3 March 2022

Entain plc

("Entain" or the "Group")

Strong 2021 performance demonstrating strength of our diversified growth model and global platform

Entain plc (LSE: ENT), the global sports betting, gaming and interactive entertainment Group, is pleased to announce its results for the year ended 31 December 2021. The strong performance reflects the capabilities and diversification provided by the Group's industry leading platform in driving growth.

Operational Highlights:

- Strong growth across the Group with NGR up 7% (8%cc) in the year
    - Online NGR up 12% (13%cc) in 2021, the ninth consecutive year of double-digit online growth
    - Growth in actives of 25% in the year as we expand our appeal to a broader audience
    - Good performance in Retail as year end volumes returned to over 90% of pre-Covid levels
- BetMGM continues to go from strength to strength as a leader in the fast growing US market
    - Established as the number two operator for sports betting and iGaming with a 23% market share in the fourth quarter across the markets in which it operates
    - Market leader in iGaming with 29% market share in Q4 2021 in the markets in which it operates
    - Live in 21 markets, reaching over 37% of the U.S. adult population, with launches in Illinois and Ontario planned for the coming months
    - Upgraded expectations for net revenue from operations of over $1.3bn in 2022 and anticipates reaching positive EBITDA in 2023
- Continued execution of growth strategy into new markets
    - Completed 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
    - Further growth secured since the start of the new financial year with three transactions, including the acquisition of Avid Gaming to drive growth across Canada
    - Launch of the Ennovate hub to explore use of innovative technologies, products and services to further enhance the customer experience
- Further progress under the Group's Sustainability Charter delivering industry leading ESG
    - ARC™ ("Advanced Responsibility & Care") programme continues to progress well, with real-time customer interaction trials underway, along with initial stages of international rollout
    - A number of initiatives launched across the year, including a commitment to net zero carbon emissions by 2035, and EnTrain to benefit the lives of 1m people through access to technology
    - Named EGR Operator of the Year, as well as Socially Responsible Operator of the Year at the SBC Awards North America
    - Entain continues to be the only online-led gaming company included in the Dow Jones Sustainability Indices, in addition to its continued inclusion in the FTSE4Good index

Financial Highlights:

- Strong financial performance; Group Underlying EBITDA[1,4] up +5% at £881.7m at the upper end of guidance
    - Online Underlying EBITDA[1,4] up +12% at £899.0m reflecting the double digit growth in all key markets excluding Germany and the Netherlands (excluding Germany and the Netherlands online NGR was +21cc%)
    - Total Retail NGR -7%cc (-3%cc[9]) and Underlying EBITDA[1,4] of £66.9m was £31.4m behind the prior year
    - Total Group Revenue of £3,830.0m up +8% (+9%cc) in 2021
    - Including 50% share of BetMGM joint venture, Group FY21 NGR was up 14% (15% cc)
- BetMGM (the Group's joint venture in the US) continues to perform strongly, with FY21 NGR of approximately $850m[7], up nearly 5 times versus the prior year
- To repay £44m received under the Coronavirus Job Retention Scheme ("furlough scheme") in FY21
- Group profit after tax[1] was £275.6m, up 142% compared to 2020
- Underlying free cashflow[8], before the investment into BetMGM and acquisitions/disposals, of £537.3m
- Year end net debt of £2,086.4m with leverage at 2.4x ensuring balance sheet flexibility to support our growth strategy

Jette Nygaard-Andersen, CEO of Entain, commented:

"Our Full Year results demonstrate yet again that Entain is a business with growth built into its business model. Our strong performance is underpinned by the Entain platform which encompasses the compelling combination of our proprietary technology, our outstanding people around the world, and our industry-leading operational capabilities. It is this unique platform that enables us to deliver an ever-improving customer experience, to embrace emerging consumer and technological trends, and to grow into new markets and product areas.

All of our major markets have performed well. In particular, BetMGM in the US has delivered a five times increase in net gaming revenue versus the previous year, and is ready to challenge for the number one position across the markets in which it operates. Elsewhere, our retail business has recovered strongly and volumes have now returned to 90% of pre-Covid levels as restrictions have eased and customers have returned to our shops.

As ever, I would like to thank each and every one of our colleagues for their dedication, hard work and professionalism in helping to achieve these results. Given the quality of our people, the ongoing broad-based growth of the business, its continuing momentum, and the investments that we are making in innovation to support our future expansion, we remain confident in our financial performance for FY22 and beyond."

Group Year ended 31 December	Reported[1,2]			
	2021 £m	2020 £m	Change %	CC[3] %
Net gaming revenue (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%	
Underlying EBITDAR[4]	898.8	862.1	4%	
Underlying EBITDA[4]	881.7	843.1	5%	
Underlying operating profit[5]	484.1	529.5	(9%)	
Underlying profit before tax[5]	527.3	350.6		
Profit after tax	275.6	113.8		
Diluted EPS (p)	44.7	15.6		
Continuing adjusted diluted EPS[6] (p)	53.8	62.8		
Continuing adjusted diluted EPS excl US[6] (p)	81.1	73.1		
Dividend per share (p)	-	-		

Dividend
The Board has not proposed a final dividend for FY2021. Recognising the importance of dividends to shareholders alongside our capital allocation priorities in supporting the Group's growth strategy, the Board continue to keep the recommencement of the payment of dividends under on-going review.

Outlook
The Group has delivered strong results in FY2021, reflecting both the diversified nature of our business model, the strength of our platform and the quality of our people. As we start 2022 we see retail heading towards pre-Covid levels and online performing inline with expectations against tough prior year comparables. As global economies steadily emerge from the impact of the pandemic, we continue to provide our customers with great products and experiences. As a result, we remain confident in our financial performance for 2022 as well as our long-term prospects.

Notes

(1) *2021 and 2020 reported results are audited and relate to continuing operations*
(2) *Reported results are provided on a post IFRS 16 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*
(6) *Adjusted for the impact of separately disclosed items, foreign exchange movements on financial indebtedness and losses/gains on derivative financial instruments (see note 10 in the financial statements. EPS is also disclosed excluding BetMGM as this gives a better view of the EPS attributable to the Entain trading businesses)*
(7) *BetMGM revenues comprise of sports (Online and Retail) and iGaming revenues*
(8) *Underlying free cashflow is EBITDA less working capital, capital expenditure, finance lease, corporate taxes and before the investment in BetMGM and acquisitions/disposals*
(9) *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*

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Presentation and webcast

The Full Year 2021 Results presentation for analysts and investors will be held today, Thursday 3rd March at 9:00am GMT.

Participants may join via webcast or by conference call dial in, approximately 15 minutes ahead of the event.

Live webcast link: https://brrmedia.news/ENT_FY21

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

UK	+44 (0) 330 336 9601
US	+1 646 828 8073
Access Code:	8740864

The presentation slides will be available on our website shortly before the event:
https://entaingroup.com/investor-relations/results-centre/

A replay of the presentation and transcript will be available on our website:
https://entaingroup.com/investor-relations/results-centre/

Upcoming dates:

Q1 Trading Update:	7 April 2022
BetMGM CMD:	May 2022
Q2 Trading Update:	7 July 2022
2022 Interim results:	11 August 2022

Forward-looking statements

This document contains certain statements that are forward-looking statements. They appear in a number of places throughout this document and include statements regarding our intentions, beliefs or current expectations and those of our officers, directors and employees concerning, amongst other things, results of our operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. These forward-looking statements include all matters that are not historical facts. By their nature, these statements involve risks and uncertainties since future events and circumstances can cause results and developments to differ materially from those anticipated. Any such forward-looking statements reflect knowledge and information available at the date of preparation of this document. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation (596/2014), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules), the Company undertakes no obligation to update or revise any such forward-looking statements. Nothing in this document should be construed as a profit forecast. The Company and its directors accept no liability to third parties in respect of this document save as would arise under English law.

About Entain plc

Entain plc (LSE: ENT) is a FTSE100 company and is one of the world's largest sports-betting and gaming groups, operating both online and in the retail sector. The Group owns a comprehensive portfolio of established brands; Sports Brands include bwin, Bet.pt, Coral, Crystalbet, Eurobet, Ladbrokes, Neds and Sportingbet; Gaming Brands include CasinoClub, Foxy Bingo, Gala, GiocoDigitale, Ninja Casino, Optibet, Partypoker and PartyCasino. The Group owns proprietary technology across all its core product verticals and in addition to its B2C operations provides services to a number of third-party customers on a B2B basis.

The Group has a 50/50 joint venture, BetMGM, a leader in sports betting and iGaming in the US. Entain provides the technology and capabilities which power BetMGM as well as exclusive games and products, specially developed at its in-house gaming studios. The Group is tax resident in the UK with operations in a total of 31 regulated or regulating territories. Entain is a leader in ESG, a member of FTSE4Good, the DJSI and is AA rated by MSCI. The Group has set a science-based target, committing to be carbon net zero by 2035 and through the Entain Foundation supports a variety of initiatives, focusing on safer gambling, grassroots sport, diversity in technology and community projects. For more information see the Group's website: **www.entaingroup.com**

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CHIEF EXECUTIVE'S REVIEW

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 over $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.

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 protection 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 internationally.
- **Innovation engine** – continuous product evolution keeps the customer experience fresh and engaging and with the launch of Ennovate our innovation hub in London, supported by a £100m investment, we are exploring new technologies including AI, 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.

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 or regulating 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, provides a competitive advantage and supports growth with over 70% of BetMGM customers engaging with these exclusive products

During the year BetMGM went live in 9 markets. In the first two months of 2022 we added a further 4 jurisdictions taking the total to 21. BetMGM is live with 11 retail, 15 online sports betting and 4 iGaming markets, reaching approximately 37% of the US adult population. In addition, it has launched its horse racing product in 3 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 benefit 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 our 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 benefitting 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.

Our business in Brazil continues to be 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.

Party Casino 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 markets 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 further 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 AR/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&A initiative to provide more opportunities in technology and technology-related careers.

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.

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.

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 supressing 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 practises. 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 people and 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 1 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.

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 Chief Financial Officer and Deputy Chief Executive Officer.

BUSINESS REVIEW

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 (loss)/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% 2 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 benefitted 2020, we are exiting 2021 in an excellent position with Q4 NGR +14%cc ahead of 2019 on a 2 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 (2 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 2-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 2-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 1 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 2-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.

	Reported results[1,2]			
Year ended 31 December	2021 £m	2020 £m	Change %	CC[3] %
Sports wagers[6]	2,330.0	2,582.0	(10%)	(9%)
Sports margin	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 2-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

	Reported results[1,2]			
Year ended 31 December	2021 £m	2020 £m	Change %	CC[3] %
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	Reported results[1,2]			
	2021 £m	2020 £m	Change %	CC[3] %
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

(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

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).

Cashflow

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 cashflow	**537.3**	**513.0**
Investment in BetMGM	(164.4)	(61.8)
Acquisitions/disposals net of cash	(510.6)	-
Free cashflow	**(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 Cashflow	**(247.9)**	**346.7**
Foreign exchange	(14.8)	13.0
Net cash 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	Issue costs/ Premium	Total
	£m	£m	£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

Principal and emerging risks

Key risks are reviewed by the executive directors, other senior executives and the Board of Entain plc on a regular basis and, where appropriate, actions are taken to mitigate the key risks that are identified. The Board has overall responsibility for risk management as an integral part of strategic planning.

The principal risks and uncertainties which could impact the Group are detailed in the Group's Annual Report and Accounts 2021 and are as follows:

Data privacy and cyber security

The Group processes sensitive personal customer data (including name, address, age, bank details and betting and gaming history) as part of its business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which the Group operates. The Group is exposed to the risk that this data could be wrongfully obtained through either a cyber-attack or a breach in data security. This could result in prosecutions including financial penalties, sanctions, the loss of the goodwill of its customers and an inability to deliver growth and deliver technology synergies.

Laws, regulations, licensing and regulatory compliance

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's profitability and additional costs might be incurred in order to comply with any new laws or regulations in multiple jurisdictions.

Technology failure

The Group's operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail. In particular, any damage to, or failure of, online systems and servers, electronic point of sale systems and electronic display systems could result in interruptions to financial controls and customer service systems and may impact the Group's ability to retain existing, and attract new, customers to deliver the Group's growth strategy.

Taxes

The Group is subject to a range of taxes, duties and levies in many of the countries where we have operations or in which our customers are located. The taxes imposed upon betting and gaming companies have changed over time, and the levels of taxation to which the Group is subject may change in the future. If additional taxes are levied, this may have an adverse effect on the amount of tax payable by the Group.

Further taxes may include corporate income tax, value added tax (VAT) or other indirect taxes. Group companies may be subject to VAT or similar taxes on transactions, which have previously been treated as exempt.

Delivery of US strategy

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.

Safer betting and gaming

Providing a safe and enjoyable betting and gaming experience for our customers in at the centre of everything that Entain does. Failure to meet the high standards we, and others, expect of Entain could have a significant impact on our customers and their wellbeing as well as impact the Group's profitability and reputation.

Increased cost of product

The Group is subject to certain arrangements intended to support the industries in which it operates. Examples are the horseracing and the voluntary greyhound racing levies, which respectively support the British horseracing and greyhound racing industries. In addition, the Group enters into contracts for the distribution of television pictures, audio and other data that are broadcast across the various routes to market. A number of these are under negotiation at any one time.

Health, Safety & Wellbeing of Customers, Communities and Employees

Failure to meet the requirements of the various domestic and international rules and regulations relating to the health and safety of our employees and customers in both retail and digital markets could expose the Group, including individual employees and directors, to material civil, criminal and or regulatory action with the associated financial and reputational consequences.

In addition, as a large corporate we recognise our impact on society and local communities in which we operate and as a large Group the expectations on us. Failure to meet these expectations could have widespread reputational consequences.

Trading, liability management and pricing

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 sports risk management processes.

Loss of key locations

Whilst the Group operates out of a number of geographical locations, there are several key sites which are critical to the day to day operations of the Group. Disruption in any of these locations could have an impact on day to day operations.

Recruitment and retention of key employees

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.

Ukraine developments

Along with the rest of the world, the Group is concerned by the recent developments in the Ukraine. Whilst the Group does not have any operations in either Russia or the Ukraine, and it generates only a very small amount of revenue from Ukraine having previously withdrawn from the Russian market, the Group does have a small number of employees based in the Ukraine. We continue to support our employees based in the Ukraine and surrounding areas and hope for a swift and peaceful resolution to the current situation.

Emerging and Evolving Risks

In light of the Covid-19 pandemic, the Group has recognised the need to re-evaluate emerging risks on a regular basis. While this exercise now forms part of the regular cadence of our Risk Management function, no new significant risks have been identified. In particular and most pleasingly, even with the Covid-19 pandemic, whilst the Group still considers the loss of key locations a significant risk, it has proven that it has adequate business continuity plans in place to cater for colleagues working at home across the globe.

ENTAIN PLC (Company number 4685V)

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	Underlying items	Separately disclosed Items (note 6)	2021 Total	Underlying items	Separately disclosed Items (note 6)	2020 Total
		£m	£m	£m	£m	£m	£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		(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		(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		(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	7	(77.1)	(5.8)	(82.9)	(76.5)	(5.3)	(81.8)
Finance income	7	2.1	-	2.1	2.3	-	2.3
Gains/(losses) arising from change in fair value of financial instruments	7	62.0	-	62.0	(61.8)	-	(61.8)
Gains/(losses) arising from foreign exchange on debt instruments	7	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	8	(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		(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	10	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	10	52.8p[1]		42.2p	60.4p		9.8p

Memo

	Underlying items	Separately disclosed Items	2021 Total	Underlying items	Separately disclosed Items	2020 Total
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 10 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 within the financial results and the use of non-GAAP measures section
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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	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	31.2	(0.2)
Tax on re-measurement of defined benefit pension scheme	(10.9)	0.1
Share of associate other comprehensive (expense)/income	-	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

CONSOLIDATED BALANCE SHEET

At 31 December	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Goodwill	11	3,217.0	3,061.1
Intangible assets	11	2,152.5	2,105.4
Property, plant and equipment		467.2	470.2
Interest in joint venture		9.7	6.2
Interest in associates and other investments		58.4	29.4
Trade and other receivables		3.0	3.8
Other financial assets		0.3	4.4
Deferred tax assets	8	141.4	129.8
Retirement benefit asset		95.1	64.2
		6,144.6	5,874.5
Current assets			
Trade and other receivables		539.8	475.8
Income and other taxes recoverable		23.1	13.6
Derivative financial instruments		57.4	-
Cash and cash equivalents		487.1	706.7
		1,107.4	1,196.1
Assets in disposal group classified as held for sale		-	199.1
Total assets		**7,252.0**	7,269.7
Liabilities			
Current liabilities			
Trade and other payables		(695.8)	(687.4)
Balances with customers	13	(205.9)	(241.1)
Lease liabilities		(78.2)	(89.8)
Interest bearing loans and borrowings		(121.1)	(14.1)
Corporate tax liabilities		(59.1)	(66.4)
Provisions		(43.5)	(49.4)
Derivative financial instruments		-	(26.1)
Other financial liabilities		(36.1)	(147.5)
		(1,239.7)	(1,321.8)
Non-current liabilities			
Interest bearing loans and borrowings		(2,161.3)	(2,085.7)
Lease liabilities		(215.5)	(248.2)
Deferred tax liabilities	8	(408.0)	(331.7)
Provisions		(6.4)	(19.5)
Other financial liabilities		(52.6)	(9.3)
		(2,843.8)	(2,694.4)
Liabilities in disposal group classified as held for sale		-	(172.0)
Total liabilities		**(4,083.5)**	(4,188.2)
Net assets		**3,168.5**	3,081.5
Equity			
Issued share capital		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		1.4	52.3
Total shareholders' equity		**3,168.5**	3,081.5

J Nygaard-Andersen
(Chief Executive Officer)

R Wood
(Deputy Chief Executive Officer/Chief Financial Officer)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium £m	Merger Reserve £m	Translation reserve[1] £m	Retained earnings £m	Equity shareholders' funds £m	Non-controlling Interests £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 9)	-	-	-	-	-	-	(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 15)	-	-	-	-	(50.0)	(50.0)	14.2	(35.8)
Purchase of non-controlling interests	-	-	-	-	39.0	39.0	(52.0)	(13.0)
Equity dividends (note 9)	-	-	-	-	-	-	(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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2021 £m	2020 £m
Cash generated by operations	14	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.

1 Corporate information

This announcement was approved by the Board of Directors on 3 March 2022. 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 financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2021 or 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the registrar of companies, and those for 2021 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

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 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.

Judgements

Management believes that the areas where judgement has been applied are:

- accounting for uncertain tax positions (note 16);
- separately disclosed items (note 6).

4 Summary of significant accounting policies (continued)
4.1 Critical accounting estimates and judgements (continued)

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 16.

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 15).

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 15 for further details.

4 Summary of significant accounting policies (continued)
4.1 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.

4.2 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 and brand names	10-15 years, or indefinite life
Customer relationships	3-15 years

The useful lives of all intangible assets are reviewed at each financial period end. Impairment testing is performed annually for intangible assets which are not subject to systematic amortisation and where an indicator of impairment exists for all other intangible assets.

An intangible asset is derecognised on disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Pensions and other post-employment benefits

The Group's defined benefit pension plans, the Ladbrokes Pension Plan and the Gala Coral Pension Plan hold assets separately from the Group. The pension cost relating to both plans are assessed in accordance with the advice of independent qualified actuaries using the projected unit credit method.

Actuarial gains or losses are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Any past service cost is recognised immediately. The retirement benefit asset recognised in the balance sheet represents the fair value of scheme assets less the value of the defined benefit obligations.

In accounting for the Group's defined benefit pension plans, it is necessary for management to make a number of estimates and assumptions each year. These include the discount rates, inflation rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in other comprehensive income. 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.

4 Summary of significant accounting policies (continued)

4.2 Other accounting policies (continued)

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.

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.

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 12 for details on sensitivity analysis performed around these estimates.

Within UK and European Retail, the cash generating units are generally an individual Licenced 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.

Property, plant and equipment

Land is stated at cost less any impairment in value.

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is applied using the straight-line method to specific classes of asset to reduce them to their residual value over their estimated useful economic lives.

Land and buildings	Lower of 50 years, or estimated useful life of the building, or lease. Indefinite lives are attached to any freehold land held and therefore it is not depreciated
Plant and equipment	3-5 years
Fixtures and fittings	3-10 years

ROU assets are depreciated over the lease term (as defined in IFRS 16) being the period to the expiry date of the lease, unless it is expected that a break clause will be exercised when the lease term is the period to the date of the break.

The carrying values of property, plant and equipment are reviewed for impairment where an indicator of impairment exists as to whether there are events or changes in circumstances indicating that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the consolidated income statement.

4 Summary of significant accounting policies (continued)
4.2 Other accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal, with any gain or loss arising (calculated as the difference between the net disposal proceeds and the carrying amount of the item) included in the consolidated income statement in the year of disposal.

Leases

The Group has applied IFRS 16 only to those contracts that were previously identified as a lease under IFRS 17 Leases, any contracts not previously identified as leases have not been reassessed for the purposes of adopting IFRS 16. Accordingly, the definition of a lease under IFRS 16 has only been applied to contracts entered into on or after 1 January 2019.

Leases, other than those with a lease period of less than one year at inception, or where the original cost of the asset acquired would be a negligible amount, are capitalised at the inception at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

ROU assets are included within property, plant and equipment at cost and depreciated over their estimated useful lives, which normally equates to the lives of the leases, after taking into account anticipated residual values.

ROU assets which are sub-leased to customers are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of usage to the lessee. All other sub-leases are classified as operating leases. When assets are subject to finance leases, the present value of the sub-lease is recognised as a receivable, net of allowances for expected credit losses and the related ROU asset is de-recognised. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance lease income. Finance lease interest income is recognised over the term of the lease using the net investment method (before tax) so as to give a constant rate of return on the net investment in sub-leases. Operating lease rental income is recognised on a straight-line basis over the life of the lease.

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.

4 Summary of significant accounting policies (continued)
4.2 Other accounting policies (continued)

Trade and other payables are held at amortised cost and include amounts due to clients representing customer deposits and winnings, which is matched by an equal and opposite amount within cash and cash equivalents.

All interest-bearing loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

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.

4 Summary of significant accounting policies (continued)

4.2 Other accounting policies (continued)

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

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 (LBO's), 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.

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.

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. 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).

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 10.

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, 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 14 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.

The segment results for the year ended 31 December were as follows:

2021	Online	Retail	All other segments	New Opportunities	Corporate	Elimination of internal revenue	Total Group
	£m	£m	£m	£m	£m	£m	£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							(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.

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						(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	**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).

7 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).

8 Income tax

The total tax charge on continuing operations was £117.6m (2020: £60.9m) Excluding the tax credit on separately disclosed items, the total tax charge on continuing operations was £90.1m (2020: £63.0m).

Deferred tax assets are considered recognisable based on the ability of future offset against deferred tax liabilities of the same taxable entity 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.

9 Dividends

The dividends in the year of £24.5m relate entirely to dividends paid out to non-controlling interests (2020: £12.4m).

10 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/(loss) 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/(loss) 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.

11 Goodwill and intangible assets

	Goodwill	Licences	Software	Customer relationships	Trade-marks & brand names	Total
	£m	£m	£m	£m	£m	£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 15)	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 12 for further details of the impairment charge.

12 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 Licenced 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).

12 Impairment testing of goodwill and indefinite life intangible assets (continued)

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.

13 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	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.

14 Notes to the statement of cash flows

	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

15 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.

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.

15 Business combinations (continued)

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.

16 Commitments and contingencies

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.

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.

17 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
Loans		
Sundry expenditure		
– Associates[2]	59.3	56.6

1. Equity investment in Bet MGM
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

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).

18 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.