength to strength attracting new customers in all of our major markets through the provision of high quality products, a market leading approach to player safety and an excellent customer experience. NGR for the year was up 12% (+13%cc) year on year, representing a two year CAGR of +20%cc. While our long run of quarterly double-digit growth (at constant currency) took a pause in Q4, as we lapped a lockdown benefited 2020, we are exiting 2021 in an excellent position with Q4 NGR +14%cc ahead of 2019 on a two year CAGR basis. Excluding Germany and the Netherlands, where regulatory changes are significantly impacting the market, Online NGR was up +21%cc year on year with strong growth in all of our key markets (two year CAGR +27%cc).

Underlying EBITDAR[4] of £901.0m and underlying EBITDA[4] of £899.0m were 12% ahead of 2020. Underlying operating profit[5] of £776.0m was 14% ahead and, after charging £154.0m of separately disclosed items, operating profit was £622.0m, £247.3m ahead of last year.

In the UK, NGR was +10% ahead of the prior year. UK sports brands NGR was +12%cc ahead driven by investment in marketing and product innovation including the launch of Ladbrokes 5-a-side, a product which gave fans an “epic new way to bet”. More than 50% of our football active customer base played 5-a-side during the Euro 2020, where it was promoted and offered on every match in the tournament. We have begun to change our advertising, making it more entertaining and high impact to engage and excite new and existing audiences. During the year, we saw the release of two major TV campaigns for Ladbrokes; “Drummers”, which captured the excitement and anticipation of the return of football, and “Balloon”, an industry first brand led campaign for casino and gaming, capturing the enjoyment of playing together. Our gaming offering across both brands continues to expand giving our customers access to the latest content including Coral’s Free to Play slots tournaments as well as introducing the best live games to Ladbrokes. We have innovated the way we use digital channels to create more engaging and personalised interactions with our customers, including Coral’s hugely successful “Against the Odds” sporting documentary series on ITV4 which delivers a unique insight into some of the most inspiring sporting stories and the ”All to Play For” weekly podcast, which takes a look at the biggest football games of the season with a special guest line up.

UK Gaming brands NGR were +9%cc ahead of last year. Our Foxy brand continues to go from strength to strength, up +46%cc on the prior year and up +58%cc on a two-year CAGR basis. The strong performance in the UK has been driven by continued investment in product and marketing including the migration of our bingo product on to the Group’s proprietary technology, the sponsorship of First Dates and a new range of Foxy Bingo TV campaigns. During the year, Foxy was awarded the Bingo Operator of the Year at the EGR Awards recognising our stand-out proposition.

In Italy, NGR across the three major brands (Eurobet, bwin and Gioco Digitale) was 31%cc ahead of 2020. NGR growth was driven by investment in product and feature enhancements, giving our customers greater experiences and exciting entertainment online.

This included the release of new NBA game footage, pre-match football player markets and 300 new casino games in Eurobet. In bwin and Gioco Digitale, our in-house Eurobet games went live as well as launching esports streaming to bwin.tv. We continue to benefit from the strength of our omni channel offering, compared with our online only competitors, particularly when Covid restrictions caused temporary retail closures.

In Australia, we have seen strong underlying growth again in 2021 with NGR +20% (+18%cc) ahead of 2020 and up +35% on a two-year CAGR basis. Both our brands, Ladbrokes and Neds, continue to resonate with customers and our team continue to work on several exciting content and product releases in addition to those already released in 2021. Both brands continue to gain market share with the strategic focus on product innovation, brand activation and customer engagement continuing to be reflected in top line growth. We have a strong pipeline of feature products and brand campaigns planned for release in 2022 that focus on expanding on the customer experience and revolutionising the way consumers engage with our brands.

In Germany, sports NGR was 22%cc ahead of 2020 whilst gaming was -61%cc behind as the impact of the tolerance regime annualises and the ongoing impact of non-compliant operators continues to create an uneven market. However, this was ahead of expectations and, although we still await a decision on deposit limits on sports and the issuance of gaming licences, we continue to be excited by the long-term prospects for the German market. In September, we announced a sponsorship agreement with UEFA for the Europa League and Europa Conference League to further drive bwin's exposure in Germany as well as the rest of Europe.

In the Netherlands, we saw regulatory changes come into effect in October 2021 and as a result, Entain ceased all operations in the Netherlands from 1 October 2021. We have since applied for a new licence and await the next steps in the licence allocation process which we expect to conclude around the middle of 2022.

NGR in Brazil was +111%cc ahead of 2020, further confirming Sportingbet as the market leader. Underlying customer metrics also remain strong with actives up +156% in the year. We anticipate that the Brazilian market will regulate sports in 2022 (and gaming in 2023) and see this as an exciting opportunity to further establish the Sportingbet brand and grow market share.

Enlabs, which was acquired at the end of Q1, has performed exceptionally well during 2021 with NGR and EBITDA ahead of our initial expectations. On a proforma basis, NGR is up +49% year on year and our market share in the Baltics has increased to 30%, up +3.0pp on 2020. Following its integration into the Entain family, Enlabs is now offering Entain's core products and leveraging its systems and marketing capabilities in order to drive further growth. Optibet has joined the Partypoker network, doubling poker active users in the first month, as well as launching Pragmatic Play live games. We continue to work on the integration of the bwin sports feed into the Enlabs business which will enable us to offer more live betting events to our customers in 2022.

In Georgia, NGR was +26%cc ahead year on year with Crystalbet maintaining its position as the number one operator with 32% market share in 2021. Given the position of the Crystalbet brand in the market, we believe we are well positioned to absorb the impact of the new regulations and tax restrictions announced in November.

In 2021, we have consolidated our Party branded businesses into One Party, with a renewed focus on recreational players. During the year, we also launched Party Responsibly, a new initiative which uses the partnership between our two brands, Party Casino and partypoker and McLaren Racing, to promote safer betting and gaming, to ensure our players respect their limits and enjoy a great entertainment experience. In the year, One Party NGR was in line with 2020, which represents 20% growth on a two-year CAGR basis.

Bet.pt, which was acquired at the end of Q1, was successfully rebranded bwin and migrated onto the Entain platform during the third quarter. Since the acquisition the business has also become the sponsor of Liga Portugal which, when combined with our sponsorship of UEFA and the partnership with the German FA, further extends bwin's presence in football across Europe. We are already seeing the benefits of improved product and marketing capabilities following migration to the Entain platform.

Online contribution margin of 42.2% was +0.4pp higher than last year, with the impact of adverse geographical mix and the new German gaming tax more than offset by savings in marketing rate which was particularly low in 2021. The marketing rate is expected to return to a more normalised 21% in 2022 with a contribution margin of 40%-41%.

Operating costs (before rent) were 15% higher than last year. Acquisitions accounted for +7pp of the increase, and inflation and ongoing investment in our people, product and technology accounted for high single digit cost increases year on year.

Rent and associated costs were £2m in the year, compared with £1.4m in the prior year, leaving underlying EBITDA[4] of £899.0m, +12% ahead.

Share based payments were £1.0m higher than last year and underlying depreciation and amortisation of £116.7m was 3% lower. Share of JV losses of £1.0m is £1.1m adverse to prior year, leaving underlying operating profit[5] +14% higher at £776.0m.

Retail

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

Year ended 31 December	2021 £m	2020 £m	Change %	CC[3] %
	Reported results[1,2]			
Sports wagers[6]	**2,330.0**	2,582.0	(10%)	(9%)
Sports margin[6]	**18.1%**	19.3%	(1.2pp)	(1.3pp)
Sports NGR/Revenue	**426.1**	531.4	(20%)	(20%)
Machines NGR/Revenue	**365.0**	325.7	12%	12%
NGR/Revenue	**791.1**	857.1	(8%)	(7%)
Gross profit	**535.8**	577.5	(7%)	
Contribution	**529.0**	571.7	(7%)	
Contribution margin	**66.9%**	66.7%	0.2pp	
Operating costs	**(447.5)**	(456.1)	2%	
Underlying EBITDAR[4]	**81.5**	115.6	(29%)	
Rent and associated costs	**(14.6)**	(17.3)	16%	
Underlying EBITDA[4]	**66.9**	98.3	(32%)	
Share based payments	**(1.9)**	(1.5)	(27%)	
Underlying depreciation and amortisation	**(102.4)**	(115.8)	12%	
Share of JV income	**–**	–	–	
Underlying operating loss[5]	**(37.4)**	(19.0)	(97%)	

Reported Results[1,2]:

Retail NGR of £791.1m was 8% behind last year (-3%cc on a like-for-like basis) with national lockdowns and Covid-19 restrictions continuing to affect the business through much of 2021. The first half was significantly impacted by lockdown restrictions with the entire estate closed in Q1. The UK reopened under restrictions in April with Europe opening progressively throughout Q2, resulting in NGR which was -46%cc behind year on year in H1. In the second half, restrictions continued to ease and, with the benefit of lapping lockdowns in late Q4 in 2020, NGR was 20%cc ahead of H2 2020. Whilst year on year comparisons are difficult given the distortions caused by Covid-19 restrictions, encouragingly we are exiting 2021 with like for like NGR at over 90% of pre Covid-19 levels, and within 5%[6] in our largest estates in the UK and Italy, while underlying EBITDA[4] is marginally ahead of 2019 in H2. Underlying EBITDAR[4] of £81.5m was £34.1m behind 2020 and underlying EBITDA[4] of £66.9m was £31.4m behind as savings in operating costs were more than offset by the reduction in NGR resulting from Covid-19 enforced shop closures. The underlying operating loss[5] was £37.4m and, after including separately disclosed income of £1.4m, operating loss was £36.0m, £243.3m behind last year, a year in which the Retail segment received a £223.0m UK VAT receipt.

In the UK, NGR was -3% behind 2020 with sports -17% behind 2020 but machines +12% ahead. Since reopening, we have seen our machines business return more quickly than our sports business as the in-person gaming experience is difficult to replicate online. While sports volumes continue to improve further into 2022, we anticipate a rebalancing of the Retail income post Covid-19 with machines making up a greater proportion of NGR than was the case pre Covid-19.

With the customer at the centre of our organisation, we recognise the need for continued evolution of our retail offering. With this in mind, we are progressing with our digitalisation projects at pace. We continue to focus on in house technology and innovation and, at the start of 2022, we successfully completed the rollout of our proprietary EPoS system, Omnia in Great Britain. This system brings a host of customer and colleague benefits plus many service delivery improvements. Our Betstations now represent a third of our sportsbook, growing 33% in the last quarter on a two-year LFL basis. They provide our customers with an improved digitalised in-shop experience offering significantly greater depth of products and promotions not available over the counter. In addition, our own proprietary Betstations are now live in over 200 shops with initial results encouraging. Digital Hubs are now live in 30 locations across the UK, showcasing new technologies and appealing to a broader customer base. Initial trials of the Digital Hubs are delivering strong returns with positive feedback from our customers.

At the heart of the customer experience is the in-person interaction with our shop colleagues. Given the important role our shop staff play, we are delighted that we will now be paying a minimum of £10 per hour to all colleagues from April 2022.

In Italy, Belgium and Ireland, our Retail shops were closed for a majority of the first half, re-opening progressively throughout May and into June, albeit under restrictions which continued into the second half. Despite the Green Pass in Italy preventing unvaccinated customers from entering our shops, our Eurobet estate demonstrated its resilience with NGR within 5% of pre-Covid levels by the end of the year. Trading in Belgium recovered more slowly, particularly in the last quarter as the impact of the Covid-19 variants escalated, resulting in Belgium shops closing again on the 26 December, only reopening on 27 January 2022. Resulting NGR across Europe was -27% (-26%cc) behind in Italy, -25% (-24%cc) in Belgium and -23% (-22%cc) in Republic of Ireland.

Operating costs (before rent) were 2% lower than 2020, largely due to cost mitigation actions in response to lockdowns and robust underlying cost control. During H1, the Retail business claimed furlough in line with Government guidelines, albeit the amounts received were c25% lower than in 2020.

Rent and associated costs of £14.6m in the year were 16% lower than the prior year following a number of shop closures in the UK, leaving underlying EBITDA[4] of £66.9m, 32% lower than 2020.

Charges for share based payments were £0.4m higher than last year and underlying depreciation and amortisation of £102.4 was 12% lower as the impact of depreciation charges arising from the fair value exercise on the acquisition of Ladbrokes Coral starts to reduce, leaving an underlying operating loss[5] of £37.4m, £18.4m behind 2020.

As at 31 December 2021, there were a total of 4,346 shops/outlets (2020: 4,589): UK 2,580 (2020: 2,845), Italy 940 (2020: 905), Belgium shops 291, outlets 402 (2020: shops 304, outlets 402) and Ireland 133 (2020: 133).

Given the more certain medium-term outlook, we have taken the decision to repay the £44m received under the Coronavirus Job Retention Scheme ("furlough scheme") in FY21. The scheme was a sensible and highly welcome policy intervention that helped us, as one of the country's largest retailers, to maintain the livelihoods of more than 14,000 retail colleagues on full pay. We have kept the situation under review since we first made use of the scheme and are pleased to be in a position to repay these monies.

New Opportunities

	Reported results[1,2]			
Year ended 31 December	**2021 £m**	2020 £m	Change %	CC[3] %
Underlying EBITDAR[4]	**(8.8)**	–	–	
Rent and associated costs	**–**	–	–	
Underlying EBITDA[4]	**(8.8)**	–	–	
Share based payments	**–**	–	–	
Underlying depreciation and amortisation	**(0.4)**	–	–	
Share of JV (loss)/income	**–**	–	–	
Underlying operating loss[5]	**(9.2)**	–	–	

Reported Results[1,2]:

New Opportunities costs[4] of £8.8m primarily reflect £1.2m of operating costs associated with Unikrn and £7.0m of innovation costs. Across operating costs and capital expenditure, the Group has committed to investing £100m in innovation spend over three years with the launch of an innovation hub announced in January 2022. After depreciation and amortisation, New Opportunities underlying operating loss[5] was £9.2m. Separately disclosed items for the year were £nil resulting in an operating loss of £9.2m.

Other

Year ended 31 December	2021 £m	2020 £m	Change %	CC[3] %
	Reported results[1,2]			
NGR/Revenue	**32.8**	27.8	18%	18%
Gross profit	**28.5**	22.4	27%	
Contribution	**27.8**	21.1	32%	
Operating costs	**(22.1)**	(25.0)	12%	
Underlying EBITDAR[4]	**5.7**	(3.9)	246%	
Rent and associated costs	**(0.1)**	(0.3)	67%	
Underlying EBITDA[4]	**5.6**	(4.2)	233%	
Share based payments	**(0.1)**	–	0%	
Underlying depreciation and amortisation	**(2.9)**	(2.7)	(7%)	
Share of JV income	**0.4**	0.3	33%	
Underlying operating profit/(loss)[5]	**3.0**	(6.6)	145%	

Reported Results[1,2]:

NGR of £32.8m was 18% higher than 2020 as volumes start to return to our greyhound stadia. Underlying EBITDAR[4] of £5.7m and underlying EBITDA[4] of £5.6m were £9.6m and £9.8m ahead respectively predominantly due to the NGR improvement and robust cost control. Underlying operating profit[5] of £3.0m was 145% ahead and, after charging £1.7m of separately disclosed items, operating profit was £1.3m, £7.9m ahead of last year.

Corporate

Year ended 31 December	2021 £m	2020 £m	Change %	CC[3] %
	Reported results[1,2]			
Underlying EBITDAR[4]	**(80.6)**	(54.5)	(48%)	
Rent and associated costs	**(0.4)**	–	n/m	
Underlying EBITDA[4]	**(81.0)**	(54.5)	(49%)	
Share based payments	**(5.0)**	(9.0)	44%	
Underlying depreciation and amortisation	**(0.4)**	–	n/m	
Share of JV loss	**(161.9)**	(60.6)	(167%)	
Underlying operating loss[5]	**(248.3)**	(124.1)	(100%)	

Reported Results[1,2]:

Corporate costs[4] of £80.6m were £26.1m higher than last year driven by increases in our contributions to Research, Education and Treatment including GambleAware, additional contributions to the Entain foundation and other Group ESG initiatives and investment in our governance policies and procedures. After share based payments, depreciation and amortisation and share of JV losses, Corporate underlying operating loss[5] was £248.3m, an increase of £124.2m, largely as a result of the expected incremental loss in the US JV, BetMGM. After separately disclosed income of £26.0m, the operating loss of £222.3m was £5.8m behind 2020.

Notes

1. 2021 and 2020 reported results are audited and relate to continuing operations.
2. Reported results are provided on a post IFRS16 implementation basis.
3. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2021 exchange rates.
4. 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.
5. Stated pre separately disclosed items (Note 6).
6. Retail numbers are quoted on a LFL basis. During 2021 there was an average of 4,540 shops in the estate, compared to an average of 4,727 in the same period last year.

Chief Financial Officer's Review

> Despite the uncertainty caused by Covid-19 in 2021, the Group has continued to show its resilience with Revenue 8% ahead year-on-year.”

Rob Wood
Chief Financial Officer

Despite the uncertainty caused by Covid-19 in 2021, the Group has delivered another strong year of growth with Revenue 8% ahead of 2021 and underlying EBITDA of £881.7m, 5% ahead. Our Online business continues to grow double-digit year-on-year with NGR 13% ahead on a constant currency basis and, despite the disruption caused by temporary closures of our Retail estates due to Covid-19, we exit 2021 at over 90% of pre Covid-19 volumes in Retail.

During the year we have also welcomed a number of new acquisitions to the Entain Group including Enlabs, which operates in the Baltic states, Bet.pt in Portugal and Unikrn which represents the Group’s first venture into the esports market.

During the year, the Group also refinanced its US dollar debt, ensuring that sufficient facilities and liquidity remains available for the Group to pursue all of its strategic objectives.

We enter 2022 with good momentum and I am as confident as ever in Entain’s long-term prospects.

Year ended 31 December	Reported results[1,2] 2021 £m	2020 £m	Change %	CC[3] %
NGR	**3,886.3**	3,628.5	7%	8%
Revenue	**3,830.0**	3,561.6	8%	9%
Gross profit	**2,435.8**	2,308.6	6%	
Contribution	**1,851.5**	1,740.2	6%	
Underlying EBITDAR[4]	**898.8**	862.1	4%	
Underlying EBITDA[4]	**881.7**	843.1	5%	
Share-based payments	**(12.3)**	(14.8)	17%	
Underlying depreciation and amortisation	**(222.8)**	(238.6)	7%	
Share of JV loss	**(162.5)**	(60.2)	(170%)	
Underlying operating profit[5]	**484.1**	529.5	(9%)	
Net finance costs	**(75.0)**	(74.2)		
Net foreign exchange/financial instruments	**118.2**	(104.7)		
Profit before tax pre separately disclosed items	**527.3**	350.6		
Separately disclosed items:				
Amortisation of acquired intangibles	**(144.2)**	(307.0)		
Other	**10.1**	131.1		
Profit before tax	**393.2**	174.7		
Tax	**(117.6)**	(60.9)		
Profit after tax from continuing activities	**275.6**	113.8		
Discontinued Operations	**(14.9)**	(34.4)		
Profit after tax	**260.7**	79.4		

NGR and revenue

Group reported NGR was 7% ahead and Revenue was 8% ahead of last year, with strong online performance more than offsetting Covid-19 related shop closures. Further details are provided in the Business Review section.

Underlying operating profit[5]

Group reported underlying operating profit[5] of £484.1m was 9% behind 2020 (2020: £529.5m), with underlying EBITDA[4] ahead by 5% as a result of the revenue outperformance offset by an expected increase in losses from the Group's share of the BetMGM joint venture. BetMGM losses in the year were £161.9m, £101.3m higher than 2020 as the business invests in new jurisdictions as they open. Analysis of the Group's performance for the year is detailed in the Business Review section.

Financing costs

Finance costs of £75.0m excluding separately disclosed items (2020: £74.2m) were £0.8m higher than 2020. The incremental interest costs associated with the increased lending on the Group's US dollar loan, which raised an additional $351m, was partially offset by a full year of benefits from the 2020 refinancing.

Net gains on financial instruments, driven primarily by foreign exchange gains on debt related items, were £118.2m in the year (2020: £104.7m loss). This gain is partially offset by a foreign exchange loss on the translation of assets in overseas subsidiaries which is recognised in reserves and forms part of the Group's commercial hedging strategy.

Separately disclosed items

Items separately disclosed before tax for the period amount to a £134.1m charge (2020: £175.9m) and relate primarily to £144.2m of amortisation on acquired intangibles (2020: £307.0m), a £3.3m (2020: £5.0m) impairment of certain head office premises which are now vacant and our exchange business Betdaq, integration costs of £17.3m (2020: £25.1m), corporate transaction costs of £9.4m (2020: £nil) and £26.2m of onerous costs associated with Covid-19 related shop closures and other one-off legal and litigation expenses (2020: £8.9m). In addition, the Group recorded a £6.1m charge associated with the reassessment of contingent consideration payments under historic acquisitions (2020: £42.4m) and £9.7m of other exceptional items primarily due to the write-off of issue costs on refinancing (2020: £9.6m). During the prior year the Group also incurred £8.3m of costs associated with right-sizing the UK Retail estate post the introduction of the £2 FOBT stakes restrictions.

During the year, the Group also recorded a net £80.2m income, predominantly against the Group's 2010/11 Greek Tax Assessment following a court ruling in the Group's favour during the latter part of 2021 (2020: £223.5m predominantly a UK VAT claim in our Ladbrokes business) and a profit on sale of assets of £1.9m (2020: £6.9m).

Separately disclosed items	2021 £m	2020 £m
Amortisation of acquired intangibles	**(144.2)**	(307.0)
Impairment	**(3.3)**	(5.0)
Integration costs	**(17.3)**	(25.1)
Corporate transaction costs	**(9.4)**	–
Tax litigation/one-off legislative impacts	**80.2**	223.5
Legal and onerous contract costs	**(26.2)**	(8.9)
Movement in fair value of contingent consideration	**(6.1)**	(42.4)
Other including issue cost write-off	**(9.7)**	(9.6)
Profit on sale of assets	**1.9**	6.9
Triennial restructuring costs	**–**	(8.3)
Total	**(134.1)**	(175.9)

Profit before tax

Profit before tax and separately disclosed items was £527.3m (2020: £350.6m), a year-on-year increase of £176.7m, largely driven by EBITDA growth and the foreign exchange gain on the retranslation of debt partially offset by an increase in our share of BetMGM losses. After charging separately disclosed items, the Group recorded a pre-tax profit from continuing operations of £393.2m (2020: £174.7m).

Taxation

The tax charge on continuing operations for the year was £117.6m (2020: charge of £60.9m), reflecting an underlying effective tax rate pre-BetMGM losses and foreign exchange gains on external debt of 14.2% (2020: 12.2%) and a tax charge on separately disclosed items of £27.5m (2020: income £2.1m).

Cash flow

Year ended 31 December	2021 £m	2020 £m
Underlying EBITDA[4]	**881.7**	843.1
Discontinued EBITDA	**(5.3)**	(14.1)
Underlying working capital	**23.7**	(12.6)
Capital expenditure	**(176.2)**	(158.3)
Finance lease principal (incl. IFRS 16 leases)	**(87.9)**	(85.9)
Corporate taxes	**(98.7)**	(59.2)
Underlying Free cash flow	**537.3**	513.0
Investment in BetMGM	**(164.4)**	(61.8)
Acquisitions/disposals net of cash	**(510.6)**	–
Free cash flow	**(137.7)**	451.2
Interest paid (incl. IFRS 16 leases)	**(73.3)**	(95.3)
Separately disclosed items	**(225.1)**	24.6
Net movement on debt and associated instruments	**212.0**	(30.0)
Equity issue	**0.7**	8.6
Dividends paid	**(24.5)**	(12.4)
Net cash flow	**(247.9)**	346.7
Foreign exchange	**(14.8)**	13.0
Net cash (outflow)/generated	**(262.7)**	359.7

During the year, the Group had a net cash outflow of £247.9m (2020: inflow of £346.7m), but an inflow of £427.1m before acquisitions and disposals and investment in BetMGM (2020: £408.5m).

Underlying free cashflow for the year was £537.3m (2020: £513.0m) with underlying EBITDA of £881.7m (2020: £843.1m) and a working capital inflow of £23.7m (2020: £12.6m outflow) partially offset by investment in capital expenditure of £176.2m (2020: £158.3m), lease payments of £87.9m (2020: £85.9m) including those on non-operational shops and £98.7m in corporate tax payments (2020: £59.2m). Discontinued operations incurred a £5.3m EBITDA loss during the year (2020: £14.1m). Including cash outflows for M&A activity and additional investment in BetMGM during the year, free cash outflow was £137.7m (2020: £451.2m inflow).

During the year, the Group paid £73.3m of interest (2020: £95.3m) and £225.1m on separately disclosed items (2020: £24.6m income) including £130.7m of contingent consideration on previous acquisitions (2020: £24.8m), £37.0m on tax litigation items (£102.6m inflow), £27.7m on integration costs (2020: £30.1m), £18.8m on legal and onerous contract costs (2020: £22.1m) and £9.4m on acquisition and deal related costs (2020: £nil). £212.0m was received on debt related instruments (2020: £30.0m payment), primarily on the refinancing of the USD loan which raised net proceeds of £238.2m (2020: £35.0m repayment of drawndown RCF), partially offset by £19.1m of costs on the settlement of one of the Group's external swap arrangements (2020: £12.6m receipt). During the year, the Group also paid £24.5m in dividends to the minority holding in Crystalbet (2020: £12.4m) and raised £0.7m on the issue of equity under legacy share incentive schemes (2020: £8.6m). No equity dividends were paid during either the current or prior year.

Net debt and liquidity

As at 31 December 2021, net debt was £2,086.4m and represented a net debt to EBITDA ratio of 2.4x. There was no drawdown on the Group's revolving credit facility.

	Par value £m	Issue costs/ Premium £m	Total £m
Bonds	(500.0)	(10.8)	**(510.8)**
Term loans	(1,772.6)	14.6	**(1,758.0)**
Interest accrual	(13.6)	–	**(13.6)**
	(2,286.2)	3.8	**(2,282.4)**
Cash			**487.1**
Accounting net debt			**(1,795.3)**
Cash held on behalf of customers			**(205.9)**
Fair value of swaps held against debt instruments			**57.4**
Short-term investments/Deposits held			**20.3**
Balances held with payment service providers			**130.8**
Lease liabilities			**(293.7)**
Adjusted net debt			**(2,086.4)**

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 ongoing impact of Covid-19. 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 new lockdowns affecting the Group's Retail operations.

Despite the net current liability position, the level of the Group's available cash (c£400m), available financing facilities (including an undrawn revolving credit facility of c£500m) 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 have, therefore, considered it appropriate to adopt the going concern basis of preparation in the financial statements.

Notes
1. 2021 and 2020 reported results are audited.
2. Reported results are provided on a post IFRS16 implementation basis.
3. Growth on a constant currency basis is calculated by translating both current and prior year performance at the 2021 exchange rates.
4. 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.
5. 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 have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards and applicable law and have elected to prepare the parent Company financial statements in accordance with FRS 101 Reduced Disclosure Framework.

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 and prudent;
- for the Group financial statements, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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;
- 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; and
- prepare financial statements which give a true and fair view of the state of affairs of the Group and the parent Company and of the profit or loss of the Group and the parent Company for that period.

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

3 March 2022

Chief Governance Officer's Review of Risk

2021 has been another year of disruption with the Covid-19 pandemic continuing to impact global economies and causing temporary closures of our Retail estates. As we discussed in our 2020 Annual Report, the impact of Covid-19 has been felt by all corporates and given the unprecedented nature of these events, our robust risk assessment, management and mitigation procedures have been imperative in helping the Group navigate the last two years.

While there is still some uncertainty in the short-term, we have entered 2022 with good trading momentum and a strong Balance Sheet and, as such, we remain as confident as ever in Entain's longer term prospects.

Whilst our risk function has continued to monitor and assess the risks associated with Covid-19 during 2021, the learnings from 2020 and the processes adopted have afforded the team greater time to focus on the Group's wider Risk Management Framework. As such, during 2021 we have continued to refine our approach to Risk as well as deliver on a number of our 2021 objectives.

> While there is still some uncertainty in the short-term, we have entered 2022 with good trading momentum."

Robert Hoskin
Chief Governance Officer

Looking back at our achievements in 2021 and our priorities for 2022:

Key successes in 2021

- Continued development and enhancement of our divisional/functional risk registers and risk mitigation activities.
- Roll-out of the Group Risk Management processes to 2021 acquisitions.
- Formalisation of deep dive sessions with the Group Board and Committees on the Group's principal risks on rotation.

Key priorities for 2022

- Refinement of our risk management processes to ensure they are fully aligned with the Group strategy and the focus on sustainability and growth.
- A continued commitment to reduce risk through the introduction of new business processes where it makes commercial sense to do so.
- Enhancement of the Group's testing programme of the critical controls which have been designed to mitigate and manage the Group's principal risks.

The following risk report details our approach to risk management, the Group's principal risks and the Board's assessment of viability.

Robert Hoskin
Chief Governance Officer

3 March 2022

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, monitor and manage 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 is 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 and regulatory oversight functions and Risk Committee which is overseen by the Director of Financial Control and Risk. These oversight functions provide 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.

PLC Board

Specific risk oversight:

- Laws, regulations, licensing and regulatory compliance
- Bet MGM and US Strategy
- Increased cost of product
- Pandemic
- Recruitment and retention of key employees

Whilst not a principal risk, the Board also reviews the Group's litigation risk on an ongoing basis

Nominations Committee

Whilst the Board is responsible for the annual review of the principal risk of retention of key employees, as part of their responsibilities the Nominations Committee continually reviews succession planning and the susceptibility of the Group to the risk of retention of key employees

Audit Committee

Delegated risk oversight[1]:

- Data Breach/Cyber
- Technology failure
- Taxes
- Trading, Liability and pricing management

ESG Committee

Delegated risk oversight[1]:

- Safer Betting and Gaming
- Health, safety and wellbeing
- Loss of key locations

Risks also reviewed continually under Committee ToR: Regulatory compliance and licensing, AML, Responsible gambling, data protection and the environment

Remuneration Committee

Whilst the Board is responsible for the annual review of the principal risk of recruitment and retention of key employees, as part of their responsibilities the Remuneration Committee continually reviews this risk and the mitigating actions in place to prevent the risk crystallising

Group Risk Committee

Divisional Risk forums:

- Digital (register per region)
- Retail

Functional Risk forums:

- Corporate
- Legal, Regulatory & Compliance
- Technology incl. Cyber
- Data security
- Trading

1. Delegated oversight and responsible for deep dive reviews of Group's principal risks

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, is 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 and reviews a consolidated view of key risks across all business segments and takes advice from the Group Risk Committee on the Group's risk appetite and strategy as well as the effectiveness of our risk management processes. The Board and its sub-Committees also undertake a deep-dive review of all of the Group's principal risks on rotation throughout the year.

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:
pages 95-96

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 impact and likelihood we assess the risk against financial performance, Operational processes, Legal and 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 (underlying 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.

> In assessing impact and likelihood we assess the risk against financial performance, Operational processes, Legal and PR and Health and Safety."

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: page 101

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 dedicated Cybersecurity and Data Privacy functions entrusted with protecting the security of all its operations.

The functions encapsulate the necessary in-house 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.

The 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 ESG Committee.

Strategic relevance

Crystallisation could lead to significant reputational and operational issues that limit the Groups ability to drive Online growth.

Link to strategic objective: All objectives

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 take external advice, which incorporates risk evaluation of individual territories. It also engages with the relevant regulatory bodies 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 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 change in jurisdictions in which 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 of responsibility and sustainability.

Link to strategic objective: 1,2,3 & 5

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 trading 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 we are continuously enhancing our processes and making further improvements and, where necessary, to automate the Group's full geographical disaster recovery 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.

Link to strategic objective: All objectives

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 continue to change. In addition to changing taxes, given the Group's geographical diversity, the nature of tax affairs can be complicated with differing legal interpretation regarding the scope and scale of taxation. Both of these factors mean the levels of taxation to which the Group is exposed to may change in the future.

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 Board 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 the jurisdictions in which the Group operates, or a significant tax assessment, may impact our profitability and cash position.

Link to strategic objective: 1,2 & 3

BetMGM and US Strategy

Chief Financial Officer and Chief Operating Officer

Risk category

- Strategic
- Commercial
- Financial

Impact: High
Likelihood: Low

Oversight: Board

Principal Risk/Uncertainty

Effective execution of BetMGM's strategy in the US is key to the Group's growth forecasts. Ineffective execution of the strategy may impact the Group's ambition of leadership in the US and opportunities for NGR growth in already regulated states and new states as they regulate.

How we manage and mitigate the risk

An experienced management team has been established within BetMGM which has extensive experience of both the US and the betting and gaming industry. This local management team has been supplemented by an experienced Board of industry and US specialists from both Entain and MGM Resorts.

In addition, the BetMGM business has access to the specialist resources in its parent entities as well as leading professional advisers. This structure is intended to ensure that BetMGM has every chance of success in the US, a market in which it has already established itself as one of the market leaders and fastest growing operators.

Strategic relevance

Ineffective execution of the US strategy could impact the Group's growth ambitions and the efficiency of the deployment of capital.

Link to strategic objective: 1

Safer Betting and Gaming

Chief Executive Officer

Risk category

- Operational
- Reputational
- Commercial
- Financial

Impact: High
Likelihood: Medium

Oversight: ESG Committee

Principal Risk/Uncertainty

Safer betting and gaming is at the centre of everything that Entain does. It is the cornerstone of our Sustainability Charter, and our most material ESG issue is to ensure the highest possible levels of player safety and protection. Failure to adequately protect our customers could impact our ability to offer products and build a sustainable business.

How we manage and mitigate the risk

We know that only a responsible business can be a sustainable one which is why we continue to invest in our Sustainability Charter as detailed on page 40 of the Report.

One of the key pillars of this charter 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. This is coupled with a range of initiatives in the area of player protection, including a $5m academic research partnership with the Harvard Medical School, to understand the causes and consequences of problem gambling, and donating up to 1% of our GGY to the treatment of gambling related issues.

Strategic relevance

The Entain strategy is founded on having a sustainable business which provides an entertaining and safe environment for customers to enjoy our products. An inability to adequately protect our customers would fundamentally impact our ability to achieve our strategic goals. These include being the most responsible operator, taking a scientific led approach to player protection and only operating in regulated markets by the end of 2023.

Link to strategic objective: 6

Increased Cost Of Product

Chief Operating Officer

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 also subject to inflationary cost increases and can also be volatile based on the changeable business environment that many of our suppliers operate.

How we manage and mitigate the risk

Senior management engages regularly with the relevant trade associations and the principal bodies of sport and event industries 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.

Link to strategic objective: 2

Key: Risk increased Risk decreased Risk static New risk

Health, Safety & Wellbeing of Customers, Communities 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 and communities could expose the Company 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 ESG 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.

As a large corporate we also recognise our impact on society and local communities and as part of the Entain Foundation we have committed to donating £100m over five years to 2025.

Strategic relevance

Breaches in the Group's HSSE and safer gambling 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 or the best place to work. Not only will this lead to a reduction in the quality of colleagues but also our abilities to recruit and retain the talent of the future.

Link to strategic objective: 6 & 8

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 gross win percentage 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 or a mismanagement of the trading book could significantly impact the Group's profitability.

Link to strategic objective: 2

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, Vienna, Hyderabad, Australia, Italy, Ireland and Manila. Disruption in any of these locations could have an impact on operations.

How we manage and mitigate the risk

Business continuity plans and arrangements for off-site data storage, alternative system availability and remote working for key operational colleagues and senior management have been tested to certain extents throughout the Covid-19 pandemic and continue to be subject to ongoing review.

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.

Link to strategic objective: 2

Pandemic

Chief Executive Officer, Chief Operating Officer and Chief Financial Officer

Risk category

- Operational
- Financial
- Commercial

Impact: Medium
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, eg football, horse racing which may result in financial losses, service outage or an inability to protect our colleague's well-being.

How we manage and mitigate the risk

At various points through 2021 and into 2022, the Group has been 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. 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.

Link to strategic objective: All objectives

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, our People Strategy focusses 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.

Link to strategic objective: 8

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 businesses understanding of the markets in which it 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 2022 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 81 to 85 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 data privacy regulations
- Cyber security failings, and major disruption in supplier/customer contracts
- Downturn in trading as a result of a failure to protect customers and/or retain key staff

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 2024.

Governance

Governance

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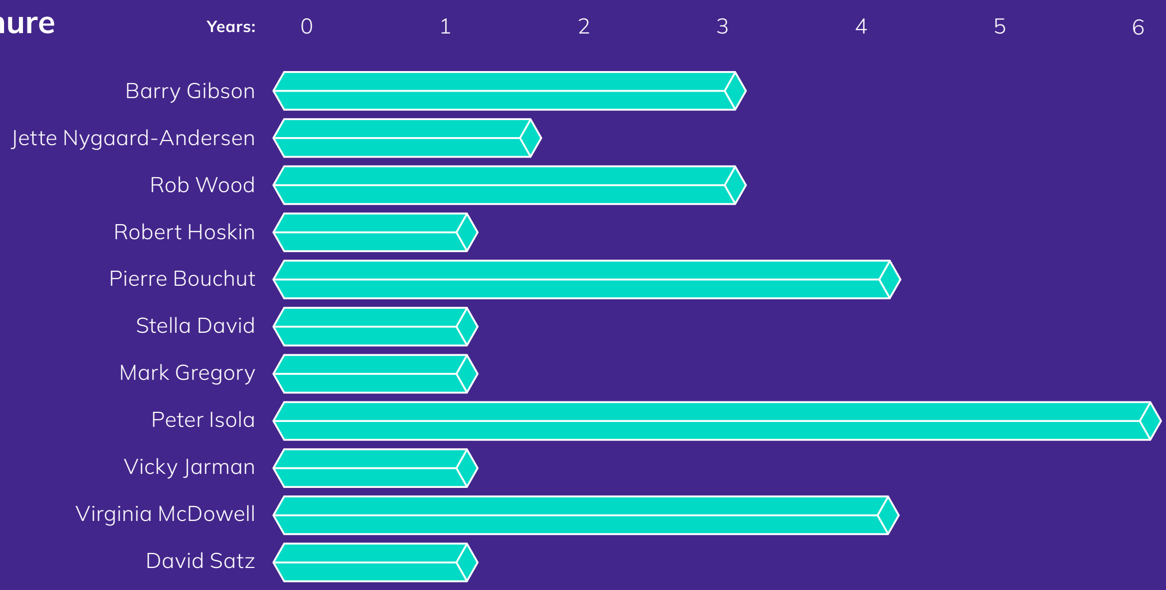
Board of Directors

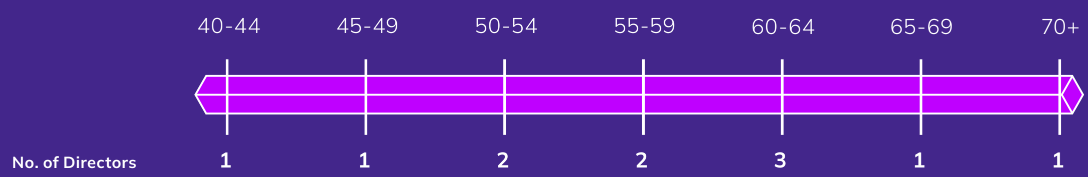
(as at 3 March 2022)

Attendance

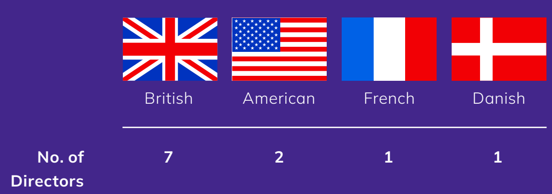
Tenure



Age



Diversity



Gender

Key:

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

J M Barry Gibson
Chairman

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

Age: 70 **Nationality:** British

Committee / attendance:

N 3/3

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, non-executive director of both Somerfield plc and National Express plc and chairman of HomeServe plc.

Key strengths and experience:
Barry is an experienced chairman, chief executive, senior independent director and non-executive director, with extensive experience of the gaming, leisure, retail and marketing sectors. He has deep business experience and a track record in improving company performance and customer service.

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 in January 2021.

Outside interests: Non-executive director of Coloplast AS (a medical technology company listed on the Copenhagen Stock Exchange) and a member of their remuneration and nomination committees.

Age: 53 **Nationality:** Danish

Biography: Jette held a number of senior leadership roles at Modern Times Group AB, a listed international entertainment group with a strong presence in Scandinavia and Central Europe. These included being chief executive of Pay TV, Broadcasting and, latterly, CEO of Digital Video Content, which had ownership in next generation digital entertainment businesses such as video gaming companies, esports and social content platforms. She also chaired the board of Astralis Group A/S, an international esports organisation.

Key strengths and experience:
Jette joined as Chief Executive on 21 January 2021, having previously spent one year on the Entain Board as a Non-Executive Director. She has over two decades of leadership experience in the media, sports and entertainment sectors, including working with companies to disrupt industries through global technology in international markets. Jette has a proven track record in digital transformation, optimisation of customer experience and engagement and working with digital growth start-ups globally.

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 in January 2021.

Age: 42 **Nationality:** British

Biography: Rob joined Entain in 2012 and worked in senior roles within finance, including as CFO 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 and holds a degree in Mathematics and Management Studies from the University of Nottingham.

Key strengths and experience:
Rob brings extensive financial experience to the Board from private equity, banking and accountancy. His knowledge of Entain's business and experience in creating value through mergers and acquisitions enables him to effectively carry out his broad portfolio as CFO and Deputy CEO.

Robert Hoskin
Chief Governance Officer

Tenure: Appointed January 2021

Age: 50 **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 16 years at the Group, over which time he has overseen the Group evolve from holding two gambling licences to more than 100. His experience and knowledge has been instrumental to the Group's growth and development, and his appointment as Chief Governance Officer reflects the importance the Board places on regulatory, legal and governance matters, all of which are central to our long-term growth plans to build a responsible and sustainable business of global scale and world class standards.

Pierre Bouchut
Independent Non-Executive Director

Tenure: Appointed September 2018

Outside interests: Non-executive director, board member of Tom & Co and chairman of the audit committees at Pepco Group, Firmenich SA, Albioma SA and GeoPost SA.

Age: 66 **Nationality:** French

Committee / attendance:

A 7/7 N 3/3

Biography: Pierre was the chief financial officer for Schneider Group (2005-2009), the chief operating officer for Europe at Koninklijke Aholddelhaize N.V. (2016-2018), chief financial officer at Delhaize Group SA, French multi-national grocery group (2012-2016), Carrefour SA (2009-2012), Schneider Electric SA (2005-2009) and Casino (1995-2003). He was also a non-executive director of Hammerson plc (2015-2021). Prior to this, Pierre worked for Citibank, Bankers Trust and as a consultant with McKinsey.

Key strengths and experience:
Pierre has lengthy experience in senior executive and non-executive roles across finance, retail, property and industry as well as deep knowledge of financial and audit committee practice. His familiarity with the management of large, internationally listed companies gives him extensive understanding of regulation, accounting standards and management 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 March 2021

Outside interests: Non-executive director of Domino's Pizza Group plc (where she chairs the remuneration committee), HomeServe plc, Norwegian Cruise Line Holdings and privately owned Bacardi Ltd.

Age: 59 **Nationality:** British

Committee / attendance:

R 7/7 N 1/1 E 7/7

Biography: Stella David was previously CEO of William Grant & Sons, following more than 15 years with Bacardi Ltd where she undertook a number of roles culminating in five years as global chief marketing officer, and under her leadership Bacardi finished in the UK's top 10 of the Sunday Times '100 Best Companies to Work For', five years in a row, earning her a life-time achievement award. 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 extensive management and marketing experience to the Board through previous roles in high-profile consumer branded companies. Her non-executive roles have given her an insight into corporate governance best practice and investor expectations which will be beneficial to the Board when it considers its engagement with shareholders.

Key:

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

Mark Gregory

Independent Non-Executive Director

Tenure: Appointed March 2021

Outside interests: Non-executive director of Direct Line Insurance plc where he chairs the board risk committee and is a member of the audit, remuneration and investment committees.

Age: 58 **Nationality:** British

Committee / attendance:

R 6/6 N 1/1 A 6/6

Biography: Mark was the CEO of Merian Global Investors from 2019 to 2020. Prior to this, he held the role of group CFO and executive director at Legal & General Group plc until 2017. During his 19-year career at Legal & General, he held a variety of other senior roles including CEO of the Savings business, managing director of the With-Profit's business, director of service operations, group HR director and international director. Before joining Legal & General, Mark held senior financial and business development roles at Asda and Kingfisher.

Key strengths and experience:
Mark has extensive knowledge of financial services and a focus on customers through his lengthy career in the insurance and retail sectors. He is an experienced remuneration committee chair who brings deep financial, commercial and corporate governance expertise to the Board.

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: 63 **Nationality:** British

Committee / attendance:

E 6/6

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 within the financial services, insurance and gaming sectors, and in-depth knowledge enables him to contribute important insight and perspective to the Board and ESG Committee discussions as well as provide constructive challenge on strategy.

Vicky Jarman

Independent Non-Executive Director

Tenure: Appointed March 2021

Outside interests: Non-executive director of Great Portland Estates Plc and Melrose Industries Plc.

Age: 49 **Nationality:** British

Committee / attendance:

A 6/6 R 7/7

Biography: Vicky spent over a decade working with Lazard and Co Ltd in its corporate finance team where she held various senior roles including chief operating officer for the London and Middle East operations until 2009. Prior to this she qualified as a chartered accountant at KPMG.

She was previously a non-executive director and chair 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 non-executive director of Knight Frank LLP and Signature Aviation plc.

Key strengths and experience:
Vicky has deep corporate finance and accounting knowledge. Her extensive non-executive directorship career at international and FTSE companies, including membership of audit and remuneration committees has brought further depth and strategic insight 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, a non-profit organisation with a mission to support, inspire and influence the development of women in the gaming industry through education and mentoring and trustee of St Louis University.

Age: 64 **Nationality:** American

Committee / attendance:

E 6/6 N 3/3 R 8/8

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 (2007- 2011). Prior to this she was the chief information officer at Trump Entertainment Resorts (2005-2007) and senior vice president of operations. Virginia is also the first woman to be inducted into the Mississippi Gaming Hall of Fame.

Key strengths and experience:
Virginia has spent her entire career in the gaming sector, with 40 years of experience in top US publicly traded gaming corporations. She possesses a deep understanding of the diversity and regulatory challenges of the gaming business which has assisted the Board and the ESG Committee and has engaged with our stakeholders in her role as designated Workforce Director. Her hard work has been recognised over the years with several prestigious awards.

David Satz

Independent Non-Executive Director

Tenure: Appointed 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: 62 **Nationality:** American

Committee / attendance:

E 6/6 A 3/3

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 and had responsibility for overseeing Caesars' government activities for more than 52 properties in 15 states in the US and several other countries around the world. 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 has been 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

The Board

Since my last annual report the Board appointed Mark Gregory as an independent Non-Executive Director as the Chair of the Remuneration Committee. The Board now consists of the Chairman, three Executive Directors and seven independent Non-Executive Directors, with female Directors making up 36% of the Board's membership.

In last year's Report we outlined that Sandeep Tiku, Entain's COO was due to become a Director once he relocated from India to Gibraltar. This move was frustrated in 2021 by the ongoing global pandemic travel restrictions and Sandeep being hospitalised by the virus (he made a full recovery). Sandeep has notified the Group that he no longer intends to relocate to Gibraltar and will therefore not be appointed to the Board. As a result, the Board will not meet the recommendations of the Parker Review on an ethnically diverse composition. The Board believes an inclusive and diverse membership results in optimal decision-making. Our Nomination Committee is undertaking an active search to appoint a Director from an ethnically diverse background.

Entain's Governance Team

We have continued to strengthen the governance team at Entain. As mentioned in my 2020 report, our new General Counsel, Simon Zinger joined the Group in February 2021. Simon comes from outside the industry and with a fresh pair of eyes he has been instrumental to making enhancements to our governance and compliance practises and overseeing further changes and recruitment into the legal and regulatory compliance teams, with a particular focus on succession planning and improving the bench strength of the teams. Martin Lycka moved from being the Director of Regulatory Affairs to a new role based in the USA, Senior Vice President of American Regulatory Affairs and Responsible Gambling, overseeing Entain's initiatives in these areas in North and Latin America. This move has already paid dividends as Entain won SBC Award's North America Socially Responsible Operator of the Year at the end of 2021.

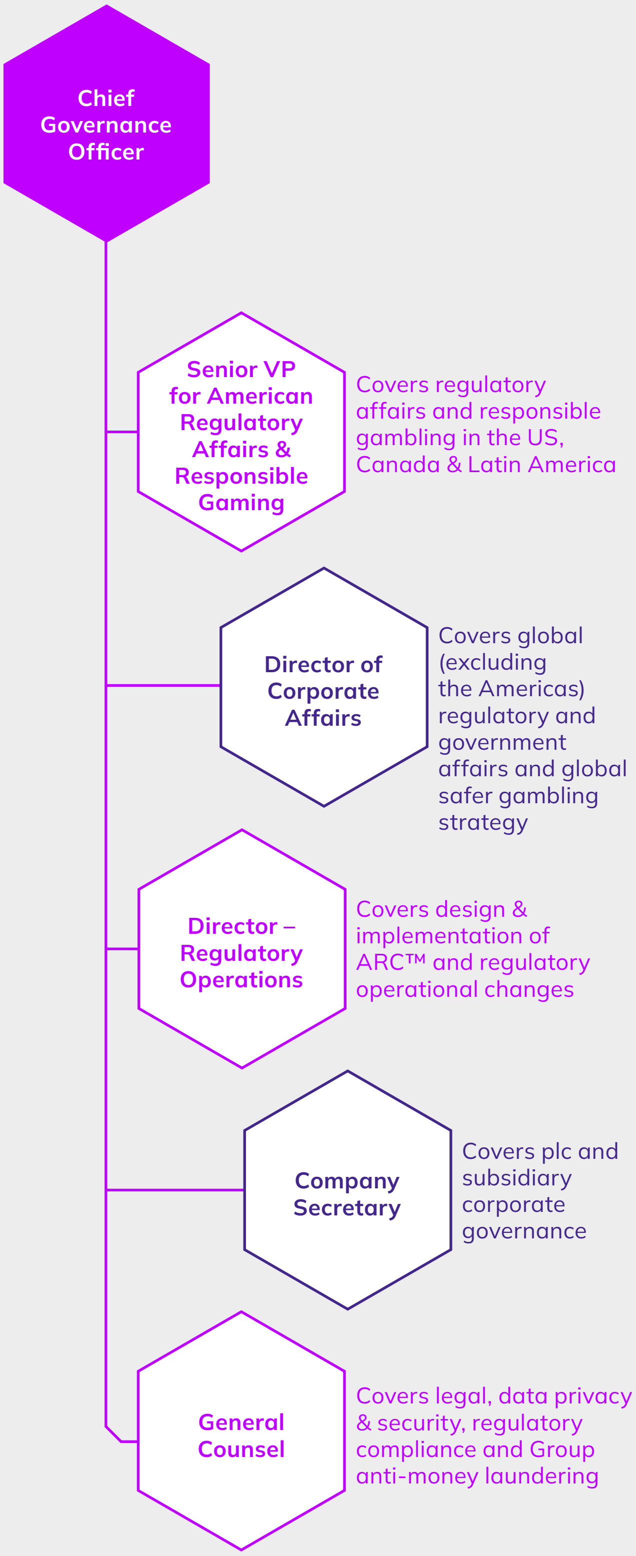
In conjunction with this change, Grainne Hurst expanded her UK regulatory affairs remit and took over regulatory affairs oversight for the rest of the world (excluding the Americas), whilst also retaining her management of our safer gambling strategy. Grainne and her team, were key to planning and the success of our industry leading Entain Sustain event held in November, which is reported on separately. Grainne works closely with Peter Marcus who was appointed to the new role of Director of Regulatory Operations at the beginning of 2021 and in this position Peter has been managing the development and roll-out of our sector leading Advanced Responsibility & Care™ (ARC™) programme. ARC™ is a critical element of our commitment to responsibility and sustainability and commentary on this project can be found on pages 46 to 47.

All four roles mentioned above attend ESG Committee meetings and have direct access to Virginia McDowell who chairs the Committee.

“A key pillar of Entain's ESG strategy is to adopt a gold standard corporate governance framework.”

Robert Hoskin
Chief Governance Officer

Entain's governance reporting structure:



Governance & Compliance Review

During 2021 Alvarez & Marsal, an independent professional firm, completed their review of the Group's governance and compliance practices. A key pillar of Entain's sustainability strategy is to adopt a gold standard corporate governance framework and it was logical to bring in a third party to review our arrangements to get an objective analysis and avoid Entain being accused of marking its own homework.

This thorough review process, which took several months and with which all colleagues cooperated concluded well, with Alvarez & Marsal making the following comments in their final summary report:

"In our view, Entain has put in place all the key components of a compliance framework to enable it to identify and manage its general compliance and regulatory risks."

"It is clear that there has been a significant investment in both resources and technology to develop and implement the compliance framework over recent years. The arrangements provide for clear Board and senior level oversight of compliance risk and how it is being mitigated, including through a governance structure of committees that enables oversight, discussion, and escalation of issues. We observed a good 'tone from the top' that is driving the development of strong governance over compliance issues."

"We noted a strong culture during our interviews with key staff and executives of driving improvement and enhancement. The committee and escalation framework provides a mechanism for issues to be escalated to the appropriate level. We noted that management responds appropriately to Internal Audit issues and challenge from the Board and its Committees."

Key areas of focus for 2022

- Address the recommendations in the Alvarez & Marsal report.
- Enhance colleague governance and compliance training with further recruitment overseen by a newly recruited Group Head of Ethics & Compliance.
- Continue to enter new domestically licensed markets with a focus on the Americas, Africa and Eastern Europe.
- Develop and roll-out ARC™ in selected international markets.
- Continue to progress resolution of the HMRC investigation.
- Hold a follow-up Entain:Sustain conference to ensure ongoing transparency and accountability around our ESG practises.

Whilst the Board is pleased with the overall conclusion, it recognises Entain is on a journey and so there were some recommendations coming out of the report; the one's being most pertinent to the Board and its Committees are set out in the table below:

Alvarez & Marsal Recommendation	Entain Response
ESG Committee: responsibilities	
The ESG Committee yearly agenda is substantial, encompassing a broad range of topics: risk, compliance, environmental and social issues. The Group recognise this and as a result, the number of meetings per year has been increased to six to accommodate the increased agenda. We recommend that the Board specifically consider in its annual evaluation if the current structure has enabled sufficient focus on compliance issues and sufficient time for the appropriate depth and challenge in meetings.	Management has considered (including the UK and International Compliance Directors) and confirmed that the current reporting and meeting structure enables a sufficient level of oversight of compliance issues for the ESG Committee. The ESG Committee has also reviewed this as part of the annual performance evaluation and confirms sufficient time is allocated to compliance issues. As the Group acquires licences in more jurisdictions and regulation generally evolves and matures, this matter will be reviewed annually.
Board Risk Committee	
In order to maintain adequate oversight of key risks as the risk framework matures and to demonstrate effective corporate governance, establishing a Board Risk Committee would be, in our view, both beneficial and necessary.	Having considered the responses to the Board performance annual evaluation the Board does not consider it the right moment to set up a fifth Board Committee to solely oversee risk. The Board believes that for the time-being risk is adequately overseen by the Board, Audit Committee and the ESG Committee. As risk governance is expected to evolve further in the Group (see below), the Board will revisit this point in 2023.
Board Committee responsibilities	
The control oversight at Board level is split between the Audit Committee and the ESG Committee. Until recently second and third line inputs on controls were segmented across the Audit Committee and the ESG Committee. Internal Audit and Risk submitted to the Audit Committee, and Compliance to the ESG Committee. Internal Audit reports are now also submitted to the ESG Committee. We recommend that both Committees review the scope of the materials received to confirm that it supports the scope of responsibilities set out in their respective terms of reference.	Management has reviewed and confirmed that the Audit Committee and ESG Committee receive sufficient information and materials from Internal Audit and Compliance teams in order to meet their duties under the terms of reference. The Audit and ESG Committees have confirmed as part of the annual performance evaluation that the Directors are comfortable that each Committee receives sufficient information to allow them to perform their duties.
Second line compliance testing	
Additional staff resources are currently being added to Compliance to enable Compliance to perform second line testing. We recommend that this Compliance testing activity is thoughtfully coordinated with both the first line and Internal Audit so that there is an effective three lines of defence approach. Compliance testing should be focused on monitoring the effectiveness of the first line controls over business/operational activity.	Compliance management in consultation with Internal Audit had already decided prior to the review to move the second line of defence from under the Director of Internal Audit to under the Compliance Directors to make the second line review process more dynamic in engaging with the first line. Compliance, AML and Internal Audit leads have been liaising to establish this function and consider resourcing. This function has now been set up and resources recruited in both the UK and International Compliance teams. A 2022 risk-based compliance monitoring plan has been actioned.
Risk Function	
We recommend that the Risk function is given more weight in the organisation. It should be a better resourced, free-standing second line function with a more complete set of risk tools and capabilities and should be led by a senior person.	Whilst progress on the evolution of our Group-wide Risk Management Framework has been hampered during 2021 following the loss of our Head of Risk for personal reasons, we have continued to develop and extend the capabilities of the Group Risk function during the year as discussed in the Risk section of the Annual Report. Whilst the evolution of the Risk function continues, management acknowledge and accept the finding of the Alvarez and Marsal review. As such, management have committed to presenting all options available to the Board for accelerating the evolution of the Risk function and the creation of a stand-alone second line of defence. The Board will then decide on the direction of the Risk function and its objectives for 2022 and beyond.

Compliance Committees

During the year the management team has moved from a monthly Executive Compliance Committee reviewing developments across all jurisdictions to establishing a number of sub-committees focused on particular jurisdictions such as the UK, US, Germany and Australia. This was done in recognition of the fact that gambling regulation continues to develop and become more complex and the Group is obtaining more licences. The sub-committees allow more time for a deeper dive into the issues associated with a particular territory.

Regulatory Strategy Status

In November 2020 Entain announced as part of its sustainability strategy that it would only take revenues from countries where the Group held a domestic licence, or could partner with a locally licensed operator or the jurisdiction was in the process of introducing a regulatory regime under which the Group could apply for a licence.

In 2021 Entain acquired the Bet.pt and Enlabs businesses, bringing into our licence portfolio licences in Portugal, Latvia, Estonia and Lithuania. Entain was also successful in May in getting re-licensed in the state of Nevada. The Group is now licensed in 31 territories and its US JV partnership, BetMGM is licensed and operational now in 21 US markets. As part of our regulated market commitment, we also closed our gambling offerings in a further seven countries where we concluded there was little or no realistic licensing opportunity. The largest of these markets was Russia, where the Group has concluded that there are no prospects of obtaining a legitimate licence for any of its sports betting or gaming offerings on commercially attractive terms.

For 2022 we are planning on entering at least two African markets with our bwin brand, the Polish sports betting market, the Dutch sports betting and gaming market, the Mexican gambling market and securing a licence in the Canadian state of Ontario. We also expect to gain further licences in 2022 as we complete various M&A projects.

HMRC Update

We have previously disclosed that the Group is cooperating with a long-running investigation by the UK's tax authority, HM Revenue & Customs ("HMRC") into a number of former third party suppliers who provided payment processing services to the Group's legacy Turkish-facing online gambling business. That business was sold in 2017. HMRC's investigation is ongoing into the activities of one or more members of the Group and 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 cooperate fully with HMRC's enquiries.

Robert Hoskin
Chief Governance Officer

3 March 2022

Governance framework

Entain plc Board

Remuneration Committee
Responsibilities
- Recommends the Remuneration Policy
- Determines remuneration packages of Executive Directors and ExCo members
- Monitors alignment of pay and incentives for the wider workforce
- Maintains dialogue with shareholders and workforce on remuneration
- Reports on implementation of the Remuneration Policy

Audit Committee
Responsibilities
- Oversight of financial reporting processes
- Integrity of financial statements
- Reviews audit effectiveness including internal controls
- Supports the Board on risk management
- Advice on external auditor

ESG Committee
Responsibilities
- Reviews ESG policies and controls for managing the Group's relationships with stakeholders
- Monitors the Group's ESG performance, including against KPIs and ensures the ESG strategy remains fit for purpose

Nomination Committee
Responsibilities
- Reviews composition of the Board and its Committees
- Leads Board appointments process
- Maintains strong NED pipeline
- Reviews independence and outside commitments of NEDs
- Reviews Board diversity policy

Chairman's Committee
Responsibilities
- Reviews structure and effectiveness of the Group's organisation and management
- Reviews executive succession and performance

CEO

Executive Committee (ExCo)
Responsibilities
- Advisory Committee to support the CEO on the management of the Group's operational and financial performance

Global Leadership Team
- Direct reports to ExCo
- Approx. 20 people

Senior Leadership Team
- Approx. 80 people

Group Compliance Committee
- Regional Compliance Committees

Group Payment Processing Committee

Group Risk Committee
- Divisional Risk Forum
- Functional Risk Forum

ESG Steering Group
- Net Zero Group

Board attendance and composition

Director meeting attendance for 2021

The Board had six scheduled meetings in 2021 and a further five ad-hoc meetings.

	Meetings attended/ eligible to attend	Independent
Chairman		
Barry Gibson	11/11	Independent upon appointment
Executive Directors		
Shay Segev (resigned 21 January 2021)	2/2	
Jette Nygaard-Andersen (appointed 21 January 2021)	8/8	
Robert Hoskin	11/11	
Rob Wood	11/11	
Non-Executive Directors		
Pierre Bouchut	11/11	✓
Stella David (appointed 4 March 2021)	6/6	✓
Mark Gregory (appointed 17 March 2021)	6/6	✓
Peter Isola	11/11	✓
Vicky Jarman (appointed 4 March 2021)	6/6	✓
Virginia McDowell	11/11	✓
Stephen Morana (resigned 4 March 2021)	5/5	✓
Jette Nygaard-Andersen (Non-Executive Director until 21 January 2021 when she was appointed CEO)	2/2	✓
David Satz	11/11	✓

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 ten Directors, seven 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.

Roles and responsibilities of the Entain Board

Entain plc Board

- Responsible for the long-term success of the Group
- Establishes strategy and monitors its implementation
- Has regard to the interests of stakeholders in its decision making
- Leads and directs the Group's values, culture and purpose
- Responsible for risk oversight
- Sets the standards of integrity, ethics and conduct within the Group
- Responsible for the overall financial performance of the Group
- Responsible for the Group's corporate governance

Oversight

Accountability

Non-Executive

Chairman

- Leads the Board and is responsible for its overall effectiveness
- Ensures the Board as a whole develops and determines the Group's strategy and objectives
- Acts as guardian of the Board's decision making
- Oversees the effective engagement with stakeholders
- Responsible for succession planning, director development and evaluation

Senior Independent Director

- Supports the Chairman in his role
- Leads the Non-Executive Directors in evaluating the performance of the Chairman
- Acts as intermediary for other Non-Executive Directors when required
- Be available to shareholders if they have concerns which have failed to be resolved by the Chairman, CEO or CFO
- Leads an orderly succession process for the Chairman
- Chairs the Board in the absence of the Chairman

Non-Executive Director

- Constructively challenges and contributes to the development of the strategy
- Monitors the Group's performance
- Ensures that financial information is accurate and that both controls and the system of risk management are effective and robust
- Responsible for determining Executive Director remuneration and overseeing succession planning of Executive management

Executive

CEO

- Leads the Group
- Articulates and acts as a role model for our values, culture and purpose
- Proposes and implements strategy
- Manages the Executive Committee ("ExCo")
- Responsible, with the ExCo, for implementing the decisions of the Board and its Committees
- Promotes and conducts the highest standards of integrity within the Group
- Engages with stakeholders
- Responsible for the Group's performance

CFO and Deputy CEO

- Oversees our financial operations, including accounting, financial reporting, tax, control and treasury
- Directs the Group's financial objectives and budget
- Funds, enables and executes the Group's strategy
- Provides insight and analysis to support the CEO and ExCo
- Responsible for M&A activity
- Responsible for Retail operations

Chief Governance Officer

- Oversees the Group's governance framework
- Oversees the Legal and Compliance function
- Oversees government and regulatory affairs
- Chairs the Executive Environmental, Social and Governance Steering Group
- Chairs the Group Risk Committee
- Chairs the Group Compliance and Group Payments Processing Committees

The Board and stakeholder considerations

Entain's purpose is to revolutionise gambling to create the most exciting and trusted entertainment for every customer; this puts stakeholders at the centre of the Board's decision-making. Over the year the Board sought to promote our purpose and strategy and made decisions having considered the matters set out in s172 of the Companies Act 2006 (UK).

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

During the year, the Board gave regard to the differing needs of its stakeholders in its decision making, recognising that the global pandemic had impacted their interests and views – for example, balancing the need to preserve cash to support our people, suppliers, customers and communities during a time of uncertainty versus our shareholders' wish to receive dividend income.

Our people

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.

Virginia McDowell, in her capacity as Designated Workforce Director, remains a regular attendee to Employee Forums, enabling her to provide the Board (and its Committees) with informed feedback and insight into the realities of everyday working life at Entain.

Further information on Section 172 of the Companies Act 2006 can be found in the Strategic Report on: **page 36**

Entain's Global Conference was held in December 2021. The Conference considered a range of people-related topics from mental health to employee onboarding processes, but specifically focused on the ongoing impact of the Covid-19 pandemic, both holistically across the Group, and the varied experience of individual business units. It was at this event that Mark Gregory (Chair of the Remuneration Committee) announced the increase to the minimum rate of pay in excess of the Real Living Wage for UK retail colleagues. The Conference supported the proposed increase, agreeing that a more competitive salary reflected the strength and resilience shown by UK retail colleagues throughout the pandemic; and would also enable the Company to attract and retain talent.

From a remuneration perspective, Mark Gregory's attendance at the Global Conference offered colleagues from across the Company the opportunity to openly share their experiences, views, and thoughts on working life at Entain, and specifically on remuneration. Valuable insights gained from this and future employee events enable Mark and the Remuneration Committee to better understand the individual roles our colleagues play in delivering our strategic objectives.

Employee Forum

Virginia McDowell, Chair of the ESG Committee, appointed as Designated Workforce Director in 2019, attended Entain's Global Conference (representing colleagues across the Group) in December 2021. Throughout her attendance, Virginia actively engaged in conversations around the ongoing employee impact of the pandemic; mental health and well-being; women in leadership initiatives; the future of hybrid working models; and the cultural embedding of responsible betting and gaming practices within the Group.

Other Board members, including Mark Gregory (Chair of the Remuneration Committee), also attended Entain's Global Conference, answering questions from colleagues on a range of topics, including talent acquisition and retention initiatives; employee onboarding and training programmes; as well as the cultural embedding of company values, and the importance of the 2035 drive to reach net-zero.

Board attendance to such events facilitates effective oversight of everyday life within the company for our employees; and enables the Board to:

- Understand how the strategy has been translated and implemented into everyday working practices.
- Gauge the degree in which the Group's values have been culturally embedded.
- Understand what really matters to our colleagues.
- Engage with our colleagues in open, honest and candid conversations.

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 investor study compiled by an independent third party. 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 Chairman held one-to-one meetings with major institutional investors during the year, including during the two potential offers for the Group, collecting their views and sharing these with the rest of the Board. In addition, the Chair of the Remuneration Committee held calls with large institutional investors to discuss and receive feedback on potential developments for our Remuneration Policy.

All resolutions put to the 2021 Annual General Meeting received overwhelming support of those investors who voted, being approximately 78% of our shareholder base (a moderate decrease over the 2020 vote of 82%). The results of the voting at all general meetings are published on our website: **www.entaingroup.com.**

Entain:Sustain event

For further details see page 43

In November 2021, we held an inaugural sustainability showcase – Entain:Sustain – which highlighted Entain's commitment to and progress in the areas of safer gambling, diversity and inclusion as well as wider societal and environmental initiatives. The event included a series of keynote speeches from prominent Entain colleagues, including Chief Executive Jette Nygaard-Andersen, ESG Committee Chair Virginia McDowell, Chief Governance Officer Robert Hoskin and Entain Foundation Chair, Ed Davis.

The event was held physically in London with over 100 people attending in person, and nearly 200 delegates joining a specially developed platform online from across the UK, Europe and US. The audience included shareholders, regulators, legislators, media, as well as industry stakeholders and partners.

Topics discussed included:

- ARC™: an update on the progress of our Advanced Responsibility and Care™ programme.
- Harvard Medical School Faculty giving an overview of studies they have conducted in the safer gambling space through their collaboration with Entain.
- Publication of a new Social Impact Report, measuring the human impact of our support and initiatives globally.
- Launch of the new EnTrain initiative – an Entain programme to support diversity within and access to technology.
- An update on the work of the Entain Foundation.
- Reducing our environmental impact.

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 2021. In addition there were a further five meetings arranged during the year concerning urgent matters such as the succession of the CEO, the appointment of Non-Executive Directors (including the Senior Independent Director and Chair of the Remuneration Committee) and potential M&A activity. Entain received two potential offers in the course of the year and regular update calls were held for the Board and the Defence Committee during these events.

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.

During 2021 the Group complied with the principles and provisions of the 2018 UK Corporate Governance Code.

Key to stakeholder groups:

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

Strategy

Response to potential offers
S E Su C Co R

- Reviewed and discussed two potential offers for the Group.
- Formed a Defence Committee to consider a response and work with the Group's external advisors.
- Held regular updates with the Board and advisors to discuss developments.

Covid-19
S E Su C Co R

- Continued to monitor and reflect on the impact of Covid-19 on the Group's employees, business and stakeholders.
- Considered how best to reflect the uncertainties associated with Covid-19 in the Group's planning processes and strategy.

Evolving the Group's strategy
S E Su C R

- Held a session for Non-Executive Directors to hear from the new CEO on her observations and perspectives on the Group's strategy.
- Considered regulatory and competitor developments in key markets and its impact on the Group's strategy.
- Held strategic deep dives on esports, developments in the US and digital markets, interactive entertainment and product development.
- Reflected on the importance of customer focus in our strategy and growth.
- Held a two-day strategy session, looking at growth in core and new markets, product development and technology opportunities.

Reviewed updates to the market
S E C Co R

- Strategy investor event.
- Inaugural ESG sustainability showcase Entain:Sustain.

M&A activity
S E Su C R

- Received regular updates on potential M&A opportunities.
- Reviewed and approved M&A projects recommended by management.

Financial Plan
S E Su C

- Discussed and approved the Three-Year plan.

Performance

Business updates

Ⓢ Ⓔ Ⓒ

- Received updates on the Retail and Digital businesses.
- Monitored the performance of the BetMGM joint venture in the US.

Financial updates

Ⓢ Ⓔ Su

- Monitored net gaming revenue, cashflow, dividend cover and credit facilities in response to the impact of Covid-19 on the business and agreed that no 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 2022 Group budget.

Regulatory updates

Ⓢ Ⓔ Su Ⓒ Ⓡ

- 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.

Risk

Ⓢ Ⓔ Su Ⓒ Co Ⓡ

- Undertook a review of the Group's risk management programme.
- Reviewed and agreed the Principal Risks for 2022 and their allocation for monitoring between the Board, Audit and ESG Committees.
- Reviewed and agreed the Group's annual long-term viability statement.

Responsible Betting and Gaming

Ⓔ Ⓒ Co Ⓡ

- Received regular updates on the Group's safer gambling activities, including our Advanced Responsibility & Care™ (ARC™) programme.
- Received updates from the ESG Committee monitoring the performance of the safer betting and gaming remuneration metric.
- Reviewed the structure and work of the Entain Foundation.

People

Ⓢ Ⓔ Su

- Reviewed the status of shop, stadia and office closures following Covid-19 restrictions.
- Monitored the Company's initiatives to support colleagues impacted by the pandemic.
- Devoted a Board meeting to People issues, including senior management succession, organisational strategy, diversity, talent development and a review of our Principal Risk of recruitment and retention of key employees.
- Reflected on the Group's working policies, workspaces and needs of our people in a Covid-19 environment.

Governance

Investor feedback

Ⓢ

- 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 succession

Ⓢ Ⓔ Ⓡ

- Discussed and approved Executive and Non-Executive appointments, including the CEO, the Senior Independent Director and three Non-Executive Directors.

Regulatory disclosures

Ⓢ Ⓔ Ⓡ

- Approved the Notice of Meeting for the AGM.
- Following the Audit Committee's recommendation, reviewed and approved the Annual Report and Accounts and the Interim and Full Year results.
- Assessed and reported on the Group's viability and going concern.

Conflicts of Interest policy

Ⓢ Ⓔ Su Ⓒ Ⓡ

- Reviewed and approved the Board's Conflicts of Interest Register.

Risk reviews

Ⓢ Ⓔ Su Ⓒ Ⓡ

- Bribery and corruption risk review.
- Criminal Finance Act risk review.

Board governance

Ⓢ Ⓔ Ⓡ

- Reviewed and updated the Schedule of Matters Reserved for the Board.
- Held an externally facilitated Board evaluation covering the effectiveness of the Board, its Committees and the performance of the Chairman and individual Directors.

Conflicts of Interest policy

The Board has a Conflicts of Interest policy and 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.

This authorisation process informs 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.

Stella David, Vicky Jarman and Mark Gregory received tailored inductions following their appointment to the Board. These included one to one meetings with our Executive Committee, senior management and External Auditors. Their feedback on their induction programmes was reviewed by the Nomination Committee to improve the effectiveness of future Director inductions.

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, developments in HSSE requirements and GDPR and the duties of directors.

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

In 2022, Entain engaged Lintstock to facilitate an external review of Board performance. Lintstock is an advisory firm that specialises in Board performance reviews, and has no other connection with the Company.

The first stage of the review involved Lintstock engaging with the Chairman and Company Secretary to set the context for the evaluation, and to tailor survey content to the specific circumstances of Entain. All Board members were requested to complete an online survey on the performance of the Board, each of the Committees and the Chair. Lintstock subsequently interviewed each of the Directors, enabling them to expand on their responses to the survey, and to raise any further issues they wished to discuss.

As well as addressing core aspects of Board and Committee performance, the exercise had a particular focus on the following areas:

- The response to takeover approaches received by Entain, including the role played by the Board and the flow of information during this period.
- The quality of debates and processes around decision making at Board level, particularly in the context of remote meetings necessitated by the pandemic.
- The progress being made towards Entain's strategic imperatives, and the main challenges facing the business in executing on its objectives.
- The governance around risk management, and the Board's oversight of key risks facing Entain.
- The Board's oversight of opportunities and threats facing the business, including in terms of competition, technology and data, regulation and ESG / sustainability.
- The oversight of organisational capacity and succession planning for key leaders.
- The interaction with key stakeholders, including major investors, customers and employees, and the processes in place to facilitate Board engagement with these groups.

The performance of the Audit, ESG, Remuneration and Nomination Committees was also specifically addressed in the exercise, as was the performance of the Chair and that of individual Directors.

Following the sequence of Director interviews taking place in February / March 2022, Lintstock will prepare a report on the findings, alongside a comparison with the Lintstock Governance Index, which helps to place performance into context. It is envisaged that the outcomes will be discussed at a meeting of the Board in April 2022.

The 2020 evaluation action plan was addressed in the following way:

Theme	How it was addressed
Focus on technology	Several deep dives were held during the year – including on product development, a technology tour and a presentation following an external assessment of our technology stack
Online entertainment	Regular strategic discussions on online entertainment, including an overview of market trends in interactive entertainment
Technology risk	Discussion on Principal Risks which included different aspects of Entain's technology programme – including technology failure and cyber security held as well as a review of the Group's IT infrastructure
Skillset for future Board appointments	Included as part of Nomination Committee review and discussed at the Board at its People focused meeting

Report of the Audit Committee

Introduction

As Chair of the Audit Committee, I am pleased to present our report for the year ended 31 December 2021, setting out how the responsibilities delegated to the Audit Committee by the Board were discharged over the course of the year and the key topics we considered.

2021 has been another year of disruption for Entain. With the Covid-19 pandemic still with us, the integrity of our financial reporting and risk management processes continues to be of the upmost importance in assisting the Group in its navigation of these uncertain times. As a result, and similar to 2020, the Audit Committee has continued to focus on risk management and financial control throughout 2021. Whilst the Board has managed the Group's overall response to the risks presented by Covid-19, the Audit 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 the changing landscape, all of which have been supplemented by regular dialogue with the Chief Financial Officer & Deputy CEO and our internal and external auditors. Whilst the Covid-19 pandemic is not over, the Group's performance has remained strong and, as such, I am as confident as ever in Entain's long-term prospects.

As we discussed last year, the Board and its Committees have continued to focus on the enhancement of our Enterprise Risk Management Framework. During the course of 2021 the Board has undertaken a detailed review of the Group's Principal Risks, with the Audit Committee taking responsibility for Data Breach and Cyber Security, Technology Failure, Taxes and Trading, Liability and Pricing Management. We intend to undertake a review process of this nature every year.

The Audit Committee undertakes a pivotal role in providing independent challenge and oversight across financial reporting and controls for the Group. The Audit Committee's newest members, Vicky Jarman, Mark Gregory and David Satz, bring significant financial, accounting, risk and sector experience which will further strengthen our oversight. My thanks go to Stephen Morana for his valuable service to the Committee, having stepped down from the Board and Audit Committee in March 2021.

I believe the skills and experience of our members remain strong, enabling the Audit Committee to continue to perform effectively.

Pierre Bouchut
Chair of the Audit Committee

3 March 2022

> The Audit 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 the changing landscape."

Pierre Bouchut
Chair of the Audit Committee

The role of the Audit Committee

The Audit 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 Audit Committee

- Monitor the integrity of Entain plc's financial statements and any formal announcements relating to the Company's financial performance and reviews, 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.
- Assess the effectiveness of 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 Audit Committee's terms of reference can be found on the Company's website at **www.entaingroup.com**

Audit Committee membership and attendance

As at 31 December 2021 the Audit 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 Pepco Group, Albioma S.A., Geopost S.A. and Firmenich S.A. in this role. The Board is satisfied that he is the Audit 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 Audit 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. Vicky Jarman, Mark Gregory and David Satz each received a tailored Committee induction programme upon joining the Audit Committee during the year.

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

The Audit Committee had six scheduled meetings and one ad-hoc meeting during the year.

Member	Meetings attended/ eligible to attend
Pierre Bouchut (Chair)	7/7
Stephen Morana[1]	1/1
Mark Gregory[2]	6/6
Vicky Jarman[3]	6/6
David Satz[4]	3/3

1. Resigned from the Audit Committee on 4 March 2021.
2. Joined the Audit Committee on 17 March 2021.
3. Joined the Audit Committee on 4 March 2021.
4. Joined the Audit Committee on 17 August 2021.

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 and Annual Report.

Delegation

Entain's finance department, led by the CFO & Deputy CEO, prepares and reviews the financial statements.

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

The Company Secretary with the Chairman of the Board, the CGO 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 Report and financial statements and review the half-year accounts. A report to the Audit Committee is prepared.

Committees' Review

The Audit Committee reviews the Annual Report, 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, Nomination Committee and ESG Committee respectively review the Directors' Remuneration Report, Nomination Committee Report and ESG Report, propose changes and make recommendations to the Board.

Board Review

The Board reviews the Annual Report and 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 prepare their final report (Annual Report) or review report (half-year results).

Audit/Board Approval And Publish

The Board and auditors approves the Annual Report, 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 on receipt of the final audit report.

In respect of the financial statements and accompanying reports for the year ended 31 December 2021, the Company has followed the process detailed above. In doing so the Directors confirm that they have reviewed the complete 2021 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 Group's performance, business model and strategy.

Activities

Financial statements and disclosure

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

The Audit 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 Group's viability statement was appropriate.

With the impact of Covid-19 continuing to impact businesses, the Audit Committee gave consideration and challenge to the appropriateness of adopting the going concern assumption in preparing the financial statements. The Committee agree with the conclusions reached and the going concern statement for the year ended 31 December 2021 is set out on page 76.

Risk

As noted in the introduction, the Audit Committee are responsible for the oversight of Cyber Security, Technology Failure, Taxes and Trading, Liability and Pricing Management Principal Risks. Throughout the course of 2021, the Audit Committee has performed detailed reviews over all these risks seeking assurances from management that they have suitable measures in place to monitor, manage and mitigate the relevant risks. In addition, the Audit Committee has also received quarterly updates on the Group's Risk Management programme and the progress being made with the ongoing maturity of our Enterprise Risk Management Framework. This approach will continue in 2022.

FRC letter on Entain Annual Report

During the year, the Group received a letter from the Financial Reporting Council (FRC) requesting clarification and explanation of certain points within the 2020 Annual Report. A number of items were resolved without the need for further explanation and the remaining FRC queries have been covered by additional disclosures included in the 2021 Report in order to provide greater clarity over certain items within the financial statements.

External audit

The 2021 financial year-end is KPMG LLP's fourth financial reporting period as the Group's external auditor, following the external audit tender process in 2018, with Mark Flanagan undertaking his first year as lead audit partner. The Audit 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.

Effectiveness of the external audit

The Audit 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's 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 Audit 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 Audit Committee and through one-to-one discussions between the Audit Committee Chair and the lead audit partner.

FRC Audit Quality Review

The Audit Committee specifically considered the findings of the FRC's Audit Quality Review team's assessment of KPMG's 2020 audit of the Group. The Audit Committee discussed these with the auditor and separately with management, noting the observations raised and KPMG's proposed responses. The Audit Committee will monitor progress of the auditor's proposals over the forthcoming year and consider these as part of its annual review of the effectiveness of external audit.

Non-audit services

The Audit 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. During the year, the policy was updated to reflect the requirements of the FRC's Revised Ethical Standard 2019. The policy is kept under annual review and the Audit Committee receives regular reports on non-audit services provided by KPMG and other audit firms.

In the year ended 31 December 2021, the total non-audit fees as a percentage of the audit fees paid to the external auditors was 20%.

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 Audit 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 Audit 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 Audit 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 2021 the fees paid in respect of due diligence for acquisitions to the external auditors was £nil.

Internal audit and its effectiveness

Internal Audit provides assurance to the Board, through the Audit 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 Audit Committee received regular 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 78 to 85 under Principal Risks), which included:

- Reviews of Anti-money Laundering and Safer Gambling processes across various business units.
- Review of the processes for developing and implementing new software capabilities to the Group's core Trading Platform.
- Operating review of processes for payroll as a major expense to the Group in several key locations, including compliance with UK furlough regulations.
- Review of the integrity and security of the Group's financial systems platform, Oracle.
- Operating review of the processes and technology used to ensure compliance with licence jurisdictions.
- Operating review of the new Colombian market for regulatory compliance.
- Review of the Group's compliance with the UK Modern Slavery Act and adequacy of provisions to mitigate risks of slavery.
- Review of the accuracy and integrity of processes to report to regulatory bodies.
- Ongoing reviews of key financial controls' operating effectiveness.

The Board, with the support of the Audit 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 2022 Internal Audit Plan.

The areas which will have their control environment reviewed in 2022 are:

- Technology disaster recovery capability.
- Corporate social responsibility activities including environmental procedures and charitable giving.
- 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 gambling and responsibility requirements, anti-money laundering, marketing and GDPR.

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 Audit 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 Audit Committee or externally through an outsourced service provider.

The Audit 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 performance of the Audit Committee was assessed as a part of the Board Review, which this year was externally facilitated by Lintstock. All Audit Committee members completed a tailored survey, prior to being interviewed by Lintstock representatives, to expand on their survey responses and to raise any further issues they wished to discuss.

As well as addressing core aspects of Audit Committee performance, the exercise had a particular focus on the following areas:

- The assessment of work performed by the Internal and external auditors, the integrity of the control environment, and the quality of financial reporting.
- The oversight of Entain's financial health, accounting treatment and exposure to risk.
- The relationship and communication with key counterparties, including the Head of Internal Audit and the external audit partner.

Following the interviews in February / March 2022, Lintstock will prepare a report on the findings. It is envisaged that the outcomes will be discussed at a meeting of the Board in April 2022.

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. For completeness, the Audit Committee report should be read in conjunction with the Risk Report on pages 78-85.

Matter considered	Action
Separately disclosed items	
The Group separately discloses certain items in order to allow a clearer understanding of the underlying trading performance of the business. In 2021, the Group has recorded a net charge in respect of items which have been separately disclosed of £134.1m in the Income Statement.	As part of their assessment that the treatment of separately disclosed items in the financial statements is appropriate, the Audit Committee has considered each of the items disclosed and challenged, where necessary, the treatment adopted by management. The Audit 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, 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 which are commonly used by the Group's peers and market analysts.	Management's use of non-GAAP measures in explaining the underlying business performance has been considered by the Audit Committee, along with the views of KPMG on their use and prominence. Whilst the Committee understands the challenges associated with the use of non-GAAP measures, they are satisfied with the balance of the disclosure provided.
IFRS 3 fair value of acquired businesses	
During the year, the Group completed a number of acquisitions as detailed in Note 32 to the financial statements. Included within the IFRS 3 fair value exercise undertaken are a number of judgements including the value of acquired intangibles (£218.5m) and goodwill (£273.1m).	The Audit Committee has reviewed the judgements made in connection with the accounting treatment, to determine whether the assets and liabilities recognised in the financial statements are carried at an appropriate fair value. In assessing the valuations, the Audit Committee has reviewed the working papers provided by management and its advisers in relation to the fair value exercise and has assessed the assumptions used and conclusions reached. The Committee has also considered the conclusions reached by KPMG on their work in this area and has concluded that the treatment within the financial statements is appropriate.
Uncertain tax positions	
Following a ruling by the Athens Administrative Court of Appeal in favour of the Group on the 2010/11 Greek Tax Assessment, the Group has recorded a receivable for the full amount due under the ruling plus interest. This has resulted in the Group recognising a receivable of €227.5m and an associated credit in the Income Statement of €82.5m (for amounts previously recognised as a charge).	In assessing the treatment adopted, the Audit Committee has assessed the basis for the judgement taken, advice received by the Group's external legal advisors and the analysis provided by KPMG. Whilst the final outcome remains uncertain as the Greeks Authorities have appealed the ruling to the Greek Supreme Administrative Court, the Audit Committee is satisfied that the appropriate judgement and disclosure has been provided in the Annual Report.
Contingent consideration	
Included within the Group Balance Sheet as at 31 December 2021 is contingent consideration of £70.8m, which has been calculated based on potential future profitability and the likely cost of settlement.	The Committee has reviewed the process and judgements taken by management in determining the likely pay-out under the contingent consideration agreements as well as the findings of the KPMG audit and are satisfied that the liabilities recognised are appropriate given the circumstances.

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

Introduction

Following the decision in 2020 to rename the Committee in recognition of the expanded scope and breadth of our remit, the ESG Committee has had an active period of work during 2021. We increased our meeting schedule from four to six meetings per annum to ensure that our agendas enabled us to cover the Group's ESG activities and how these underpin the Group's strategy.

New for 2021 was the ESG Committee's monitoring of those Principal Risks allocated to it by the Board for review. The ESG Committee held deep dive risk reviews on health, safety and wellbeing of customers and employees and the loss of key locations. In its reviews, the ESG Committee considered the nature and component of the Principal Risks, their proposed mitigations and risk management programmes.

The Group's environmental programme received particular focus during the year, with the ESG Committee reviewing the Company's commitment to be carbon net zero by 2035 and preparations to meet the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The ESG Committee will continue its focus on TCFD during 2022.

In November I was delighted to participate in Entain's first sustainability event – Entain:Sustain which demonstrated the Group's progress in key areas such as safer gambling, diversity and inclusion and environmental initiatives. I was pleased at the attendance at the event and the strength of the questions and discussion held, enabling important issues to be debated and explained.

During the year we were joined by Stella David, our Senior Independent Director. Stella has brought deep insight from her executive career in consumer markets and non-executive roles. She has been a welcome addition to the ESG Committee.

Virginia McDowell
Chair of the ESG Committee

3 March 2022

We increased our meeting schedule to ensure that our agendas enabled us to cover the Group's ESG activities and how these underpin the Group's strategy."

Virginia McDowell
Chair of the ESG Committee

The role of the ESG Committee

The Committee provides oversight of the Company's Environmental, Social and Governance (ESG) programme, overseeing the effective management of the Company's ongoing relationship and engagement with a wide spectrum of stakeholders. It monitors progress against internal key performance indicators and external ESG index results.

Key responsibilities of the ESG 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 ESG Committee's terms of reference were reviewed and updated and approved by the Board during the year. These can be found on the Company's website at **www.entaingroup.com**

ESG Committee membership and attendance

During the year, the ESG Committee had four members. Jette Nygaard-Andersen stepped down from the Committee on 21 January 2021 upon becoming an Executive Director. Stella David joined 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, Group General Counsel and Chief People Officer. Other management including the heads of the compliance teams, Director of Corporate Affairs, Director of Regulatory Operations and the HSSE Director attended periodically throughout the year.

The Committee had six meetings during the year.

Member	Meetings attended/ eligible to attend
Virginia McDowell (Chair)	6/6
Stella David[1]	5/5
Peter Isola	6/6
David Satz	6/6

1. Joined the Committee on 4 March 2021.

Activities

Safer betting and gaming

The ESG Committee received regular updates on the Group's safer betting and gaming programme, including the ARC™ programme and the Company's 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.

The ESG Committee undertook a half-year and full-year review of the delivery of safer betting and gaming project metrics as part of the new safer betting and gaming element of the Group-wide annual bonus structure which has a 15% weighting. This review included an external assessment by EPIC Risk Management on the Company's performance against targets. At its year-end assessment the ESG Committee determined it was satisfied that these metrics had been fully met and made a positive recommendation to the Remuneration Committee as part of its assessment.

Further information on the development of the safer betting and gaming remuneration metric is outlined on page 126 of the Directors' Remuneration Report.

Gaming licence compliance

The ESG Committee considered key elements of the Group's gaming licence compliance programme, including sports betting integrity and the work of the Gambling Ombudsman Director.

Compliance governance

The ESG Committee received quarterly reports on international, UK, retail and digital compliance developments and monitoring of the Group's compliance management. It further reviewed the update of the Group Compliance Committee's terms of reference and refreshed structure.

Code of Conduct

The ESG Committee reviewed and approved the Group's updated Code of Conduct and its associated roll-out and training programme. Deep dives on the Group's anti-money laundering and anti-bribery and corruption programmes were held during the year.

Privacy and data protection

Regular updates on data privacy and protection were given to the ESG Committee, including issues arising from requests to share safer betting and gaming data with regulators and legal and regulatory developments across the Group's different jurisdictions.

The ESG Committee held its annual review of the Group Data Retention Policy and Group Data Protection Policy. It further considered the Group's Artificial Intelligence Charter.

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

The ESG Committee discussed the Group's environmental strategy and our commitment to being carbon net zero by 2035. HSSE performance was monitored by the ESG Committee through regular updates on the Group's HSSE performance indicators and initiatives. The ESG Committee reviewed and approved the proposed HSSE strategy for 2022 as well as agreeing the Group's HSSE KPIs for the forthcoming year.

The ESG Committee undertook deep dive reviews on two Principal Risks allocate to it for monitoring: Health, safety and the wellbeing of customers and employees and loss of key locations.

Diversity and inclusion

The ESG Committee received quarterly reports on the Group's diversity and inclusion performance, with deeper briefings on initiatives within the Company, including Employee Forums, technology access and apprenticeship programmes.

Other reviews

The ESG Committee oversaw the annual ESG report, reviewing the prepared text and giving feedback to management on its content.

ESG Committee evaluation

The performance of the ESG Committee was assessed as a part of the Board Review, which this year was externally facilitated by Lintstock. All ESG Committee members completed a tailored survey, prior to being interviewed by Lintstock representatives, to expand on their survey responses and to raise any further issues they wished to discuss.

As well as addressing core aspects of ESG Committee performance, the exercise had a particular focus on the following areas:

- The top priorities for Entain from an ESG perspective over the coming year, and the coverage of key issues at ESG Committee meetings.
- The policies and controls in key areas, including responsible gambling, anti-money laundering, anti-bribery and corruption, privacy and data protection, and diversity and inclusion.
- The adherence to policies and controls, and Entain's engagement with key stakeholders in relation to ESG matters.

Following the interviews in February / March 2022, Lintstock will prepare a report on the findings. It is envisaged that the outcomes will be discussed at a meeting of the Board in April 2022.

Modern Slavery Act Statement review and internal Working Group

The 2021 Modern Slavery and Human Trafficking Transparency Statement was written and published in accordance with Section 54(1) of the Modern Slavery Act 2015. The statement sets out the measures taken between 1st January 2020 – 31st December 2020.

At the end of 2020, our Modern Slavery Working Group, which includes colleagues from Group Procurement, Human Resources, Internal Audit and Company Secretariat, was formed. The Working Group is responsible for producing the annual Modern Slavery Statement and aims to better the visibility of human rights issues, impacts and risks, and identify ways to eradicate adverse effects on human rights within the Entain plc group and extended supply chains.

In 2021, the Working Group partnered with Unseen, one of the UK's leading anti-slavery charities working towards ending modern slavery by empowering survivors, providing advice, and influencing society. Unseen assisted with reviewing our policies and procedures, provided a comprehensive gap analysis of our current and future supply chain, and evaluated different areas of our operations such as HR, supply chains (including supply chain transparency) and procurement.

In September 2021, we introduced mandatory training on the Modern Slavery Act 2015 to all colleagues across our business, and we will provide tailored training to specific functions within the Company, such as Procurement, Internal Audit and recruitment. The training aims to enhance our knowledge and understanding of the issues surrounding modern slavery and will help us identify and prevent modern slavery in our workplace and supply chains. The training will be refreshed annually.

The Modern Slavery Statement was reviewed and approved by the Board of Entain plc and can be viewed on our Company website at **www.entaingroup.com/sustainability/modern-slavery-statement**

Nomination Committee Report

Introduction

I am pleased to introduce the Nomination Committee report for the year.

During the early part of last year, the Nomination Committee focused on key Board appointments, a number of which I discussed in last year's report. These included the appointment of Jette Nygaard-Andersen as Chief Executive, Stella David as Senior Independent Director and Vicky Jarman as a Non-Executive Director.

In March, we appointed Mark Gregory as a Non-Executive Director and Chair of the Remuneration Committee. Mark brings financial and retail knowledge from his executive career as well as a deep understanding of UK corporate governance practice and investor sentiment. An experienced remuneration committee chair, he has proven to be a valuable addition to the Board.

Stella, Vicky and Mark completed their induction programmes during 2021 and the Nomination Committee sought their feedback on the process in order to further build on the effectiveness of the programme for future new joiners.

In our last report we announced that Sandeep Tiku, our Group Chief Operating Officer would be joining the Board during 2021 subject to his relocation to Gibraltar. Sandeep's relocation was delayed by the pandemic and he has notified the Company that he no longer wishes to relocate and will therefore not be appointed to the Board. The Board will not meet shareholder expectations for an ethnically diverse composition and the Committee is currently undertaking an active search to appoint a Director from an ethnic minority background.

The Nomination Committee also continued to monitor the composition and skills of the Board, succession planning for Non-Executive Directors and diversity. As outlined last year, we moved the regular succession planning for Executive Directors to the newly established Chairman's Committee in order that all Non-Executive Directors can engage and input into this process. This worked well during 2021 and it is intended to continue this practice in 2022.

J M Barry Gibson
Chair of the Nomination Committee

3 March 2022

"The Nomination Committee also continued to monitor the composition and skills of the Board, succession planning for Non-Executive Directors and diversity."

J M Barry Gibson
Chair of the Nomination Committee

The role of the Nomination Committee

The Nomination 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 Nomination Committee

- Ensuring that there is a formal, rigorous and transparent procedure for appointments to the Board.
- Leading the process for appointments and make recommendations to the Board.
- Assisting the Board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the Board as a whole, so that it is effective and able to operate in the best interests of shareholders.
- Ensuring plans are in place for orderly succession to positions on the Board, the Executive Committee and where appropriate, 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 the Remuneration Committee in respect of any remuneration package to be offered to any new appointee of the Board.

The Nomination Committee's terms of reference were reviewed and updated and approved by the Board during the year. These can be found on the Company's website at **www.entaingroup.com**

Nomination Committee membership and attendance

The Nomination Committee's membership consists of the Senior Independent Director and the chairs of each of the Board Committees.

The Nomination Committee had three meetings during the year.

Member	Meetings attended/ eligible to attend
Barry Gibson (Chair)	3/3
Pierre Bouchut	3/3
Stella David[1]	1/1
Mark Gregory[2]	1/1
Virginia McDowell	3/3
Stephen Morana[3]	2/2

1. Joined the Nomination Committee on 4 March 2021.
2. Joined the Nomination Committee on 17 March 2021.
3. Resigned from the Nomination Committee on 4 March 2021.

Activities

Board appointments

As outlined in last year's report, in early 2021 the Nomination Committee led the process for the appointment of the new CEO Jette Nygaard-Andersen, the Senior Independent Director Stella David and Vicky Jarman as a Non-Executive Director. For these searches we engaged external search consultant Russell Reynolds.

In addition, the Committee engaged Russell Reynolds for the search for a new Remuneration Committee Chair. A short list of candidates was put forward by Russell Reynolds and these candidates met members of the Committee, the Chief Executive and Chief Governance Officer. The Committee concluded that Mark Gregory would be an excellent addition to the Board and an experienced remuneration committee chair, with valuable financial and customer service insight, and therefore recommended Mark's appointment to the Board. Mark Gregory was appointed to the Board in March 2021.

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

External search consultants

Following the intensive period of Director searches in early 2021, the Nomination Committee reflected on the search process and agreed to implement a policy whereby there would be a rotation of external search consultants used for each new potential Director appointment going forward.

Board composition and Board Committees

To assist in succession planning for Non-Executive Director appointments and Committee membership, the Nomination 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.

The Nomination Committee assessed the new Non-Executive Director appointments in 2021 and recommended that Stella David join the Remuneration, ESG and Nomination Committees, Vicky Jarman join the Audit and Remuneration Committees and Mark Gregory join the Audit and Nomination Committees (as well as chairing the Remuneration Committee).

During the year the Nomination Committee considered membership of each Board Committee in light of Board changes and focused on succession planning for the chairs and membership of each Committee as this had been an action arising from the 2020 Board and Committee evaluation. The Nomination Committee agreed an immediate successor for each Committee chair from the current Non-Executive Directors and discussed longer term succession planning. In addition, it was recommended that David Satz join the Audit Committee in light of his deep knowledge of the betting and gaming industry. David joined the Audit Committee in August 2021.

Independence

The Nomination 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 Nomination Committee also considered the time commitment and performance evaluation of each Director standing for appointment.

Diversity

The Nomination 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 Stella David and Vicky Jarman in March 2021, the proportion of women on the Board at 31 December 2021 increased to 36%. During the year the Board reviewed the gender balance amongst the Group's senior management and further information can be found on page 58 of the Strategic Report.

In January 2021 we announced that Sandeep Tiku, our Chief Operating Officer, would be joining the Board as an Executive Director, with Sandeep relocating from India to Gibraltar. In 2021 this appointment was delayed due to Sandeep's ill health during the pandemic. Sandeep has now notified the Group that he no longer intends to relocate to Gibraltar and he will therefore not be appointed to the Board. The Board recognises the value of having a diverse membership and is mindful that, following Sandeep's decision not to relocate, it will not meet shareholder expectations on the number of Directors from an ethnic minority background. Consequently, as part of its ongoing review of Board composition and diversity, the Nomination Committee is taking active steps to appoint a Director from an ethnic minority background.

The Nomination Committee reviewed and recommended the Board Diversity Policy which was subsequently approved by the Board. This can be found on the Company's website at **www.entaingroup.com**

Committee evaluation

The performance of the Nomination Committee was assessed as a part of the Board Review, which this year was externally facilitated by Lintstock. All Nomination Committee members completed a tailored survey, prior to being interviewed by Lintstock representatives, to expand on their survey responses and to raise any further issues they wished to discuss.

As well as addressing core aspects of Nomination Committee performance, the exercise had a particular focus on the following areas:

- The review of succession plans for key Board and management positions, including the identification of talent within the business.
- The promotion of a diverse pipeline of talent within the organisation, and the level of attention devoted to diversity and inclusion in talent management.
- The level of exposure that the Board members gain to developing talent within the organisation.

Following the interviews in February/March 2022, Lintstock will prepare a report on the findings. It is envisaged that the outcomes will be discussed at a meeting of the Board in April 2022.

The Nomination Committee was satisfied that a main action from the 2020 Board and Committee evaluation to ensure that succession planning remained a key area of focus had been met during the year through detailed discussion at the Board (on senior executive management), the Chairman's Committee (on Executive Directors), the Nomination Committee (for Non-Executive Directors and the Committees) and at the Audit Committee (for the finance leadership of the Group).

Directors' Remuneration Report

Directors' Remuneration Report

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2021 Group performance

2021 has seen Entain continue to deliver strong financial and operational performance, demonstrating sustainable, consistent and diversified growth, driven by our online expansion and resilient retail recovery. We are proud of our achievements as we continue to lead the industry in the vital area of player protection.

Key 2021 performance highlights include:

- Online NGR up 13% at constant currency.
- Nine consecutive years of double-digit online NGR growth.
- Group underlying EBITDA[1] up 5% at £881.7m.
- Double digit growth in all key markets excluding Germany and the Netherlands.
- Continued geographic expansion into new markets with the completion of the acquisitions of Bet.pt in Portugal and Enlabs AB in the Baltics.
- Acquisition of Unikrn to drive access to the esports skill based wagering market.
- Our joint venture in the US, BetMGM, now live in 21 states with market share in the fourth quarter of 23% where it operates.
- The continued advancement of our Sustainability Charter and Advanced Responsibility & Care™ ("ARC™") programme, reinforcing the Group's commitment to delivering industry best-in-class Environmental, Social and Governance ("ESG") practices.
- The launch of our commitment to net zero carbon emissions by 2035 and our EnTrain initiative to benefit the lives of one million people through access to technology.

1. Continuing operations stated pre-separately disclosed items.

Annual Statement from the Remuneration Committee Chair

On behalf of the Board, I am pleased to present my first Directors' Remuneration Report (the "Report") as Chair of Entain's Remuneration Committee (the "Committee") for the year ended 31 December 2021. I am pleased to have been able to welcome Stella David and Vicky Jarman as new members of the Committee in March 2021 and would like to thank Stephen Morana for his contribution during his tenure on the Committee.

Following shareholder 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 2022 AGM. The Report summarises remuneration outcomes for 2021 and explains how we intend to apply the Remuneration Policy for 2022. The Policy is set out in our 2019 Directors' Remuneration Report and can be found on the Company's website at **www.entaingroup.com.**

I would like to thank all of our colleagues, across the globe, who have contributed to the Company's success in 2021 despite the ongoing impact of Covid-19 which again saw our colleagues impacted both at work and personally. The resilience and passion shown by our colleagues during this prolonged period is testament to the strength of talent we have at Entain and their drive to deliver the Company's goals.

In December I was delighted to have the opportunity to participate in Entain's Global Conference, which enabled Virginia McDowell and myself to speak with colleague representatives from a variety of countries and job roles on a wide range of topics, including remuneration. More information can be found on pages 98 and 130.

2021 saw the appointment of Jette Nygaard-Andersen as our CEO who, together with her management team, had a successful year in developing and implementing our strategy alongside managing the approaches for the Group by MGM Resorts International and DraftKings. Under Jette's leadership we enter 2022 in a strong position and continue to make progress on our ambition to be the global leader in betting, gaming and interactive entertainment, which is confirmed when I reflect on the 2021 Group performance highlights summarised to the left. All these achievements put us in a great position as we look forward to executing on our strategy, growing our footprint and customer base and delivering an even better experience for our customers each and every day. More detail is set out in the Chief Executive's Review on page 10.

> 2021 was another successful year for Entain. I am pleased that our remuneration framework is highly aligned to reward our executives for delivering this level of performance and we have also been able to reflect this in the strengthening of our reward proposition for all Entain colleagues."

Mark Gregory
Chair of the Remuneration Committee

Remuneration in 2021

I wanted to take this opportunity to outline actions taken by the Committee during the course of the year and to set these in the context of the wider workforce.

Salaries

A number of Executive Director changes were announced in 2021, and full details of associated remuneration were set out in the 2020 Directors' Remuneration Report along with the salary increase awarded to our CFO, Rob Wood, upon taking on additional responsibility as Deputy CEO. In parallel, given the continued uncertainty relating to Covid-19 it was agreed that no general salary increases would be implemented at the typical annual review date of 1 January 2021. However, the Group continued to ensure, throughout this period, that the salaries of those colleagues placed on furlough were topped up to 100%. Later in the year, the Committee was pleased that, given the strength of the Group's performance, the decision was made to bring forward the 2022 annual salary review, for the general employee population (excluding Executive Directors and Executive Committee members), to 1 October 2021. This enabled eligible colleagues to receive an increase three months before the typical 1 January review date.

2021 incentive outturns

2021 annual bonus outturn

Whilst the overall structure of the annual bonus remained unchanged, 2021 saw the introduction of a new non-financial metric, safer betting and gaming, representing 15% of the overall maximum bonus opportunity. Entain is fully aligned with the UK Gambling Commission's principal objectives to ensure that children and vulnerable people are protected. Our approach to safer betting and gaming aims to maintain best practice standards across our business wherever we operate and to reinforce this commitment we incorporated an associated metric into our annual bonus, alongside the financial metrics (underlying Group operating profit[1] and growth in online net gaming revenue ("NGR")). Having thoroughly reviewed the performance for each metric, and noting that furlough monies received during 2021 are being repaid, the Committee approved a bonus outturn for the Executive Directors of 100% of maximum opportunity.

In assessing the underlying Group operating profit outcome, the Committee considered several items, which impacted both positively and negatively during 2021. In reaching their conclusion, as would be expected, the Committee have excluded the benefit of furlough payments received during 2021. We have also excluded the net benefit of acquisitions, and the impact of the temporary withdrawal from the Netherlands market in the fourth quarter of 2021. At the time the 2021 targets were set, these items were unforeseen and therefore not reflected in them.

When reviewing online NGR performance, the Committee considered whether maximum pay-out was appropriate. Whilst mindful of the impact on this metric of the Covid-19 pandemic and its effect on customer behaviour, the Committee was satisfied that the outperformance achieved was not solely a temporary effect. The Committee concluded that the achievement represented "real" growth and the maximum target would have been exceeded without the positive impact of Covid-19 related restrictions.

When considering the outcome of the safer betting and gaming metric, the Committee was pleased to read the independent assessment prepared by EPIC Risk Management, the leading gambling harm minimisation consultancy, and accepted the recommendation provided on the outturn by the ESG Committee.

The Committee is pleased that the commitment and hard work of all eligible colleagues can be recognised and believes that the outturn of 100% of maximum opportunity for the Executive Directors represents a commensurate level of reward for 2021. More detail on the bonus outturn is given on page 122.

2019 LTIP outturn

Our performance in 2021 continued the strong trajectory which we have shown over the last few years. Robust EPS growth over the period 2019–21, coupled with significant TSR out-performance of the FTSE 51-150 comparator group, led to the vesting of the 2019 LTIP award at 100% of maximum.

In considering the outcome of the EPS element of the 2019 LTIP, the Committee noted that the reported result for EPS over the three-year performance period exceeded the upper end of the target range. In assessing the final outcome, the Committee further reviewed several items that impacted EPS, both positive and negative, during the performance period. The benefit of furlough payments received during 2020 and 2021 have been excluded, as has the impact of the introduction of IFRS 16, the net benefit of acquisitions, the exit from our businesses in Switzerland and the Netherlands and the impact of regulatory changes in Germany. None of these items were reflected in the original EPS targets. The resulting EPS outcome continues to exceed the upper end of the target range.

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 150% – our financial and operational performance, and the excellent progress that we have made on our sustainability and safer betting and gaming agenda. More detail on the LTIP outturn is given on page 122.

1. Excluding the benefit of furlough payments received, acquisitions and the results of BetMGM.

Conclusion

Taking all of the above into account, and considering the Group's subsequent decision to repay furlough monies received in 2021, the Committee believes that the outcomes of the annual bonus and LTIP were fair and appropriate, reflecting underlying business performance and being aligned with the experience of our shareholders and other stakeholders over the one-year and three-year respective performance periods.

2021 LTIP awards

The 2021 LTIP awards were granted on 24 March 2021. Following changes made to the performance metrics in 2020, the Committee was comfortable that they remained appropriate for the 2021 awards, with only a minor change to the bespoke TSR comparator group. Due to corporate activity, The Stars Group and William Hill were removed from the group and Caesars Entertainment was added. The metrics were:

- One-third Cumulative EPS
- One-third Relative Total Shareholder Return vs. the FTSE 100
- One-third Relative Total Shareholder Return vs. a bespoke group of sectoral peers

The Committee will assess the value of the 2021 LTIP awards at vesting and will ensure that the final outturn reflects all relevant factors, including consideration of underlying performance. The terms of the awards 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" as well as reviewing any malus and clawback considerations.

Looking ahead to 2022

Directors' salaries

The Committee reviewed the Executive Directors' salaries in December 2021 and approved a salary for our CEO of £820,000 from 1 January 2022 (an increase of 9.3%). This was agreed by the Committee, after extensive discussion, and reflects the global landscape for key senior talent in which we operate and cements our wish to retain Jette at Entain. The competitive nature of this market was illustrated in 2021 with the departure of Shay Segev. Under Jette's direction, Entain's strategy has significantly evolved to provide a clear roadmap for a sustainable future business and she has presided over an excellent year of growth and performance whilst establishing herself as an outstanding and highly regarded industry leader. The Committee was comfortable that this level of increase was appropriate to acknowledge Jette's significant contribution and noted the increase moves her salary broadly in line with that of Kenneth Alexander, prior to his retirement as CEO. Jette's existing incentive levels remain unchanged.

The Chief Financial Officer & Deputy CEO and Chief Governance Officer received increases of 2.5%, taking their base salaries to £538,125 and £410,000 respectively, with effect from 1 January 2022. These increases are in line with the salary review budget available for the wider workforce in the UK and Gibraltar where these Directors are based. Their existing incentive levels remain unchanged.

Annual bonus – new performance metric

The overall structure of the annual bonus remains fit for purpose and therefore we are not proposing any major changes for 2022. However, I am pleased to say that we have introduced a new non-financial metric to reflect the importance of placing customers at the heart of everything we do. This customer metric will represent 5% of the overall bonus opportunity in 2022 and we will use Net Promoter Score ("NPS") to determine its outcome. NPS is a widely used customer loyalty and satisfaction measure that allows companies to track promoters and detractors, producing a clear measure of an organisation's performance through its customers' eyes.

We are enhancing the safer betting and gaming metric, first introduced in 2021. This metric will continue to represent 15% of the overall bonus opportunity. In determining the outcome of this metric, the Committee will again receive input from our ESG Committee, who will have overall oversight of our safer betting and gaming agenda and will assess the Group's performance against this metric.

This means that the performance metrics now reflect an 80% financial / 20% non-financial weighting. Further information on the new customer metric and the evolution of the safer betting and gaming metric is provided on page 126.

In terms of the financial measures, we are retaining underlying Group operating profit as a metric in the same proportion to 2021 (60%). The remaining 20% of the bonus will be determined by a growth in online NGR metric. NGR remains one of our key performance indicators and growing this metric, in particular in relation to our online business, is fundamental to driving shareholder value. The target range for both financial measures has been set with reference to internal and external forecasts, excluding our US joint venture.

Long-Term Incentive Plan

In determining the LTIP performance metrics for the 2022 award, the Committee has considered the difficulty in setting appropriately stretching but incentivising EPS targets, given the fast-changing external environment in which we currently operate. The Committee have concluded that this can be addressed by basing our 2022 LTIP award entirely on relative TSR metrics. This aligns management's interests closely with the experience of investors and incentivises actions which enhance long-term value creation.

Awards are expected to be made in the first quarter of 2022 and details of the specific targets are set out on page 127.

Board Changes

As reported in detail in last year's Directors' Remuneration Report, Jette Nygaard-Andersen was appointed as our CEO on 21 January 2021, succeeding Shay Segev who stepped down from the Board on the same date. Robert Hoskin was also appointed to the Board on 1 January 2021 in the role of Chief Governance Officer.

Shareholder engagement

We remain committed to maintaining an open and transparent dialogue with our shareholders and we engaged with a number of our significant shareholders in the first half of 2021, holding exploratory conversations regarding potential developments to our Remuneration Policy. I would like to thank all contributors for their constructive input and for the support we received at our 2021 AGM, with 98.6% of votes cast in favour for 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. This will be especially relevant when we review the Remuneration Policy in 2022, ahead of the next vote on it at the 2023 AGM.

Conclusion

Entain responded strongly to the ongoing challenging external circumstances in 2021 and continued to perform strongly, delivering robust and sustainable performance. The Committee's decision-making process puts our principles of fairness and transparency at the centre of our discussions, whilst supporting the Group's ambitious growth strategy and reflecting best practice in UK remuneration and governance standards. I hope that you find the report clear and informative and look forward to your support at the forthcoming AGM.

Mark Gregory
Chair of the Remuneration Committee

3 March 2022

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 Group. It further oversees the Group’s overall remuneration strategy and ensures it is aligned to the purpose and values and is clearly linked to the successful delivery of Entain’s long-term strategy.

Committee membership and attendance

Member	Number of meetings attended	Number of meetings eligible to attend
Mark Gregory (Chair)[1]	7	7
Stella David[2]	7	7
Vicky Jarman[2]	7	7
Virginia McDowell	8	8
Stephen Morana[3]	1	1

1. Joined the Committee on 17 March 2021.
2. Joined the Committee on 4 March 2021.
3. Resigned from the Committee on 4 March 2021.

During the year, there were six scheduled Committee meetings and two ad-hoc meetings. There will be seven scheduled meetings in 2022, with ad-hoc meetings 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 Chairman, 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 and other members of the Executive Committee.
- 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.**

Key areas of Remuneration Committee focus in 2021

A summary of the matters considered during the year is set out below.

Our workforce

- Remuneration discussion with Employee Forum representatives
- Receiving updates on all-colleague remuneration arrangements throughout the Group
- Review and approval of the 2020 UK Gender Pay Gap Report
- Approval of the launch of the 2021 ShareSave

Executive and senior management remuneration

- Approval of the appointment terms for Jette Nygaard-Andersen as CEO
- Determination of the pay-outs from the 2020 annual bonus plan and the 2018 LTIP award
- Approval of the 2021 annual bonus plan and 2021 LTIP award and their associated performance metrics and targets
- Review of salaries and remuneration packages for senior executives and fees for the Chairman
- Review of performance metrics for the 2022 annual bonus plan and 2022 LTIP

Committee governance

- Approval of the 2020 Directors’ Remuneration Report
- Receiving updates on external market developments in remuneration and governance, including international compensation practices
- Evaluation of the Remuneration Committee, its advisers and the Committee’s Terms of Reference
- Review of shareholder feedback received in relation to Directors’ remuneration following the 2021 AGM

Remuneration Committee evaluation

The performance of the Remuneration Committee was assessed as a part of the Board Review, which this year was externally facilitated by Lintstock. All Committee members completed a tailored survey, prior to being interviewed by Lintstock representatives, to expand on their survey responses and to raise any further issues they wished to discuss.

As well as addressing core aspects of Committee performance, the exercise had a particular focus on the following areas:

- The alignment of Remuneration Policy with the expectations of shareholders, and with Entain's strategic objectives, including the financial and non-financial measures used to determine variable pay.
- The quality of debates on Remuneration Policy, including the engagement with management on this topic.
- The level of focus on wider workforce pay policy.

Following the interviews in February / March 2022, Lintstock will prepare a report on the findings. It is envisaged that the outcomes will be discussed at a meeting of the Board in April 2022.

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 adviser, Deloitte, in respect of 2021 were £141,500 (2020: £99,125). These were charged on a time and materials basis. Deloitte's advice included provision of market data, advice on the remuneration aspects of Board appointments 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 is a founding member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. Further details can be found at www.remunerationconsultantsgroup.com.

Management's advice to the Committee was also supported by the provision of market data from Willis Towers Watson and legal advice from both Addleshaw Goddard and Freshfields.

Shareholder voting and consideration of shareholder views

The 2020 Annual Statement from the Remuneration Committee Chair and the Annual Report on Remuneration were subject to an advisory vote at the AGM on 25 June 2021. Our Remuneration Policy was last approved by shareholders on 24 June 2020.

Resolution	Date	Votes for	% of Votes for	Votes against	% of Votes against	Votes withheld
Annual Report on Remuneration	25 June 2021	422,362,208	98.6%	6,008,769	1.4%	40,400
Remuneration Policy	24 June 2020	458,789,615	95.0%	24,425,820	5.0%	596,332

Executive remuneration at Entain

The remuneration framework for Executive Directors at Entain is intended to incentivise them to execute 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.

		Year 1	Year 2	Year 3	Year 4	Year 5
Total pay	Fixed Pay	Base salary Benefits Pension				
	Annual Bonus	One-year performance period Key performance metrics Malus provisions apply	Three-year deferral period No further performance conditions Clawback provisions apply			
	LTIP	Three-year performance period Key performance metrics Malus provisions apply			Two-year holding period No further performance conditions Clawback provisions apply	
	Shareholding Requirement	Executive Directors' minimum shareholding requirement applies both in and following cessation of employment				

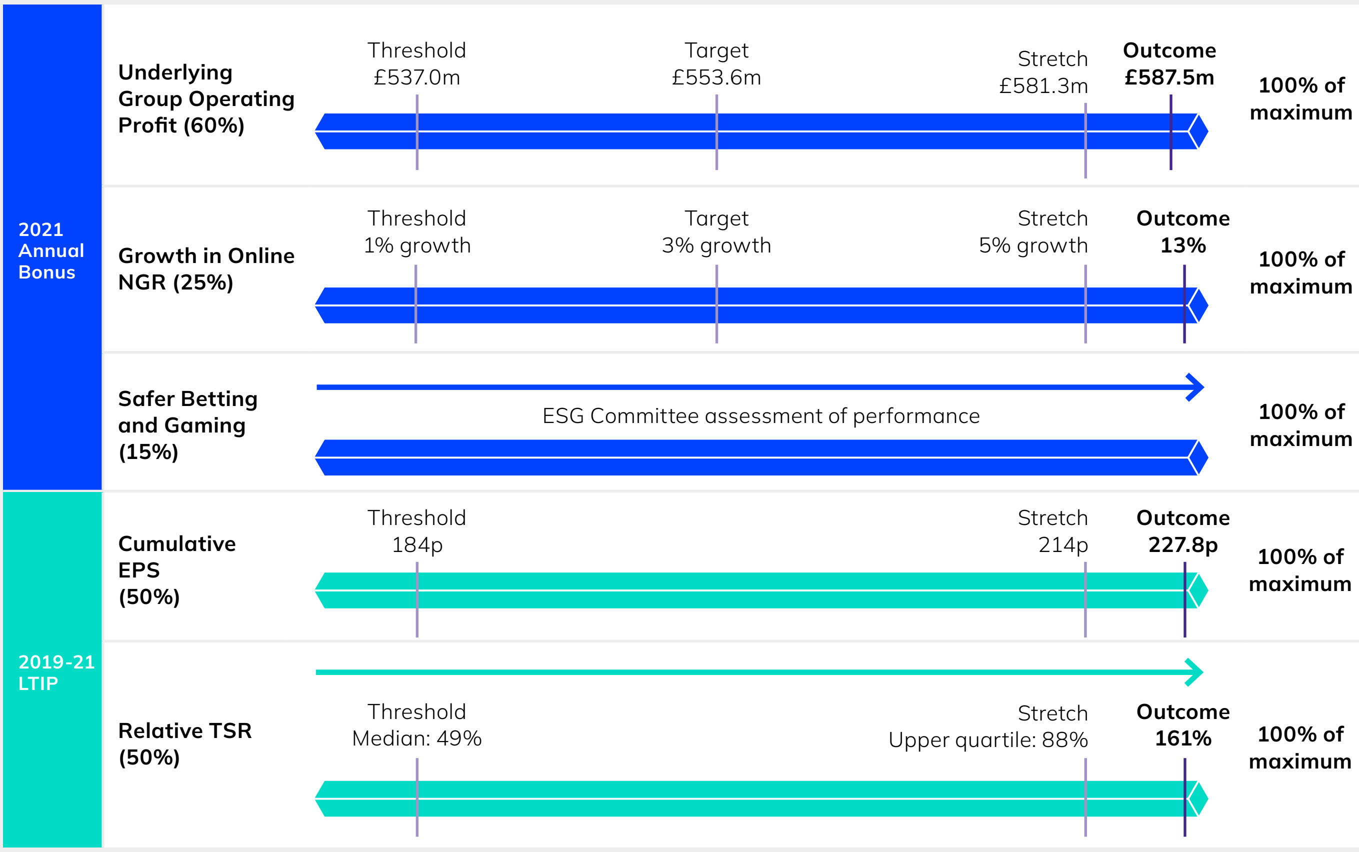
2021 – Executive Directors' remuneration

The full explanatory notes for each element of remuneration are detailed on page 134 in the Annual Report on Remuneration.

£000s	Base Salary	Benefits	Pension	Annual Bonus	LTIP	Total
Jette Nygaard-Andersen (CEO appointed on 21 January 2021)	708	25	28	1,769	–	2,530
Rob Wood (CFO & Deputy CEO)	520	15	23	1,039	3,844	5,441
Robert Hoskin (Chief Governance Officer)	400	5	–	800	3,529	4,734
Shay Segev (CEO until 21 January 2021)	39	–	–	–	–	39

2021 Incentive outcomes

The full explanatory notes for the annual bonus and LTIP outcomes are detailed on pages 135 and 136 in the Annual Report on Remuneration.



Implementation of the Remuneration Policy for Executive Directors in 2022

The tables below illustrate the balance of pay and time period of each element of the Policy for Executive Directors and summarises how the Committee applied the Policy in 2021, together with details of how the Committee intend to implement the Policy in 2022.

Element	Operation	How we implemented the Policy in 2021	How we plan to implement the Policy in 2022
Salary To provide competitive fixed remuneration that will attract and retain appropriate talent. Reflects an individual's responsibilities, experience and role Fixed pay Y1 Y2 Y3 Y4 Y5	• Salaries for Executive Directors are reviewed annually by the Committee and any increases normally take effect from 1 January. To the extent that increases are awarded, these will ordinarily be in-line with the typical level of increase across the wider workforce	• Executive Directors' salaries from 1 January 2021: – CEO – £750,000 (J Nygaard-Andersen from appointment on 21 January) – CFO & Deputy CEO – £430,000 until 20 January; increased to £525,000 from 21 January when appointed Deputy CEO – CGO – £400,000 – CEO – £675,000 (S Segev until 21 January)	• Salary increases of 9.3% for the CEO and 2.5% for both the CFO & Deputy CEO and CGO • From 1 January 2022, Executive Director salaries will be: – CEO – £820,000 – CFO & Deputy CEO – £538,125 – CGO – £410,000
Benefits To provide competitive benefits and to attract and retain high calibre employees Fixed pay Y1 Y2 Y3 Y4 Y5	• The value of benefits is based on the cost to the Group and there is no pre-determined maximum limit • Executive Directors receive standard benefits such as medical and life insurance and car allowance	• Normal company benefit provision	• Normal company benefit provision
Pension To provide an opportunity for retirement planning Fixed pay Y1 Y2 Y3 Y4 Y5	• Executive Directors have the opportunity to participate in a company provided pension which is in line with that available to other employees	• CEO – 6% of salary cash allowance (J Nygaard-Andersen) • CFO & Deputy CEO – 4.5% of salary company contribution • CGO – Opted out of the plan • CEO – Opted out of the plan (S Segev)	• No change
Annual Bonus To incentivise the achievement of key financial and non-financial performance targets in line with corporate strategy over a one-year period 50% cash Y1 Y2 Y3 Y4 Y5 50% shares Y1 Y2 Y3 Y4 Y5	• Maximum annual incentive opportunity of 250% of salary for the CEO and 200% of salary for other Executive Directors. No payment will be made for below threshold performance. 50% of the maximum opportunity is payable for target performance • 50% of any bonus award will be deferred into shares for three years • Dividend equivalents are payable on deferred shares • Malus and clawback provisions apply	• Maximum opportunities: – CEO – 250% – Other Executive Directors – 200% • Performance measures (as a % of maximum): – Underlying Group Operating Profit (pre US joint venture) (60%) – Growth in Online NGR (25%) – Safer Betting and Gaming (15%) • Executive Directors awarded bonuses of 100% of their maximum opportunity	• No change to the maximum bonus opportunity or payment mechanisms of bonuses • Performance measures (as a % of maximum): – Underlying Group Operating Profit (pre US joint venture) (60%) – Growth in Online NGR (20%) – Safer Betting and Gaming (15%) – Customer (5%) • Targets are considered commercially sensitive, but will be disclosed in the 2022 Directors' Remuneration Report

Element	Operation	How we implemented the Policy in 2021	How we plan to implement the Policy in 2022
LTIP To incentivise the execution of the long-term business plan and the delivery of long-term sustainable value for shareholders Up to 300% of salary Y1 Y2 Y3 Y4 Y5 Two-year holding period Y1 Y2 Y3 Y4 Y5	• Maximum award of 300% of base salary for the CEO and 250% of base salary for other Executive Directors • Threshold performance results in 25% of the award vesting • Awards are granted annually and are subject to a three-year performance period • A two-year holding period will apply following the vesting period • Dividend equivalents are payable on vested awards • Malus and clawback provisions apply	• Grant levels for 2021 awards: – CEO – 300% – Other Executive Directors – 250% • The performance conditions were based on: – Cumulative EPS (1/3rd) – Relative TSR vs. the FTSE 100 (1/3rd) – Relative TSR vs. a bespoke group of sectoral peers (1/3rd) • The performance period for the 2019 LTIP ended in the year and 100% of this award will vest. See page 136 for further information	• No change to maximum LTIP opportunities • The performance conditions will be based on: – Relative TSR vs. the FTSE 100 (50%) – Relative TSR vs. a bespoke group of sectoral peers (50%) • See page 127 for details on LTIP awards to be granted in 2022
Shareholding Guidelines To ensure that Executive Directors' interests are aligned with those of shareholders over a longer time horizon Executive Directors' share ownership Y1 Y2 Y3 Y4 Y5	• The shareholding guideline is equal to 400% of salary for the CEO and 200% of salary for other Executive Directors • Executive Directors are required to retain 50% of the post-tax number of vested shares from the Company incentive plans until the minimum shareholding requirement is met and maintained • Executive Directors are required to maintain 100% of their guideline (or their actual holding if lower) for two years following cessation of employment	• Shareholding guidelines: – CEO – 400% – Other Executive Directors – 200% • The Executive Directors' share interests as at 31 December 2021 are detailed on page 138	• No change

Performance metrics and link to strategy

The table below demonstrates how each element of our reward package links to our two strategic pillars of Growth and Sustainability. More information about our strategic pillars is set out in the Chief Executive's Review on pages 12 to 19.

		Strategic pillars	
Element of reward	**Link to reward**	**Growth**	**Sustainability**
Bonus	Underlying Group operating profit	⬢	⬢
	Growth in online NGR	⬢	
	Safer betting and gaming	⬢	⬢
	Customer	⬢	⬢
	Deferral of bonus into shares		⬢
LTIP	Total shareholder return	⬢	⬢
	Holding periods for Executive Directors		⬢
Bonus and LTIP	Malus and clawback provisions apply		⬢
	Shareholding requirements for Executive Directors		⬢
Benefits	ShareSave for all employees	⬢	⬢
	Free-share award (subject to shareholder approval)	⬢	⬢
	Market related benefits package		⬢
	Employee recognition		⬢
	Learning and development opportunities	⬢	⬢

2022 Annual bonus metrics

The Committee is mindful of the continued focus on ESG performance and is pleased to introduce our new customer metric and to explain how the safer betting and gaming metric will operate in 2022. The evolution of our annual bonus metrics highlights how we are working to embed sustainability across all aspects of the business.

Why has the Committee strengthened the alignment between sustainability and remuneration?

Customers are a key priority for Entain and the new metric is designed to align an element of the annual bonus with the achievement of great customer outcomes.

Why does the Committee think it is important to include a customer metric in the annual bonus?

The customer measure complements existing commitments to continuously enhance and personalise the protection of customers, thereby placing them at the heart of everything we do.

How will the new metric work?

We will use Net Promoter Score ("NPS") to measure performance across our brands with the final outcome assessed at Group level. NPS is a customer loyalty and satisfaction measure that companies use to track promoters and detractors, producing a clear measure of an organisation's performance through its customers' eyes.

As a measure it is easily understood by both external stakeholders and employees, it aligns with our strategic direction and the results will enable us to take appropriate actions to improve our customers' experience.

How will the new metric be included in the annual bonus?

5% of the 2022 annual bonus plan will be based on our new customer metric and 15% will continue to be dedicated to safer betting and gaming. The 2022 performance metrics will therefore comprise an 80% financial and 20% non-financial weighting.

How will the safer betting and gaming metric evolve in 2022?

We are keen to continue the evolution of the safer betting and gaming metric by further enhancing our systems and processes, continuing to improve the detection and prevention of problematic play. For 2022:

- Half of the total will relate to the UK market, where we will target the usage of our active account management tools amongst risk assessed online customers. Through our Advanced Responsibility and Care™ ("ARC™") platform we are able to monitor and categorise player behaviour and interact with the customer to effectively influence behaviour, thereby providing a more positive and safer experience.
- The other half will relate to markets outside the UK. The deployment of ARC™'s advanced models and technologies, tailored to each country's regulatory requirements, culture and maturity, gives us an opportunity to offer the same targeted interactions and overall experiences to a large number of our players around the globe.
- In addition, to reach the threshold level for pay-out under this metric, and show our internal commitment, minimum levels of completion of safer betting and gaming and other relevant compulsory training modules must be achieved by our colleagues globally.

More information on the 2021 target and outturn of the safer betting and gaming metric can be found in this report on page 135 and the ESG Committee report on page 110.

How will we ensure that the safer betting and gaming metric will be robustly measured, reviewed and reflect underlying performance?

To provide the Committee and shareholders with comfort that the outcome for the safer betting and gaming metric are robust and appropriate, the ESG Committee will again have oversight of the safer betting and gaming metric, and will receive input from EPIC Risk Management – the leading independent gambling harm minimisation consultancy – when reviewing and evaluating the delivery against targets, prior to recommending the outcome to the Committee.

How will the rest of the 2022 annual bonus be determined?

The 80% of the annual bonus based on financial metrics will be split between underlying Group operating profit and growth in online NGR. Underlying Group operating profit remains at the same proportion to 2021 (60%) and the NGR weighting has reduced from 25% to 20% to enable the inclusion of the customer metric. NGR continues to be a key performance indicator and fundamental to driving shareholder value. The targets and respective outcomes of the 2022 metrics will be reported in next year's Directors' Remuneration Report.

2022 LTIP targets

In determining the LTIP performance metrics for the 2022 award, the Committee has considered the difficulty in setting appropriately stretching but incentivising EPS targets, given the fast-changing external environment in which we currently operate. The Committee have concluded that this can be addressed by basing our 2022 LTIP award entirely on relative TSR metrics. This aligns management's interests closely with the experience of investors and incentivises actions which enhance long-term value creation.

For 2022, 50% of the LTIP awards will be based on TSR performance relative to the FTSE 100 and 50% on performance relative to an industry peer group of the following companies:

888 Holdings, Aristocrat, Betsson, Caesars Entertainment, DraftKings, Evolution Gaming Group, Flutter Entertainment, International Game Tech, Kindred Group, MGM Resorts, Playtech, PointsBet, Rank Group, Rush Street Interactive and Sands LV.

The targets and vesting schedule for the 2022 LTIP awards are set out below.

Measure	Weighting	Threshold[1] (25% vesting)	Maximum[1] (100% vesting)
TSR vs FTSE100	50%	Median	Upper quartile
TSR vs peer group	50%	Median	Upper quartile

1. Straight line vesting between threshold and maximum.

The Committee retains discretion whether and, if so, how to adjust targets post grant when determining the performance outcome. Additionally, the Committee will assess the value of the 2022 LTIP awards at vesting and will ensure that the final outturn reflects all relevant factors, including consideration of underlying performance.

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 Group, aligning the interests of our Executive Directors with those of shareholders
- We are committed to transparent communication with all our stakeholders, including shareholders – page 37 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 Group'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 safer betting and gaming agenda
- This year we are introducing a new customer measure into our annual bonus, to reflect the importance of putting the customer at the heart of everything we do, as well as evolving the safer betting and gaming metric. Both metrics contribute to our sustainability and demonstrate a clear link between remuneration and our culture. The Committee will also take broader ESG considerations into account and may apply discretion if necessary when assessing the appropriateness of incentive outcomes

Understanding our colleague reward framework

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 opportunity to acquire Entain shares.
- We aim for transparency and a fair cascade of remuneration throughout the Group.

The Remuneration Committee considers a range of factors when deciding upon the remuneration for Executive Directors, one of which is the alignment with pay practices across the wider workforce. The table below summarises the remuneration structure for employees below the Board.

Element	Wider workforce	Executive Directors and senior management
Base salary	• Our base salary is the basis for a competitive total reward package for all employees, and we review these annually • The review takes into account a number of factors such as country budget, relevant market comparators, the skills, knowledge and experience of each individual, relativity to peers within the Company and local legislative requirements • In setting the salary review budget each year, we consider affordability as well assessing how employee base salaries are positioned relative to market rates, forecasts of any further market increases and attrition rates	• The base salary of our Executive Directors and senior management forms the basis of their total remuneration and we review their salaries annually
Benefits and pension	• We offer market-aligned benefits packages reflecting market practice in each country in which we operate • Where appropriate, we offer elements of personal benefit choice to our employees	• The benefits packages of our Executive Directors and senior management are aligned with the wider workforce of the country in which they are employed • Executive Directors are eligible to participate in the pension arrangement in the country in which they are based, on the same basis as local employees
Short-term incentives	• Many of our global workforce participate in the Group annual bonus, with metrics aligned to those of the Executive Directors and senior management • We operate local incentive arrangements where appropriate to align with market practice	• The Executive Directors and senior management participate in the same Group annual bonus plan as eligible members of the global workforce • Half of any award to an Executive Director is subject to deferral into shares for three years • Malus and clawback provisions apply
Long-term incentives	• A small proportion of this population is eligible to be considered for Restricted Stock Awards, which vest after three years • Malus and clawback provisions apply • All employees have the chance to participate in the Group's all-employee ShareSave plan • Subject to approval by shareholders at the 2022 AGM, an award of "free shares" will be made to all eligible employees in 2022, in recognition of the Group's strong performance in 2021	• We operate an LTIP with a three-year performance period for Executive Directors and senior management, and vesting is subject to Group performance outcomes • Awards made to Executive Directors are subject to a two-year holding period following vesting • Malus and clawback provisions apply

Read more about the Committee's work in 2021:
page 120

Actions as a result of the Covid-19 pandemic

The Covid-19 pandemic continued to impact our colleagues, as it did everyone in 2021. Our people working in shops and stadia in the UK were unable to work due to lockdowns in the first quarter of 2021 and those based in offices continued to work from home in line with relevant local government guidance. We have been incredibly proud of how our people have reacted to these challenges over the past two years. Their health, safety and wellbeing were our priority throughout. An extensive communication and wellbeing programme was in place to support colleagues throughout the year, and will continue to be a focus in the future. For those people placed on furlough in the UK, we ensured their salary was topped up to 100%, and the Group has subsequently chosen to repay furlough monies received in 2021.

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, for example, during the year, a detailed paper on Group-wide all colleague remuneration arrangements was presented to the Committee.

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. During 2021, representatives from our Retail Forum and National Forum (for non-retail colleagues in the UK) attended a meeting of the Remuneration Committee to provide direct feedback which included discussion on topics currently concerning our colleagues. This included the views of our UK Retail colleagues on how the Group 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. Through the Board we receive valuable insight as to general colleague views on remuneration; the results of our Global 'Your voice' Survey, including those related to pay and benefits. See page 98 for more detail on our Board Engagement activities.

I was delighted to participate in Entain's Global Conference, held virtually in December 2021, bringing together colleague representatives from across the Group, and giving them the opportunity to engage with Virginia McDowell and myself on a wide range of topics. The meeting was insightful and informative with colleagues openly sharing their experiences and suggestions for areas of improvement, and I commend their passion for the business and the value of their contribution during our discussion.

I was pleased that we were able to implement a number of all-colleague remuneration initiatives during 2021, some of which directly relate to feedback received during our Forum engagement activities, as well as acknowledging the tremendous effort that everyone has put in over the past two years during a prolonged period of uncertainty:

- The Group-wide annual salary review was brought forward from 1 January 2022 to 1 October 2021, acknowledging the strength of the Group's performance during the year.
- We acknowledged the commitment of our UK Retail colleagues, who have continually put customers first every day and shown great resilience throughout the pandemic, by announcing an increase in their hourly rate of pay. With effect from 1 April 2022 this will be a minimum of £10 per hour, up from £9.13 per hour, and takes our minimum level of pay above that recommended by the Real Living Wage Foundation.
- A review of benefit structures in the UK and Gibraltar led to an increase in the maximum employer pension contribution to 6% of base salary.
- All of our colleagues have the opportunity to share in the value they create. The successful launch of our first all-employee ShareSave plan in April 2021 saw over 20% of our colleagues electing to participate, giving them the opportunity to purchase Entain shares at an option price of £12.64. A second ShareSave will be launched in 2022.
- Subject to approval by shareholders at the 2022 AGM, a "free share" award of £300 of Entain shares will be made to all eligible employees later in 2022. The award is designed to include colleagues across the entire Group, including recent acquisitions, and to build on the ShareSave plan by further aligning interests with shareholders.

All of these initiatives acknowledge the importance of our colleagues in delivering the Group's objectives and I look forward to continuing the dialogue with our people in 2022.

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 at each quartile, and the salary component within this. Our combined CEOs' 2021 pay was 122 times the median (50th percentile). This represents an increase from last year, which is mainly attributable to an annual bonus payment being made in 2021, with this having been waived by the Executive Directors and Executive Committee members in 2020. The Committee considers that this ratio is not out of line with other retail organisations.

	Method	25th percentile	50th percentile	75th percentile
2021 CEO pay ratio	Option A	139	122	98
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	15,487	17,211	20,125
Total remuneration	18,503	21,028	26,330

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 2021.
- 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 any payments made that were reclaimed via the UK Coronavirus Job Retention Scheme (furlough) during 2021.

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. After the successful launch of our first all-employee ShareSave plan last year, another cycle of ShareSave will be offered in April 2022. This sits alongside the "free share" award which, subject to shareholder approval at the AGM, will be offered to all eligible employees later in the year.

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 in January each year. For 2021, the difficult decision was taken, due to the uncertainties of the pandemic, that a general salary review process would not be carried out. However, given our strong business performance during 2021 it was agreed that the Group-wide review due in January 2022 would be brought forward to 1 October 2021, excluding Executive Directors and Executive Committee members.

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	2021	2020	% change
Staff costs (£m)[1]	579.1	524.0	10.5%
Distributions to shareholders (£m)[2]	–	–	n/a

1. The increase in staff costs is largely attributable to the increase in bonus payable in respect of 2021 compared to 2020, combined with a change in mix of colleagues employed, with a move towards a higher skilled online workforce and fewer shop based retail colleagues.
2. No dividends were paid during 2020 or 2021.

Gender pay gap reporting

2021 is the fourth 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 5.3% (2020: 7.1%), which compares favourably with the UK median pay gap of 15.4% across all sectors (source: Office for National Statistics, October 2021). Our median bonus pay gap is 59.6% (2020: 13%) with the increase being driven by the deferral of the 2019 Group annual bonus payment, meaning no bonus payment was captured in 2020 and two payments are included in the 2021 figures.

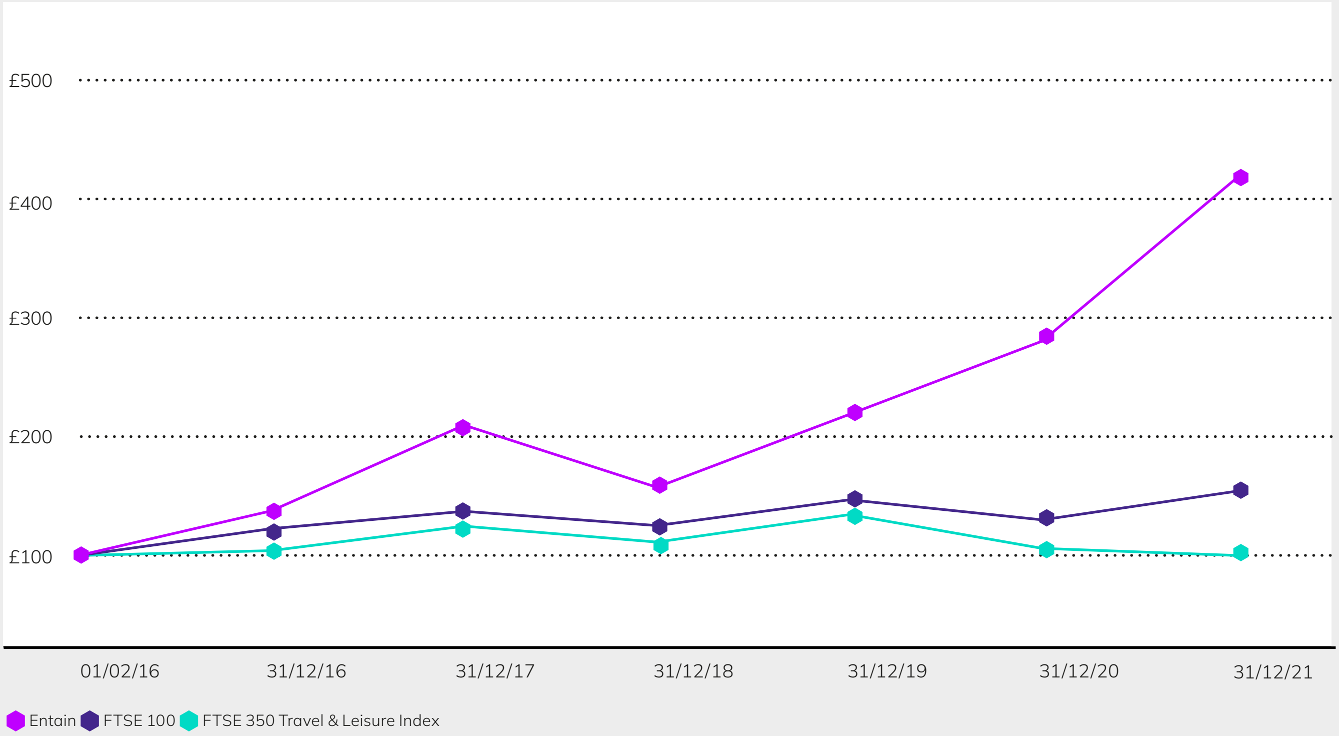
From further analysis it is clear that these gaps largely remain a function of lower numbers of women at senior levels. We are committed to making Entain an inclusive place to work and we are continuing to invest in initiatives to create greater diversity at senior levels. Further information on these initiatives is provided in the investing in people and communities section on page 57. Our gender pay gap report for the year ended 5 April 2021, 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.**

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 2021.

£100 invested in Entain plc on 1 February 2016 would have been worth £416 at 31 December 2021 compared with £154 if invested in the FTSE 100 and £100 if invested in the FTSE 350 Travel and Leisure Index.

Over the three-year period 1 January 2019 to 31 December 2021 (the period covered by the 2019 LTIP) the total shareholder return ("TSR") of Entain shares was +165% compared with +23% for the FTSE 100 and -10% for the FTSE 350 Travel and Leisure Index.



Source: Datastream

Summary of CEO remuneration outcomes: 2015–2021

Year	2021		2020		2019	2018	2017	2016	2015
CEO	J Nygaard-Andersen[1]	S Segev[2]	S Segev[2]	K Alexander[3]	K Alexander	K Alexander	K Alexander	K Alexander	K Alexander
Single figure of total remuneration[4]	**£2.53m**	**£0.04m**	£0.3m	£1.68m	£5.23m	£19.10m	£18.21m	£17.83m	£3.41m
Annual bonus pay-out[5] (% of maximum)	**100%**	**–**	–	–	100%	92%	100%	–	–
LTIP vesting (% of maximum)	**–**	**–**	–	89.8%	91.1%	–	–	–	–
Legacy award vesting (% of maximum)	**–**	**–**	–	–	–	100%	100%	100%	100%

1. Jette Nygaard-Andersen was appointed CEO on 21 January 2021.
2. Shay Segev was appointed CEO on 17 July 2020 and stepped down from the Board on 21 January 2021. Shay's 2018 and 2019 LTIP awards lapsed when he left employment and he was not entitled to any bonus payment in respect of 2021.
3. Kenneth Alexander retired from the role of CEO on 17 July 2020.
4. Figures for 2015, 2016 and 2017 were previously reported in Euros and have been converted into GBP using an average rate for the relevant year.
5. 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 2021 to 2020, building to a five-year history, for all Executive and Non-Executive Directors and the Chairman 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 either year.

	2021			2020		
	Base salary/fees	Benefits	Annual bonus	Base salary/fees	Benefits	Annual bonus
Executive Directors						
J Nygaard-Andersen[1]	**–**	**–**	**–**	–	–	–
R Wood[2]	**27.2%**	**2.2%**	**n/a**	–	–	–
R Hoskin[3]	**–**	**–**	**–**	–	–	–
Non-Executive Directors[4]						
B Gibson[5,6]	**5.3%**	**–**	**–**	–	–	–
P Bouchut[6]	**1.9%**	**–**	**–**	(3.8)%	–	–
S David[3]	**–**	**–**	**–**	–	–	–
M Gregory[3]	**–**	**–**	**–**	–	–	–
P Isola[6]	**5.4%**	**–**	**–**	(8.3)%	–	–
V Jarman[3]	**–**	**–**	**–**	–	–	–
V McDowell[6]	**5.4%**	**–**	**–**	(8.5)%	–	–
D Satz[7]	**–**	**–**	**–**	–	–	–
All colleagues[8]	**0.1%**	**1.9%**	**132.4%**	3.5%	(1.4)%	(53.1)%

1. Jette Nygaard-Andersen joined the Board in 2019 and was appointed CEO in 2021. As she was not in either role for a full 12 months no comparison is shown.
2. Rob Wood joined the Board during 2019. As he was not in role for the full 12 months of 2019, no comparison is shown in respect of 2020. In 2020, in his role as CFO, Rob was subject to a 20% reduction in salary for three months, and additionally as an Executive Director he waived his entitlement to receive a bonus under the 2020 Group annual bonus plan. In 2021, Rob's salary was increased from £430,000 to £525,000, effective 21 January 2021, upon taking on additional responsibility as Deputy CEO.
3. Robert Hoskin, Stella David, Mark Gregory and Vicky Jarman joined the Board during 2021, therefore no comparisons are shown.
4. Non-Executive Directors receive fees only and do not receive any additional benefits or bonus payments.
5. Barry Gibson joined the Board during 2019. As he was not in role for the full 12 months of 2019, no comparison is shown in respect of 2020.
6. In 2020, Barry Gibson, Pierre Bouchut, Peter Isola and Virginia McDowell were all subject to a 20% reduction in fees for three months. There were no increases to the Non-Executive Directors fee structure in 2021.
7. David Satz was appointed to the Board in 2020, therefore no comparisons are shown.
8. The all colleague data 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 2019/20 and 2020/21. For 2021, the difficult decision was taken, due to the uncertainties of the pandemic, not to proceed with the 2021 all-employee salary review which has resulted in the low level of year-on-year change shown above. The significant percentage change in annual bonus reflects an outturn of 100% in 2021 compared to a bonus payment capped at target in 2020 (when the Executive Directors waived their bonus entitlement).

Annual Report on Remuneration

The 2021 Annual Report on Remuneration contains details of the remuneration paid and awarded to Directors during the financial year ended 31 December 2021. 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 2022 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.

Executive Directors		Base salary	Benefits	Pension	Annual bonus	Long-term incentive[1]	Total	Total fixed remuneration	Total variable remuneration
		£000	£000	£000	£000	£000	£000	£000	£000
Jette Nygaard-Andersen[2]	2021	708	25	28	1,769	–	2,530	761	1,769
	2020	–	–	–	–	–	–	–	–
Rob Wood[3]	2021	520	15	23	1,039	3,844	5,441	558	4,883
	2020	408	15	18	–	559	1,000	441	559
Robert Hoskin[4]	2021	400	5	–	800	3,529	4,734	405	4,329
	2020	–	–	–	–	–	–	–	–
Shay Segev[5]	2021	39	–	–	–	–	39	39	–
	2020	301	2	–	–	–	303	303	–

1. An assumed share price of 1,890p has been used to calculate the value of the 2019 LTIP awards shown for each Executive Director in respect of 2021. This represents the average share price over the final quarter of the 2021 financial year. The proportion of the value of the 2019 LTIP that is attributable to share price appreciation is 73.2%. The values shown also include the value of dividend equivalents payable.
2. Jette Nygaard-Andersen was appointed CEO on 21 January 2021, having joined the Board as a Non-Executive Director in 2019. Fees paid during 2020 and 2021 for her role as a Non-Executive Director are shown on page 139.
3. The amount shown in last year's report for Rob Wood in respect of the 2018 LTIP was calculated based on an assumed share price of 1,035p. The actual share price at vesting on 3 November 2021 was 2,031p. The amount shown for 2020 has been updated to reflect this change and the value of dividend equivalents payable. The proportion of the value of the 2018 LTIP that was attributable to share price appreciation is 50.8%.
4. Robert Hoskin was appointed Chief Governance Officer and to the Board on 1 January 2021.
5. Shay Segev resigned from the Board on 21 January 2021. The LTIP award granted to Shay in 2019 lapsed when he left employment and so nil value is shown in the table above.

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 116, Jette Nygaard-Andersen was appointed CEO on 21 January 2021 on a salary of £750,000. Fees paid to Jette during 2020 and 2021 when she served as a Non-Executive Director are shown on page 139.

Rob Wood was on a salary of £430,000 until 20 January 2021, which increased to £525,000 from 21 January 2021 when he was appointed as Deputy CEO, in addition to his CFO responsibilities.

Robert Hoskin was on a salary of £400,000 from his appointment to the Board on 1 January 2021.

Shay Segev was on a salary of £675,000. He left the Board on 21 January 2021.

Benefits and pension

Executive Directors may receive taxable benefits such as private medical and life insurance and car allowance.

Jette Nygaard-Andersen received a car allowance of £25,000 and, from May 2021, an allowance in lieu of an employer pension contribution equal to 6% of her base salary. A cash allowance was approved by the Remuneration Committee as Jette is a Danish tax resident and therefore not able to participate in any of the Group's existing employee pension arrangements. The quantum is aligned to the maximum company contribution available to other employees in the UK.

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.

Robert Hoskin and Shay Segev opted out of the pension plan.

2021 annual bonus

The Executive Directors were eligible to participate in the annual bonus for 2021.

The annual bonus framework for 2021 was based on performance against three key measures for Entain, underlying Group operating profit, pre US joint venture (60%), growth in online NGR (25%) and safer betting and gaming ("SG") (15%). The SG metric was introduced in 2021, under the oversight of the ESG Committee, and more detail on the assessment of the final outturn can be found in the ESG Committee report on page 110. At the start of the year the Committee set stretching targets under these measures, was satisfied that these represented challenging but realistic targets, and that significant out-performance would be required to achieve a maximum pay-out.

The targets set for financial metrics, the performance achieved against all metrics, and the resulting pay-out is set out in the table below.

Metric	Weighting	Threshold	Target	Stretch	Actual	Pay-out as a % of maximum for each metric	Total weighting of each metric as a % of maximum bonus opportunity
Underlying Group operating profit[1]	60%	£537.0m	£553.6m	£581.3m	£587.5m	100%	60%
Growth in online NGR[2]	25%	1% growth	3% growth	5% growth	13% growth	100%	25%
Safer betting and gaming[3]	15%		See footnote 3 below			100%	15%
					Total as a % of maximum opportunity		100%

1. In assessing the underlying Group operating profit outcome, the Committee considered several items, which impacted both positively and negatively during 2021. In reaching their conclusion, as would be expected, the Committee have excluded the benefit of furlough payments received during 2021. We have also excluded the net benefit of acquisitions, and the impact of the temporary withdrawal from the Netherlands market in the fourth quarter of 2021. (The actual figure shown above is stated after these adjustments).
2. When reviewing online NGR performance, the Committee considered whether maximum pay-out was appropriate given the level of outperformance against the target. Whilst mindful of the impact on this metric of the Covid-19 pandemic and its effect on customer behaviour, the Committee were satisfied that the outperformance achieved was not solely a temporary effect. The Committee concluded that the achievement represented "real" growth and the maximum target would have been exceeded without the positive impact of Covid-19 related restrictions.
3. In 2021, Entain introduced a safer betting and gaming metric to our annual bonus based on the development of our player protection algorithms. The full metric comprised of two equally weighted parts at 7.5% each (15% in total):
   - UK market – based on the Group's progress in rolling out new significantly enhanced protection trackers, within the Advanced Responsibility & Care™ programme, with the aim of improving our ability to identify and provide tailored support and interactions to those most at risk.
   - International market – based on the Group's progress in rolling out new markers and algorithms (bespoke by territory) within at least 10 less mature international markets, applying our learnings and best practice to improve our player protection offering.

   EPIC Risk Management, the leading gambling harm minimisation consultancy, independently reviewed the work carried out and provided advice to the ESG Committee which has enabled it to make a recommendation on the outturn to the Committee. More detail on the assessment of the final outturn can be found in the ESG Committee report on page 110.

The Committee noted the level of pay-out, when assessed on a formulaic basis, which was reflective of the strong NGR performance and the consistent ability of our operating model to deliver diversified and sustainable growth. In line with the provisions of the UK Corporate Governance Code, the Committee carefully considered whether the proposed outcome could be justified in the context of Entain's overall performance. In doing so, it considered:

- Business performance during 2021, including progress against financial, operational, and strategic targets;
- The quality of underlying earnings and whether any significant one-off factors influenced the results;
- Our risk and reputational performance;
- The individual performance of the Executive Directors; and
- Entain's share price performance and the experience of our shareholders over the year.

The Committee noted the Group's excellent operational and financial progress during the year, as set out in the 2021 Group performance highlights in the Chair's letter on page 116.

Taking all the above factors into account, the Committee considered that the outcome under the annual bonus was justifiable and a fair reflection of overall Entain performance during the year, and therefore concluded no further discretionary adjustments were necessary. As a result, the table below sets out the final outcome and annual bonus payable to each Executive Director for 2021.

	J Nygaard-Andersen[1]	R Wood[2]	R Hoskin
Bonus opportunity (% of salary)	250%	200%	200%
Salary eligible for 2021 bonus	£707,693	£519,641	£400,000
Outcome:			
– As % of maximum bonus	100%	100%	100%
– As % of salary	250%	200%	200%
– As £ amount	£1,769,233	£1,039,282	£800,000

1. Jette Nygaard-Andersen's bonus eligible salary is pro-rated to reflect her appointment as CEO on 21 January 2021.
2. Rob Wood's bonus eligible salary is pro-rated to reflect his salary of £430,000 from 1 January to 20 January 2021, and his salary of £525,000, effective 21 January 2021.

Half of the total bonus is paid in cash following the year-end, while half is deferred into shares for three years under the Deferred Bonus Plan.

2019 Long-Term Incentive Plan

The Long-Term Incentive Plan values shown in the single figure table for 2021 relate to the vesting of LTIP awards made in 2019. The targets attached to the 2019 LTIP awards and the performance outcome against these are set out below.

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)	Entain performance	Vesting
Relative TSR vs. FTSE 51-150	50%	Median: 49%	Upper quartile: 88%	161%	100% of maximum
Cumulative adjusted EPS	50%	184p	214p	227.8p	100% of maximum
Outcome	100%	Straight-line vesting between threshold and maximum			100% of maximum

In considering the outcome of the EPS element of the 2019 LTIP, the Committee noted that the reported result for EPS over the three-year performance period exceeded the upper end of the target range. In assessing the final outcome, the Committee further reviewed several items that impacted EPS, both positive and negative, during the performance period. The benefit of furlough payments received during 2020 and 2021 have been excluded, as has the impact of the introduction of IFRS 16, the net benefit of acquisitions, the exit from our businesses in Switzerland and the Netherlands and the impact of regulatory changes in Germany. None of these items were reflected in the original EPS targets. The resulting EPS outcome (as shown in the table above) continues to exceed the upper end of the target range. In the Committee's view, this level of vesting 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 100%. In doing so, they took into account the Group's financial and operational achievements over this period, our share price performance, and other considerations such as the progress we have made with our safer betting and gaming and sustainability programmes. The Committee found it particularly reassuring that over the period:

- We have seen continued expansion into new markets with the completion of the acquisitions of Bet.pt in Portugal and Enlabs AB in the Baltics, as well as Unikrn to drive access to the esports skill based wagering market.
- BetMGM, our joint venture in the US, is now live in 21 markets with strong momentum as a leading player where it operates.
- The Company's share price had increased by 150% from 1 January 2019 to 31 December 2021, despite impacts from Covid-19 in the second and third years.

All of these factors gave the Committee comfort that a vesting outcome of 100% 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 2019 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 1,890p. The maximum value of the awards, the value of the awards included in the single figure of remuneration table and the value attributable to share price movement is set out below.

Name	LTIP shares under award	Maximum value of award achievable	% vesting	LTIP shares vesting	Value of shares vesting	Value of dividend equivalents due[1]	Total value of LTIP (single figure)	Value attributable to share price movement
R Wood	197,044	£3,724,132	100%	197,044	£3,724,132	£120,204	£3,844,336	£2,845,323
R Hoskin	180,886	£3,418,745	100%	180,886	£3,418,745	£110,357	£3,529,102	£2,612,010

1. Based on dividends paid in the period since the date of grant to 31 December 2021.

2021 Long-Term Incentive Plan

Share awards granted during 2021 (audited)

The table below sets out share awards granted to the Executive Directors during 2021 under the LTIP. No awards were made under the Annual & Deferred Bonus Plan as the Executive Directors' waived their entitlement to receive a bonus under the 2020 Group annual bonus plan.

Name	Award type	Grant date	Face value of award	Shares awarded[1]	% vesting at threshold performance	% vesting at maximum performance	Performance conditions
J Nygaard-Andersen	LTIP	24 March 2021	£2,250,000	147,540	25%	100%	See next page
R Wood	LTIP	24 March 2021	£1,312,500	86,065	25%	100%	See next page
R Hoskin	LTIP	24 March 2021	£1,000,000	65,573	25%	100%	See next page

1. Share price used for grant calculations is 1,525p, the closing share price on the day prior to grant.

For the 2021 LTIP, the Committee agreed that the award should be based on the same measures as 2020. This provides a balance of external relative performance against peers and the broader market as well as absolute financial performance with reference to EPS which is a key performance indicator for the Group. Performance for these awards will be measured over the period 1 January 2021 to 31 December 2023.

Measure	Weighting	Threshold (25% vesting)	Maximum (100% vesting)
Relative TSR vs. FTSE 100	One-third	Median	Upper quartile
Relative TSR vs. bespoke peer group[1]	One-third		
Cumulative adjusted EPS	One-third	255p	296p
		Straight-line vesting between threshold and maximum	

1. The bespoke peer group comprises the following companies for the 2021 awards: 888 Holdings, Betsson, Caesars Entertainment, Evolution Gaming Group, Flutter Entertainment, Gamesys, International Game Technology, Kindred Group, Playtech, Rank Group and TabCorp Holdings.

The Committee was comfortable that the EPS targets represented stretching performance, with management required to deliver three-year CAGR in EPS of 16% to reach maximum vesting.

The terms of the 2021 awards 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" over the performance period. The Committee also retains the ability, under the terms of the Policy, to exercise discretion to override the formulaic outcomes if it believes that the outturn is not appropriate.

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. 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 2021, the value of Jette Nygaard-Andersen, Rob Wood and Robert Hoskin's beneficial shareholdings were £0.2m, £1.0m and £1.2m respectively. Following their appointments to the Board, Jette Nygaard-Andersen, in 2021, and Rob Wood, in 2019, continue to build up their holdings in Entain shares. Robert Hoskin was appointed to the Board in 2021 and meets his shareholding requirement of 200% of base salary.

Executive Directors' share interests as at 31 December 2021 are set out below.

		Share interests subject to performance conditions		Share interests not subject to performance conditions				
Name	Number of beneficially owned shares[1]	Share awards	Share options	Share awards	Share options	Total interests at 31 December 2021	Value of shares held as % of base salary[2]	Shareholding requirement met?
J Nygaard-Andersen	9,900	147,540	–	–	–	157,440	22%	N
R Wood	40,052	419,912	–	39,067	–	499,031	195%	N
R Hoskin[3]	69,435	–	365,619	–	–	435,054	292%	Y
S Segev[4]	1,602,800	–	663,958	–	53,352	2,320,110	n/a	n/a

1. Beneficially owned shares include shares held directly or indirectly by connected persons. The value of £0.2m, £1.0m and £1.2m for Jette Nygaard-Andersen, Rob Wood and Robert Hoskin respectively is based on the closing share price at 31 December 2021 (1,683p). There were no changes in the number of beneficially owned shares for any Executive Director between 31 December 2021 and the date this report was signed.
2. In line with our shareholding policy, the value of shares held as a percentage of base salary includes shares owned by the Executive Directors and the after-tax shares held under the Annual & Deferred Bonus Plan. The value of shareholding is based on the closing share price at 31 December 2021 (1,683p).
3. In line with our below Board Remuneration Policy, Robert Hoskin received a cash award of £750,000 in August 2020, which will be payable in January 2024, subject to continued employment.
4. As a former Executive Director, the information shown above for Shay Segev reflects the position on 21 January 2021, the date he stepped down from the Board. The 663,958 share options held, subject to performance conditions, lapsed when he left employment and the share options, not subject to performance conditions, vested under the 2017 LTIP award and were exercised in March 2021.

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 Wood	5 March 2019	Service contract	12 months
R Hoskin	1 January 2021	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 and in 2021 she was paid fees of 600,000 DKK which she retained. The other Executive Directors do not currently hold any external appointments.

Payments for loss of office (audited)

As announced on 11 January 2021, Shay Segev resigned from Entain to take up a new role. He stepped down from the Board on 21 January and left employment on 31 May 2021. In line with our Remuneration Policy:

- Shay received £243,912 in salary and benefits between 22 January 2021 and the date of termination; his salary remained unchanged at 1 January 2021. Shay's salary and benefits received up to 21 January 2021 are shown in the single figure table on page 134.
- Outstanding awards under the LTIP lapsed when he left employment of the Group at the end of May 2021.
- No annual bonus was payable in respect of 2021.
- In line with our post-employment shareholding requirement policy, Shay is required to meet his full shareholding requirement of 400% for two years following his departure.

Payments to past Directors (audited)

Kenneth Alexander retired as CEO on 17 July 2020 and full details of his leaving arrangements can be found in the 2020 Directors' Remuneration Report. This includes the requirement, under the Policy, to maintain a shareholding of 400% of salary for two years following his departure. The table below sets out details of the ABDP and LTIP awards, made in 2018, which were both released to him on the ordinary vesting date of 20 September 2021. The 2018 LTIP award was pro-rated for time served during the performance period as well as the performance condition. He also received dividend equivalents on all of the vested shares.

Award	End of performance period	Number of shares
2018 LTIP	31 December 2020	118,039
2018 ADBP	20 September 2021	100,576

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[2]	2021	450	–	–	–	–	450	450	–
	2020	428	–	–	–	–	428	428	–
Pierre Bouchut[2]	2021	108	–	–	–	–	108	108	–
	2020	106	–	–	–	–	106	106	–
Stella David[3]	2021	128	–	–	–	–	128	128	–
	2020	–	–	–	–	–	–	–	–
Mark Gregory[4]	2021	88	–	–	–	–	88	88	–
	2020	–	–	–	–	–	–	–	–
Peter Isola[2]	2021	85	–	–	–	–	85	85	–
	2020	81	–	–	–	–	81	81	–
Vicky Jarman[3]	2021	70	–	–	–	–	70	70	–
	2020	–	–	–	–	–	–	–	–
Virginia McDowell[2]	2021	106	–	–	–	–	106	106	–
	2020	101	–	–	–	–	101	101	–
Stephen Morana[2,5]	2021	28	–	–	–	–	28	28	–
	2020	147	–	–	–	–	147	147	–
Jette Nygaard-Andersen[6]	2021	7	–	–	–	–	7	7	–
	2020	85	–	–	–	–	85	85	–
David Satz	2021	85	–	–	–	–	85	85	–
	2020	17	–	–	–	–	17	17	–
Former Non-Executive Directors[7]	2021	–	–	–	–	–	–	–	–
	2020	157	–	–	–	–	157	157	–

1. Non-Executive Directors receive fees only and do not receive any additional benefits or bonus payments.
2. In 2020, Barry Gibson, Pierre Bouchut, Peter Isola, Virginia McDowell and Stephen Morana were all subject to a 20% reduction in fees for three months.
3. Stella David and Vicky Jarman joined the Board on 4 March 2021.
4. Mark Gregory joined the Board on 17 March 2021.
5. Stephen Morana stepped down from the Board on 4 March 2021.
6. Jette Nygaard-Andersen stepped down as a Non-Executive Director when she was appointed as CEO on 21 January 2021. Her remuneration as CEO is set out on page 134.
7. Fees totalling £157,000 were paid to Non-Executive Directors in 2020 who stood down from the Board during that year and received no fees in relation to 2021.

Fee structure

The table below sets out the fee structure for 2022 for the Non-Executive Directors and the Chairman of the Board. These are unchanged from those in 2021. 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 2022
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
M Gregory	17 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

Share interests (audited)

Non-Executive Directors' share interests as at 31 December 2021 are set out below. With the exception of Stella David and Vicky Jarman who only joined the Board in March 2021 and David Satz who 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	68,437
P Bouchut	38,500
S David	3,652
M Gregory	7,446
P Isola	36,135
V Jarman	–
V McDowell	15,000
S Morana[2]	34,184
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 2021 and the date this report was signed.
2. As a former Non-Executive Director, the beneficially owned shares for Stephen Morana reflects the position on 4 March 2021, the date he stepped down from the Board.

Mark Gregory
Chair of the Remuneration Committee

3 March 2022

Directors' Report

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 86. 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 21.

Dividends

On 6 April 2020 the Group announced that the 2019 second interim dividend would be withdrawn due to the ongoing uncertainty surrounding Covid-19 and dividends have not resumed since that date. No interim dividends have been declared with respect to the year ended 31 December 2021.

At the date of this report, the Board has not proposed a dividend given that many of our markets continued to be impacted by Covid-19 restrictions into the start of the new financial year. However, progress remains encouraging and the Board will review the payment of dividends with future results.

Corporate Governance

The Directors recognise the importance of corporate governance and their associated report is set out on pages 88 to 142.
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 is discussed in the s172 Statement on page 36 and on pages 98 to 99.

Engagement with Stakeholder Statements

This is discussed in the s172 Statement on pages 36 to 39 and on pages 98 to 99.

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 pages 88-89 .

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 2022 AGM, as they did in 2021.

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 116 to 140.

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

This is reported in the Directors' Remuneration Report on pages 116 to 140 and 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 2021.

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; these remain in force as at the date of this report.

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 28 February 2022, 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]
The Capital Group Companies	64,825,853	11.05%
Sands Capital Management	28,900,339	4.93%

1. The Company had 586,654,355 ordinary shares in issue on 28 February 2022.

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 2021 (2020: 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 Company's Annual General Meeting will be held on 24 June 2022 at The Brewery, Chiswell Street, London EC1Y 4SA.

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

3 March 2022

Registered office: 32 Athol Street Douglas, Isle of Man, IM1 1JB

Financial statements

Financial statements

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Independent Auditor's Report to the members of Entain plc

1 Our opinion is unmodified

We have audited the financial statements of Entain Plc ("the Company") for the year ended 31 December 2021 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 Income Statement, the Company Balance Sheet, 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 2021 and of the Group's profit and parent Company's profit 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

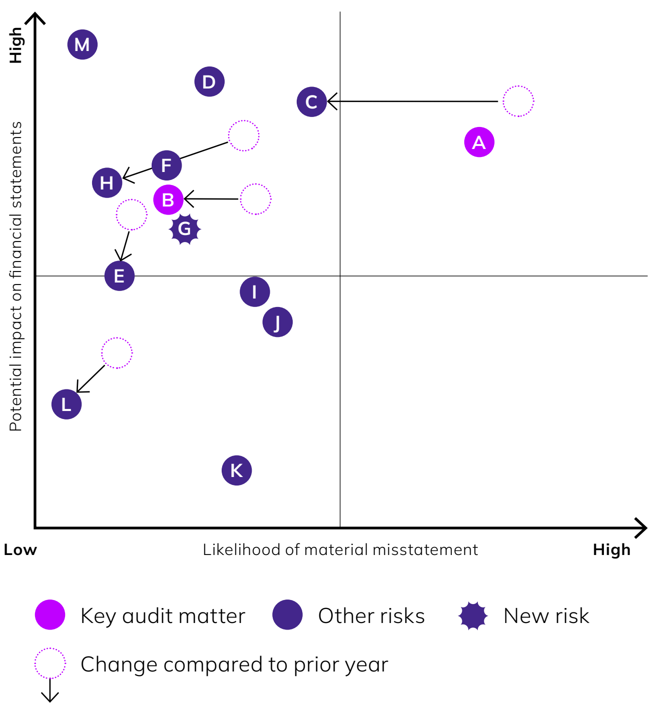
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as required by the Crown Dependencies' Audit Rules and Guidance. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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 control(s))



- A Revenue recognition from online operations
- B Recoverability of parent Company's investments in subsidiaries and receivables due from Group entities (Parent Company only)
- C Gaming taxes in immature markets
- D Management override of controls
- E Disclosure – APMs including separately disclosed items
- F Provisions/contingent liabilities for litigation and/or breaches of laws and regulations
- G Acquisition accounting
- H Valuation of the Group's Gala Coral defined benefit pension
- I Revenue recognition from UK Retail
- J Direct taxation
- K Share-based payments
- L Contingent consideration
- M Going concern and Long-Term Viability Statement

Revenue recognition from online operations (2021: £3,010.2 million, 2020: £2,680.6 million)

Refer to page 163 (accounting policy) and pages 164 to 166 (financial disclosures).

The risk (Data capture and processing error or fraud – Revenue from online operations): risk vs 2020 ←→ – Revenue streams are computed and recorded on highly complex IT systems, which process a high volume of low value transactions with the key elements being the gaming and betting platforms ("platform"), customer wallets, the data warehouse, and the financial systems. Systematic errors in calculations in aggregation could result in incorrect reporting of revenue.

The Group's income streams across its online operations are dependent on their core finance processes and effectiveness of operational controls to accurately report and reconcile revenue transactions between the platform, the data warehouse and the financial systems, and there is a risk that unauthorised changes could be made in the data warehouse or the financial systems which may result in the overstatement 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 relevant IT systems and controls by:

- Testing the functionality of the platform that processes player activity, customer's wallets reconciliation and cash movements;
- Testing the data flow in the online betting environment by observing bets placed from the customer-facing systems and tracing the transactions to the platform, and then from the data warehouse (storage) to the financial information systems (accounting records) to assess whether the information is passed appropriately from one system to another;
- Testing the relevant general IT controls ("GITCs") including access to programs and data, program change and development – specifically evaluating account set-up and termination of users, password restrictions, users with privileged access, program change and development process controls, and testing whether any unauthorised changes have been made to the system;
- Where GITCs are not operating effectively over in-house systems handling the transfer of data, testing the operating effectiveness of compensating manual controls reconciling the accounting records to the third party systems; and
- Assessing the overall IT environment, including relevant IT security policies and procedures, IT organisational structure, IT strategy and reporting, disaster recovery and back-up testing.

Data reconciliations: Where GITCs over in-house managed systems handling the transfer of data are not designed and implemented effectively, comparing the amounts of revenue in the accounting records against the amounts reported in the platform or by third parties (source data), as applicable, for each month and by label and reconciling the information between systems.

Tests of details (tracing and vouching): We assessed the appropriateness of revenue recognised by:

- Tracing a sample of sporting betting and gaming transactions through the platform or to third party systems (when outsourced), and assessing that they are appropriately recorded within the financial information systems at the transaction level;
- Vouching a sample of sporting betting transactions from data warehouse to the platform to verify correct calculation of the pay-out based on the stake placed and odds offered on the individual bet;
- Vouching a sample of sporting betting and gaming transactions from data warehouse to the platform or to third party systems (when outsourced) and assessing that they are appropriately recorded;
- Obtaining external confirmation of client funds held in the payment service providers and reconciling the obtained bank balance confirmation to the customers' accounts; and
- Performing a substantive analytical procedure over the "Return to player" ratio.

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 (2020: no material errors identified).

Recoverability of parent Company's investments in subsidiaries and receivables due from Group entities (parent Company only): (2021 carrying value: £5,114.7 million, 2020 carrying value: £5,018.4 million)

Refer to pages 207 and 209 (Company accounting policy) and pages 210 to 211 (Company financial disclosures).

The risk (Recoverability of parent Company's investments in subsidiaries and receivables due from Group entities): risk vs 2020 ↓ – The carrying amount of the parent Company's investments in subsidiaries and of the intra-Group debtor balance together represents 99% (2020: 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 (2020: balanced).

We continue to perform procedures over gaming taxes in immature markets. However, following the ruling made by the Administrative Court of Appeal in Athens in relation to the historic Greek tax case during the year, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

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 £35 million (2020: £20 million), determined with reference to a benchmark of Group revenue (of which it represents 0.9% (2020: 0.6%)). The significant increase in materiality primarily arose due our reassessment of the risk in the business, the growth in revenue and, the Group's resilience to the impact of Covid-19. We consider total 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 £17 million (2020: £8 million), determined with reference to a benchmark of total assets, of which it represents 0.3% (2020: 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 was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £26.25 million (2020: £15 million) for the Group and £12.75 million (2020: £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 £1.8 million (2020: £1 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 10 (2020: 10) reporting components, we subjected three (2020: four) to full scope audits for Group purposes and one (2020: none) to specified risk-focused audit procedures. The latter was not financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed. The decrease in number of components subject to full scope audits is a result of the Group combining two components together in the current year.

We subjected one (2020: none) component to specified risk-focused audit procedures over revenue, cost of sales and compliance with laws and regulation.

For the residual six 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 £17 million to £31 million (2020: £8 million to £14 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 (2020: all of the components), including the audit of the parent Company, was performed by the Group team.

We were able to rely upon the Group's internal control over financial reporting in several areas of our audit, where our controls testing supported this approach, which enabled us to reduce the scope of our substantive audit work; in the other areas the scope of the audit work performed was fully substantive.

The components within the scope of our work accounted for the percentages illustrated below.

4 The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. Taking into account the nature of the business operations, the level of headroom on the long term assets and the solvency of the Group we did not identify any risks that significantly impact the financial statements of the Group or our audit.

We read the climate related disclosure in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

5 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.

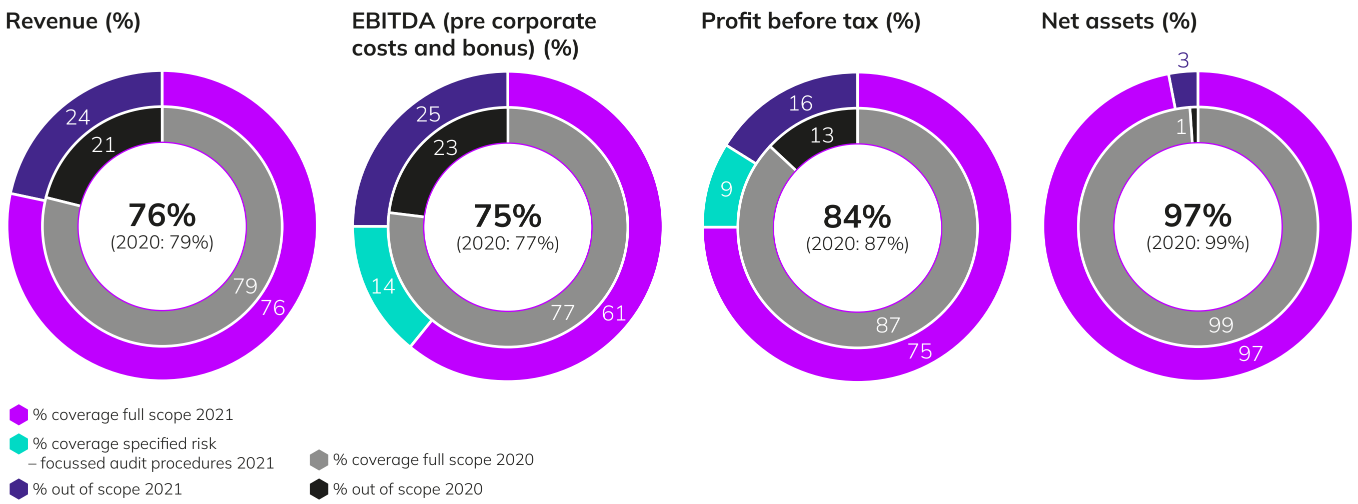
We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants 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.



6 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.
- Identifying fraud risks, with assistance from our forensic specialists, 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 accounting for acquisitions and the recognition of intangible assets, provisions for gaming tax obligations, provisions for impairment and pension assumptions.

Further detail in respect of online revenue recognition is set out in the key audit matter disclosure 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 whether significant accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to 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), 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 licence 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 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.

7 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 86 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 77, the Directors are responsible for: the preparation of the financial statements including being satisfied that they 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 the 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.

Mark Flanagan
Responsible Individual
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants and Recognised Auditors
St Nicholas House
Park Row
Nottingham
NG1 6FQ

3 March 2022

Consolidated income statement

for the year ended 31 December 2021

	Notes	2021 Underlying items £m	2021 Separately disclosed Items (note 6) £m	2021 Total £m	2020 Underlying items £m	2020 Separately disclosed items (note 6) £m	2020 Total £m
Net Gaming Revenue		3,886.3	–	3,886.3	3,628.5	–	3,628.5
VAT/GST		(56.3)	–	(56.3)	(66.9)	–	(66.9)
Revenue	5	3,830.0	–	3,830.0	3,561.6	–	3,561.6
Cost of sales	7	(1,394.2)	–	(1,394.2)	(1,253.0)	–	(1,253.0)
Gross profit		2,435.8	–	2,435.8	2,308.6	–	2,308.6
Administrative costs	7	(1,789.2)	(128.3)	(1,917.5)	(1,718.9)	(170.6)	(1,889.5)
Contribution		1,851.5	–	1,851.5	1,740.2	–	1,740.2
Administrative costs excluding marketing		(1,204.9)	(128.3)	(1,333.2)	(1,150.5)	(170.6)	(1,321.1)
Group operating profit/(loss) before share of results from joint ventures and associates		646.6	(128.3)	518.3	589.7	(170.6)	419.1
Share of results from joint ventures and associates	16,17	(162.5)	–	(162.5)	(60.2)	–	(60.2)
Group operating profit/(loss)		484.1	(128.3)	355.8	529.5	(170.6)	358.9
Finance expense	8	(77.1)	(5.8)	(82.9)	(76.5)	(5.3)	(81.8)
Finance income	8	2.1	–	2.1	2.3	–	2.3
Gains/(losses) arising from change in fair value of financial instruments	8	62.0	–	62.0	(61.8)	–	(61.8)
Gains/(losses) arising from foreign exchange on debt instruments	8	56.2	–	56.2	(42.9)	–	(42.9)
Profit/(loss) before tax		527.3	(134.1)	393.2	350.6	(175.9)	174.7
Income tax	10	(90.1)	(27.5)	(117.6)	(63.0)	2.1	(60.9)
Profit/(loss) from continuing operations		437.2	(161.6)	275.6	287.6	(173.8)	113.8
Loss for the year from discontinued operations after tax	21	(5.6)	(9.3)	(14.9)	(14.4)	(20.0)	(34.4)
Profit/(loss) for the year		431.6	(170.9)	260.7	273.2	(193.8)	79.4
Attributable to:							
Equity holders of the parent		420.2	(170.9)	249.3	251.6	(193.8)	57.8
Non-controlling interests		11.4	–	11.4	21.6	–	21.6
		431.6	(170.9)	260.7	273.2	(193.8)	79.4
Earnings per share on profit for the year							
from continuing operations		54.3p[1]		45.1p	63.5p		15.8p
From profit for the year	12	53.3p[1]		42.6p	61.0p		9.9p
Diluted earnings per share on profit for the year from continuing operations		53.8p[1]		44.7p	62.8p		15.6p
From profit for the year	12	52.8p[1]		42.2p	60.4p		9.8p

Memo							
EBITDAR[2]		898.8	19.2	918.0	862.1	141.4	1,003.5
Rent and associated costs[3]		(17.1)	–	(17.1)	(19.0)	–	(19.0)
EBITDA		881.7	19.2	900.9	843.1	141.4	984.5
Share based payments		(12.3)	–	(12.3)	(14.8)	–	(14.8)
Depreciation, amortisation and impairment		(222.8)	(147.5)	(370.3)	(238.6)	(312.0)	(550.6)
Share of results from joint ventures and associates		(162.5)	–	(162.5)	(60.2)	–	(60.2)
Group operating profit/(loss)		484.1	(128.3)	355.8	529.5	(170.6)	358.9

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 66 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.

The notes on pages 157 to 203 form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Profit for the year		**260.7**	79.4
Other comprehensive (expense)/income:			
Items that may be reclassified to profit or loss:			
Currency differences on translation of foreign operations		**(128.3)**	137.7
Total items that may be reclassified to profit or loss		**(128.3)**	137.7
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit pension scheme	30	**31.2**	(0.2)
Tax on re-measurement of defined benefit pension scheme	10	**(10.9)**	0.1
Share of associate other comprehensive (expense)/income	17	**–**	0.3
Total items that will not be reclassified to profit or loss		**20.3**	0.2
Other comprehensive (expense)/income for the year, net of tax		**(108.0)**	137.9
Total comprehensive income for the year		**152.7**	217.3
Attributable to:			
Equity holders of the parent:		**141.3**	195.7
Non-controlling interests		**11.4**	21.6

The notes on pages 157 to 203 form an integral part of these consolidated financial statements.

Consolidated balance sheet

(Company number 4685V)

At 31 December 2021

	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Goodwill	13	3,217.0	3,061.1
Intangible assets	13	2,152.5	2,105.4
Property, plant and equipment	15	467.2	470.2
Interest in joint venture	16	9.7	6.2
Interest in associates and other investments	17	58.4	29.4
Trade and other receivables	18	3.0	3.8
Other financial assets	26	0.3	4.4
Deferred tax assets	10	141.4	129.8
Retirement benefit asset	30	95.1	64.2
		6,144.6	5,874.5
Current assets			
Trade and other receivables	18	539.8	475.8
Income and other taxes recoverable		23.1	13.6
Derivative financial instruments	26	57.4	–
Cash and cash equivalents	19	487.1	706.7
		1,107.4	1,196.1
Assets in disposal group classified as held for sale	21	–	199.1
Total assets		7,252.0	7,269.7
Liabilities			
Current liabilities			
Trade and other payables	20	(695.8)	(687.4)
Balances with customers	27	(205.9)	(241.1)
Lease liabilities	22	(78.2)	(89.8)
Interest bearing loans and borrowings	23	(121.1)	(14.1)
Corporate tax liabilities		(59.1)	(66.4)
Provisions	24	(43.5)	(49.4)
Derivative financial instruments	26	–	(26.1)
Other financial liabilities	26	(36.1)	(147.5)
		(1,239.7)	(1,321.8)
Non-current liabilities			
Interest bearing loans and borrowings	23	(2,161.3)	(2,085.7)
Lease liabilities	22	(215.5)	(248.2)
Deferred tax liabilities	10	(408.0)	(331.7)
Provisions	24	(6.4)	(19.5)
Other financial liabilities	26	(52.6)	(9.3)
		(2,843.8)	(2,694.4)
Liabilities in disposal group classified as held for sale	21	–	(172.0)
Total liabilities		(4,083.5)	(4,188.2)
Net assets		3,168.5	3,081.5
Equity			
Issued share capital	28	4.8	4.8
Share Premium		1,207.3	1,206.6
Merger Reserve		2,527.4	2,527.4
Translation reserve		63.4	191.7
Retained earnings		(635.8)	(901.3)
Equity shareholders' funds		3,167.1	3,029.2
Non-controlling interests	35	1.4	52.3
Total shareholders' equity		3,168.5	3,081.5

The financial statements on pages 152 to 203 were approved by the Board of Directors on 3 March 2022 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 2021

	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 35) £m	Total Shareholders' equity £m
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
At 1 January 2021	**4.8**	**1,206.6**	**2,527.4**	**191.7**	**(901.3)**	**3,029.2**	**52.3**	**3,081.5**
Profit for the year	–	–	–	–	249.3	249.3	11.4	260.7
Other comprehensive income	–	–	–	(128.3)	20.3	(108.0)	–	(108.0)
Total comprehensive income	–	–	–	(128.3)	269.6	141.3	11.4	152.7
Share options exercised	–	0.7	–	–	–	0.7	–	0.7
Share-based payments charge	–	–	–	–	6.9	6.9	–	6.9
Business combinations (note 32)	–	–	–	–	(50.0)	(50.0)	14.2	(35.8)
Purchase of non-controlling interests (note 35)	–	–	–	–	39.0	39.0	(52.0)	(13.0)
Equity dividends (note 11)	–	–	–	–	–	–	(24.5)	(24.5)
At 31 December 2021	**4.8**	**1,207.3**	**2,527.4**	**63.4**	**(635.8)**	**3,167.1**	**1.4**	**3,168.5**

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 157 to 203 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Cash generated by operations	29	803.8	864.8
Income taxes paid		(98.7)	(59.2)
Net finance expense paid		(73.3)	(95.3)
Net cash generated from operating activities		631.8	710.3
Cash flows from investing activities:			
Acquisitions		(449.8)	–
Cash acquired on business combinations		22.3	–
Cash disposed on sale of business		(53.7)	–
Purchase of intangible assets		(106.4)	(101.6)
Purchase of property, plant and equipment		(69.8)	(62.6)
Proceeds from the sale of property, plant and equipment including disposal of shops		1.9	6.9
Purchase of investments in associates and other investments		(29.4)	–
Investment in joint ventures		(164.4)	(61.8)
Net cash used in investing activities		(849.3)	(219.1)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		0.7	8.6
Net proceeds from borrowings		797.2	–
Repayment of borrowings		(566.1)	(43.5)
Settlement of derivative financial instruments and other financial liabilities		(149.8)	(11.3)
Payment of lease liabilities		(87.9)	(85.9)
Equity dividends paid[1]		(24.5)	(12.4)
Net cash used in financing activities		(30.4)	(144.5)
Net (decrease)/increase in cash and cash equivalents		(247.9)	346.7
Effect of changes in foreign exchange rates		(14.8)	13.0
Cash and cash equivalents at beginning of the year		749.8	390.1
Cash and cash equivalents at end of the year[2]		487.1	749.8

1. Equity dividends paid represent dividends paid to non-controlling interests of £24.5m (2020: £12.4m).
2. Cash and cash equivalents at the beginning of the year include £43.1m of cash within assets in disposal group classified as held for sale.

The notes on pages 157 to 203 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 December 2021

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 2021 were authorised for issue in accordance with a resolution of the Directors on 3 March 2022.

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.

Going concern

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 ongoing impact of Covid-19. 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 new lockdowns affecting the Group's Retail operations.

Despite the net current liability position, the level of the Group's available cash (c£400m), available financing facilities (including an undrawn revolving credit facility of c£500m) 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 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 2021 the Group has not been required to adopt, for the first time, any new standards, interpretations, or amendments as there have been no new issues effective in the reporting year.

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.

4.2 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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4 Summary of significant accounting policies (continued)

4.2 Critical accounting estimates and judgements (continued)

Judgements

Management believes that the areas where judgement has been applied are:

- accounting for uncertain tax positions (note 18); and
- separately disclosed items (note 6).

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. Judgement is applied in or order to adequately provide for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise. In particular, during 2021 judgement has been applied in the Group's accounting for Greek tax and further disclosure is given in note 18.

Separately disclosed items

To assist in understanding the underlying performance of the Group, management applies judgement to identify those items that are deemed to warrant separate disclosure due to either their nature or size. Whilst not limited to, the following items of pre-tax income and expense are generally disclosed separately:

- 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;
- legal, regulatory and 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 by virtue of their nature or size. During 2021 the Group separately disclosed a net charge on continuing operations of £134.1m including £144.2m of amortisation of acquired intangibles resulting from IFRS 3.

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.

Estimates

Management believes that the area where significant estimates have been made within the financial statement are:

- accounting for business combinations (note 32).

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;

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.

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.

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 the income statement as a separately disclosed item. See note 6 and note 32 for further details.

4 Summary of significant accounting policies (continued)

4.2 Critical accounting estimates and judgements (continued)

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.

4.3 Other accounting policies

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 - purchased & internally capitalised costs	2-15 years
Trademarks & 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.

There is a 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 uncertainty. See note 30 for details on sensitivity analysis performed around these estimates.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

Impairment

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.

An impairment review is performed for goodwill and other indefinite life assets on at least an annual basis. For all other non-current assets an impairment review is performed where there are indicators of impairment. This requires an estimation of the recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from each cash generating unit and to discount cash flows by a suitable discount rate in order to calculate the present value of those cash flows. Estimating an asset's fair value less costs to sell is determined using future cashflow and profit projections as well as industry observed multiples and publicly observed share prices for similar gambling companies. See note 14 for details on sensitivity analysis performed around these estimates.

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 to licences and property, plant and equipment on a pro-rata basis.

Impairment losses are recognised in the consolidated income statement.

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.

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.

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.

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

Right of Use ("ROU") assets arising under lease contracts 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.

4 Summary of significant accounting policies (continued)

4.3 Other 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.

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 IAS 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 considering 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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4 Summary of significant accounting policies (continued)

4.3 Other accounting policies (continued)

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.

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 2021 and 2020:

		2021		2020
Currency	Average	Year end	Average	Year end
Euro (€)	1.159	1.190	1.131	1.112
US Dollar ($)	1.375	1.354	1.286	1.365
Australian Dollar (A$)	1.832	1.862	1.876	1.765

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.

4 Summary of significant accounting policies (continued)

4.3 Other 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 ("Ante-post") are carried at fair value and gains and losses arising on these positions are recognised in revenue. See note 26 for details of ante-post positions at the year end.

The following forms of revenue are accounted for within the scope of IFRS 15 Revenue. Revenue from the online poker business reflects the net income (rake) earned from poker hands completed by the year end. 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. Given the nature of these revenue streams they are not considered to be subject to judgement over the performance obligations, amount received or timing of recognition.

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).

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

4 Summary of significant accounting policies (continued)

4.3 Other 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 Amendments to IAS1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Amendments to clarify between changes in accounting estimates and changes in accounting policies	1 January 2023
IAS 12	Income Taxes	Amendments to the measurement techniques for current and deferred taxes	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 3	Business Combinations	Updating a reference to the Conceptual Framework	1 January 2022
IFRS 17	Insurance Contracts	Original issue	1 January 2023

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. The Group's operating segments are now aggregated into the five reportable segments as detailed below. This represents a change from 2020 with our former UK and European Retail segments now combined to form one Retail segment and a New Opportunities segment created to reflect the investment strategy in innovation and new products and verticals as previously communicated. Both changes are in line with the changes in the Group's reporting to the executive management team (CODM), with the Retail consolidation also a product of our Retail segment displaying consistent trading patterns and risk profiles across territories and all geographies now reporting into the Deputy Chief Executive Officer/Chief Financial Officer.

- 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, Optibet and Ninja;
- Retail: comprises betting and retail activities in the shop estates in Great Britain, Northern Ireland, Jersey, Republic of Ireland, Belgium and Italy;
- New opportunities: Unikrn and innovation spend;
- Corporate: includes costs associated with Group functions including Group executive, legal, Group finance, US joint venture, tax and treasury; and
- Other segments: includes activities primarily related to telephone betting, Stadia and on course pitches.

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 66 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.

5 Segment information (continued)

The segment results for the year ended 31 December were as follows:

2021	Online £m	Retail £m	All other segments £m	New Opportunities £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR[1]	3,066.5	791.1	32.8	–	–	(4.1)	3,886.3
VAT/GST	(56.3)	–	–	–	–	–	(56.3)
Revenue	3,010.2	791.1	32.8	–	–	(4.1)	3,830.0
Gross Profit	1,871.5	535.8	28.5	–	–	–	2,435.8
Contribution[2]	1,294.7	529.0	27.8	–	–	–	1,851.5
Operating costs excluding marketing costs	(393.7)	(447.5)	(22.1)	(8.8)	(80.6)	–	(952.7)
Underlying EBITDAR before separately disclosed items	901.0	81.5	5.7	(8.8)	(80.6)	–	898.8
Rental costs	(2.0)	(14.6)	(0.1)	–	(0.4)	–	(17.1)
Underlying EBITDA before separately disclosed items	899.0	66.9	5.6	(8.8)	(81.0)	–	881.7
Share based payments	(5.3)	(1.9)	(0.1)	–	(5.0)	–	(12.3)
Depreciation and Amortisation	(116.7)	(102.4)	(2.9)	(0.4)	(0.4)	–	(222.8)
Share of joint ventures and associates	(1.0)	–	0.4	–	(161.9)	–	(162.5)
Operating profit/(loss) before separately disclosed items	776.0	(37.4)	3.0	(9.2)	(248.3)	–	484.1
Separately disclosed items (note 6)	(154.0)	1.4	(1.7)	–	26.0	–	(128.3)
Group operating profit/(loss)	622.0	(36.0)	1.3	(9.2)	(222.3)	–	355.8
Net finance income							37.4
Profit before tax							393.2
Income tax							(117.6)
Profit for the year from continuing operations							275.6
Loss for the year from discontinued operations after tax (note 21)							(14.9)
Profit for the year after discontinued operations							260.7

1. Included within NGR are amounts of £82.6m (2020: £116.6m) in relation to online poker services and £20.5m (2020: £14.9m) arising from the operation of greyhound stadia recognised under IFRS 15 Revenue.
2. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

5 Segment information (continued)

2020 Re-presented	Online £m	Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	2,747.5	857.1	27.8	–	(3.9)	3,628.5
VAT/GST	(66.9)	–	–	–	–	(66.9)
Revenue	2,680.6	857.1	27.8	–	(3.9)	3,561.6
Gross Profit	1,708.7	577.5	22.4	–	–	2,308.6
Contribution[1]	1,147.4	571.7	21.1	–	–	1,740.2
Operating costs excluding marketing costs	(342.5)	(456.1)	(25.0)	(54.5)	–	(878.1)
Underlying EBITDAR before separately disclosed items	804.9	115.6	(3.9)	(54.5)	–	862.1
Rental costs	(1.4)	(17.3)	(0.3)	–	–	(19.0)
Underlying EBITDA before separately disclosed items	803.5	98.3	(4.2)	(54.5)	–	843.1
Share based payments	(4.3)	(1.5)	–	(9.0)	–	(14.8)
Depreciation and Amortisation	(120.1)	(115.8)	(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	(19.0)	(6.6)	(124.1)	–	529.5
Separately disclosed items (note 6)	(304.5)	226.3	–	(92.4)	–	(170.6)
Group operating profit/(loss)	374.7	207.3	(6.6)	(216.5)	–	358.9
Net finance expense						(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 (note 21)						(34.4)
Profit for the year after discontinued operations						79.4

1. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online.

Geographical information

Revenue by destination and non-current assets on a geographical basis for the Group, are as follows:

	2021		2020 re-presented	
	Revenue £m	**Non-current assets[3] £m**	Revenue £m	Non-current assets[3] £m
United Kingdom	**1,754.5**	**3,007.2**	1,675.5	3,116.4
Australia	**458.1**	**507.0**	383.3	557.8
Italy	**392.4**	**483.0**	353.6	428.4
Rest of Europe[1]	**966.2**	**1,807.0**	962.9	1,569.0
Rest of the world[2]	**258.8**	**103.6**	186.3	4.5
Total	**3,830.0**	**5,907.8**	3,561.6	5,676.1

1. Rest of Europe is predominantly driven by markets in Germany, Belgium and Georgia.
2. Rest of the world is predominantly driven by the market in Brazil.
3. Non-current assets excluding other financial assets, deferred tax assets and retirement benefit assets.

6 Separately disclosed items

	2021 £m	2020 £m
Amortisation of acquired intangibles[1]	144.2	307.0
Integration costs[2]	17.3	25.1
Corporate transaction costs[3]	9.4	–
Tax litigation/ one-off legislative impacts[4]	(80.2)	(223.5)
Legal and onerous contract provisions[5]	26.2	8.9
Profit on disposal of property, plant and equipment[6]	(1.9)	(6.9)
Movement in fair value of contingent consideration[7]	6.1	42.4
Issue costs write off[8]	5.8	5.3
Impairment loss[9]	3.3	5.0
Triennial restructuring costs	–	8.3
Other one-off items[10]	3.9	4.3
Total before tax	134.1	175.9
Tax on separately disclosed items[11]	27.5	(2.1)
Separately disclosed items for the year from continuing operations	161.6	173.8
Separately disclosed items for the year from discontinued operations (note 21)	9.3	20.0
Separately disclosed items for the year after discontinued operations	170.9	193.8

1. Amortisation charges in relation to acquired intangible assets arising from the various acquisitions made by the Group in recent years, including Ladbrokes Coral, Crystalbet, Enlabs, Portugal and Unikrn.
2. Final costs associated with the integration of the Ladbrokes Coral Group and legacy GVC businesses, including redundancy costs.
3. During the year, the Group incurred a number of transaction costs associated with M&A activity including Enlabs, Portugal and Unikrn as well as the approaches for the Entain Group by US based betting and gaming businesses.
4. In November 2021, the Athens Administrative Court of Appeal found in favour of the Group on the 2010/11 Greek Tax case. The ruling stipulated that the previous amounts paid by the Group plus interest were now due to Entain. Whilst the Greek authorities have appealed the decision by the courts, the Group has recognised the full receivable due under the court ruling including reversing charges previously recognised in the Income Statement in respect of 2010/11. The credit of £80.2m recognised also includes £7.1m in respect of the final amount received in respect of the UK VAT claim (2020: £223.0m).
5. Includes costs associated with complying with the HMRC investigation as well as a provision for potential settlement costs on matters associated with past trading activity.
6. Relates to the sale of various retail assets.
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 and the Group's revolving credit facility in the year.
9. During the current year, the Group recorded a non-cash impairment charge against certain leased assets which are now vacant and against assets relating to the disposed Betdaq business.
10. Relates predominantly to the one-off costs associated with Covid-19.
11. The tax charge on separately disclosed items of £27.5m (2020: credit of £2.1m) represents -20.5% (2020: 1.2%) of the separately disclosed items incurred of £134.1m (2020: £175.9m). This is lower than the expected rate of 19.0% (2020: 19.0%) as certain corporate transaction costs and integration costs are non-deductible for tax purposes, as well as the impact of significant elements of amortisation of acquired intangibles being subject to lower overseas tax rates. In addition, the changes in future UK and Gibraltar corporation tax rates have been applied to deferred tax liabilities recognised against acquired intangibles resulting in a current year charge.

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).

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

7 Administrative costs

Profit before tax, net finance expense and separately disclosed items has been arrived at after charging:

	2021 £m	2020 £m
Betting tax and Machine Games Duty	837.3	767.1
Revenue share arrangements	440.3	386.6
Software royalties	116.1	91.6
Other cost of sales	0.5	7.7
Cost of sales	1,394.2	1,253.0
Salaries and payroll-related expenses (note 9)	575.4	514.9
Property expenses	63.1	62.7
Content and levy expenses	137.5	136.1
Marketing expenses	584.3	568.4
Depreciation and amortisation – owned assets	169.0	176.2
Depreciation and amortisation – leased assets	53.8	62.4
Other operating expenses	206.1	198.2
Administrative costs	1,789.2	1,718.9
Separately disclosed items before tax and finance expense (note 6)	128.3	170.6
Total	3,311.7	3,142.5

During the year the Group benefited from £48.7m (2020: £62.9m) 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:

	2021 £m	2020 £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	1.9	1.5
Audit-related assurance services	0.5	0.4
Total fees	3.0	2.5

8 Finance expense and income

	2021 £m	2020 £m
Bank loans and overdrafts	(63.3)	(60.2)
Interest on lease liabilities[1]	(13.8)	(16.3)
Issue costs write off (note 6)	(5.8)	(5.3)
Total finance expense	(82.9)	(81.8)
Interest receivable	2.1	2.3
Gains/(losses) arising on financial derivatives	62.0	(61.8)
Gains/(losses) arising on foreign exchange on debt instruments	56.2	(42.9)
Net finance income/(expense)	37.4	(184.2)

1. Interest on lease liabilities of £13.8m (2020: £16.3) is net of £0.2m of sub-let interest receivable (2020: £0.4m).

9 Employee staff costs

The average monthly number of employees (including Executive Directors) was:

	2021 Number	2020 Number
Online	8,929	6,447
Retail	14,363	16,806
Other	428	463
Corporate[1]	918	271
	24,638	23,987

1. Certain central functions have been recategorised to sit within a centralised corporate segment rather than within a divisionalised one.

The number of people employed by the Group at 31 December 2021 was 25,554 (2020: 23,573).

	2021 £m	2020 £m
Wages and salaries	503.1	444.2
Redundancy costs[1]	6.0	9.1
Social security costs	41.6	40.3
Other pension costs (note 30)[2]	16.3	15.6
Share-based payments (note 31)	12.3	14.8
	579.3	524.0

1. Included within redundancy costs are £3.4m (2020: £6.7m) which are included within separately disclosed items.
2. Included within other pension costs are £0.5m (2020: £2.4m) 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.

Staff costs are stated net of furlough receipts as discussed in note 7.

10 Income tax

Analysis of expense for the year:

	2021 £m	2020 £m
Current income tax:		
– UK	97.4	89.1
– adjustments in respect of previous years	(6.8)	7.2
Deferred tax:		
– relating to origination and reversal of temporary differences	32.3	(33.9)
– adjustments in respect of previous years	(5.3)	(2.8)
Income tax expense reported in the income statement	117.6	59.6
Income tax expense is attributable to		
Profit from continuing operations	117.6	60.9
Loss from discontinued operations	–	(1.3)
	117.6	59.6
Deferred tax charged/(credited) directly to other comprehensive income	10.9	(0.1)

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

10 Income tax (continued)

A reconciliation of income tax expense (2020: expense) applicable to profit (2020: profit) before tax at the UK statutory income tax rate to the income tax expense (2020: expense) for the years ended 31 December 2021 and 31 December 2020 is as follows:

	2021 £m	2020 £m
Profit from continuing operations before income tax	393.2	174.7
Loss from discontinued operations before tax	(14.9)	(35.7)
Profit before tax	378.3	139.0
Corporation tax expense thereon at 19.00%	71.9	26.4
Adjusted for the effects of:		
– Lower effective tax rates on overseas earnings	(10.7)	(6.9)
– Non-deductible expenses	7.0	10.6
– Fair value adjustment to contingent consideration	1.2	5.9
– Goodwill impairment	–	2.4
– Impact of additional 50% deduction for marketing expenditure in Gibraltar	(18.4)	–
– Increase in unrecognised tax losses	50.5	18.5
– (Decrease)/increase in unrecognised deferred interest	(0.4)	2.2
– Revaluation of deferred tax balances following increase in UK and Overseas tax rates	28.3	–
– Difference in current and deferred tax rates	0.3	(3.9)
Adjustments in respect of prior years:		
– Deferred tax prior year adjustments	(5.3)	(2.8)
– Current tax adjustments	(6.8)	7.2
Income tax expense	117.6	59.6
Reported as:		
– expense in consolidated income statement (before separately disclosed items)	90.1	63.0
– expense/(credit) in consolidated income statement (tax on separately disclosed items) (note 6)	27.5	(3.4)
Income tax expense	117.6	59.6

Deferred tax

Deferred tax at 31 December relates to the following:

	Deferred tax liabilities		Deferred tax assets	
	2021 £m	2020 £m	2021 £m	2020 £m
Property, plant and equipment	–	–	(62.3)	(58.6)
Intangible assets	333.0	284.7	(27.3)	(19.8)
Retirement benefit assets	33.3	22.6	–	–
Losses	–	–	(27.0)	(27.2)
Other temporary difference	41.7	24.4	(24.8)	(24.2)
Deferred tax liabilities/ (assets)	408.0	331.7	(141.4)	(129.8)

10 Income tax (continued)

Movements in deferred tax during the year ended 31 December 2021 were recognised as follows:

Net deferred tax liabilities/(assets)

	Property, plant and equipment £m	Intangible assets £m	Retirement benefit assets £m	Losses £m	Other temporary differences £m	Total £m
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 2021	(56.2)	262.5	22.6	(27.2)	0.2	201.9
Income statement	**(6.9)**	**24.2**	**(0.2)**	**(0.9)**	**10.8**	**27.0**
Other comprehensive income	–	–	**10.9**	–	–	**10.9**
Arising on business combinations (note 32)	–	**25.0**	–	–	**7.2**	**32.2**
Exchange adjustment	**0.8**	**(6.0)**	–	**1.1**	**(1.3)**	**(5.4)**
At 31 December 2021	**(62.3)**	**305.7**	**33.3**	**(27.0)**	**16.9**	**266.6**

Amounts presented on the consolidated balance sheet:

	2021 £m	2020 £m
Deferred tax liabilities	**408.0**	331.7
Deferred tax assets	**(141.4)**	(129.8)
Net deferred tax liability	**266.6**	201.9

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 2021, the Group had £1,621.6m (2020: £1,660.7m) of gross unrecognised deferred tax assets. This unrecognised deferred tax asset consists of £213.3m of capital losses (2020: £213.3m), £1,408.7m of trading losses (2020: £1,407.2m), £nil of deferred interest relief (2020: £40.2m) and £0.4m of other deferred tax assets (2020: £nil). 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 UK Budget on 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax would be increased from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. Both the 19% and the 25% rate have therefore been used in measuring the UK deferred tax items at the date of this Report, depending on the expected date of reversal of any timing differences. The impact of the UK Corporation Tax increase in this Report is a credit of £13.0m to Underlying Items, and a charge of £10.6m to Separately Disclosed Items.

In the Gibraltar Budget on 20 July 2021, the Chief Minister announced that the standard rate of Gibraltar Corporate Income Tax would be increased from 10% to 12.5% with effect from 1 August 2021. This was substantively enacted on 26 July 2021. The 12.5% rate has therefore been used in measuring the Gibraltar deferred tax items at the date of this Report. The impact of the Gibraltar Corporate Income Tax increase in this Report is a credit of £5.8m to Underlying Items, and a charge of £36.7m to Separately Disclosed Items. The Gibraltar Budget also introduced a temporary enhanced tax deduction for qualifying business marketing and promotion costs, which will apply for the years ending 31 December 2021 and 31 December 2022. This was substantively enacted on 30 July 2021. The impact of this temporary measure in this Report is a credit of £18.4m to Underlying Items.

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

The Group has noted the OECD's work on the taxation of the digital economy and the EU Proposal for a Council Directive on ensuring a global minimum level of taxation for multinational groups, issued on 22 December 2021. If implemented, these are expected to apply to the Group from the year ended 31 December 2023. The Group expects this to increase the future Effective Tax Rate on Underlying Items. It is not yet possible to quantify the impact these changes will have until further details on the proposals and their implementation become available.

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.

Notes to the consolidated financial statements continued

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11 Dividends

The dividends in the year of £24.5m relate entirely to dividends paid out to non-controlling interests (2020: £12.4m).

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 £249.3m (2020: £57.8m) by the weighted average number of shares in issue during the year of 585.7m (2020: 583.7m).

At 31 December 2021, there were 586.6m €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)	2021	2020
Shares for basic earnings per share	585.7	583.7
Potentially dilutive share options and contingently issuable shares	5.4	6.2
Shares for diluted earnings per share	591.1	589.9

Total profit	2021 £m	2020 £m
Profit attributable to shareholders	249.3	57.8
– from continuing operations	264.2	92.2
– from discontinued operations	(14.9)	(34.4)
(Gains)/losses arising from financial instruments	(62.0)	61.8
(Gains)/losses arising from foreign exchange debt instruments	(56.2)	42.9
Associated tax charge on gains arising from financial instruments and foreign exchange debt instruments	9.9	–
Separately disclosed items net of tax (note 6)	170.9	193.8
Adjusted profit attributable to shareholders	311.9	356.3
– from continuing operations	317.5	370.7
– from discontinued operations	(5.6)	(14.4)

	Standard earnings per share		Adjusted earnings per share	
Earnings per share (pence)	2021	2020	2021	2020
Basic earnings per share				
– from continuing operations	45.1	15.8	54.3	63.5
– from discontinued operations	(2.5)	(5.9)	(1.0)	(2.5)
From profit for the period	42.6	9.9	53.3	61.0
Diluted earnings per share				
– from continuing operations	44.7	15.6	53.8	62.8
– from discontinued operations	(2.5)	(5.8)	(1.0)	(2.4)
From profit for the period	42.2	9.8	52.8	60.4

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 81.9p (2020: 73.9p) and a diluted adjusted earnings per share of 81.1p (2020: 73.1p) from continuing operations.

13 Goodwill and intangible assets

	Goodwill £m	Licences £m	Software £m	Customer relationships £m	Trade-marks & brand names £m	Total £m
Cost						
At 1 January 2020	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
Exchange adjustment	(132.8)	(0.3)	(28.0)	(22.5)	(32.7)	(216.3)
Additions	–	12.8	96.7	–	–	109.5
Additions from business combinations (note 32)	273.1	22.3	21.1	78.9	96.2	491.6
Disposals and assets classified as held for sale	–	(0.8)	(8.2)	–	–	(9.0)
Reclassification	–	–	1.1	–	–	1.1
At 31 December 2021	**3,492.5**	**49.7**	**622.0**	**1,005.0**	**2,017.5**	**7,186.7**
Accumulated amortisation and impairment						
At 1 January 2020	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	–	–	(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
Exchange adjustment	(15.6)	(0.1)	(22.3)	(19.4)	(8.6)	(66.0)
Amortisation charge	–	6.8	102.7	89.8	48.0	247.3
Impairment charge	–	–	1.6	–	–	1.6
Disposals and assets classified as held for sale	–	(0.8)	(8.2)	–	–	(9.0)
At 31 December 2021	**275.5**	**13.3**	**405.8**	**942.0**	**180.6**	**1,817.2**
Net book value						
At 31 December 2020	3,061.1	8.3	207.3	77.0	1,812.8	5,166.5
At 31 December 2021	**3,217.0**	**36.4**	**216.2**	**63.0**	**1,836.9**	**5,369.5**

At 31 December 2021, the Group had not entered into contractual commitments for the acquisition of any intangible assets (2020: £nil).

Included within trade-marks & brand names are £1,398.4m (2020: £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. Additions of £96.7m (2020: £101.6m) include £46.0m of internally capitalised costs (2020: £31.1m).

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

An impairment charge of £1.6m (2020: £nil) has been made against assets relating to the disposed Betdaq business. See notes 6 and 14 for further details of the impairment charge.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

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 to licences and property, plant and equipment on a pro-rata basis. Since goodwill and brand names have 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 first.

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 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% (2020: 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. 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. A 0% growth rate has been used for the UK Retail operating segment due to the ongoing uncertainty following Covid-19. All key assumptions used in the value-in-use calculations reflect the Group's past experience unless a relevant external source of information is available.

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	2021 %	2020 %	2021 £m	2020 £m
Digital	**10.9**	9.1	**2,121.5**	2,101.1
UK Retail	**10.9**	9.1	**76.4**	76.4
Australia	**11.7**	10.6	**331.2**	349.5
European Retail	**9.3 – 11.5**	8.5 – 10.4	**153.0**	163.7
European Digital	**10.9 – 11.5**	9.9 – 10.4	**332.0**	355.2
Enlabs	**12.7**	n/a	**187.7**	–
All other segments	**10.9**	9.1	**15.2**	15.2
			3,217.0	3,061.1

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 within operating expenses.

During the current year, the Group recorded a non-cash impairment charge of £3.3m (2020: £5.0m) on certain head office locations which are now vacant (within the Retail segment), and against assets relating to the disposed Betdaq business (within All other segment).

Sensitivity analysis

A reduction to 0% for the terminal growth rate applied to the cashflows (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.

14 Impairment testing of goodwill and indefinite life intangible assets (continued)

Impairment testing across the business

	Licences/ franchisees	PPE & Software	Customer relationships	Goodwill	Brand name
Digital	**Digital** Impairment review				**Combined Digital/ UK Retail** Impairment review
UK Retail	**UK Retail** site by site Impairment review		**UK Retail** – Impairment review		
ROI	**ROI** site by site Impairment review		**ROI** Impairment review		
Eurobet Digital	**Eurobet Digital** Impairment review				**Eurobet** Impairment review
Eurobet Retail	**Eurobet Retail** Impairment review				
Belgium Digital	**Belgium Digital** Impairment review				**Belgium** Impairment review
Belgium Retail	**Belgium Digital** Impairment review				
Australia	**Australia** Impairment review				
Enlabs	**Enlabs** Impairment review				

Notes to the consolidated financial statements continued

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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 2020	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
Exchange adjustment	**(0.6)**	**(2.7)**	**(12.0)**	**(5.6)**	**(20.9)**
Additions	**14.9**	**16.8**	**38.1**	**52.0**	**121.8**
Additions from business combinations (note 32)	**0.2**	**2.0**	**0.2**	**0.9**	**3.3**
Disposals and assets classified as held for sale	**(14.2)**	**(1.9)**	**(19.8)**	**(4.5)**	**(40.4)**
Reclassification	**-**	**(1.1)**	**–**	**–**	**(1.1)**
At 31 December 2021	**26.8**	**102.5**	**188.3**	**572.3**	**889.9**
Accumulated depreciation					
At 1 January 2020	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
Exchange adjustment	**(0.6)**	**(2.1)**	**(10.6)**	**(2.0)**	**(15.3)**
Depreciation charge	**11.6**	**16.9**	**28.7**	**62.5**	**119.7**
Impairment	**–**	**–**	**–**	**1.7**	**1.7**
Disposals and assets classified as held for sale	**(14.2)**	**(1.9)**	**(19.8)**	**(4.5)**	**(40.4)**
At 31 December 2021	**11.3**	**38.3**	**52.2**	**320.9**	**422.7**
Net book value					
At 31 December 2020	12.0	64.0	127.9	266.3	470.2
At 31 December 2021	**15.5**	**64.2**	**136.1**	**251.4**	**467.2**

At 31 December 2021, the Group had not entered into contractual commitments for the acquisition of any property, plant and equipment (2020: £nil).

In the preceding 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 £8.3m (2020: £38.8m), relating predominantly to the new till system in UK Retail.

An impairment charge of £1.7m (2020: £5.0m) has been made against office buildings included within leased assets in the year. See notes 6 and 14 for further details.

15 Property, plant and equipment (continued)

Analysis of leased assets:

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
At 1 January 2020	433.4	6.4	439.8
Exchange adjustment	3.3	0.2	3.5
Additions	40.3	30.6	70.9
Disposals and assets classified as held for sale	(0.8)	(2.0)	(2.8)
Reclassification	–	18.1	18.1
At 31 December 2020	476.2	53.3	529.5
Exchange adjustment	(5.5)	(0.1)	(5.6)
Additions	51.1	0.9	52.0
Additions from business combinations	0.9	–	0.9
Disposals and assets classified as held for sale	(2.0)	(2.5)	(4.5)
At 31 December 2021	**520.7**	**51.6**	**572.3**
Accumulated depreciation			
At 1 January 2020	188.2	2.2	190.4
Exchange adjustment	0.3	0.1	0.4
Depreciation charge	56.6	5.8	62.4
Impairment	5.0	–	5.0
Disposals and assets classified as held for sale	(0.3)	(1.8)	(2.1)
Reclassification	–	7.1	7.1
At 31 December 2020	249.8	13.4	263.2
Exchange adjustment	(1.9)	(0.1)	(2.0)
Depreciation charge	52.2	10.3	62.5
Impairment	1.7	–	1.7
Disposals and assets classified as held for sale	(2.0)	(2.5)	(4.5)
At 31 December 2021	**299.8**	**21.1**	**320.9**
Net book value			
At 31 December 2020	226.4	39.9	266.3
At 31 December 2021	**220.9**	**30.5**	**251.4**

16 Interest in joint venture

	Share of joint venture's net assets £m
Cost	
At 1 January 2020	6.0
Additions	61.8
Exchange adjustment	(1.0)
Share of loss after tax	(60.6)
At 31 December 2020	6.2
Additions	164.4
Exchange adjustment	1.0
Share of loss after tax	(161.9)
At 31 December 2021	**9.7**

The joint venture represents the Group's investment in BetMGM set up in the US in which a 50% stake is held.

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16 Interest in joint venture (continued)

Summarised financial information in respect of the Group's joint venture's net assets is set out below:

	2021 £m	2020 £m
Non-current assets	103.5	42.2
Cash and cash equivalents	208.1	45.0
Other current assets	67.8	15.5
Current assets	275.9	60.5
Balances with customers	(132.6)	(16.2)
Other current liabilities	(227.4)	(67.1)
Current liabilities	(360.0)	(83.3)
Non-current liabilities	–	(7.0)
Net assets	19.4	12.4
Group's share of net assets	9.7	6.2

Summarised statement of comprehensive income	2021 £m	2020 £m
Revenue	617.9	135.5
Depreciation and amortisation	(12.0)	(3.5)
Other operating expenses	(929.7)	(253.2)
Income tax	–	–
Loss for the year	(323.8)	(121.2)
Group's share of loss	(161.9)	(60.6)

There are no contingent liabilities relating to the Group's interest in the joint venture (2020: £nil).

The risks associated with the Group's interest in joint ventures are aligned to the same risks the Group is exposed to on the basis that they operate wholly within the betting and gaming market.

The Group has committed to further investment in BetMGM over the course of 2022, with $225.0m additional contributions expected ($450.0m split between both joint venture partners). This will take the Group's total investment to $550m ($1.1bn across both joint venture partners).

17 Interest in associates and other investments

	Share of associates' net assets £m	Other investments £m	Total £m
Cost			
At 1 January 2020	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
Revaluation loss	–	(2.3)	(2.3)
Arising on business combinations (note 32)	–	2.9	2.9
Additions	25.6	3.8	29.4
Share of loss after tax	(0.6)	–	(0.6)
Foreign exchange	(0.1)	(0.3)	(0.4)
At 31 December 2021	**44.2**	**14.2**	**58.4**

17 Interest in associates and other investments (continued)

Associates

Summarised financial information in respect of the associates is set out below:

	2021 £m	2020 £m
Non-current assets	43.3	14.1
Current assets	132.9	106.5
Current liabilities	(72.7)	(51.5)
Net assets	103.5	69.1
Group's share of net assets	44.2	19.3
Revenue for the year	193.5	197.2
Profit/(loss) for the year	0.3	(1.7)
Other comprehensive (expense)/income	(1.2)	1.3
Total comprehensive expense	(0.9)	(0.4)
Group's share of total comprehensive (expense)/income	(0.6)	0.7

Further details of the Group's associates are listed in note 34.

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 2021.

In the year the Group acquired four new associates; Gran Casino Dinant SA, Infiniti Casino Oostende NV, Leaderbet NV and Draw & Code Limited. All associates are private companies and there are no quoted market price available for their shares.

The risks associated with associate investments 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 £14.2m (2020: £10.1m) consist of investments which have no fixed maturity date or coupon rate.

18 Trade and other receivables

	2021 £m	2020 £m
Trade receivables	22.5	12.8
Other receivables	461.6	385.8
Finance lease receivable	4.1	4.9
Prepayments	54.6	76.1
	542.8	479.6

Trade and other receivables are presented on the Balance Sheet as follows:

	2021 £m	2020 £m
Current	539.8	475.8
Non-current	3.0	3.8
Total	542.8	479.6

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 balance of other receivables consists of the receivable for Greek tax of €227.5m (2020: €145.0m), amounts receivable from payment service providers of £130.8m (2020: £172.4m), and other smaller items such as regulatory deposits, security deposits, rent deposits and balances due from affiliates and partners.

Greek tax

In November, The Athens Administrative Court of Appeal ruled in favour of the Group on the 2010/11 Greek Tax Assessment, a ruling which has subsequently been appealed by the Greek authorities. Following the ruling, the Group is now entitled to recover all amounts paid under the 2010/11 Assessment plus interest and, as such, a receivable of €227.5m has been recorded.

Whilst the Group expects to be successful in defending the appeal by the Greek authorities, should the Greek Supreme Administrative Court rule in favour of the Greek tax authorities, then the Group may become liable for the full 2010/11 Assessment plus interest. Whilst the outcome of the appeal hearing, which is not expected until 2024, remains uncertain, the Group remains confident that the Supreme Court will also find in favour of the Group.

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19 Cash and cash equivalents

	2021 £m	2020 £m
Cash and short-term deposits	**487.1**	706.7

Additional to the cash balance above, in the prior year, were amounts of £43.1m 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 net of short term investments and includes £69.4m (2020: £36.3m) restricted in respect of customer accounts.

20 Trade and other payables

Current trade and other payables comprise:

	2021 £m	2020 £m
Trade payables	**66.7**	47.1
Other payables	**112.7**	103.3
Social security and other taxes	**208.1**	229.7
Accruals	**308.3**	307.3
	695.8	687.4

21 Assets held for sale and discontinued operations

During the year the Group disposed of its interest in its spread betting business recognising a loss on disposal of £9.3m in 2021. Inclusive of the loss on disposal, the results for the year for the discontinued operation were:

	2021 £m	2020 £m
Revenue	**11.0**	13.8
Cost of sales	**(6.9)**	(7.6)
Gross profit	**4.1**	6.2
Administrative costs	**(9.7)**	(20.6)
Operating loss	**(5.6)**	(14.4)
Separately disclosed items	**(9.3)**	(21.3)
Loss before tax	**(14.9)**	(35.7)
Income tax credit	**–**	1.3
Loss for the year from discontinued operations after tax	**(14.9)**	(34.4)

Separately disclosed items consist of £9.3m (2020: provision of £10.0m) relating to a loss on disposal (including tax), £nil (2020: £3.4m) relating to amortisation of acquired intangibles, £nil (2020: £19.3m) relating to impairment and £nil (2020: £11.4m gain) relating to movement in fair value of contingent consideration.

21 Assets held for sale and discontinued operations (continued)

Items classified as held-for-sale on the balance sheet are disclosed below:

	2021 £m	2020 £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)

22 Lease liabilities

	2021 £m	2020 £m
Current		
Lease liabilities	78.2	89.8
Non-current		
Lease liabilities	215.5	248.2
Total lease liabilities	293.7	338.0

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 and office buildings.

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 2021 is as follows:

	Minimum lease payments due				
	Within 1 year £m	1-2 years £m	2-5 years £m	> 5 years £m	Total £m
2021					
Net present value	78.2	52.4	103.6	59.5	293.7
2020					
Net present value	89.8	67.6	108.5	72.1	338.0

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 10 years. In respect of the UK property portfolio there is commonly a right to negotiate replacement leases on expiry, by virtue of the Landlord and Tenant Act 1954. Details of undiscounted amounts payable under leases are set out in note 25.

Certain lease payments are not recognised as a liability. This arises when the Group continues to pay rents and 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.

Notes to the consolidated financial statements continued

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22 Lease liabilities (continued)

Amounts paid for short term and low value leases not included within the lease liability are immaterial.

The Group incurs no expense in relation to variable lease payments (2020: £nil).

Details of total cash outflow relating to leases, are disclosed in the Consolidated Statement of Cash Flows.

Group as Lessor:

Finance lease receivables are included in the statement of financial position within trade and other receivables and are as follows:

	2021 £m	2020 £m
Current	1.1	1.1
Non-current	3.0	3.8

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
2021					
Lease payments receivable	1.2	1.7	0.7	1.1	4.7
Interest	(0.1)	(0.2)	(0.1)	(0.2)	(0.6)
Present value of lease payments receivable	1.1	1.5	0.6	0.9	4.1
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

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:

	2021 £m	2020 £m
Within one year	0.5	0.6
After one year but not more than five years	0.7	0.8
After five years	0.1	0.3
	1.3	1.7

23 Interest bearing loans and borrowings

	2021 £m	2020 £m
Current		
Euro denominated loans	7.2	2.8
USD denominated loans	8.1	5.9
Sterling denominated loans	105.8	5.4
	121.1	14.1
Non-current		
Euro denominated loans	945.1	1,011.0
USD denominated loans	810.7	563.6
Sterling denominated loans	405.5	511.1
	2,161.3	2,085.7

As at 31 December 2021 there were £515.0m (2020: £480.0m) of committed bank facilities of which £nil (2020: £nil) were drawn down.

24 Provisions

	Property provisions[1] £m	Restructuring provisions[2] £m	Litigation and regulation provisions[3] £m	Total £m
At 1 January 2020	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
Provided	**8.0**	**3.7**	**32.5**	**44.2**
Utilised	**(9.4)**	**(6.2)**	**(34.3)**	**(49.9)**
Released	**(4.7)**	**–**	**(8.1)**	**(12.8)**
Exchange adjustment	**–**	**–**	**(3.2)**	**(3.2)**
Reclassification	**0.4**	**–**	**2.3**	**2.7**
At 31 December 2021	**9.1**	**0.8**	**40.0**	**49.9**

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, considering the risks associated with each obligation, discounted at a risk-free interest rate of 1%. The periods of vacant property commitments range from 1 to 14 years (2020: 1 to 15 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 ongoing merger and acquisition activities.
3. Litigation and regulation provisions relate to estimates for potential liabilities which may arise in the Group as a result of customer claims and past practices. Whilst the nature of legal claims means that the timing of settlement can be uncertain, we expect all claims to be settled in the next 1 to 2 years. Whilst the provisions are based on management's best estimate of the likely liability for obligations that exist at the year end date, the maximum potential exposure is not expected to be materially different to the provision made.

Of the total provisions at 31 December 2021, £43.5m (2020: £49.4m) is current and £6.4m (2020: £19.5m) is non-current. Provisions expected to be settled in greater than 1 year are discounted at the risk free rate.

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 2021 was to maintain a minimum of 20.0% (2020: 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 2022. At 31 December 2021, £500.0m (2020: £500.0m) or 22.0% (2020: 24.0%) of the Group's borrowings were at fixed rates excluding those relating to leases.

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.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

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:	2021	2020
25 basis points increase	3.8	4.2

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 cashflows, 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, then 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 Groups 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 cashflows 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 £29.5m (2020: £22.0m) and net assets by £3.1m (2020: £7.6m) when applied to the results of year in question.

A 5% weakening in the Australian Dollar would reduce Group operating profit by £5.6m (2020: £3.9m) and net assets by £27.9m (2020: £22.7m) 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.

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 2021, there were undrawn committed borrowing facilities of £515.0m (2020: £480.0m). Total committed facilities had an average maturity of 3.2 years (2020: 3.0 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.

2021	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	199.5	1,471.9	73.9	794.1	2,539.4
Other financial liabilities	37.9	0.4	90.6	1.4	130.3
Trade and other payables	487.7	–	–	–	487.7
Lease liabilities	87.8	59.7	115.9	67.1	330.5
Total	812.9	1,532.0	280.4	862.6	3,487.9

25 Financial risk management objectives and policies (continued)

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

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 2021 was 2.4 times (2020: 2.1 times). See note 27 for further details.

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 2021	Amortised cost £m	Assets/ (liabilities) at fair value through profit and loss £m	Assets at fair value through other comprehensive income £m	Total £m
Assets				
Non-current:				
Other investments	2.0	3.3	8.9	14.2
Other financial assets	0.3	–	–	0.3
Current:				
Trade and other receivables	484.1	–	–	484.1
Derivative financial instruments	–	57.4	–	57.4
Cash and short-term investments (including customer funds)	487.1	–	–	487.1
Total	973.5	60.7	8.9	1,043.1
Liabilities				
Current:				
Customer balances	(205.9)	–	–	(205.9)
Interest bearing loans and borrowings	(121.1)	–	–	(121.1)
Trade and other payables	(487.7)	–	–	(487.7)
Other financial liabilities[1]	–	(36.1)	–	(36.1)
Lease liabilities (note 22)	(78.2)	–	–	(78.2)
Non-current:				
Interest bearing loans and borrowings	(2,161.3)	–	–	(2,161.3)
Other financial liabilities[1]	(2.6)	(50.0)	–	(52.6)
Lease liabilities (note 22)	(215.5)	–	–	(215.5)
Total	(3,272.3)	(86.1)	–	(3,358.4)
Net financial (liabilities)/assets	(2,298.8)	(25.4)	8.9	(2,315.3)

Notes to the consolidated financial statements continued

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26 Financial instruments and fair value disclosures (continued)

31 December 2020	Amortised cost £m	Assets/ (liabilities) at fair value through profit and 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	(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 (liabilities)/assets	(2,157.4)	(177.8)	5.1	(2,330.1)

1. Other financial liabilities include £70.8m deferred and contingent consideration (2020: £142.1m), £2.6m of financial guarantees (2020: £2.2m) and £15.3m of ante-post liabilities (2020: £12.5m).

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 2021 and 31 December 2020:

	Level 1 £m	Level 2 £m	Level 3 £m	2021 Total £m
Assets measured at fair value				
Derivative financial instruments	–	57.4	–	57.4
Other investments	–	2.2	10.0	12.2
	–	59.6	10.0	69.6
Liabilities measured at fair value				
Other financial liabilities	–	–	(86.1)	(86.1)
Net assets/(liabilities) measured at fair value	–	59.6	(76.1)	(16.5)

26 Financial instruments and fair value disclosures (continued)

	Level 1 £m	Level 2 £m	Level 3 £m	2020 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)

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 are; the Group's currency swaps held against debt instruments as an asset of £57.4m (2020: liability of £26.1m), investments in Hui 10 and R&S Technology, designated as fair value through other comprehensive income, of £5.1m (2020: £5.1m) and £3.8m (2020: £nil) respectively, an investment in Scout Gaming of £1.1m (2020: £nil) and a convertible equity instrument with Visa Inc. for £2.2m (2020: £2.9m), both designated as fair value through profit and loss. The fair value of the investments at 31 December 2021 and 31 December 2020 are not materially different to their original cost.

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 2021 contingent consideration included within other financial liabilities was £70.8m (2020: £142.1m) arising from the historical transactions involving the Group's operations in Africa, earn-out arrangements in Portugal and Australia (Neds) and amounts payable to Dusk Till Dawn in respect of PartyPoker (2020: Dusk Till Dawn, Neds and Crystalbet). The valuation of the contingent consideration in relation to the Group's African business is subject to estimation uncertainty as the amount payable is based on future profitability. Whilst the amount recorded of £50m represents management's best estimate of the likely payment based on internal forecasts, the maximum amount payable is capped at $309.9m. The valuation of the remaining contingent consideration is based largely on historical trading performance and therefore involves limited estimation uncertainty.

Ante-post

Ante-post liabilities are valued using methods and inputs that are not based upon observable market data. The principal assumptions relate to anticipated gross win margins on unsettled bets. 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.

27 Net debt

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

	2021 £m	2020 £m
Current assets		
Cash and short-term deposits	**487.1**	749.8
Current liabilities		
Interest bearing loans and borrowings	**(121.1)**	(14.1)
Non-current liabilities		
Interest bearing loans and borrowings	**(2,161.3)**	(2,085.7)
Accounting net debt	**(1,795.3)**	(1,350.0)
Cash held on behalf of customers	**(205.9)**	(396.1)
Fair value swaps held against debt instruments (derivative financial assets)	**57.4**	(26.1)
Deposits/ short-term investments	**20.3**	171.2
Balances held with payment service providers	**130.8**	172.4
Adjusted net debt	**(1,792.7)**	(1,428.6)
Lease liabilities	**(293.7)**	(338.0)
Net debt including lease liabilities	**(2,086.4)**	(1,766.6)

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 £nil (2020: £155.0m) classified as held for sale. Included within deposits is £nil (2020: £149.5m) classified as held for sale.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

28 Share capital

	Number of €0.01 ordinary shares	Total €m	Total £m
Authorised:			
At 31 December 2020 and 31 December 2021	773,000,000	7.7	6.4
Issued and fully paid:			
At 1 January 2020	582,331,946	5.9	4.8
Exercise of share options	2,745,701	–	–
At 31 December 2020	585,077,647	5.9	4.8
Exercise of share options	1,472,572	–	–
At 31 December 2021	586,550,219	5.9	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:

	2021 £m	2020 £m
Profit before tax from continuing operations	393.2	174.7
Net finance (income)/expense	(37.4)	184.2
Profit before tax and net finance expense from continuing operations	355.8	358.9
Loss before tax and net finance expense from discontinued operations	(14.9)	(35.7)
Profit before tax and net finance expense including discontinued operations	340.9	323.2
Adjustments for:		
Impairment	3.3	34.3
Loss/(profit) on disposal	7.3	(6.9)
Depreciation of property, plant and equipment	120.0	127.5
Amortisation of intangible assets	247.3	421.8
Share based payments charge	12.3	14.8
Increase in other financial assets	–	(2.3)
Increase in trade and other receivables	(73.7)	(161.2)
Increase in other financial liabilities	3.5	25.2
Increase in trade and other payables	1.9	33.4
Decrease in provisions	(18.5)	(22.7)
Share of results from joint venture and associate	162.5	60.2
Other non-cash items	(3.0)	17.5
Cash generated by operations	803.8	864.8

29.2 Cash flows arising from discontinued operations:

	2021 £m	2020 £m
Cash (used in)/generated from operating activities	(5.3)	20.8
Cash (used in)/ generated by investing activities[1]	(27.5)	0.1
Cash generated from financing activities	–	–
Net cash (outflow)/inflow arising from discontinued operations	(32.8)	20.9

1. Included within cash used in investment activities is £23.3m of cash disposed with business.

29 Notes to the statement of cash flows (continued)

29.3 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2021 £m			2020 £m		
	Other loans and borrowings	**Lease liabilities**	**Total**	Other loans and borrowings	Lease liabilities	Total
Balance at 1 January	2,099.8	338.0	2,437.8	2,116.0	363.5	2,479.5
Changes from financing cashflows						
Proceeds from borrowings, net of issue costs	797.2	–	797.2	–	–	–
Repayment of borrowings	(566.1)	–	(566.1)	(43.5)	–	(43.5)
Repayment of lease liabilities[1]	–	(88.1)	(88.1)	–	(86.2)	(86.2)
Total changes from financing cashflows	231.1	(88.1)	143.0	(43.5)	(86.2)	(129.7)
Other changes						
Interest expense	63.3	14.0	77.3	64.2	16.7	80.9
Interest paid[2]	(61.4)	(14.0)	(75.4)	(81.1)	(16.7)	(97.8)
New lease liabilities	–	52.0	52.0	–	70.9	70.9
Finance fees	5.8	–	5.8	1.3	–	1.3
Remeasurement adjustments	–	(5.5)	(5.5)	–	(13.4)	(13.4)
Total other changes	7.7	46.5	54.2	(15.6)	57.5	41.9
Arising through business combinations	–	0.9	0.9	–	–	–
The effect of changes in foreign exchange	(56.2)	(3.6)	(59.8)	42.9	3.2	46.1
Balance at 31 December	2,282.4	293.7	2,576.1	2,099.8	338.0	2,437.8

1. In addition to the above, the Group received £0.2m (2020: £0.3m) in respect of lease receivables resulting in a net repayment of finance leases of £87.9m (2020: £85.9m).
2. In addition to the above, the Group received £2.1m (2020: £2.3m) of interest income resulting in a net finance expense paid of £73.3m (2020: £95.3m).

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 £16.0m (2020: £13.4m) 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 defined benefit plans, the Ladbrokes Pension Plan, which is now in a buy-out position, and the Gala Coral Pension Plan which is a final salary pension plan for UK employees and closed to new employees and future accrual.

At retirement each member's pension is related to their "career average earning" for the Gala Coral Pension Plan. The weighted average duration of the expected benefit payments from the Plan is around 18 years (2020: 19 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 Gala Coral Pension Plan but are paying the administrative costs. As the Ladbrokes Pension Plan is in a buy-out position the Group has no future funding obligations or ongoing administrative costs.

There is a risk to the Group that adverse circumstances, such as a disconnect between changes in asset investment values and required funding obligations, could lead to a requirement for the Group to make additional contributions to fund any deficit that arises. As at the date of signing the financial statements no such event has arisen.

The results of the latest formal actuarial valuation 30 June 2019 for the Gala Coral Pension Plan was updated to 31 December 2021 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 the year, the Group finalised the buy-out of the Ladbrokes pension scheme with the assets and liabilities of the scheme passed to a third party. As the Group has extinguished its obligations to the IAS 19 liabilities, only the residual assets remaining in the scheme are now recorded.

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

30 Retirement benefit schemes (continued)

The amounts recognised in the balance sheet are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
Present value of funded obligations	(430.5)	–	(430.5)	(450.1)	(385.1)	(835.2)
Fair value of plan assets	518.6	7.0	525.6	506.9	392.5	899.4
Net asset	88.1	7.0	95.1	56.8	7.4	64.2
Disclosed in the balance sheet as: Retirement benefit asset	88.1	7.0	95.1	56.8	7.4	64.2

The Group has considered the appropriate accounting treatment in respect of the pension plan surplus, considering the current agreement with the Trustees, and concluded the recognition of the surplus is appropriate. Whilst the trustees have discretionary rights over the use of any surplus, the nature of the obligations in the plans that any surplus that exists once all liabilities have been settled are expected to be for the benefit of the Group.

The amounts recognised in the income statement are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
Analysis of amounts charged to the Income Statement						
Separately disclosed items	–	0.5	0.5	–	2.4	2.4
Other administrative expenses	0.6	–	0.6	(0.1)	1.2	1.1
Net interest on net asset	(0.7)	(0.1)	(0.8)	(1.2)	(0.1)	(1.3)
Total charge/(credit) recognised in the Income Statement	(0.1)	0.4	0.3	(1.3)	3.5	2.2

The actual return on plan assets over the year was a £23.1m gain (2020: £111.0m).

The amounts recognised in the statement of comprehensive income are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
Actual return on assets less interest on plan assets	21.4	(7.0)	14.4	54.6	40.3	94.9
Actuarial gains on defined benefit obligation due to changes in demographic assumptions	–	–	–	0.2	10.4	10.6
Actuarial gains/(losses) on defined benefit obligation due to changes in financial assumptions	15.4	6.1	21.5	(63.3)	(52.5)	(115.8)
Experience adjustments on benefit obligation	(5.6)	0.9	(4.7)	4.1	6.0	10.1
Actuarial gains/(losses) recognised in the statement of comprehensive income	31.2	–	31.2	(4.4)	4.2	(0.2)

Changes in the present value of the defined benefit obligation are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
At 1 January	(450.1)	(385.1)	(835.2)	(396.0)	(357.5)	(753.5)
Interest on obligation	(5.3)	(2.6)	(7.9)	(7.8)	(7.0)	(14.8)
Actuarial gains due to changes in demographic assumptions	–	–	–	0.2	10.4	10.6
Actuarial gains/(losses) due to changes in financial assumptions	15.4	6.1	21.5	(63.3)	(52.5)	(115.8)
Experience adjustments on obligations	(5.6)	0.9	(4.7)	4.1	6.0	10.1
Scheme buy-out	–	368.4	368.4	–	–	–
Benefits paid	15.1	12.3	27.4	12.7	15.5	28.2
At 31 December	(430.5)	–	(430.5)	(450.1)	(385.1)	(835.2)

30 Retirement benefit schemes (continued)

Changes in the fair value of plan assets are as follows:

	2021 (Coral) £m	2021 (Ladbrokes) £m	2021 Total £m	2020 (Coral) £m	2020 (Ladbrokes) £m	2020 Total £m
At 1 January	506.9	392.5	899.4	455.9	364.2	820.1
Interest on plan assets	6.0	2.7	8.7	9.0	7.1	16.1
Administrative expenses	(0.6)	(0.5)	(1.1)	0.1	(3.6)	(3.5)
Actual return less interest on plan assets	21.4	(7.0)	14.4	54.6	40.3	94.9
Scheme buy-out	–	(368.4)	(368.4)	–	–	–
Benefits paid	(15.1)	(12.3)	(27.4)	(12.7)	(15.5)	(28.2)
At 31 December	518.6	7.0	525.6	506.9	392.5	899.4

The Group does not expect to contribute to either plan in 2022. 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:

	2021 (Coral) %	2021 (Ladbrokes) %	2020 (Coral) %	2020 (Ladbrokes) %
Equities and Diversified Growth Funds	25.2	–	26.9	–
Insurance policy	–	–	–	98.1
Liability Driven Investment	69.3	–	69.5	1.2
Private credit	5.1	–	3.2	–
Cash and cash equivalents	0.4	100.0	0.4	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 a private credit asset and in 2020 an insurance policy. At 31 December 2021 these represented c5.1% (2020: c.42.8%) 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 2021 these represented less than 0.1% (2020: 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 was previously held within an insurance policy that guarantees the payments of future pension liabilities. The Ladbrokes Plan now holds only cash and cash equivalents.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages where appropriate):

		2021 (Coral) % p.a.	2021 (Ladbrokes) % p.a.	2020 (Coral) % p.a.	2020 (Ladbrokes) % p.a.
Discount rate		1.8	n/a	1.2	1.2
Price inflation (CPI)		2.3	n/a	1.9	1.9
Price inflation (RPI)		3.3	n/a	2.9	2.9
Future pension increases	– LPI 5% (CPI)	3.2	n/a	2.9	2.9
	– LPI 2.5% (CPI)	2.2	n/a	2.1	2.1

Post-retirement mortality assumed for most members is based on the standard SAPS mortality table with the CMI 2018 projections which considers future improvements, adjusted to reflect plan specific experience.

The assumption used implies that the expected lifetime of members for the two schemes is:

	2021 (Coral)	2021 (Ladbrokes)	2020 (Coral)	2020 (Ladbrokes)
Male aged 65 for year ended	86.5	86.5	86.4	86.5
Female aged 65 for year ended	88.6	88.9	88.5	88.9

Notes to the consolidated financial statements continued

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30 Retirement benefit schemes (continued)

Changes to the assumptions will impact the amounts recognised in the consolidated balance sheet and the consolidated statement of comprehensive income 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 2021:

	2021 (Coral) %	2021 (Ladbrokes) %	2020 (Coral) %	2020 (Ladbrokes) %
– 0.5% p.a. decrease in the discount rate	9.8	–	10.3	9.1
– 0.5% p.a. increase in price inflation	6.9	–	7.7	4.7
– One year increase in life expectancy	4.6	–	4.5	4.1

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 2021	Granted in the year	Cancelled or forfeited in the year	Exercised in the year	Existing at 31 December 2021	Exercisable at 31 December 2021	Vesting criteria
16 Dec 2016	422p	630,561	–	–	(176,423)	454,138	454,138	Note a
30 Mar 2017	422p	50,000	–	–	(50,000)	–	–	Note a
28 Dec 2017	0p	335,645	–	–	(309,828)	25,817	25,817	Note b
19 Sep 2018	0p	1,100,321	–	(224,632)	(835,745)	39,944	39,944	Note c
26 Mar 2019	0p	2,375,286	–	(318,566)	–	2,056,720	–	Note d
10 Jun 2020	0p	1,727,301	–	(216,116)	–	1,511,185	–	Note e
24 Mar 2021	0p	–	1,124,620	(2,295)	–	1,122,325	–	Note f
04 May 2021	1264p	–	957,613	–	–	957,613	–	Note g
Total Schemes		6,219,114	2,082,233	(761,609)	(1,371,996)	6,167,742	519,899	

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 that vested was 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 that vested was 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 equal weighting.

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 certain 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.

Note f: 2021 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 255p, with a pro-rata increase in the amount vesting between 255p and 296p, and certain 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 g: 2021 Employee Sharesave scheme – During 2021 the Group set up an Employee Sharesave scheme. Under this scheme employees of the Group are able to subscribe up to a maximum of £100 a month in share purchases at a discount of 20% for a vesting period of three years. The shares will vest conditional upon continued employment at the end of the three years.

The charge to share-based payments within the consolidated income statement in respect of these options in 2021 was £12.3m (2020: £14.8m) which related entirely to equity settled options.

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 2021	Number of options 31 December 2021	Weighted average exercise price 31 December 2020	Number of options 31 December 2020
Outstanding at the beginning of the year	52p	6,219,114	154p	9,236,748
Granted during the year	570p	2,082,233	0p	2,045,307
Exercised during the year	70p	(1,371,996)	414p	(2,745,701)
Cancelled or forfeited in the year	0p	(761,609)	0p	(2,317,240)
Outstanding at the end of the year	31p	6,167,742	52p	6,219,114
Exercisable at the end of the year	369p	519,899	295p	1,016,206

31 Share-based payments (continued)

The options outstanding at 31 December 2021 have a weighted average contractual life of 1.2 years (31 December 2020: 1.3 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.

All LTIP plans are 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
Dec 17	9.34	–	26.6%	n/a	n/a	0.40%	7.39 – 9.34
Sep 18	9.14	–	33.7%	n/a	n/a	1.00%	4.58 – 9.14
Mar 19	4.96	–	31.5%	n/a	n/a	0.70%	1.90 – 4.96
Jun 20	7.86	–	33.2%	n/a	n/a	0.30%	3.54 – 7.86
Mar 21	15.25	–	52.8%	n/a	2.0%	0.01%	10.03 – 11.27
May-21	16.46	12.64	51.3%	n/a	2.0%	0.02%	6.75

32 Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets and liabilities acquired, and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The identification and valuation of intangible assets arising on business combinations is subject to a degree of judgement. We engaged independent third parties, including Duff & Phelps to assist with the identification and valuation process. Duff & Phelps have utilised a Relief from Royalty Method and the Excess Earnings Method approach to determine the fair value of acquired intangibles. This was performed in accordance with the Group's policies. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets acquired is recorded as goodwill. Costs related to the acquisition are expensed as incurred, see note 6 for details.

Summary of acquisitions:

Enlabs

On 30 March, the Group acquired 95.9% of the share capital of Enlabs AB. The acquisition of the share capital resulted in control being obtained and as a result Enlabs is consolidated as a subsidiary from this date forward. Enlabs operates predominantly via an online platform across sports betting and gaming markets and provides the Entain Group with access to the regulated Baltic markets. Consideration consisted of £304.5m for its 95.9% share in Enlabs with £14.2m recognised as a non-controlling interest within equity for the 4.1% of remaining holding not acquired by the Group. During Q4 the Group acquired the remaining share capital of Enlabs AB leaving a small non-controlling interest in one of the historic acquisitions performed by Enlabs prior to the Entain acquisition.

Bet.pt

On 31 March, the Group acquired 100% of the share capital of Entertainment Technologies Group Limited which owns the Bet.pt business, an online sports betting and gaming business operating in Portugal. The acquisition of the Bet.pt brand provides the Group with access to the regulated Portuguese market. In accordance with IFRS 3, as control has been obtained, the business has been consolidated from this point forwards. Including relevant adjustments for the net debt acquired with the business and potential payments under contingent arrangements, consideration amounted to £51.3m.

Impala

During the year, the Group established a 51% owned subsidiary GVC (Impala) Limited, subsequently renamed Impala Digital Limited, ("Impala Digital"). On 29 March 2021, Impala Digital acquired the trade and assets of a B2B business operating in the African betting and gaming market for $40m. This acquisition provides the Entain Group with a platform with which the Group can access the African market. In accordance with IFRS 3, as the Entain Group exercises control, Impala Digital has been consolidated within the Group financial statements.

The shareholder agreement for Impala Digital provides an opportunity for the Group to purchase the remaining 49% of share capital. Based on the expectation that the second completion requirements will be met, a financial liability has been recorded at £50.0m at acquisition. The estimate of the financial liability was based on forecast results and the likely payment due under the second completion conditions with £50m still provided at the year end. The shareholder agreement contains a cap of $309.9m in relation to the second purchase.

Notes to the consolidated financial statements continued

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32 Business Combinations (continued)

Finnplay

On 1 April 2021, the Group acquired 100% of the share capital of Finnplay Technologies Oy, the platform provider for the Ninja brand of Enlabs for £10.3m. In accordance with IFRS 3, the business has been consolidated from this point forwards.

Unikrn

On 19 October 2021, the Group acquired the trade and assets of the Unikrn business for $72.2m. Unikrn provides the Group with a platform and expertise to enter the esports market. In accordance with IFRS 3 the Unikrn businesses results are consolidated from the point of acquisition.

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

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Provisional fair value £m
Intangible assets (excluding goodwill)	218.5
Property, plant and equipment	3.3
Investments	2.9
Trade and other receivables	12.6
Cash and cash equivalents	22.3
Deferred tax asset	0.5
Deferred tax liability	(32.7)
Trade and other payables	(31.3)
Lease liabilities	(0.9)
Total	**195.2**
Net assets acquired	195.2
Goodwill	273.1
Total net assets acquired	**468.3**
Consideration:	
Cash	436.5
Non-controlling interests	14.2
Deferred and contingent consideration	17.6
Total consideration	**468.3**

The acquired businesses contributed revenues of £99.4m and profit before tax of £19.9m.

Had the acquisitions occurred on the first day of the financial year the revenue for the Group would have been £3,916.1m with a profit before tax of £401.1m.

Non-controlling interests have been stated at their fair value on acquisition, which has been determined by reference to the amount paid for the Group’s controlling interest.

Included in the valuation of goodwill is the value attributed to acquired workforce, and the benefit of future trading potential including synergies arising as part of the acquisition.

33 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 £500.0 million (31 December 2020: £500.0 million).

33 Commitments and contingencies (continued)

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 gambling 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 gambling 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, which are ongoing.

In addition to the items discussed above, the Group is subject to number of other potential litigation claims that arise as part of the normal course of business and continue to arise in 2022. Provision has not been made against these claims as they are either not considered likely to result in an economic outflow or they do not represent an obligation at the year end date. Consistent with any claims of this nature there can be uncertainty with the final outcome.

For a discussion of the current position of the Group in relation to Greek tax, refer to note 18.

34 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:

	2021 £m	2020 £m
Equity investment		
– Joint venture[1]	164.4	61.8
Sundry expenditure		
– Associates[2]	59.3	56.6

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:

	2021 £m	2020 £m
Other amounts outstanding		
– Associates	0.1	0.1

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 2021 are unsecured and settlement occurs in cash. For the year ended 31 December 2021, the Group has not raised any provision (2020: £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 Directors' remuneration please refer to the Directors' remuneration table included on pages 134 to 140 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.

	2021 £m	2020 £m
Short-term employee benefits	9.7	5.8
Share-based payments	5.2	7.3
Total compensation paid to key management personnel	14.9	13.1

Peter Isola is a director of Europort (International) Holdings Limited and Europort Five Limited, a property firm in Gibraltar which charged rental expenses of £2.6m to the Group during the year (2020: £2.5m).

Notes to the consolidated financial statements continued

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34 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	2021	2020
3rd Floor One New Change, London, United Kingdom, EC4M 9AF	Arthur Prince (Turf Accountants) Limited(5)	100.0	100.0
	Bartletts Limited(5)	100.0	100.0
	Birchgree Limited(4)(6)	100.0	100.0
	Bloxhams Bookmakers Limited(5)	100.0	100.0
	Brickagent Limited(5)	100.0	100.0
	Cashcade Limited(6)	100.0	100.0
	CE Acquisition 1 Limited(4)(6)	100.0	100.0
	Chas Kendall (Turf Accountant) 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)(6)	100.0	100.0
	Coral (Stoke) Limited(5)	100.0	100.0
	Coral Estates Limited(6)	100.0	100.0
	Coral Eurobet Limited(6)	100.0	100.0
	Coral Eurobet Holdings Limited(4)(6)	100.0	100.0
	Coral Group Limited(4)(6)	100.0	100.0
	Coral Group Trading Limited(4)(6)	100.0	100.0
	Coral Limited(4)(6)	100.0	100.0
	Coral Racing Limited(4)(6)	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(6)	100.0	100.0
	Greatmark Limited(5)	100.0	100.0
	Electraworks Maple Limited(5)	100.0	100.0
	Entain Holdings (UK) Limited(1)(2)(4)	100.0	100.0
	Entain Marketing (UK) Limited(4)	100.0	100.0
	Hillford Estates Limited(5)	97.5	97.5
	Impala Digital Limited(3)(4)	51.0	–
	Hindwain Limited(6)	100.0	100.0
	Interactive Sports Limited(6)	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(6)	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(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

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
	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(6)	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 (South East) 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(6)	100.0	100.0
	Lightworld Limited(4)(5)	100.0	100.0
	London & Leeds Estates Limited(5)	93.5	93.5
	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(6)	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)(6)	100.0	100.0
	Sportingbet Limited(5)(6)	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
	Vegas Betting Limited(5)	100.0	100.0
	Ventmear Limited(5)	100.0	100.0

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
35 Great St. Helen's London, United Kingdom EC3A 6AP	Techno Limited	84.0	84.0
77A Andersonstown Road Belfast BT11 9AH	Ladbrokes (Northern Ireland) (Holdings) Limited[(4)(6)]	100.0	100.0
	Ladbrokes (Northern Ireland) Limited[(5)]	100.0	100.0
	North West Bookmakers Limited[(2)(3)]	100.0	100.0

Subsidiaries based overseas

Registered address	Company	% equity interest 2021	2020
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
1st Floor, Otter House Naas Road, Dublin 22 Ireland	Ladbroke (Ireland) Limited[(2)(3)(4)]	100.0	100.0
25/28 North Wall Quay, Dublin 1, D01 H104, Ireland	Fort Anne Limited[(1)]	100.0	100.0
	M.L.B. Limited	100.0	100.0
Menahem Begin Road 121 &125 Tel Aviv, Jaffa, Israel	Gala Interactive (Services) Limited	100.0	100.0
	GVC Impala R&D Limited	51.0	–
	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)]	100.0	100.0
1st Floor, Liberation House Castle Street, St. Helier, JE1 1GL, Jersey	Ladbroke (Channel Islands) Limited[(3)]	100.0	100.0
461-473 Lutwyche Road Lutwyche Queensland QLD 4030 Australia	Gaming Investments Pty Limited[(4)]	100.0	100.0
	Entain Australia Pty Ltd[(2)(3)]	100.0	100.0
	LB Australia Holdings Pty Limited[(4)]	100.0	100.0
	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

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
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[5]	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	100.0
Harborside Plaza 3, 210 Hudson Street, Jersey City, New Jersey 07311	GVC Holdings (USA) Inc	100.0	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
85 St John Street, Valletta, VLT 1165, Malta	Entain Holdings (Malta) Limited	100.0	100.0
	Gaming VC Corporation Limited	100.0	99.0
	bwin.gr Limited[2]	100.0	99.0
	Headlong 2 Limited[1]	100.0	100.0
	Scandic Bookmakers Limited	100.0	99.0
	Spread Your Wings Bravo Limited	100.0	99.0
	VistaBet Limited[2]	100.0	100.0
68, Tower Road, Sliema, SLM – 1606, Malta	Entertainments Technologies Group Limited[4]	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

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
Schwanthalerstrasse 73, 80336 Munich, Germany	Entain (Germany) GmbH	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	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
Emancipatie Boulevard Dominico F. "Don" Martina 29, Curaçao	GVC Services BV	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
Av. Dos Combatentes, no. 43-5 A, 1600-042 Lisbon, Portugal	Gobet Entretenimento SA[(3)]	100.0	–
	Entain Operations Portugal SA	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
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[(1)]	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
	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	Wavecrest Providers Limited[(5)]	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)	100.0	100.0

34 Related party disclosures continued

Registered address	Company	% equity interest 2021	2020
Vake District, Kavtaradze Str., No 5, Entrance 2, Floor 2, Office Space No 2, Tbilisi, Georgia	MARS LLC(2)(3)	100.0	51.0
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
Rruga Dervish Hirna, Ada Tower, nr.pasurie 6/55-N, 8160 Albania	LevTech Shpk	51.0	–
Suite 6, Atlantic Suites, Europort Avenue, Gibraltar	Balltree (International) Limited(5)	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(5)	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(5)	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
	Entain Corporate Services Limited	100.0	100.0
	Entain Holdings (Gibraltar) Limited(1)	100.0	100.0
	Entain Operations Limited	100.0	100.0
	EntainTrustees Limited	100.0	100.0
	IGM Domain Name Services Limited	100.0	100.0
	ISG (Gibraltar) Limited	100.0	100.0
	ITL Holdings Limited	100.0	100.0
	LC International Limited(2)(3)(4)	100.0	100.0
	PartyGaming IA Limited(5)	100.0	100.0
Stora Gatan 46, Sigtuna Kommun, 19330, Sweden	Baltic Gaming AB	100.0	–
	Enlabs AB(4)	100.0	–
	Entraction AB	97.0	–
	Kama Net AB(3)	100.0	–
	Lifland Gaming AB	100.0	–
	NLI AB	100.0	–
	Score24 AB(3)	100.0	–
120, The Strand, Unit 6. Triq Ix-Xatt, Gzira GZR, 1027, Malta	BestBet Limited(3)	100.0	–
	Elec Games C1 Limited(3)	100.0	–
	Elec Games Holdings Limited(4)	100.0	–
	Elec Games Limited(3)	100.0	–
	Future Lead Generation Limited(4)	100.0	–
	Lifland Holdings Limited(4)	100.0	–
	Ninja Global Limited(3)	100.0	–
	West African Gaming Limited(5)	100.0	–
Royal Park Serviced Office, Frosundaviks alle 15, 16903 Solna, Sweden	Scout Gaming AB(3)	100.0	–
Zalgurio g. 96-101, Vilnius, Lithuania	UAB Baltic Bet(3)	100.0	–
Republic of Belarus, 220039, Minsk, 20 Chkalov Str. Premise 98, Office 1	OOO Optibet(3)	100.0	–
Office 13, 39 Dzhona Makkeina Street, Kyiv, 01042, Ukraine	Ninja Casino TOB	100.0	–

Notes to the consolidated financial statements continued

for the year ended 31 December 2021

34 Related party disclosures continued

		% equity interest	
Registered address	Company	2021	2020
Setekles iela, 2B, Riga, LV-1050, Latvia	SIA Laimz[3]	100.0	–
	SIA Optibet[3]	100.0	–
Unioninkatu 24, Helsinki, 00130, Finland	Finnplay Technologies Oy	100.0	–
			–
Lootsa tn 1a, Lasnamae Linnaosa, 11415, Estonia	Ninja Global OU[5]	100.0	–
	Optiwin OU[3]	100.0	–

1. Company that is directly owned by Entain PLC.
2. Company that forms part of the Group as at 31 December 2021 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.
6. Company which the Group expects to exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of section 479A. As a result, the Group guarantees all outstanding liabilities to which the subsidiary is subject.

Joint ventures

		% equity interest	
Registered address	Company	2021	2020
Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808	BetMGM, LLC	50.0	50.0

Associates

		% equity interest	
Country of incorporation	Company	2021	2020
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
Belgium	Gran Casino de Dinant SA	20.0	–
	Infiniti Casino Oostende NV	20.0	–
	Leaderbet NV	20.0	–
United Kingdom	Draw & Code Limited	40.0	–
	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.

35 Non-controlling interests

During the year the Group acquired a non-controlling interest in Enlabs AB as a result of the acquisition disclosed in note 32. Subsequently, the Group purchased the remaining non-controlling interests in Crystalbet (acquired in 2018) and Enlabs AB. Following the purchase of the non-controlling interest in Enlabs AB and Crystalbet, the Group continues to hold non-controlling interests in Entraction AB (a subsidiary of Enlabs AB) and Impala Digital Limited.

At 31 December 2020 non-controlling interests consisted principally of Crystalbet.

The total assets relating to subsidiaries with a non-controlling interest were £54.5m (2020: £42.4m) of which there were related liabilities of £37.1m (2020: £25.3m).

The profit attributable to non-controlling interests was £11.4m (2020: £21.6m).

The balance of retained earnings attributable to non-controlling interest is disclosed in the table below:

	Total £m
As at January 2020	43.1
Profit attributable to non-controlling interests	21.6
Payment of dividends	(12.4)
As at 31 December 2020	**52.3**
Profit attributable to non-controlling interests	**11.4**
Business combinations	**14.2**
Purchase of non-controlling interests	**(52.0)**
Payment of dividends	**(24.5)**
As at 31 December 2021	**1.4**

36 Subsequent Events

Given the more certain medium-term outlook, the Group has taken the decision to repay the £44m received under the Coronavirus Job Retention Scheme (“furlough scheme”) in FY21. The scheme was a sensible and highly welcome policy intervention that helped us, as one of the country’s largest retailers, to maintain the livelihoods of more than 14,000 retail colleagues on full pay. We have kept the situation under review since we first made use of the scheme and are pleased to be in a position to repay these monies.

Following the year end, the Group announced the acquisition of Deis Ltd ("Avid Gaming") for CAD300 million from Middlebrook Investments Limited. Avid Gaming owns Sports Interaction, Canada's leading online sports betting brand. It is headquartered in Jersey (Channel Islands), with offices in the Mohawk Territory of Kahnawà:ke and Ireland.

Company income statement

for the year ended 31 December 2021

	Note	2021 £m	2020 £m
Other operating income		14.6	12.2
Dividends received		192.5	–
Operating expense	5	(16.5)	(11.5)
Operating profit before separately disclosed items		190.6	0.7
Separately disclosed items	6	(12.1)	(31.2)
Profit/(loss) before tax and net finance expense		178.5	(30.5)
Finance expense	7	(3.5)	(2.8)
Finance income	7	14.4	22.9
Gains/(losses) arising from change in fair value of financial instruments	7	77.4	(59.8)
Losses arising from foreign exchange on debt instruments	7	(0.1)	(10.5)
Profit/(loss) before tax		266.7	(80.7)
Income Tax	8	0.6	–
Profit/(loss) for the year		267.3	(80.7)

All items included above relate to continuing operations.

There were no other items of comprehensive income in the year.

The notes on pages 207 to 211 form an integral part of these financial statements.

Company balance sheet

(Company number 4685V)

at 31 December 2021

	Note	**2021 £m**	2020 £m
Assets			
Non-current assets			
Investments	10	**4,372.1**	4,008.6
Trade and other receivables	11	**650.9**	–
Interest bearing loans and borrowings	13	**6.8**	6.7
		5,029.8	4,015.3
Current assets			
Trade and other receivables	11	**97.5**	1,013.6
Derivative financial assets		**57.3**	–
Interest bearing loans and borrowings	13	**–**	0.6
Cash and cash equivalents		**0.3**	2.9
		155.1	1,017.1
Total assets		**5,184.9**	5,032.4
Liabilities			
Current liabilities			
Trade and other payables	12	**(744.3)**	(875.3)
Derivative financial liability		**(7.5)**	(26.0)
		(751.8)	(901.3)
Net current (liabilities)/assets		**(596.7)**	115.8
Non-current liabilities			
Trade and other payables	12	**(594.0)**	(566.9)
		(594.0)	(566.9)
Net assets		**3,839.1**	3,564.2
Shareholders' equity			
Called up share capital	15	**4.8**	4.8
Share premium account		**1,207.3**	1,206.6
Merger reserve		**2,527.4**	2,527.4
Retained earnings		**99.6**	(174.6)
Total shareholders' equity		**3,839.1**	3,564.2

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 207 to 211 are an integral part of these financial statements.

The financial statements on pages 204 to 211 were approved by the Board of Directors on 3 March 2022 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 2021

	Called up share capital £m	Share premium account £m	Merger Reserve account £m	Retained earnings £m	Total £m
At January 2020	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
Profit for the year	**–**	**–**	**–**	**267.3**	**267.3**
Total comprehensive expense	**–**	**–**	**–**	**267.3**	**267.3**
Share options exercised	**–**	**0.7**	**–**	**–**	**0.7**
Share-based payments charge	**–**	**–**	**–**	**6.9**	**6.9**
At 31 December 2021	**4.8**	**1,207.3**	**2,527.4**	**99.6**	**3,839.1**

The notes on pages 207 to 211 form an integral part of these financial statements.

Notes to the Company financial statements

for the year ended 31 December 2021

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 2021 were authorised for issue in accordance with a resolution of the Directors on 3 March 2022.

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 2021 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. For details on the going concern considerations made, see note 2 of the consolidated financial statements.

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 2021 and have been applied consistently to all years presented.

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;

(f) Related party transactions.

For details of audit fees, see note 7 of the consolidated financial statements.

The Directors have identified that it is appropriate to present the majority of amounts owed by other Group undertakings as non-current assets; this is on the basis that whilst all amounts due from Group companies are repayable on demand the expectation is that only £97.5m will be settled within one year of the balance sheet date. In making this assessment in the current year, the Directors have identified that the majority of the £1,009.8m amount receivable from Group companies in the comparative period should also have been presented as non-current assets. The Directors consider that the key metrics to the users of the Company financial statements are total assets and net assets and as this change has no impact on either of these metrics, and no impact on the Company's reported profit or loan covenants, the Directors have concluded that the impact on the financial statements is not material and therefore the prior year balance has not been restated.

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. 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.

Notes to the Company financial statements continued

for the year ended 31 December 2021

3 Summary of significant accounting policies (continued)

Financial assets (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 predominantly amounts due to other Group companies. 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.

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 estimation is applied are those that relate to:

Investment in subsidiaries

The carrying value of investments is calculated as the initial cost at recognition less any provisions for impairment. The values used in any impairment review are based on the same principles and methods as described in the Group accounting policies and in note 14 of the Consolidated Financial Statements.

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.

5 Operating profit before separately disclosed items

This is stated after crediting/(charging):

	2021 £m	2020 £m
Management fees	**14.6**	12.2
Audit fees	**(0.6)**	(0.6)

6 Separately disclosed items

	2021 £m	2020 £m
Integration costs	**–**	0.2
Legal and onerous contract provisions	**4.5**	6.2
Movement in fair value of contingent consideration	**2.3**	19.5
Issue costs write off	**5.3**	5.3
	12.1	31.2

Notes to the Company financial statements continued

for the year ended 31 December 2021

7 Finance expense and income

	2021 £m	2020 £m
Loan interest income	5.9	7.0
Intercompany interest	8.5	15.9
Loan interest expense	(3.5)	(2.8)
Gains/(losses) arising from change in fair value of financial instruments	77.4	(59.8)
Losses arising from foreign exchange on debt instruments	(0.1)	(10.5)
Net finance income/(expense)	88.2	(50.2)

8 Income tax

The tax credit for the year presented is £0.6m (2020: £nil).

A reconciliation of income tax applicable to profit (2020: loss) before tax at the UK statutory income tax rate to the income tax for the years ended 31 December 2021 and 31 December 2020 is as follows:

	2021 £m	2020 £m
Profit/(loss) before tax	266.7	(80.7)
Corporate tax credit thereon at 19.00%	50.7	(15.3)
Adjusted for the effects of:		
– Non-taxable income	(36.6)	(4.3)
– Non-deductible expenses	1.5	6.8
– Group relief claimed	(15.6)	–
– Tax losses carried forward	–	12.8
– Overseas tax credit	(0.6)	–
Income tax credit	(0.6)	–

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 2020	3,950.9
Additions	57.7
At 31 December 2020	4,008.6
Cost and net book value	
At 1 January 2021	4,008.6
Additions	363.5
At 31 December 2021	**4,372.1**

Subsidiaries and other related entities are listed in note 34 of the Consolidated Financial Statements.

Additions in the year predominantly relate to the acquisition of Enlabs.

11 Trade and other receivables

	2021 £m	2020 £m
Amounts due from Group companies	742.6	1,009.8
Other debtors	3.3	1.6
Prepayments	2.5	2.2
	748.4	1,013.6

Amounts of £650.9m (2020: £nil) are not expected to be called upon within the next 12 months following the approval of these financial statements and have therefore been classified as non-current assets within the Balance Sheet.

Other 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

	2021 £m	2020 £m
Current		
Amounts due to Group companies	739.5	872.8
Other payables	4.8	2.5
	744.3	875.3
Non-Current		
Amounts due to Group companies	594.0	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

	2021 £m	2020 £m
Current		
Euro denominated loans	–	2.1
USD denominated loans	–	(0.1)
Sterling denominated loans	–	(2.6)
	–	(0.6)
Non-current		
Euro denominated loans	–	–
USD denominated loans	–	–
Sterling denominated loans	(6.8)	(6.7)
	(6.8)	(6.7)

As at 31 December 2021 there were £590.0m (2020: £535.0m) of committed bank facilities against which £51.0m (2020: £55.0m) has been utilised for letters of credit. Of the remaining balance £nil (2020: £nil) was drawn down. Fees in the year relating to the undrawn facility were £6.8m (2020: £6.7m).

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 34 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 36 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
AR	Augmented reality
ARC™	Advanced 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
DTR	Disclosure and transparency rules
EPS	Earnings per share
ESG	Environmental, social and governance
GGY	Gross gaming revenue
GHG	Greenhouse gas
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
RET	Research, education and treatment associated with responsible gambling
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
TCFD	Taskforce for Climate-related Financial Disclosures
Underlying EBITDA	Stated pre separately disclosed items
VR	Virtual reality

Shareholder information

Annual General Meeting

The Company's 2022 AGM will be held on Friday 24 June at 10:00 at The Brewery, 52 Chiswell Street, London EC1Y 4SD. 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 2022 AGM will be available on the Company's website at **www.entaingroup.com** shortly after the meeting.

Communications

Information about the Company, including financial results and details of the current share price, is available on the website, **www.entaingroup.com.**

Shareholding contacts

For any queries regarding your shareholding, please contact our registrars 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 undertaking 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 (freephone), 0300 500 8082 (from the UK) or +44 20 7066 1000 (if calling from outside the UK).

Corporate information

Company name

Entain plc

Company number

4685V

Secretary and registered office

Emily Carey
Entain plc
32 Athol Street Douglas
Isle of Man
IM1 1JB

Telephone: +350 200 78700
www.entaingroup.com

UK Head Office

One New Change
London
EC4M 9AF

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
BR3 4TU

www.linkgroup.eu/get-in-touch/shareholders-in-uk-companies

Telephone: 0871 664 0300 from the UK or +44 (0)371 664 0300 from outside the UK

Email: shareholderenquiries@linkgroup.co.uk

Auditors

KPMG LLP
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Legal advisors

Freshfields Bruckhaus Deringer

DQ Advocates

Principal UK Bankers

Barclays Bank PLC

The Royal Bank of Scotland plc

Future trading updates and financial calendar

7 April	Q1 trading update
7 July	Post close trading update
11 August	Interim results
13 October	Q3 trading update

Entain plc
Incorporated in the Isle of Man
under number 4685V

www.entaingroup.com

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