12 August 2021

Entain plc

("Entain" or the "Group")

Strong first half performance with continuing momentum across the Group

Entain plc (LSE: ENT), the global sports-betting, gaming and interactive entertainment group, today reports its Interim Results for the six-month period ending 30 June 2021 ("H1").

Financial highlights

- Strong performance across H1, reflecting the Group's robust and diversified business model
- Total Group net gaming revenue ("NGR") growth of 11% (+11%cc[1])
  - Online NGR up 28% (+27%cc[1]), driven by strong underlying performances in all key markets, a full sporting calendar and longer lockdown restrictions in retail
  - 22nd consecutive quarter of double-digit Online growth
  - Online NGR was up 38%cc[1] excluding Germany where the new regulatory regime is impacting the market
  - Retail NGR down 46% (-46% cc[1]) reflecting estate closures through much of the period offset by encouraging early trends as shops re-open
- BetMGM (the Group's joint venture in the US with MGM Resorts) continues to perform strongly and is well positioned for further success in H2
  - H1 NGR of $357m
  - Number two operator for sports-betting and iGaming across the US with 22%[2,3] market share
  - Number one operator in iGaming, extending leadership with 30%[,3] market share
  - As announced on 21 April, total combined investment in BetMGM by joint venture partners expected to be $660m by the end of 2021
- Group EBITDA[6,7] up 12% at £401m
- Group profit after tax for continuing operations £91m, up £69m
- Full year Group EBITDA[6,7,9], upgraded on 8 July 2021, expected to be in the range of £850m to £900m
- Net Debt of £1,951m at 30 June 2021, with net debt to EBITDA ratio of 2.2x following an active M&A programme and increased investment in BetMGM
- Successful renewal of a five year £590m Revolving Credit Facility ("RCF") and a new $1,125m First Lien Term Loan B refinancing
  - Reinforces balance sheet strength at favourable terms and a more balanced maturity profile
  - Increased liquidity for corporate activity and investment

Operational highlights

- New efficiency programme launched to reduce costs and support investment in innovation and growth:
  - Investment in innovation of c.£100m over three years
  - Cost-savings totalling £100m expected in FY23
  - Net cash benefit of £75m per annum from FY23 onwards
- Acquisitions of Enlabs in the Baltics and Bet.pt in Portugal completed
- Ongoing commitment to ESG with further advances made across our Sustainability Charter

- Encouraging live trials of Entain's industry leading Advanced Responsibility and Care player protection programme, ARC
- Commitment to be carbon net zero by 2035 based on Science Based Targets
- ESG rating upgraded to AA by MSCI rating agency
- Entain Foundation supported grass roots sports and young athletes through Pitching-In and SportsAid

Investor event - 2.00pm (BST) today

- Entain is holding an investor event later today where we will outline the exciting opportunities ahead for the Group, including:
  - Growth opportunities in global sports betting and gaming
  - Leveraging Entain platform into the convergence of media, entertainment and gaming to provide new revenue streams in interactive entertainment
  - Deeper insight into the Group's industry leading technology
  - A business update on the UK Online operations

Jette Nygaard-Andersen, Entain's CEO, commented:

"Entain's platform continues to deliver. The quality and diversification of our businesses has enabled us to deliver our 22nd consecutive quarter of double-digit online growth, while also making excellent progress on our strategic priorities. This performance is not only a result of our industry leading technology, but also the hard work and dedication of our talented teams of people around the world, and I would like to take this opportunity to thank them.

In the US, BetMGM goes from strength to strength with our position as number 2 operator firmly established in the fast-growing sports-betting and iGaming market. We expect to be operational in around 20 states, representing 33% of the US adult population, over the next 12 months.

Entain has a long runway for sustainable growth built into our core business. In addition, our unique powerful platform puts us at the heart of the convergence of media, entertainment and gaming, providing us with exciting opportunities in interactive entertainment that we believe will further power our growth for many years to come."

Group	**Reported[4,5]**			
Six months to 30 June	**2021**	2020	Change	CC[1]
	£m	£m	%	%
Net gaming revenue (NGR)	1,792.6	1,609.3	11%	11%
Revenue	1,767.0	1,575.1	12%	12%
Gross profit	1,136.3	1,028.3	11%	
Underlying EBITDAR[6,7]	410.5	369.1	11%	
Underlying EBITDA[6,7]	401.1	358.9	12%	
Underlying operating profit[7]	205.6	234.4		
Underlying profit before tax[7]	246.7	65.9		
Profit after tax	90.9	22.4		
Basic EPS (p)	13.8	2.5		
Continuing adjusted diluted EPS[8] (p)	18.5	30.5		
Continuing adjusted diluted EPS excl US[8] (p)	31.7	31.9		
Dividend per share (p)	-	-		

Dividend

The Board has not proposed an interim dividend, however it appreciates the importance of dividends to our shareholders. Assuming Covid-19 related restrictions continue to ease around the world, the Board expects that with full year results in March 2022 it will be in a position to recommence a dividend.

Outlook

Following Entain's strong first half performance, the Group is confident in its prospects for the second half of 2021 and, as previously guided, expects full year EBITDA[6,7,9] to be in the range of £850m to £900m.

Notes

(1) Growth on a constant currency basis is calculated by translating both 2021 and 2020 performance at the 2021 exchange rates
(2) BetMGM revenues comprise of sports (Online and Retail) and iGaming revenues
(3) BetMGM market shares for the three month period to end of June 2021
(4) 2021 reported numbers are unaudited
(5) Reported results are provided on a post IFRS 16 implementation basis
(6) 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.
(7) Stated pre separately disclosed items
(8) Adjusted for the impact of separately disclosed items, foreign exchange movements on financial indebtedness and losses/gains on derivative financial instruments (see note 8 in the interim financial statements)
(9) References to profit expectations are made on a reported basis post IFRS16 implementation

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H1 Conference Call & Webcast - Thursday 12 August 2021 at 8:30am (BST).

Live audio webcast link: https://brrmedia.news/ENT_H121

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

UK	+44 (0)330 336 9434
US	+1 929 477 0402
Room Code:	5173124

Investor Event Conference Call & Webcast -Thursday 12 August 2021 at 2:00pm (BST).

Live audio webcast link: https://brrmedia.news/InvEvnt_21

To participate in Q&A, please also connect via the dial in:	UK	+44 (0)330 336 9126
	US	+1 929 477 0402
	Room Code:	1720890

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

A replay and call transcript for the Interim Results and Investor Event will be available on our website: https://entaingroup.com/investor-relations/results-centre/

Upcoming dates:

Third quarter trading update: 7 October 2021

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, Gioco Digitale, 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 also entered into a joint-venture with MGM Resorts to capitalise on the sports betting and gaming opportunity in the US, through BetMGM. Entain provides the technology which powers BetMGM and exclusive games and products, specially developed at its in-house gaming studios. The Group is tax resident in the UK with licenses in a total of 27 regulated markets. Entain is a leader in ESG, a member of FTSE4Good, the DJSI, is AA rated by MSCI and is included in Bloomberg's 50 global leaders in sustainability. The Group has set Science Based Targets, 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

Our core strategic pillars of growth and sustainability are underpinned by our industry leading technology, which enables us to ensure that our customers are the focus of everything that we do and that we lead the industry in player protection. These, together with our scale, capabilities and people, create the powerful Entain platform that has powered our success in recent years and drives further growth in sports-betting and gaming markets across the world. It also provides significant opportunities to leverage into the emerging, and rapidly-growing interactive entertainment markets.

Customer centric platform powered by technology

Entain's technology is at the heart of our business. Our platform empowers us to think differently, be flexible and agile and deliver on being a responsible entertainment company whilst also driving significant competitive advantages in five key strategic areas:

1. **Fast paced, continuous improvement -** improving the customer experience, being best in class at each individual customer touch point and personalising customer engagement
2. **Supporting our growth -** facilitates new launches internationally, systems and business integrations, new products launches or brand rollouts
3. **Player protection and Advanced Responsibility and Care -** ARC is Entain's industry leading approach to customer protection, developing a proactive player programme that navigates each customer journey in real-time, using advanced analytics to monitor markers of protection and behavioural triggers to identify risks specific to that customer
4. **Innovation engine -** exploring new markets and new audiences whilst embracing new technologies such as AI, virtual reality or 5G to enhance the customer experience
5. **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. It also supports the efficiency programme we have announced today

Growth

Our strategic growth pillar focuses on opportunities that leverage the Entain platform within existing markets, new products and new opportunities to increase our scale, our customer offering and deliver value to our stakeholders. Our growth priorities include delivering our clear ambition to be the leading operator in the US through BetMGM, growing in our core markets, entering into new regulated markets – both organically and via M&A, and expanding into interactive entertainment.

Leadership in the US

In the US, BetMGM, our joint venture with MGM Resorts, continues to go from strength to strength. BetMGM is built on Entain's leading global online technology, expertise and platform that drives the overall experience for customers. Coupled with MGM's iconic brand and resorts, BetMGM has a winning formula with significant long term competitive advantages.

On 21 April, BetMGM's CEO Adam Greenblatt and his team outlined the competitive advantages that the business enjoys as well as providing detail and colour on the market and customer behaviours. A replay of that presentation can be found on our website (www.entaingroup.com).

BetMGM is currently live in 13 jurisdictions, having grown from being operational in just 3 states at the start of 2020. This significant growth and momentum seen last year has continued into 2021, with BetMGM achieving a market share across the US of 22%[2] for the three months to June 2021, which firmly embeds it as the second largest operator of sports-betting and iGaming across the whole of the US. Our strength in iGaming remains unrivalled and we are clear market leaders with a 30% market share over the three months to June.

During the first half of 2021 BetMGM launched sports-betting in Michigan, Iowa and Virginia as well as around the Nationals Park in Washington DC, whilst also adding iGaming in Michigan. The first quarter saw record new customer recruits during March Madness and, despite a seasonally quiet sports calendar, momentum continued through Q2 to deliver NGR of $357m in the first half, with Q2 NGR growing almost 19% from Q1 NGR of $163m. Depending on the roll out of state regulations, BetMGM expects to be operating in around 20 jurisdictions, representing 33% of the US adult population, in the next 12 months. In addition, significant progress is being made to legalise sports-betting and iGaming in Canada and BetMGM expects to be active in that market when it opens.

BetMGM continues to perform well across the US with particularly strong performances in Colorado, Tennessee, Michigan and Virginia. By way of example our market shares in Tennessee and Colorado demonstrate how combining our online platform with local partners such as with the Tennessee Titans and Denver Broncos as well as an early launch and strong marketing campaigns can reap market leadership.

Our engagement approach provides us with one of the widest customer access models in the US through a number of channels. This includes omni-channel through MGM Resorts and Buffalo Wild Wings as well as a number of partnerships across sports, sports teams, and media, nationally as well as locally, such as Yahoo, the Athletic, professional sports teams and leagues that provide access to a broad range of engaged sports fans. M life has over 36m customers and approximately 15% of BetMGM's new players in Q2 were active in the M life programme. Yahoo Sports reaches approximately 70m fans per month and Buffalo Wild Wings has more than 1,200 restaurants located in key markets.

The growth in both iGaming and online sports-betting verticals has been driven by customer acquisition and strong retention with increases in both first time deposits and actives.

We continue to make improvements and enhancements to our product, content and offering. So far this year BetMGM have added features including Face recognition ID, player customisable screen layouts, as well as improvements in payments., continuously iterating to ensure our customer experience is the most exciting and engaging. Our progress in providing our customers with a single wallet and login across states remains on track and is expected to be operational for the important NFL season later this year.

In April, Entain and MGM Resorts announced a further combined investment for 2021 of $450m to support continued growth. This will take the total combined investment from the joint venture partners to $660m by the end of 2021. With a strong performance in the first half and an encouraging outlook, BetMGM remains on track to deliver its expectation of over $1bn of NGR in 2022. BetMGM is well placed to achieve a long term market share of 20% - 25% in a North American online sports-betting and iGaming market that we estimate will be worth around $32bn over the long term.

Growing presence in our core markets

We have licences in 27 regulated markets, and we operate in a number of other countries which are in the process of, or are considering, regulating. With growth dynamics built into these markets, Entain has a long runaway of growth driven by our superior Entain platform. Our diversified business model, both through geographic reach and product range, has enabled the Group to respond to the ongoing disruptions caused by the pandemic, adapting with changing customer behaviours.

As a result, our Online operations performed strongly with NGR in the first half up 28% (+27%cc), achieving a 22nd consecutive quarter of double-digit growth, or 20% growth on a three year compound basis. Excluding Germany, where the long awaited and welcome regulations are impacting the market this year, Group online NGR growth was +38%cc. At the end of H1, 98% of our NGR was from markets, excluding Germany, where we are growing at more than 10%, and as at the end of 2020, 87% of our NGR from markets, excluding the UK, where online penetration is still low (at less than 35%).

Our Online business benefitted from the mandatory Covid-19 store closures which were in place for longer than expected, and our growth also reflects the lack of sport activity in the majority of our markets during the second quarter last year. Our Retail operations saw a phased re-opening during the latter stages of the first half, and we are encouraged by the early underlying trends. In Online, we expect the overall gaming market to be larger post the pandemic.

The delayed Euro 2020 competition straddled our half year. Given the Group's global scale the additional revenue generated by the tournament is low single digit, however, it provided an opportunity to attract customers to our brands particularly as we re-position the Ladbrokes and Coral brands in the UK. The popularity of our accumulator, combination bets and in-play offering further enabled us to engage with a broader recreational customer base.

In the UK, our online business saw 31% growth during H1. Our UK sports brands were particularly strong with NGR growth of 40% in H1 compared to 2020, driven by a full sports fixture list, new product releases and actives up 39% on last year. Our UK Gaming brands NGR grew 14% during H1, driven by increased recreational retail type play as well as increased player days and NGR per active.

In Australia, Ladbrokes and Neds continue to perform well with 11%cc NGR growth during the half. Other than some occasional localised snap lockdowns, the business has been operating with Covid-19 restrictions lifted for much of the country throughout the period. The prior year saw Ladbrokes and Neds benefit particularly from their strength in horse racing, which continued in Q2 whilst other sports were cancelled, as well as support from Government stimulus measures. The repositioning of the Ladbrokes and Neds brands is making good progress and we continue to invest in marketing, as well as enhancing capabilities in areas such as customer experience, innovation, and analytics. During the half Ladbrokes launched a Mark Wahlberg led marketing campaign, as well as a number of unique and innovative new products.

In Germany, the market continues to digest the new regulatory regime and tax change. The impact from these remains broadly in-line with our original estimates, albeit a different mix. Our slots and poker business has been operating in compliance with the Tolerance Policy that came into effect in phases from October 2020, however other operators have not been as compliant, creating an uneven market. With the introduction on 1 July 2021 of the Turnover Tax for slots and poker some operators are leaving the market, but robust regulatory oversight and enforcement is critical to ensure a safe and regulated market for German customers. Following the Interstate Treaty coming into force on 1 July, we are now in the process of applying for slot and poker licences. The main conditions of the sports licences are still yet to be fully implemented, which we expect to happen later this year. We remain positive on the German market which we believe will return to growth once the licensing conditions have bedded in and we expect to be a leader in this market.

Our Sportingbet brand in Brazil is the clear market leader with NGR growth in the first half of 153%cc and active customers more than doubling year on year. The Government in Brazil is steadily progressing towards regulation and we currently expect regulation in sports-betting to come into effect mid-2022. With operations in Colombia and opportunities elsewhere across the region, we see Latin America as an exciting market.

In Georgia, Crystalbet grew by 52%cc in the half and again confirmed its position as the leading operator in that market.

During the half, retail operations in the UK, Italy, Belgium and Republic of Ireland were heavily impacted by Covid-19 restrictions with a phasing of re-openings occurring towards the end of the period. As conditions eased more fully, we have seen encouraging early trends with customers keen to return to our shops. to enjoy the in-store betting and gaming experience. The value of the omnichannel approach was particularly evident in Italy, where despite the retail estate being predominately closed for nearly all of H1, omnichannel operators outperformed their online-only competitors. Our shops in Italy, Belgium and Republic of Ireland only fully opened for a very short time before the period end, however we are confident that we will see volumes return to around 90% of pre-Covid-19 levels by the year end.

Expanding into new regulated markets

At the end of 2020, 99% of our group revenues came from regulated and regulating markets. Entain is committed to ensuring that by the end of 2023, 100% of our revenues are from domestically regulated markets. We continue to pursue the significant growth opportunities in existing and new regulated markets. During the period we completed the acquisitions of Enlabs in the Baltics, bet.pt in Portugal and acquired a technology platform to support growth into Africa.

Enlabs operates online sports-betting and gaming brands across the fast-growing Baltic region, being the market leader in Latvia and with podium positions in both Estonia and Lithuania. With its leading brands of Optibet, Laimz and Ninja it provides a platform for expansion into the Nordics market as well as across Eastern Europe, including Russian speaking markets. Enlabs has enjoyed a strong start to the year, delivering NGR growth of +53% for H1 on a proforma basis.

Bet.pt is a leader in the sports-betting market in Portugal and complements our Iberian operations and the Portuguese speaking market of Brazil. The acquisition enables us to extend the bwin brand across the region and during the period we announced the sponsorship of the Portuguese football league to be known as *'Liga Portugal bwin'*. Bet.pt has performed strongly in the first half and we will migrate its operations on to our technology platform during the second half.

Entain was one the first major operators to gain a licence in the Latin American market with the launch of our bwin brand in Colombia towards the end of 2020. With all aspects of our offering in place and the rollout of new casino game launches, we are seeing excellent growth and a strong uplift in active customers, particularly in response to our campaign around the Copa America.

In Africa, where more accumulator and recreational types of products are accessed via different mobile browsers, through a 2G and 3G led mobile market, as well as the use of unique payment solutions, a different technology platform is required to access the rapidly growing markets in the region. As a result, Impala, our new business for the African market, acquired a suitable platform with the intention to launch in at least one of these markets by the end of the year.

We continue to explore further organic and M&A opportunities across Latin and Central America, Central and Eastern Europe and Africa.

Extending into new interactive entertainment experiences and audiences

Technology is changing consumer behaviour with new trends and ecosystems emerging as the worlds of media, entertainment and gaming converge, creating new markets in interactive entertainment. The Entain platform is ideally placed at the nexus of this, opening up exciting opportunities in new markets, verticals and customer pools to drive further growth for our business. Consumers are demanding more engaging content, richer experiences, innovation and social interaction. By extending our platform into these areas we can increase the engagement with existing customers as well as attract new customers into our network.

We do some of this today through free to play games, video content, sports-based podcasts and statistical analysis. We also recently announced the development of a virtual sports bar for the Oculus Quest 2 VR headset. We are actively looking at the e-sports market where today there is an audience of over 450m viewers. We have some exciting plans across these areas and will share more detail at our investor event later today.

Today we are announcing a new investment in innovation of approximately £100m over the next three years. Key areas of focus for this investment will be our Innovation Lab, research and development and product and content. This investment will be more than funded by the efficiency programme. From our FY21 results, to be announced in March 2022, this innovation investment will be reported as part of a new segment, New Opportunities.

Efficiency programme

We are today setting out a new efficiency programme - Evolve. Alongside our M&A capabilities we have a strong track record of delivering synergies to drive shareholder value. From the recent synergy programmes we have identified a number of further opportunities to drive efficiencies, leveraging our technology capabilities and geographic diversity. Efficiencies will encompass both Online and Retail, benefitting both capex and EBITDA. We expect to deliver recurring annual cost savings totalling £100m from 2023 onwards. These efficiencies will support our investment in innovation and growth, and leaves a net cash benefit of around £75m each year from 2023 onwards.

Sustainability

Paired with growth, our strategic pillar of sustainability has clearly defined areas of focus as outlined in our Sustainability Charter. We aim to meet the highest standards in everything we do, from the way we run our business to the way we support our colleagues, our customers and our communities. We firmly believe that the most sustainable business in our industry will be the most successful business in our industry.

Our Sustainability Charter is based on four core principles: Regulated operations; leading on Responsibility and player protection, best in class Corporate Governance; and investing in our People and Local Communities.

Focus on regulated markets

We have committed to only operating in regulated markets by the end of 2023. We have already made significant strides to achieve this. At the end of 2020, 99% of Group revenues came from locally regulated or regulating markets.

Entain is currently licenced in 27 countries, and that number will rise through a combination of positive regulatory developments in certain jurisdictions and expansion into new countries both organically and through acquisition.

Operating only in regulated markets allows us to deliver a higher quality and certainty of earnings as we continue to grow into the future. We aim to engage openly and proactively with regulators to ensure we can offer first class player protection through our industry leading technology platform, while upholding all licensing objectives, across multiple jurisdictions. In the UK, the 2005 Gambling Act is currently under a much-needed review that will set out the regulatory framework for years to come. It will address all forms of betting and gaming in the UK and is an opportunity to address the fringes of the industry as well as dealing with the mainstream. We are contributing to this process to help find a balance between protecting a minority who are at risk while supporting a healthy entertainment experience for the remaining majority - as well as an environment that is commercially viable for operators.

Lead on responsibility

Fundamental to our emphasis on improving the quality of earnings is responsible gaming and player protection, with Entain continuing to lead our industry in this critically important area. The success of our ambition to revolutionise betting and gaming entertainment on the global stage requires responsibility embedded throughout the Group as well as demonstrating our commitment to safeguarding those at risk.

We believe that embracing technology, scientific data and analytics is instrumental to player protection. Our Advanced Responsibility and Care ("ARC") programme is a revolutionary industry leading approach to customer protection, and a cornerstone of our player protection going forward. ARC is a proactive programme aiming to navigate each customer journey in real-time, monitoring markers of protection and behavioural triggers whilst also identifying risks specific to that customer and adjusting the experience to remove the risk to the player. We are currently in preliminary live trials for one of our brands in the UK. Initial findings are encouraging, and we continue to evolve and improve our approach with the learnings. Later this year we expect to expand the live trials to other UK brands, then plan to broaden its capabilities to international markets.

In line with our growth strategy of extending into new interactive markets, we have extended our initiatives in responsible gambling to new areas including video-gaming and e-sports, partnering with Counter-Strike Professional Players Association, Game Quitters, Kindbridge and Rise Above the Disorder, as well as expanding our existing partnership with EPIC Risk Management to provide mental health support services, education for players potentially at risk and promoting responsible gambling, sports integrity, and corporate compliance.

The global Covid-19 pandemic has been a challenging situation for everyone. As highlighted by the European Gaming & Betting Association's (EGBA) inaugural Sustainability Report, Entain, along with other leaders of our industry took several actions to adapt to the changes in player behaviours and associated risks as a result of Covid-19 lockdowns including strengthening safer betting and gaming measures as well as responsibility around advertising. The report highlighted that customers of EGBA's members, which includes Entain, are using safer gambling tools more frequently, with 75% of customers having activated at least one safer gambling tool, up from 61% the previous year.

In February, we launched The Players' Panel to promote the voice of customers. Entain is supporting the panel because it believes that the 99% of the UK's consumers who bet safely and responsibly, deserve to have their opinions heard and for a balanced debate to happen. The Gambling Commission estimates the number of problem gamblers at c0.6%, with their latest study in July suggesting this could have dropped to 0.4% in the past year, despite the lockdown. The Players' Panel is drawn from Entain's customers across the UK on a voluntary, unpaid basis. It is a platform for them to speak out on issues such as the future of betting, freedom of choice, funding for sports and gaming trends.

Alongside the F1 Grand Prix season we launched *Party Responsibly*, a new initiative partnering our PartyCasino and PartyPoker brands with McLaren Racing, to promote the benefits of staying in control, whether at the wheel of an F1 car or when betting and gaming. The campaign replaced brand advertising with Party Responsibly messaging at both the Styrian and Austrian Grand Prix on McLaren race cars, whilst also launching a new internet hub partyresponsibly.net. This included the *Time to Pit* mini film, where F1 driver Daniel Ricciardo stresses the importance of players respecting their personal limits and staying in control of their betting and gaming, as well as providing clear and concise information on best ways and tools to maintain control.

Our customers are global, and therefore so is our approach to responsible gaming. The Entain Foundation US launched its "Gamble Responsibly America" app produced with EPIC Risk Management and RG24/7. The app features a series of educational resources and tools to help and support anyone facing potential issues with problem gambling. In Washington DC, supported by Entain Foundation US and RG24/7, the National Council on Problem Gambling (NCPG) launched Operation Responsible Gambling (OpRG) designed to assist members of the military community in gambling responsibly, and also to ensure they have options to seek help if they show signs of gambling problems. In Canada, the Entain Foundation partnered with Responsible Gambling Council on research to inform regulatory approach to gaming and sports-betting in Canada.

Best in class corporate governance

As an industry leading company, we are committed to the highest standards of governance in all areas of our operations. This commitment to best practice is delivered through a robust framework of oversight and control using the knowledge and experience of not just the Board, but the executive and senior members of the management team.

Our Board was notably strengthened and revitalised during last year, and this commitment to a gold standard approach continues. During H1, Robert Hoskin, our Chief Governance Officer, was promoted to the Board, alongside our other Non-Executive Director appointments of Stella David, Vicky Jarman and Mark Gregory.

As announced in both our ESG report and our FY Results in March, we are demonstrating our desire to adapt to changing expectations and our willingness to learn by undertaking an independent audit of our corporate governance and compliance processes. The review's results will be included in our Annual Report and ESG Report for 2021.

Investing in people and communities

Entain's commitment to investing in our people and communities is not just recruiting, retaining, and nurturing top talent from diverse backgrounds, but also contributing to the wider communities in which we operate through our community organisations via the Entain Foundation as well as reducing our impact on the environment.

We are a people-driven business in a highly dynamic sector and we understand the importance of diversity in technical roles. As a Founding Member of the sector's All-in Diversity Project we provide guidance and support, sharing best practices and resources with other organisations within the sector. As part of our international diversity and inclusion ("D&I") initiative - '*Everyone's in the Game*' - earlier this year we partnered with Girls Who Code in UK, US, Canada and India, as well as the Tech Girls Movement in Australia.

Supporting colleagues in taking care of their own wellbeing through this challenging time has remained top of our agenda. Our "Well-me" wellbeing strategy was accelerated with Work Well joining our Think Well and Live Well programmes to help our colleagues feel healthy and happy at work and at home.

To embed our high-performance philosophy and culture, in Q1 we launched the Entain & Perform platform and hosted 28 learning camps for 515 of our people leaders. We also ensured that colleagues can share in the success of our business with the launch of Sharesave, a share plan open to over 99% of our employees globally.

The Entain Foundation coordinates and supports the Group's ESG initiatives, objectives, and donations around the world. Our flagship Pitching In investment fund and SportsAid continue to support our focus on grass roots sport and aspiring UK athletes. One of SportsAid's most recent high profile alumni included Beth Shriever, previously sponsored by Entain, who won Gold at the Tokyo Olympics, demonstrating the fantastic support these initiatives provide. With the 2021 cohort announced, this partnership sees 50 of the most talented young British athletes across 24 sporting disciplines, receive an annual award of £1,000 to contribute towards training and competition costs such as travel, accommodation, equipment and kit.

As part of our Sustainability Charter, we are committed to reducing the Group's environmental impact. We have a strong culture of behaving ethically and responsibly in everything that we do, and we know that as a large global business we have a duty to do everything that we can to help tackle the climate crisis. Entain achieved the Carbon Trust Standard for Carbon, reducing CO_2 year on year for its UK operations, reflecting its commitment to sustainability through governance, carbon accounting and carbon management. We built on this earlier in the year by committing to becoming net zero for greenhouse gas emissions by no later than 2035 based on science based targets - 15 years ahead of the 2050 target for carbon neutrality agreed by governments under the Paris 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 have 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 the four reportable segments. This represents a change from 2020 with our former UK and European Retail segments now combined to form one Retail segment, in line with the recent changes in the Group's reporting to the executive management team.

BUSINESS REVIEW

Group

	Reported results[1,2]			
Six months to 30 June	**2021**	2020	Change	CC[3]
	£m	£m	%	%
NGR	1,792.6	1,609.3	11%	11%
VAT/GST	(25.6)	(34.2)	25%	28%
Revenue	1,767.0	1,575.1	12%	12%
Gross profit	1,136.3	1,028.3	11%	
Contribution	827.8	778.9	6%	
Operating costs	(417.3)	(409.8)	(2%)	
Underlying EBITDAR[4]	410.5	369.1	11%	
Rent and associated costs	(9.4)	(10.2)	8%	
Underlying EBITDA[4]	401.1	358.9	12%	
Share based payments	(6.6)	(4.0)	(65%)	
Underlying depreciation and amortisation	(109.9)	(111.9)	2%	
Share of JV (loss)/income	(79.0)	(8.6)	n/m	
Underlying operating profit[5]	205.6	234.4	(12%)	

Reported Results[1,2]:

Revenue increased by 12% (12% cc) to £1,767.0m in H1 driven by strong momentum in Online partially offset by Retail reflecting temporary shop closures due to Covid-19 restrictions. NGR growth in Online has been supported by strong underlying performance in all of our key markets except a regulation impacted Germany, a full sporting calendar (which did not exist in the second quarter of 2020) and the contribution of our recent acquisitions, Bet.pt and Enlabs. In addition, our shops and outlets in the UK and Europe re-opened progressively during the second quarter. The early underlying trends in trading since re-opening are encouraging.

Contribution of £827.8m was 6% higher than last year, with a contribution margin of 46.2%, 2.2pp lower than last year due to a higher Online segmental mix. Operating costs (before rent) were 2% higher leaving underlying EBITDA[4] of £401.1m, 12% higher than the prior year.

Share based payment charges were £2.6m higher than last year, while underlying depreciation and amortisation was 2% lower as the annual charge starts to normalise following a period of investment and M&A. Share of JV losses of £79.0m includes a loss of £78.2m relating to BetMGM, which is in line with expectations. Group underlying operating profit[5] was 12% behind 2020. After separately disclosed items of £116.1m (2020: £15.5m excluding £5.3m recorded in interest), operating profit[5] was £89.5m, a decrease of £129.4m on 2020.

Online

	Reported results[1,2]			
Six months to 30 June	**2021 £m**	2020 £m	Change %	CC[3] %
Sports wagers	7,077.3	4,697.2	51%	48%
Sports margin	13.1%	12.8%	0.3pp	0.3pp
Sports NGR	751.1	484.5	55%	52%
Gaming NGR	825.9	752.6	10%	11%
B2B NGR	10.6	8.0	33%	32%
Total NGR	1,587.6	1,245.1	28%	27%
VAT/GST	(25.6)	(34.2)	25%	28%
Revenue	1,562.0	1,210.9	29%	29%
Gross profit	989.1	779.6	27%	
Contribution	683.8	533.9	28%	
Contribution margin	*43.1%*	*42.9%*	*0.2pp*	
Operating costs	(187.1)	(164.4)	(14%)	
Underlying EBITDAR[4]	496.7	369.5	34%	
Rent and associated costs	(0.8)	(0.9)	11%	
Underlying EBITDA[4]	495.9	368.6	35%	
Share based payments	(3.5)	(1.3)	(169%)	
Underlying depreciation and amortisation	(56.9)	(55.7)	(2%)	
Share of JV income	-	-	-	
Underlying operating profit[5]	435.5	311.6	40%	

Reported Results[1,23]:

The Group delivered a strong Online performance throughout the first half with NGR up 28% (+27%cc). Despite the high prior year comparatives, particularly in Q2, gaming saw continued positive momentum. This half year performance was driven by a full sporting fixture list, including the start of the delayed Euro 2020, extended retail lockdowns and the inclusion of our recent acquisitions, Bet.pt and Enlabs. Excluding Germany, where regulatory changes are significantly impacting the market, Online NGR was up 38%cc year on year with double-digit growth in all of our key markets.

Underlying EBITDAR[4] of £496.7m and underlying EBITDA[4] of £495.9m were 34% and 35% ahead of 2020 respectively. Underlying operating profit[5] of £435.5m was 40% ahead and, after charging £92.6m of separately disclosed items, underlying operating profit[5] was £342.9m, £185.0m ahead of last year.

Sports NGR was 55% (+52% cc) ahead of 2020 with sports wagers 51% higher (+48% cc) as a result of a full sports fixture list and the early stages of Euro 2020. Sports margin was +0.3pp ahead at 13.1%, benefitting from an increase in recreational betting, improved product mix and favourable results.

Gaming NGR was up +10% (+11% cc), despite lapping a strong prior year comparative, particularly in the second quarter as the extension to retail lockdowns continued to benefit gaming online. However, with strong underlying growth on a two-year basis, we believe that the Covid-19 pandemic has driven growth in the overall gaming market. Excluding Germany, where regulation, particularly in gaming, has impacted market volumes, gaming NGR was up 28%cc year on year.

The performance in the first half has been particularly strong in our UK sports brands where Retail lockdowns, the full sports fixture list, new product releases including Ladbrokes 5-a-side and excellent customer acquisition throughout the Cheltenham Festival and Aintree Grand National have driven a strong sports and gaming performance. As expected, online growth moderated as the release from Covid-19 restrictions in England on 17 May coincided with a quieter sports program. UK sports brands NGR in H1 was 40% ahead of 2020, with sports up 52% and gaming NGR up 32%.

UK Gaming brands NGR grew 14% during the first half despite lapping strong comparatives (most notable in Q2). All brands benefitted from the extended UK lockdown which has driven increased recreational retail type play as well as increased player days and NGR per active. Our Gala brand launched its unique loyalty scheme, 'Boss Benefits' at the end of H1. The Foxy brand continues to grow ahead of the market, with year on year growth up +50%, driven by continued investment in growth, including the new Foxy Bingo TV campaign and First Dates sponsorship as well as continued benefits from its migration onto the Group's technology platform in mid-2020.

In Germany, sports NGR was +53%cc ahead of 2020 with the anticipated introduction of the most significant conditions attached to the sports licences yet to be implemented as a number of operators are challenging the proposed regulation in the German courts. The gaming market, however, has been substantially impacted by the tolerance regime ahead of the Interstate Treaty, and the continued non-compliance of other operators creating an un-even market. We remain confident that robust regulatory oversight and enforcement by German regulators, alongside the introduction of the new gaming turnover tax, will address black market or non-compliant operators. German NGR in H1 was -34%cc behind last year.

In Australia, NGR was +11%cc ahead of 2020 despite the strong prior year comparative which benefitted from Covid-19 restrictions and stimulus measures. Until recently, with the exception of a few isolated snap lockdowns, the business has been operating in a more "normallised" post-Covid-19 environment since the start of this year. Current year NGR growth has been aided by the new 'Ladbroke It' campaign, featuring Mark Wahlberg, which aims to enhance the customer experience by making betting fun whilst also highlighting the new, market leading, 'Punter Assist' safer gambling suite. The business continues to go from strength to strength with improved margins and active customers 24% higher than the prior year with new customer acquisitions up 16%.

In Italy, combined NGR growth across the three major brands (Eurobet, bwin and Gioco Digitale) was +76%cc ahead of 2020; +130%cc ahead in sports due to a full sports calendar this year, and +45%cc ahead in gaming. Performance was particularly strong in Eurobet where we have continued to benefit from our omnichannel offering which resulted in better retail migration than pure digital brands. In Eurobet sports, NGR was up +148%cc and gaming NGR up +48%cc.

Ongoing momentum and effective marketing, particularly around the Copa America and Euro 2020 tournaments, has increased the active customer base in Brazil by +200% during H1. That, coupled with excellent retention rates has seen NGR increase by +153%cc year on year.

In Georgia, NGR was +52%cc ahead year on year. Crystalbet has maintained its position as the number 1 operator with 33% market share in the first half of 2021, up 1pp on 2020.

Partypoker NGR was -10%cc behind last year, as it laps a very strong Q2 in 2020.

Our new acquisitions, Bet.pt and Enlabs which we acquired at the end of Q1, have also performed strongly during H1 contributing 2% to H1 Online NGR (4% in Q2). On a proforma basis both businesses have shown strong growth during 2021 with H1 NGR up +43% for Bet.pt and +53% ahead for Enlabs.

Online contribution margin of 43.1% was 0.2pp higher than last year, with a lower marketing rate (+0.5pp) partially offset by a -0.3pp reduction in gross profit margin as a result of product and market mix.

Operating costs (before rent) were +14% higher than last year with acquisitions contributing +4pp, while investments in product and underlying inflation also contributed to the year on year increase.

Rent and associated costs were £0.8m in the first half, compared with £0.9m in the prior year, leaving underlying EBITDA[4] of £495.9m, +35% ahead.

Share based payments were £2.2m higher than last year and underlying depreciation and amortisation of £56.9m was +2% higher, leaving underlying operating profit[5] +40% higher at £435.5m.

Retail

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

	Reported results[1,2,8]			
Six months to 30 June	**2021 £m**	2020 £m	Change %	CC[3] %
Sports wagers[6]	527.3	1,068.6	(51%)	(51%)
Sports margin[6]	19.0%	19.3%	(0.3pp)	(0.3pp)
Sports NGR/Revenue	99.5	219.0	(55%)	(55%)
Machines NGR/Revenue	91.8	134.4	(32%)	(32%)
NGR/Revenue	191.3	353.4	(46%)	(46%)
Gross profit	134.2	238.6	(44%)	
Contribution	131.3	235.7	(44%)	
Contribution margin	68.6%	66.7%	1.9pp	
Operating costs	(185.7)	(211.0)	12%	
Underlying EBITDAR[4]	(54.4)	24.7	n/m	
Rent and associated costs	(8.3)	(9.2)	10%	
Underlying EBITDA[4]	(62.7)	15.5	n/m	
Share based payments	(1.3)	(0.4)	n/m	
Underlying depreciation and amortisation	(51.1)	(54.7)	7%	
Share of JV income	-	-	-	
Underlying operating (loss)/profit[5]	(115.1)	(39.6)	n/m	

Retail NGR of £191.3m was -46% behind last year with national lockdowns significantly impacting NGR in the first half, LFL Retail NGR[6] was -42% behind last year (-43%cc). All our estates are now open, however Italy, Belgium and the Republic of Ireland were in lockdown for almost the entire first half. Whilst England was released from lockdown in mid-April, restrictions continued to apply until 17th May. With resulting NGR behind year on year, Retail recorded an underlying EBITDAR[4] loss of £54.4m which was £79.1m behind 2020 and underlying EBITDA[4] loss of £62.7m, £78.2m behind. Underlying operating loss[5] was £115.1m and, after including separately disclosed items of £5.6m, operating loss was £120.7m, £277.4m behind last year where the Retail segment benefited from the UK VAT receipt.

In the UK, sports NGR was -42% behind 2020 driven largely by reduced volumes resulting from imposed Covid-19 shop closures. Sports wagers were -39% lower and down -36% on a LFL basis. Sports gross win margin of 19.2% was -0.8pp behind last year as 2020 margins were boosted by favourable results in horse racing and football. Machines NGR was -31% behind 2020 (-27% on a LFL basis).

Since the release from tier 3 style restrictions in the UK, we have seen volumes return to levels around 90% of pre-pandemic levels. Machines have performed particularly well whilst sports continues to recover steadily from the extended period of shop closures.

In Italy, Belgium and Ireland, our Retail shops re-opened at various stages throughout May and June. The resulting NGR was -89% (-90%cc) behind in Italy, -64% (-64%cc) in Belgium and -66% (68%cc) in Republic of Ireland. Initial trading post lockdown has been in line with expectations.

Operating costs (before rent) were -12% 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 the UK for the period that the retail estate was closed, with total receipts in line year on year.

Rent and associated costs of £8.3m in the first half were -10% lower than the prior year, leaving underlying EBITDA[4] loss of £62.7m, £78.2m lower than 2020.

Charges for share based payments were £0.9m higher than last year and underlying depreciation and amortisation of £51.1m was 7% lower as charges from previous investment and the impact of the fair value exercise following the acquisition of Ladbrokes Coral start to normalise, leaving an underlying operating loss[5] of £115.1m, £75.5m behind 2020.

As at 30 June 2021, there were a total of 4,524 shops/outlets (2020: 4,743): UK 2,754 (2020: 3,006), Italy 942 (2020: 890), Belgium shops 298, outlets 398 (2020: shops 309, outlets 400) and Ireland 132 (2020: 138).

Other

Six months to 30 June	2021 £m	2020 £m	Change %	CC[3] %
	Reported results[1,2]			
NGR/Revenue	15.5	12.7	22%	22%
Gross profit	13.0	10.1	29%	
Contribution	12.7	9.3	37%	
Operating costs	(10.3)	(12.7)	19%	
Underlying EBITDAR[4]	2.4	(3.4)	171%	
Rent and associated costs	(0.1)	(0.1)	-	
Underlying EBITDA[4]	2.3	(3.5)	166%	
Share based payments	-	-	-	
Underlying depreciation and amortisation	(1.7)	(1.5)	(13%)	
Share of JV (loss)/income	(0.8)	0.2	n/m	
Underlying operating (loss)/profit[5]	(0.2)	(4.8)	96%	

Reported Results[1,2]:

On a reported basis, NGR of £15.5m was 22% higher than 2020 due to the full sports fixture list and the ability to provide content from our greyhound stadia through behind closed doors racing. Underlying EBITDAR[4] of £2.4m and underlying EBITDA[4] of £2.3m were both £5.8m ahead of 2020 predominantly due to the NGR improvement and the impact of one-off cost savings in H1. Underlying operating loss[5] was £0.2m (2020: £4.8m loss) and operating loss after charging separately disclosed items of £1.7m was -£1.9m, £15.8m ahead of last year.

Corporate

	Reported results[1,2]			
Six months to 30 June	**2021** **£m**	2020 £m	Change %	CC[3] %
Underlying EBITDAR[4]	(34.2)	(21.7)	(58%)	
Rent and associated costs	(0.2)	-	n/m	
Underlying EBITDA[4]	(34.4)	(21.7)	(59%)	
Share based payments	(1.8)	(2.3)	22%	
Underlying depreciation and amortisation	(0.2)	-	n/m	
Share of JV (loss)/income	(78.2)	(8.8)	n/m	
Underlying operating (loss)/profit[5]	(114.6)	(32.8)	n/m	

Reported Results[1,2]:

On a reported basis, Corporate costs[4] of £34.2m were £12.5m higher than last year driven by additional investment in our Responsible Gambling activities as we move towards our 1% of UK GGR target, the reversal of Covid-19 cost savings in 2020 and investment in our corporate infrastructure. After share based payments, depreciation and amortisation and share of JV losses, Corporate operating loss[5] was £114.6m, an increase of £81.8m, largely as a result of the expected incremental loss in the US JV, BetMGM. After charging separately disclosed items of £16.2m, the operating loss of £130.8m was £52.8m behind 2020.

Notes

(1) 2021 results are unaudited
(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 H1 there was an average of 4,612 shops in the estate, compared to an average of 4,815 in the same period last year

CHIEF FINANCIAL OFFICER'S REVIEW

Six months to 30 June	Reported results[1,2]			
	2021 **£m**	2020 £m	Change %	CC[3] %
NGR	1,792.6	1,609.3	11%	11%
Revenue	1,767.0	1,575.1	12%	12%
Gross profit	1,136.3	1,028.3	11%	
Contribution	827.8	778.9	6%	
Underlying EBITDAR[4]	410.5	369.1	11%	
Underlying EBITDA[4]	401.1	358.9	12%	
Share based payments	(6.6)	(4.0)	(65%)	
Underlying depreciation and amortisation	(109.9)	(111.9)	2%	
Share of JV (loss)/income	(79.0)	(8.6)	n/m	
Underlying operating profit[5]	205.6	234.4	(12%)	
Net finance costs	(36.0)	(36.6)		
Net foreign exchange	77.1	(131.9)		
Profit before tax pre separately disclosed items	246.7	65.9		
Separately disclosed items:				
Amortisation of acquired intangibles	(94.7)	(156.8)		
Other	(21.4)	136.0		
Profit/(Loss) before tax	130.6	45.1		
Tax	(39.7)	(22.7)		
Profit after tax from continuing activities	**90.9**	**22.4**		
Discontinued operations	(6.2)	(20.3)		
Profit after tax	**84.7**	**2.1**		

NGR and Revenue

Group reported NGR was 11% ahead and revenue was 12% 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 £205.6m was 12% behind 2020 (2020: £234.4m), with underlying EBITDA ahead by 12%. Our share of BetMGM losses of £78.2m, were £69.4m higher year on year as the business invests in growth . Analysis of the Group's performance for the first half is detailed in the Business Review section.

Financing costs

Finance costs of £36.0m (2020: £36.6m excluding separately disclosed items), were £0.6m lower than 2020 with the Group benefitting from a full half of the 2020 refinancing. Since the end of the half, the Group has announced the extension and increase of its RCF facility, as well as a refinancing of its USD debt, which raised an additional $351m (c£250m) in term loans.

Net foreign exchange gains on debt related items were £77.1m in the half (2020: £131.9m loss).

Separately disclosed items

Items separately disclosed before tax for the period amount to a £116.1m charge (2020: £20.8m) and relate primarily to £94.7m of amortisation on acquired intangibles (2020: £156.8m), a £3.3m (2020: £nil) impairment of certain head office premises which are now vacant and our exchange business Betdaq, integration costs of £10.1m (2020: £19.6m), corporate transaction costs of £3.4m (2020: £nil) and £6.2m of onerous costs associated with Covid-19 related shop closures and other one-off legal expenses (2020: £11.9m). In addition, the Group recorded a £0.2m charge associated with the reassessment of the likely payment under historic acquisitions (2020: £34.8m) and £0.7m of other exceptional items (2020: £8.6m primarily due to the write-off of issue costs on refinancing). During the prior year the Group also incurred £4.7m of costs associated with right-sizing the UK Retail estate post the introduction of the £2 FOBT stakes restrictions.

The Group has also separately recorded a net £2.5m (2020: £211.6) income in the first half, predominantly against a VAT claim in our Ladbrokes business where the actual amount received was higher than that estimated at the end of 2020. The Group recorded a profit on sale of assets in the prior year of £4.0m.

Separately disclosed items	**2021** **£m**	2020 £m
Amortisation of acquired intangibles	(94.7)	(156.8)
Impairment	(3.3)	-
Integration costs	(10.1)	(19.6)
Corporate transaction costs	(3.4)	-
Tax litigation/one-off legislative impacts	2.5	211.6
Legal and onerous contract costs	(6.2)	(11.9)
Movement in fair value of contingent consideration	(0.2)	(34.8)
Other including issue cost write-off	(0.7)	(8.6)
Triennial restructuring costs	-	(4.7)
Profit on sale of assets	-	4.0
Total	**(116.1)**	**(20.8)**

Profit before tax

Profit before tax and separately disclosed items was £246.7m (2020: £65.9m), a year-on-year increase of £180.8m largely driven by the foreign exchange gain on the retranslation of debt and the growth in EBITDA 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 £130.6m (2020: £45.1m).

Taxation

The tax charge for the period ended 30 June was £39.7m (2020: charge of £22.7m), reflecting an underlying effective tax rate pre-BetMGM losses and foreign exchange of 20.2% (2020: 4.7%) and a tax income on separately disclosed items of £10.3m (2020: charge £12.9m). We continue to expect a full year 2021 effective tax rate of c16% excluding the impact of foreign exchange and share of BetMGM losses.

Cashflow

Six months to 30 June	2021 £m	2020 £m
Underlying EBITDA[4]	401.1	358.9
Discontinued EBITDA	(2.5)	(10.3)
Underlying working capital	(43.9)	8.9
Capital expenditure/Investment in subsidiaries	(71.6)	(70.0)
Finance lease (incl. IFRS 16 leases)	(44.0)	(42.1)
Corporate taxes	(41.4)	(6.0)
Underlying free cashflow	**197.7**	**239.4**
Investment in BetMGM	(72.6)	(23.3)
Acquisitions net of cash acquired	(380.7)	-
Free cashflow	**(255.6)**	**216.1**
Interest paid (incl. IFRS 16 leases)	(29.6)	(44.5)
Separately disclosed items	(18.4)	(60.6)
Net movement on debt and associated instruments	(21.9)	(26.7)
Equity issue	0.6	3.5
Dividends paid	(14.8)	(7.3)
Net Cashflow	**(339.7)**	**80.5**
Foreign exchange	18.1	(1.2)
Net cash generated	**(321.6)**	**79.3**

Note: Cashflows of £1.6m on contingent consideration arrangements classified as separately disclosed items above have been included within acquisitions within the statutory cashflow

During the first half, the Group had a net cash outflow of £339.7m (2020: inflow of £80.5m), but an inflow of £113.6m before acquisitions and the investment in BetMGM (2020: £103.8m). Underlying free cashflow for the period was £197.7m (2020: £239.4m) with underlying EBITDA of £401.1m (2020: £358.9m) offset by investment in capital expenditure of £71.6m (2020: £70.0m), lease payments of £44.0m, including those on non-operational shops (2020: £42.1m) and a working capital outflow due to timing of payments of £43.9m (2020: £8.9m inflow). The Group also paid £41.4m in corporate tax (2020: £6.0m) and discontinued operations generated a £2.5m EBITDA loss (2020: £10.3m loss). Including cash outflows for acquisitions and additional investment in BetMGM, the Group had a free cash outflow of £255.6m (2020: £216.1m inflow).

The Group paid £29.6m of interest during the first half (2020: £44.5m) and £18.4m on separately disclosed items (2020: £60.6m) including £9.4m on integration costs, £8.7m on legal and onerous contract costs and £3.4m on acquisition and deal related costs partially offset by a net receipt of £3.1m on tax litigation items. £21.9m was repaid on debt related instruments, primarily on the settlement of one of the Groups external swap arrangements following its maturity (2020: £26.7m) and £14.8m was paid in dividends to the minority holding in Crystalbet (2020: £7.3m). No equity dividends were paid during either the current or prior year.

Net debt and liquidity

As at 30 June 2021, net debt was £1,951.3m and represented a net debt to EBITDA ratio of 2.2x. There was no drawdown on the Group's revolving credit facility.

	Par value £m	Issue costs/ Premium £m	Total £m
Bonds	(500.0)	(14.3)	(514.3)
Term loans	(1,526.6)	6.7	(1,519.9)
Interest accrual	(17.0)	-	(17.0)
	(2,043.6)	(7.6)	(2,051.2)
Cash			428.2
Accounting net debt			(1,623.0)
Cash held on behalf of customers			(360.9)
Fair value of swaps held against debt instruments			18.9
Short term investments/Deposits held			193.7
Balances held with payment service providers			133.9
Finance lease debt			(22.8)
Adjusted net debt pre IFRS 16			**(1,660.2)**
Lease liabilities recognised as a result of IFRS 16			(291.1)
Adjusted net debt post IFRS 16			**(1,951.3)**

Going Concern

In adopting the going concern basis of preparation in the interim financial statements, the directors have considered the current trading performance of the Group and the principal risks and uncertainties as considered in the 2020 year end longer term viability statement. This includes assessing the impact of the crystallisation of the Group's principal risks in "severe but plausible" downside scenarios.

At 30 June 2021, the Group had accessible cash of c£0.4bn with a further c£0.5bn available under the Group's RCF. Since the half year, the refinancing of the Group's RCF and issuance of an additional $351m (c£250m) of term loans has increased liquidity further. Given the level of the Group's current financing facilities, the first material tranche of which does not mature until 2023, 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 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 interim financial statements.

Notes

(1) 2021 results are unaudited
(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 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 2020 and are as follows:

Data breach 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.

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.

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.

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.

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.

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.

Health, Safety & Wellbeing of Customers 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.

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, including our offices in Central London, Gibraltar, Vienna, Hyderabad, Australia, Italy and the Philippines. 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.

Emerging and Evolving Risks

In light of the COVID-19 pandemic, the Group has recognised the need to re-evaluate emerging and existing risks regularly. In particular and most pleasingly, even with the COVID-19 pandemic still with us, 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.

Additionally, although risks arising from a global pandemic, or health & safety risks have been considered previously, these had not been identified as a principal risk prior to 2020. Given the relevance and learnings from the last 18 months we expect to continue to include a global pandemic risk in our 2021 Annual Report and Accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that, to the best of their knowledge the condensed financial statements of the Company have been prepared in accordance with IAS 34; and the interim management report of the Company includes:

- a fair review of the important events during the first six months of the year and their impact on the condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year, as required by DTR 4.2.7R; and
- a fair review of related party transactions and changes therein, as required by DTR 4.2.8R.

A list of current directors is maintained on the Entain plc website www.entaingroup.com.

On behalf of the Board

J Nygaard-Andersen	R Wood
Chief Executive Officer	Chief Financial Officer/Deputy Chief Executive Officer

12 August 2021

INDEPENDENT REVIEW REPORT TO ENTAIN PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the latest annual financial statements of the group were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements of the Isle of Man Companies Act 2006 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Mark Flanagan
for and on behalf of KPMG LLP
Chartered Accountants
31 Park Row
Nottingham
NG1 6FQ

12 August 2021

UNAUDITED FINANCIAL STATEMENTS
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

	Notes	2021 Underlying items £m	2021 Separately disclosed items (note 4) £m	2021 Total £m	2020 (restated)[4] Underlying items £m	2020 (restated)[4] Separately disclosed items (note 4) £m	2020 (restated)[4] Total £m
NGR		**1,792.6**	**-**	**1,792.6**	**1,609.3**	**-**	**1,609.3**
VAT/GST		(25.6)	-	(25.6)	(34.2)	-	(34.2)
Revenue		**1,767.0**	**-**	**1,767.0**	**1,575.1**	**-**	**1,575.1**
Cost of sales		(630.7)	-	(630.7)	(546.8)	-	(546.8)
Gross profit		**1,136.3**	**-**	**1,136.3**	**1,028.3**	**-**	**1,028.3**
Administrative costs		(851.7)	(116.1)	(967.8)	(785.3)	(15.5)	(800.8)
Contribution		**827.8**	**-**	**827.8**	**778.9**	**-**	**778.9**
Administrative costs excluding marketing		(543.2)	(116.1)	(659.3)	(535.9)	(15.5)	(551.4)
Group operating profit/(loss) before share of results from joint ventures and associates		**284.6**	**(116.1)**	**168.5**	**243.0**	**(15.5)**	**227.5**
Share of results from joint venture and associates		(79.0)	-	(79.0)	(8.6)	-	(8.6)
Group operating profit/(loss)		**205.6**	**(116.1)**	**89.5**	**234.4**	**(15.5)**	**218.9**
Finance expense	5	(36.8)	-	(36.8)	(37.4)	(5.3)	(42.7)
Finance income	5	0.8	-	0.8	0.8	-	0.8
Profit/(loss) arising from financial derivatives	5	24.3	-	24.3	(5.9)	-	(5.9)
Profit/(loss) arising from foreign exchange on debt instruments	5	52.8	-	52.8	(126.0)	-	(126.0)
Profit/(loss) before tax		**246.7**	**(116.1)**	**130.6**	**65.9**	**(20.8)**	**45.1**
Income tax expense	6	(50.0)	10.3	(39.7)	(9.8)	(12.9)	(22.7)
Profit/(loss) from continuing operations		**196.7**	**(105.8)**	**90.9**	**56.1**	**(33.7)**	**22.4**
Loss for the period from discontinued operations after tax		(2.5)	(3.7)	(6.2)	(10.5)	(9.8)	(20.3)
Profit/(loss) for the period		**194.2**	**(109.5)**	**84.7**	**45.6**	**(43.5)**	**2.1**
Attributable to:							
Equity holders of the parent		184.0	(109.5)	74.5	37.7	(43.5)	(5.8)
Non-controlling interests		10.2	-	10.2	7.9	-	7.9
Earnings per share on profit for the period from continuing operations[1]	8	18.7p		13.8p	30.9p		2.5p
From profit/(loss) for the period[1]		18.3p		12.7p	29.1p		(1.0)p
Diluted earnings per share on profit for the period from continuing operations[1]	8	18.5p		13.7p	30.5p		2.5p
From profit/(loss) for the period[1]		18.1p		12.6p	28.7p		(1.0)p
Proposed dividends	7			-			-

Memo:

	2021 Underlying items £m	2021 Separately disclosed items £m	2021 Total £m	2020 (restated)[4] Underlying items £m	2020 (restated)[4] Separately disclosed items £m	2020 (restated)[4] Total £m
EBITDAR[2]	410.5	(18.1)	392.4	369.1	141.3	510.4
Rent and associated costs[3]	(9.4)	-	(9.4)	(10.2)	-	(10.2)
EBITDA	401.1	(18.1)	383.0	358.9	141.3	500.2
Share based payments	(6.6)	-	(6.6)	(4.0)	-	(4.0)
Depreciation, amortisation and impairment	(109.9)	(98.0)	(207.9)	(111.9)	(156.8)	(268.7)
Share of results from joint ventures and associates	(79.0)	-	(79.0)	(8.6)	-	(8.6)
Group operating profit/(loss)	**205.6**	**(116.1)**	**89.5**	**234.4**	**(15.5)**	**218.9**

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 8 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.
3. Rent and associated costs include VAT and rent not captured by IFRS 16. These are predominantly driven by held over leases and irrecoverable VAT on rental charges.
4. The profit and loss for period ending 30 June 2020 has been restated for the presentation of discontinued operations.

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Profit for the period	84.7	2.1
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Currency translation (losses)/gains	(88.7)	170.0
Total items that will be reclassified to profit or loss	(88.7)	170.0
Items that will not be re-classified to profit or loss:		
Re-measurement of defined benefit pension scheme	17.1	11.8
Tax on re-measurement of defined benefit pension scheme	(6.0)	(4.1)
Total items that will not be reclassified to profit or loss	11.1	7.7
Other comprehensive (expense)/ income for the period, net of tax	**(77.6)**	**177.7**
Total comprehensive income for the period	**7.1**	**179.8**
Attributable to:		
- equity holders of the parent	(3.1)	171.9
- non-controlling interests	10.2	7.9

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2021 £m	31 December 2020 £m	30 June 2020 £m
ASSETS				
Non-current assets				
Goodwill	9	3,207.4	3,061.1	3,084.6
Intangible assets	9	2,176.9	2,105.4	2,282.9
Property, plant and equipment		458.6	470.2	447.1
Interest in joint venture		-	6.2	20.5
Interest in associates and other investments		54.4	29.4	31.4
Trade and other receivables		4.1	3.8	2.3
Other financial assets		3.6	4.4	3.6
Deferred tax assets		146.7	129.8	103.9
Retirement benefit assets		81.0	64.2	78.5
		6,132.7	**5,874.5**	**6,054.8**
Current assets				
Trade and other receivables		472.7	475.8	797.3
Income and other taxes recoverable		15.3	13.6	25.7
Derivative financial instruments	15	18.9	-	28.0
Cash and cash equivalents		396.4	706.7	469.4
		903.3	**1,196.1**	**1,320.4**
Assets in disposal group classified as held for sale		**213.9**	**199.1**	**-**
TOTAL ASSETS		**7,249.9**	**7,269.7**	**7,375.2**
LIABILITIES				
Current liabilities				
Trade and other payables		(750.3)	(687.4)	(754.5)
Balances with customers		(205.3)	(241.1)	(376.2)
Lease liabilities		(84.8)	(89.8)	(65.7)
Interest bearing loans and borrowings		(22.9)	(14.1)	(26.1)
Corporate tax liabilities		(84.0)	(66.4)	(66.4)
Provisions		(36.3)	(49.4)	(49.2)
Derivative financial instruments	15	-	(26.1)	-
Other financial liabilities	15	(211.7)	(147.5)	(138.2)
		(1,395.3)	**(1,321.8)**	**(1,476.3)**
Non-current liabilities				
Interest bearing loans and borrowings		(2,028.3)	(2,085.7)	(2,172.9)
Lease liabilities		(229.1)	(248.2)	(275.5)
Deferred tax liabilities		(365.3)	(331.7)	(343.7)
Provisions		(9.5)	(19.5)	(24.5)
Other financial liabilities	15	(8.5)	(9.3)	(46.4)
		(2,640.7)	**(2,694.4)**	**(2,863.0)**
Liabilities in disposal group classified as held for sale		(173.2)	(172.0)	-
TOTAL LIABILITIES		**(4,209.2)**	**(4,188.2)**	**(4,339.3)**
NET ASSETS		**3,040.7**	**3,081.5**	**3,035.9**
EQUITY				
Issued share capital		4.8	4.8	4.8
Share premium		1,207.2	1,206.6	1,201.5
Merger reserve		2,527.4	2,527.4	2,527.4
Translation reserve		103.0	191.7	224.0
Retained deficit		(863.6)	(901.3)	(965.5)
Equity shareholder's funds		**2,978.8**	**3,029.2**	**2,992.2**
Non-controlling interests		61.9	52.3	43.7
TOTAL SHAREHOLDERS' EQUITY		**3,040.7**	**3,081.5**	**3,035.9**

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital £m	Share premium £m	Merger Reserve £m	Translation reserve[1] £m	Retained deficit £m	Equity shareholders funds £m	Non-controlling interest £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**
(Loss)/profit for the period	-	-	-	-	(5.8)	(5.8)	7.9	2.1
Other comprehensive income	-	-	-	170.0	7.7	177.7	-	177.7
Total comprehensive income	-	-	-	170.0	1.9	171.9	7.9	179.8
Share options exercised	-	3.5	-	-	-	3.5	-	3.5
Share-based payments charge	-	-	-	-	4.0	4.0	-	4.0
Equity dividends	-	-	-	-	-	-	(7.3)	(7.3)
At 30 June 2020	**4.8**	**1,201.5**	**2,527.4**	**224.0**	**(965.5)**	**2,992.2**	**43.7**	**3,035.9**
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 period	-	-	-	-	74.5	74.5	10.2	84.7
Other comprehensive expense	-	-	-	(88.7)	11.1	(77.6)	-	(77.6)
Total comprehensive income	-	-	-	(88.7)	85.6	(3.1)	10.2	7.1
Share options exercised	-	0.6	-	-	-	0.6	-	0.6
Share-based payments charge	-	-	-	-	2.1	2.1	-	2.1
Equity dividends	-	-	-	-	-	-	(14.8)	(14.8)
Acquisition of investments (note 12)	-	-	-	-	(50.0)	(50.0)	14.2	(35.8)
At 30 June 2021	**4.8**	**1,207.2**	**2,527.4**	**103.0**	**(863.6)**	**2,978.8**	**61.9**	**3,040.7**

1. The translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries with non-sterling functional currencies.

The accompanying notes form part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Cash generated by operations	13	**337.9**	**302.9**
Income taxes paid		(41.4)	(6.0)
Net finance expense paid		(29.6)	(44.5)
Net cash generated from operating activities		**266.9**	**252.4**
Cash flows from investing activities:			
Acquisitions		(404.6)	(1.9)
Cash acquired on acquisition of business		22.3	-
Purchase of intangible assets		(46.0)	(44.1)
Purchase of property, plant and equipment		(25.6)	(30.0)
Investment in joint venture		(72.6)	(23.3)
Net cash used in investing activities		(526.5)	(99.3)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		0.6	3.5
Net proceeds from derivative financial instruments		-	13.5
Lease payments		(44.0)	(42.1)
Net repayment of borrowings[1]		(21.9)	(40.2)
Dividends paid to non-controlling interests		(14.8)	(7.3)
Net cash utilised from financing activities		(80.1)	(72.6)
Net (decrease)/increase in cash and cash equivalents		(339.7)	80.5
Effect of changes in foreign exchange rates		18.1	(1.2)
Cash and cash equivalents at beginning of the period		749.8	390.1
Cash and cash equivalents at end of the period[2]		**428.2**	**469.4**

1. Net repayment of borrowings also includes £19.1m of cash paid in relation to the settlement of derivative financial instruments (2020: £nil)
2. Cash and cash equivalents at the end of the period includes £31.8m (31 December 2020 £43.1m, 30 June 2020, £nil) of cash within assets in disposal group classified as held for sale.

The accompanying notes form part of these financial statements.

1. Corporate information

Entain plc ("the Company") is a public limited company incorporated and domiciled in the Isle of Man whose shares are publicly traded. The principal activities of the Company and its subsidiaries ("the Group") are described in Note 3.

2. Basis of preparation

(a) In adopting the going concern basis of preparation in the interim financial statements, the directors have considered the net current liability position of the Group and the latest forecast cashflows with due regards to current trading performance and the principal risks and uncertainties as considered in the 2020 year end longer term viability statement. This includes assessing the impact of the crystallisation of the Group's principal risks in "severe but plausible" downside scenarios.

At 30 June 2021, the Group had accessible cash of c£0.4bn with a further c£0.5bn available under the Group's RCF. Since the half year, the refinancing of the Group's RCF and issuance of an additional $351m of term loans has increased liquidity further. Given the level of the Group's current financing facilities, the first material tranche of which does not mature until 2022, 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 it faces. As such, the directors have a reasonable expectation that the Group will have adequate financial resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements and have, therefore, considered it appropriate to adopt the going concern basis of preparation in the interim financial statements.

(b) The Group's annual financial statements for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) pronouncements as adopted for use in the UK. The interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed and adopted for use in the UK and the Disclosure Rules and Transparency Rules of the UK Financial Conduct Authority.

The financial statements are presented in million Pounds Sterling, rounded to one decimal place. They are prepared on the historical cost basis except for the restatement to fair value of certain financial instruments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amounts and fair value less costs to sell.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020 other than those listed in 2(f).

The interim financial information was approved by a duly appointed and authorised committee of the Board of Directors on 12 August 2021 and is unaudited.

The financial information does not amount to full statutory accounts within the meaning of the Isle of Man Companies Act 2006 and does not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the Annual Report and Accounts of Entain plc for the year ended 31 December 2020 which was prepared in accordance with IFRS as adopted by the European Union and was filed with the Registrar of Companies in the Isle of Man. This report is available either on request from the Company's registered office or to download from https://entaingroup.com/investor-relations/financial-reports/. The auditor's report on these accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and did not contain a statement under the Isle of Man Companies Act 2006.

The condensed interim Financial Statements have been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and with International Accounting Standard 34 'Interim Financial Reporting'. It should be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2020, which were prepared in accordance with applicable law and International Financial Reporting Standards.

2. Basis of preparation (continued)

(c) Critical judgements and estimates

In preparing these Condensed Consolidated Interim Financial Statements, the Group has made its best estimates and judgements of certain amounts included in the financial statements, giving due consideration to materiality. The Group regularly reviews these estimates and updates them as required. The Group has reviewed its critical accounting estimates, assumptions and judgements considering the impact of COVID-19 and no new critical accounting estimates, assumptions and judgements were identified other than extending the judgement on the "potential impairment of goodwill and other intangible assets" to include whether an indicator of impairment exists at 30 June 2021. Note 10 explains the judgement on impairment indicators.

The existing critical accounting estimates, assumptions and judgements set out in note 4.2 of the Group's Annual Report and Accounts for the 12 months ended 31 December 2020 remain relevant to these Condensed Consolidated Interim Financial Statements. COVID-19 has increased the level of uncertainty in making certain estimations. Whilst there is increased uncertainty, the nature of these critical accounting estimates, assumptions and judgements has not changed and so the disclosure included in the Group's Annual Report and Accounts remains relevant. COVID-19 has been assessed as having no material impact on the Group's remaining critical accounting estimates, assumptions and judgements disclosed in the Group's Annual Reports and Accounts.

(d) To assist in understanding the underlying performance, the Group has separately disclosed the following items of pre-tax income and expense:

- profits or losses on disposal, closure or impairment of non-current assets or businesses;
- amortisation of acquired intangibles resulting from IFRS 3 "Business Combinations" fair value exercises;
- corporate transaction costs;
- costs associated with business restructuring;
- changes in the fair value of contingent consideration;
- the impact of significant tax legislation; and
- the related tax impact effect on these items.

Any other items are considered individually by virtue of their nature or size. The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The items disclosed separately have been included within the appropriate classifications in the consolidated income statement and are detailed in note 4. The directors have also presented Net Gaming Revenue, Contribution, Underlying EBITDAR and Underlying EBITDA as these are measures used frequently within the industry. All of these items are reconciled within the Income Statement.

(e) Accounting policies

Depreciation

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.

The estimated useful lives are as follows:

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

2. Basis of preparation (continued)

(e) Accounting policies (continued)

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. All indefinite lived assets are subject to an annual impairment review from the year of acquisition. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

Retail licences	Lower of 15 years, or duration of licence
Software	2 -15 years
Capitalised development expenditure	3 - 5 years
Trademarks and brand names	10 -15 years, or indefinite life
Customer relationships	3 -15 years

Impairment

An impairment review is performed for goodwill and 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.

Within Retail the cash generating units are generally an individual LBO and therefore, impairment is first assessed at this level for licences, property, plant and equipment and right of use ("ROU") assets, any impairment arising booked first to licences then to property, plant and equipment and ROU assets.

Leases

Leases, other than those with a lease period of less than one year, 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 tangible fixed assets 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 income is recognised in interest income 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 the leases. Operating lease rental income is recognised on a straight-line basis over the life of the lease.

2. Basis of preparation (continued)

(e) Accounting policies (continued)

Separately Disclosed Items

For a full explanation of what is defined as a separately disclosed item and how they are disclosed, please refer to note 2(d).

(f) Updates to IFRS

A number of amendments to IFRSs became effective for the financial year beginning 1 January 2021:

IFRS 4	*'Insurance Contracts"*	Amendments regarding replacement issue in the context of the IBOR reform	1 January 2021
IFRS 7	*'Financial Instruments: Disclosures'*		
IFRS 9	*'Financial Instruments'*		
IAS3 9	*'Financial Instruments: Recognition and Measurement'*		
IFRS 16	*'Leases'*	Amendment to extend the exemption from assessing whether a COVID-19 related rent concession is a lease modification	1 April 2021

The standards and interpretations that are issued, but not yet effective, excluding those relating to annual improvements, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. None of these are expected to have a significant effect on the consolidated financial statements of the Group as set out below:

IFRS 3	*'Business Combinations'*	Amendments updating a reference to the Conceptual Framework	1 January 2022
IFRS 4	*'Insurance Contracts"*	Amendments regarding the expiry date of the deferral approach	1 January 2023
IFRS 9	*'Financial Instruments'*	Amendments resulting from Annual Improvements to IFRS standards 2018-2020	1 January 2022
IFRS 17	*'Insurance Contracts'*	Original issue	1 January 2023
IAS 1	*'Presentation of Financial Statements'*	Amendments regarding the classification of liabilities	1 January 2023
		Amendments to defer the effective date of the January 2020 amendments	1 January 2023
		Amendments regarding the disclosure of accounting policies	1 January 2023
IAS 8	*'Accounting Policies, Changes in Accounting Estimates and Errors'*	Amendments regarding the definition of accounting estimates	1 January 2023
IAS 12	*'Income Taxes'*	Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
IAS 16	*'Property, Plant and Equipment'*	Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022
IAS 37	*'Provisions, Contingent Liabilities and Contingent Assets'*	Amendments regarding the costs to include when assessing whether a contract is onerous.	1 January 2022

3. Segment information

The Group's operating segments are based on the reports reviewed by the Executive management team (who are collectively considered to be the Chief Operating Decision Maker (CODM) to make strategic decisions and allocate resources.

IFRS 8 requires segment information to be presented on the same basis as that used by the CODM for assessing performance and allocating resources, and the Group's operating segments are now aggregated into the four reportable segments. This represents a change from 2020 with our former UK and European Retail segments now combined to form one Retail segment, in line with the recent changes in the Group's reporting to the executive management team.

- 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;
- Retail: comprises betting and retail activities in the shop estate in Great Britain, Northern Ireland, Jersey, Republic of Ireland, Belgium and Italy;
- 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, Betdaq, and on course pitches.

The Executive management team of the Group have 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. 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 six months ended 30 June 2021 were as follows:

2021	Online £m	Retail £m	All Other Segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	1,587.6	191.3	15.5	-	(1.8)	1,792.6
VAT/GST	(25.6)	-	-	-	-	(25.6)
Revenue	1,562.0	191.3	15.5	-	(1.8)	1,767.0
Gross Profit	989.1	134.2	13.0	-	-	1,136.3
Contribution	683.8	131.3	12.7	-	-	827.8
Operating costs excluding marketing/rental costs	(187.1)	(185.7)	(10.3)	(34.2)	-	(417.3)
Underlying EBITDAR before separately disclosed items	496.7	(54.4)	2.4	(34.2)	-	410.5
Rental costs	(0.8)	(8.3)	(0.1)	(0.2)	-	(9.4)
Underlying EBITDA before separately disclosed items	495.9	(62.7)	2.3	(34.4)	-	401.1
Share based payments	(3.5)	(1.3)	-	(1.8)	-	(6.6)
Depreciation and Amortisation	(56.9)	(51.1)	(1.7)	(0.2)	-	(109.9)
Share of joint ventures and associates	-	-	(0.8)	(78.2)	-	(79.0)
Operating profit/(loss) before separately disclosed items	435.5	(115.1)	(0.2)	(114.6)	-	205.6
Separately disclosed items	(92.6)	(5.6)	(1.7)	(16.2)	-	(116.1)
Group operating profit/(loss)	**342.9**	**(120.7)**	**(1.9)**	**(130.8)**	**-**	**89.5**
Net finance income						41.1
Profit before tax						130.6
Income tax						(39.7)
Profit for the period from continuing operations						**90.9**
Loss for the period from discontinued operations after tax						**(6.2)**
Profit for the period after discontinued operations						**84.7**

3. Segment information (continued)

The segment results for the six months ended 30 June 2020 were as follows:

2020 (restated)	Online £m	Retail £m	All Other Segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	1,245.1	353.4	12.7	-	(1.9)	1,609.3
VAT/GST	(34.2)	-	-	-	-	(34.2)
Revenue	1,210.9	353.4	12.7	-	(1.9)	1,575.1
Gross Profit	779.6	238.6	10.1	-	-	1,028.3
Contribution	533.9	235.7	9.3	-	-	778.9
Operating costs excluding marketing/rental costs	(164.4)	(211.0)	(12.7)	(21.7)	-	(409.8)
Underlying EBITDAR before separately disclosed items	369.5	24.7	(3.4)	(21.7)	-	369.1
Rental costs	(0.9)	(9.2)	(0.1)	-	-	(10.2)
Underlying EBITDA before separately disclosed items	368.6	15.5	(3.5)	(21.7)	-	358.9
Share based payments	(1.3)	(0.4)	-	(2.3)	-	(4.0)
Depreciation and Amortisation	(55.7)	(54.7)	(1.5)	-	-	(111.9)
Share of joint ventures and associates	-	-	0.2	(8.8)	-	(8.6)
Operating profit/(loss) before separately disclosed items	311.6	(39.6)	(4.8)	(32.8)	-	234.4
Separately disclosed items	(153.7)	196.3	(12.9)	(45.2)	-	(15.5)
Group operating profit/(loss)	**157.9**	**156.7**	**(17.7)**	**(78.0)**	**-**	**218.9**
Net finance expenses						(173.8)
Profit before tax						45.1
Income tax						(22.7)
Profit for the period from continuing operations						**22.4**
Loss for the period from discontinued operations after tax						**(20.3)**
Profit for the period after discontinued operations						**2.1**

Assets and liabilities information is reported internally in total and not by reportable segment and, accordingly, no information is provided in this note on assets and liabilities split by reportable segment.

Geographical information

Revenue by destination for the Group, is as follows:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 (restated) £m
United Kingdom	775.1	737.6
Rest of the World	991.9	837.5
Total	1,767.0	1,575.1

4. Separately disclosed items

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m (restated)
Amortisation of acquired intangibles[1]	94.7	156.8
Impairment loss[2]	3.3	-
Integration costs[3]	10.1	19.6
Corporate restructuring costs[4]	3.4	-
Tax litigation/ one-off legislative impacts[5]	(2.5)	(211.6)
Legal and onerous contract provisions[6]	6.2	11.9
Movement in fair value of contingent consideration [7]	0.2	34.8
Other one-off items	0.7	3.3
Triennial restructuring costs[8]	-	4.7
Issue costs write off[9]	-	5.3
Profit on disposal of assets[10]	-	(4.0)
Total before tax	**116.1**	**20.8**
Tax on separately disclosed items[11]	(10.3)	12.9
Separately disclosed items for the period from continuing operations	105.8	33.7
Separately disclosed items for the period from discontinued operations	3.7	9.8
Separately disclosed items for the period after discontinued operations	**109.5**	43.5

1. Amortisation charges in relation to acquired intangible assets primarily arising from the acquisitions of Ladbrokes Coral Group plc, Crystalbet, Enlabs and Bet.pt.
2. During the period the Group recognised a non-cash impairment charge of £3.3m against vacated head office premises and the Betdaq business which has been disclosed as held for sale during the current year.
3. Costs associated with the integration of Ladbrokes Coral Group plc and GVC businesses, including redundancy costs.
4. Deal fees associated with M&A activity in the period.
5. Relates primarily to the actual amount received in relation to the Ladbrokes VAT claim in excess of the amount originally estimated by management in 2020 prior to the claim being submitted to HMRC.
6. Legal and onerous contract costs include onerous contracts that have arisen as a result of shop closures and other one-off legal and tax provisions outside the ordinary course of business.
7. Costs associated with discount unwind and movements in the fair value of contingent consideration on acquisition activity from the current and previous periods.
8. Costs associated with the shop closure program including redundancy, consultation costs and other costs directly associated with the triennial response strategy, but excluding property related costs which are included in item 6.
9. Issue costs written off on the refinancing of US denominated loans in the prior year.
10. Profit on sale of certain assets in the prior year.
11. The tax credit on separately disclosed items of £10.3m (2020: £12.9m charge) represents 8.9% (2020: (62.0)%) of the separately disclosed items incurred of £116.1m (2020: £20.8m). This is lower than the expected tax credit at 19.0% (2020: 19.0%) due to certain corporate transaction costs that are not deductible for tax purposes, lower average overseas tax rates and the impact of the future UK tax rate change to 25% on deferred tax liabilities relating to acquired intangibles.

Included within separately disclosed items relating to discontinued operations is costs associated with the deal fees on the sale of the Intertrader business.

5. Finance expense and income

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Bank loans and overdrafts	(30.2)	(29.6)
Interest arising on lease liabilities	(6.6)	(7.8)
Issue costs write off (note 4)	-	(5.3)
Total finance expense	(36.8)	(42.7)
Interest receivable	0.8	0.8
Gains/(losses) arising on financial derivatives	24.3	(5.9)
Gains/(losses) arising on foreign exchange on debt instruments	52.8	(126.0)
Net finance income/(expense)	**41.1**	**(173.8)**

6. Taxation

The tax charge on continuing operations for the six months ended 30 June 2021 was £39.7m (30 June 2020: charge of £22.7m) of which a credit of £10.3m (30 June 2020: charge of £12.9m) related to separately disclosed items. The effective tax rate on continuing operations (after the effect of JV losses and foreign exchange) before separately disclosed items is 20.3% (six months ended 30 June 2020: 17.7%).

The current period's tax charge on continuing operations before separately disclosed items was higher than the UK statutory rate of 19% due to deferred tax assets not being recognised in the period, offset by the effects of lower overseas tax rates and the impact of the future UK tax rate change to 25%.

The effective tax rate on continuing operations for the full year ended 31 December 2021, excluding the impact of FX and the US JV, is forecast to be 16%.

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.

In the Budget on 3 March 2021 the Chancellor announced that the standard rate of UK Corporation Tax would increase from the planned 19% rate to 25% on 1 April 2023. This change was enacted on 24 May 2021. Both the 19% and the 25% rate have therefore been used in measuring the UK deferred tax items at 30 June 2021, depending on the expected date of reversal of any timing differences.

7. Dividends

No interim dividend has been declared by the directors in light of the uncertainty surrounding Covid-19, no dividend was paid in the preceding period.

8. Earnings per share

Basic earnings per share has been calculated by dividing the profit attributable to shareholders of the Company of £74.5m (30 June 2020: loss of £5.8m) by the weighted average number of shares in issue during the six months of 585.4m (30 June 2020: 582.8m).

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 2 and disclosed in note 4.

Weighted average number of shares (million):	Six months ended 30 June 2021	Six months ended 30 June 2020
Shares for basic earnings per share	585.4	582.8
Potentially dilutive share options and contingently issuable shares	6.4	9.1
Shares for diluted earnings per share	591.8	591.9

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Profit/(loss) attributable to shareholders	74.5	(5.8)
- from continuing operations	80.7	14.5
- from discontinued operations	(6.2)	(20.3)
(Gain)/loss arising from financial instruments	(24.3)	5.9
(Gain)/loss arising from foreign exchange debt instruments	(52.8)	126.0
Separately disclosed items net of tax (note 4)	109.5	43.5
Adjusted profit attributable to shareholders	106.9	169.6
- from continuing operations	109.4	180.1
- from discontinued operations	(2.5)	(10.5)

8. Earnings per share (continued)

Stated in pence	Standard earnings per share Six months ended 30 June 2021	2020	Adjusted earnings per share Six months ended 30 June 2021	2020
Basic earnings per share				
- from continuing operations	13.8	2.5	18.7	30.9
- from discontinued operations	(1.1)	(3.5)	(0.4)	(1.8)
From profit/(loss) for the period	12.7	(1.0)	18.3	29.1
Diluted earnings per share				
- from continuing operations	13.7	2.5	18.5	30.5
- from discontinued operations	(1.1)	(3.5)	(0.4)	(1.8)
From profit/(loss) for the period	12.6	(1.0)	18.1	28.7

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 32.0p (2020: 32.4p) and a diluted adjusted earnings per share of 31.7p (2020: 31.9p) from continuing operations.

9. Goodwill and intangible assets

	Goodwill £m	Licences £m	Software £m	Customer relationships £m	Trade-marks & brand names £m	Total £m
Cost						
At 1 January 2020	3,238.8	15.7	595.9	935.9	1,925.7	6,712.0
Exchange adjustment	128.3	-	11.3	20.6	30.3	190.5
Additions	-	-	101.6	-	-	101.6
Disposals and assets classified as held for sale	(14.9)	-	(169.5)	(7.9)	(2.0)	(194.3)
At 31 December 2020	3,352.2	15.7	539.3	948.6	1,954.0	6,809.8
Exchange adjustment	(91.0)	0.1	(8.7)	(15.2)	(22.6)	(137.4)
Additions from business combinations (note 12)	225.1	23.7	8.3	66.9	96.7	420.7
Additions	-	-	45.8	-	-	45.8
Disposals and assets classified as held for sale	-	-	(6.1)	-	-	(6.1)
At 30 June 2021	**3,486.3**	**39.5**	**578.6**	**1,000.3**	**2,028.1**	**7,132.8**
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 and assets classified as held for sale	-	-	(169.1)	(1.2)	(1.3)	(171.6)
At 31 December 2020	291.1	7.4	332.0	871.6	141.2	1,643.3
Exchange adjustment	(12.2)	-	(4.6)	(14.1)	(6.1)	(37.0)
Amortisation charge	-	2.4	52.0	69.7	22.5	146.6
Impairments	-	-	1.7	-	-	1.7
Disposals and assets classified as held for sale	-	-	(6.1)	-	-	(6.1)
At 30 June 2021	**278.9**	**9.8**	**375.0**	**927.2**	**157.6**	**1,748.5**
Net book value						
At 31 December 2020	3,061.1	8.3	207.3	77.0	1,812.8	5,166.5
At 30 June 2021	**3,207.4**	**29.7**	**203.6**	**73.1**	**1,870.5**	**5,384.3**

At 30 June 2021, the Group had not entered into contractual commitments for the acquisition of any intangible assets (31 December 2020: £nil).

Included within trade-marks & brand names are £1,398.4m (31 December 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.

Customer relationships, trade-marks and brand names relate to the fair value of customer lists, trade-marks and brand names acquired as part of business combinations, primarily relating to the Bwin and Ladbrokes Coral Group plc businesses.

10. Impairment

IAS 36 Impairment of Assets states that an impairment review must be carried out at least annually for any indefinite lived assets, such as goodwill and certain brands. Furthermore, it is necessary to assess whether there is any indication that any other asset, or cash generating unit (CGU), may be impaired at each reporting date. Should there be an indication that an asset may be impaired then an impairment review should be conducted at the relevant reporting date.

Whilst there are no current indicators of impairment, the directors are conscious of the ongoing economic uncertainty caused by the global pandemic, particularly on our Retail segment. As such, there is a potential risk for future impairments should there be a significant change in the economic outlook, or changes in longer term retail trends versus those we expect today.

During the current year the Group recognised a £1.7m impairment against the Betdaq business as a result of the Group's intention to sell the business and it being classified as held for sale. A further impairment of £1.6m has also been recognised against vacated head office premises.

During the previous period the Group recognised a £19.3m impairment against its financial services business, Intertrader. This impairment has arisen as a result of the reduced profit forecasts for that business following the impacts of COVID-19 on its underlying trading. This business has now been presented as a discontinued operation and disclosed as held for sale.

11. Net debt

The components of the Group's net debt are as follows:

	30 June 2021 £m	30 December 2020 £m	30 June 2020 £m
Current assets			
Cash and short-term deposits	428.2	749.8	469.4
Current liabilities			
Interest bearing loans and borrowings	(22.9)	(14.1)	(26.1)
Non-current liabilities			
Interest bearing loans and borrowings	(2,028.3)	(2,085.7)	(2,172.9)
Accounting net debt	(1,623.0)	(1,350.0)	(1,729.6)
Cash held on behalf of customers	(360.9)	(396.1)	(376.2)
Fair value swaps held against debt instruments	18.9	(26.1)	28.0
Deposits	193.7	171.2	144.1
Balances held with payment service providers	133.9	172.4	110.0
Adjusted net debt	**(1,637.4)**	**(1,428.6)**	**(1,823.7)**
Lease liabilities	(313.9)	(338.0)	(341.2)
Net debt including lease liabilities	**(1,951.3)**	**(1,766.6)**	**(2,164.9)**

Cash and short-term deposits include £31.8m (31 December 2020: £43.1m, 30 June 2020 £nil) classified as held for sale.

Cash held on behalf of customers represents the outstanding balance due to customers in respect of their online gaming wallets. Included within this balance is £155.6m (31 December 2020: £155.0m, 30 June 2020: £nil) classified as held for sale.

Deposits represent balances with brokers in relation to trading accounts held by the Group. Included within this balance is £177.9m (31 December 2020: £155.1m, 30 June 2020: £nil) classified as held for sale.

12. 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. 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. 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 for the 4.1% remaining holding not acquired by the Group.

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 "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.

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.

Given the proximity 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.

12. Business combinations (continued)

Details of the purchase consideration, the net assets acquired and goodwill of all acquisitions are as follows:

	Provisional fair value £m
Intangible assets (excluding goodwill)	195.6
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	(30.2)
Trade and other payables	(23.0)
Total	**184.0**
Net assets acquired	
Goodwill	225.1
Total net assets acquired	**409.1**
Consideration:	
Cash	379.7
Non-controlling interests	14.2
Deferred consideration	15.2
Total consideration	**409.1**

The acquired businesses contributed revenues of £31.7m and profit before tax of £6.2m pre the effect of any fair value adjustments to the Group for the period post acquisition up to 30 June 2021. If the acquisitions had occurred on 1 January 2021, consolidated proforma revenue and net profit for the period ended 30 June 2021 would have been £1,854.4m and £136.5m respectively before the effect of fair value adjustments and deal related costs.

During the year the Group also acquired an investment in three associated companies in Belgium for £23.3m.

13. Note to the statement of cash flows

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Profit before tax and net finance expense from continuing operations	89.5	218.9
Loss before tax and net finance expense from discontinued operations	(6.2)	(20.3)
Profit before tax and net finance expense including discontinued operations	83.3	198.6
Adjustments for:		
Impairment	3.3	19.3
Depreciation of property, plant and equipment	58.0	70.7
Amortisation of intangible assets	146.6	199.9
Profit on disposal of assets	-	(4.0)
Share-based payments charge	6.6	4.0
Increase in trade and other receivables	(20.8)	(293.7)
Increase in trade and other payables	4.6	92.5
Increase in other financial liabilities	2.1	26.0
Decrease in provisions	(22.7)	(19.0)
Share of results from joint ventures and associates	79.0	8.6
Other non-cash items	(2.1)	-
Cash generated by operations	**337.9**	**302.9**

14. Related party transactions

During the period, Group companies entered into the following transactions with related parties who are not members of the Group:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Equity investment		
- Joint venture[1]	72.6	-
Sundry expenditures		
- Associates[2]	17.4	19.8

1. Equity investment in BetMGM.
2. Payments in the normal course of business made to Sports Information Services (Holdings) Limited.

The following table provides related party outstanding balances:

	30 June 2021 £m	31 December 2020 £m	30 June 2020 £m
Other payables outstanding			
- Associates	(9.3)	(0.1)	(1.5)

15. Financial instruments

Details of the Group's borrowing are set out in note 11.

Fair value of financial instruments

The major component of the Group's derivative financial assets measured at fair value consist of currency swaps held against debt instruments of £18.9m (30 June 2020: £28.0m, 31 December 2020: £nil). The fair value of the Group's other financial assets at 30 June 2021 is not materially different to its original cost.

The major components of the Group's financial liabilities measured at fair value consist of; deferred and contingent consideration £201.7m (30 June 2020: £165.6m, 31 December 2020: £142.1m), currency swaps held against debt instruments of £nil (30 June 2020: £nil, 31 December 2020: £26.1m), and ante post liabilities £15.6m (30 June 2020: £16.6m, 31 December 2020: £12.5m).

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three levels are defined on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

There are no reasonably probable changes to assumptions or input that would lead to material changes in the fair value determined, although the final value will be determined by future sporting results.

The Group's financial assets and liabilities that are measured at fair value after initial recognition fall under the 3 levels of the fair value hierarchy as follows:

- Level 1 - £2.0m assets (30 June 2020: £nil, 31 December 2020: £nil), and £nil liabilities (30 June 2020: £nil, 31 December 2020: £nil).
- Level 2 - £21.9m assets (30 June 2020: £34.7m, 31 December 2020: £2.9m), and £nil liabilities (30 June 2020: £nil, 31 December 2020:£26.1m).
- Level 3 - £5.1m assets (30 June 2020: £4.9m, 31 December 2020: £5.1m), and £217.3m liabilities (30 June 2020: £182.2m, 31 December 2020: £154.6m).

There have been no transfers of assets or liabilities recorded at fair value between the levels of the fair value hierarchy.

16. Contingent liabilities

Greek tax

In the year ended 31 December 2018, the Group recognised a charge of £186.8m in the Income Statement within non-trading items for potential Greek tax liabilities for the years 2010 to 2017. Of the charge recognised, €51.4m (£46.1m) related to 2010/11 for which the Group received an assessment of €186.8m in 2017.

2010/11

The Group's appeal against the original assessment in respect of 2010 and 2011 was heard before the Administrative Court of Appeal in Athens on 13 January 2019 with a second hearing held on 10 May 2021. Whilst we do not expect to hear the verdict until late 2021, the Directors remain confident that the Court will find that the original assessment was out of all proportion to the size of the Group's Greek business at the time.

By 31 December 2020 the Group had paid all of the 2010/2011 assessment of €186.8m. As at 30 June 2021, the total payments made in respect of the Assessment exceed our best estimate of the liability for these years by £124.6m, and accordingly this is recorded as a receivable in the Group's balance sheet (2020: £133.0m). In the event of a successful appeal, recovery of the debtor will be through either a repayment or an ability to offset future tax liabilities.

2012-2017

The Group has now received final sign off of the amended Greek tax returns filed for the years 2012 through to 2017. The Group has made all tax payments against the 2012-2017 tax liabilities and has made a provision for the remaining associated fees.

HMRC investigation

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

In addition to the items discussed above, the Group is subject to a number of other potential litigation claims that arise as part of the normal course of business. Provision has not been made against these claims as they are not considered likely to result in an economic outflow. Consistent with any claims of this nature there can be uncertainty with the final outcome.

17. Subsequent events

On 5 July 2021 Entain plc purchased the remaining 49% of the equity of Mars LLC (Crystalbet) for €150.0m, as a result the non-controlling interest related to this previous acquisition has now been eliminated.

On 16 July 2021 Entain plc announced the pricing and allocation of a $1,125.0m term loan which matures on 29 March 2027, with a portion of the funds used to repay the existing $774.0m term loan currently held by the Group.

Post the half year, the trustees have signed the buy-out deed for the Ladbrokes pension scheme passing the schemes gross assets and liabilities to an external party. The move to a buy-out does not impact the net asset disclosed on the Balance Sheet.

Post the end of the half year, the Group agreed a deal in principle to purchase the trade and assets of a company which is aligned to our new opportunities segment, which we have announced at the date of this release, for $75m. Subject to the satisfaction of certain conditions associated with the purchase, we expect the deal to complete in H2.