07:00 4 March 2021

Entain plc

("Entain" or the "Group")

Strong performance driven by a diversified business and an exceptional online offering
Well positioned for further growth across international markets

Entain plc (LSE: ENT), the global sports-betting and gaming Group, is pleased to announce its results for the year ended 31 December 2020 delivering strong growth across its international operations with further opportunities in new markets.

Operational Highlights:

- BetMGM, the joint venture with MGM Resorts, now live in 12 states with strong momentum as a leading player in the US market
    - Market share[8] up to approximately 18% across its live markets
    - Number one operator in iGaming in January 2021 across the US
    - Full year revenues of $178m, ahead of expectations
    - Business update scheduled for 21 April 2021
- Strong growth across the Group
    - 20 consecutive quarters of double-digit online net gaming revenue ("NGR") growth
    - Growth, and market share gains, across all major markets with particularly strong performances in Australia, Brazil, Georgia and Italy as well as from PartyPoker across all its markets
    - Further expansion into regulated markets with the launch of bwin in Colombia and planned acquisitions of Bet.pt in Portugal and Enlabs AB in the Baltics
- Sustainability Charter launched to reinforce the Group's commitment to delivering best in class ESG
    - Commitment to only operate in regulated markets by 2023, with 99% of NGR from regulated or regulating markets at 31 December 2020
    - Launch of ARC, our Advanced Responsibility and Care programme, to revolutionise player protection through the use of proprietary technology
    - Launched £100m Entain Foundation to support research into gaming safety and investment in communities
    - The Group has committed to go net-zero for greenhouse emissions by no later than 2035 and has joined the Science Based Target initiative to formalise the commitment
    - Recognised by the Carbon Trust and EGR Diversity & Inclusion awards, and included in the Dow Jones Sustainability and FTSE4Good indices
    - Relocation of Entain's place of management and control – and consequently its tax residence – to the UK
- Jette Nygaard-Andersen appointed CEO on 21 January 2021

Financial Highlights:

- Strong financial performance with Group EBITDA[5,9] up 11% at £843.1m, at the top end of recently increased expectations
    - Online NGR up 28%cc
    - Online EBITDA[5,9] +50% at £803.5m reflecting the shift to online during the pandemic as well as good sports margins
    - Retail significantly impacted by Covid-19 with EBITDA[5,9] for the year at £98.3m
- Group Profit after tax[9] was £113.8m compared with a loss of £131.2m in 2019
- Underlying free cashflow[10], before the investment into BetMGM, of £513m
- Year end net debt of £1,766.6m with leverage at 2.1x with balance sheet flexibility to support our growth strategy

Jette Nygaard-Andersen, CEO of Entain, commented:

"Having spent more than two decades working with digital companies using technology to transform and disrupt industries, I am hugely excited about the future prospects for Entain. We are a digital entertainment company with a clear strategic focus on growth and sustainability. As such, we have a fantastic platform from which to use our proprietary technology to expand into new markets and reach new audiences around the world.

Today's results demonstrate the extraordinary resilience and professionalism of our people, as well as the importance of having a truly diversified business model that is not overly reliant on any one product, brand, territory, or channel. Furthermore, we firmly believe that the launch during the year of our Sustainability Charter, which includes our game-changing Advanced Responsibility & Care player protection programme, will be a key component in helping us to deliver on our vision of being the world-leader in sports-betting and gaming entertainment.

The strong underlying momentum within our business, the rapid growth of our US joint-venture, and our continuing international expansion mean that we are as confident as ever in the long-term prospects for Entain."

Group	Reported[1,2,9]				Pre IFRS 16[3,9]		
Year ended 31 December	**2020**	2019	Change	CC[4]	**2020**	2019	Change
	£m	£m	%	%	£m	£m	%
Net gaming revenue (NGR)	3,628.5	3,632.7	flat	1%	3,628.5	3,632.7	flat
Revenue	3,561.6	3,578.1	flat		3,561.6	3,578.1	flat
Gross profit	2,308.6	2,368.8	(3%)		2,308.6	2,368.8	(3%)
Underlying EBITDAR[5]	862.1	782.9	10%		862.1	782.9	10%
Underlying EBITDA[5]	843.1	761.4	11%		764.7	678.9	13%
Underlying operating profit[6]	529.5	520.6	2%		507.2	490.8	3%
Profit after tax	113.8	(131.2)					
Basic EPS (p)	15.8	(24.8)					
Adjusted diluted EPS[7] (p)	62.8	64.3					
Dividend per share (p)	-	17.6					

Dividend

Given the ongoing uncertainty as a result of Covid-19, the Board does not consider it prudent to pay a dividend at this time. However, the Board recognises the importance of dividends for shareholders and will consider dividend payments with future results.

Outlook

The Group performed strongly through a difficult year reflecting both the diversified nature of our business model and the quality of our people. We have started the year with good momentum in line with expectations and we hope to see normality returning over the coming months. As a result we remain confident in our own financial performance and long-term prospects.

Notes

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

(7) Adjusted for the impact of separately disclosed items, foreign exchange movements on financial indebtedness and losses/gains on derivative financial instruments (see note 10)
(8) BetMGM market in which it operates for the three months to 31 January 2021
(9) Reflecting the results of continuing operations
(10) Underlying free cashflow is EBITDA less working capital, capital expenditure, finance lease, corporate taxes and before the investment in BetMGM

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Conference call

An analyst call will be held at 9:30am (GMT) today. The corresponding presentation will be posted on the Group's website shortly before the call: https://entaingroup.com/investor-relations/results-centre/

Participants may join the call by dialling one of the following numbers approximately 10 minutes before the start of the call:

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

UK +44 (0) 33 0606 1122

US +1 646 813 7960

Room number: 133775

Participant PIN: 6876

There will be a live webcast available via the following link:https://brrmedia.news/gatk9

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

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, Coral, Crystalbet, Eurobet, Ladbrokes, Neds and Sportingbet; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino. The Group owns proprietary technology across all of 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. The Group is tax resident in the UK with licenses in more than 20 countries, across five continents.

For more information see the Group's website: www.entaingroup.com

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CHIEF EXECUTIVE'S REVIEW

A new way forward as Entain

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

Powered by technology

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

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

1. Enabling us to continuously improve the customer experience, such as being best in class at each individual customer touch point and rolling that across all our brands and markets (build once, deploy multiple times), or personalising the engagement with a customer.
2. Supporting our growth, whether that be launching in new states in the US, integrating new businesses acquired, launching new products - in house and third party - or expanding into new markets or to new audiences.
3. Providing us with an engine for innovation, be that exploring new markets and new audiences or exploiting new technologies such as AI, virtual reality or 5G to enhance the customer experience.
4. Approaching customer protection in new and more powerful ways. Across the industry protection for customers reacts to triggers defined by markers of protection, but at Entain we are moving to implement an advanced proactive player management platform that navigates each customer journey in real-time around any identified risk specific to that customer, promising never before seen levels of player protection.
5. Driving efficiencies through our business. These come from maximising cost and revenue synergies - both from acquisitions as well as from process improvements across the Group. Operating our own platform also means that we operate at a lower cost than our competitors who pay revenue fees to third parties.

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

Growth

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

Leadership in the US

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

Having started 2020 operational in just three states, significant growth and momentum has accelerated BetMGM into a leading online sports and iGaming operator in the US market. It is now live in 12 states and has over 500 employees. During the year BetMGM launched in West Virginia (online sports-betting (OSB) & iGaming (iG)), Indiana (OSB), Nevada (OSB adding to Retail Sports (RS) which went live in 2019), Michigan (RS), Colorado (OSB), Oregon (RS), Tennessee (OSB) and Pennsylvania (OSB & iG). That momentum continued into 2021 with the launch in January of online sports-betting in Iowa and Virginia, as well as online sports-betting and iGaming in Michigan. BetMGM has now achieved approximately18% market share in the states in which it is live in the three months to the end of January 2021. BetMGM aims to be operating in around 20 states by the end of this year, reaching approximately 40% of the adult population.

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

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

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

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

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

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

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

Grow core markets

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

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

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

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

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

In the fourth quarter, we were pleased to receive four sports-betting licences in Germany, and the 16 Lander (German federal states) also confirmed that they had agreed to a transitional tolerance policy for gaming for the period ahead of implementation of the Interstate Treaty 2021. These two developments, while a long time coming and implemented in stages, are bringing clarity to German regulation of online betting and gaming after 20 years of ambiguity. The issuance of sports licences and implementation of the tolerance policy were accompanied by certain restrictions that are being implemented from mid-October last year through the first quarter this year. These restrictions are expected to impact revenue and the dynamics of the market and, so far, the impacts have been broadly in line with our expectations. In addition there is a proposal to introduce a 5.3% turnover tax on online poker and slots from the beginning of July this year. If such a tax were introduced, it would make certain parts of the market uneconomic for many operators. For us, it would reduce contribution this year by around £15m - £20m before any mitigating actions. The tax is yet to be ratified and its implementation will be subject to challenge by the industry.

In Georgia, Crystalbet has cemented its position as the number 1 operator in that market.

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

Enter new markets

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

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

We have a strong track record of integration and value creation through M&A. Following a pause due the Covid-19 pandemic, we restarted our M&A programme on 8 October 2020 with the announcement of the acquisition of Bet.pt, which is expected to complete during the first half of the current financial year. This takes the Group into the recently regulated, and rapidly growing, Portuguese market which is expected to more than double to around €450m in value by 2023. Bet.pt is one of the leading online betting and gaming operators in Portugal with a particular strength in sports-betting. By leveraging our technology, extensive portfolio of gaming content, marketing and CRM capabilities, as well as growing the sports offering, we see plenty of opportunities to grow its market position and profitability.

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

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

Expand to new audiences

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

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

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

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

Sustainability

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

Focus on regulated markets

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

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

We are becoming much more proactive in our engagement with regulators. In the UK, the 2005 Gambling Act is currently under a much-needed review that will set out the regulatory framework for years to come. It will address all forms of betting and gaming in the UK and is an opportunity to address the fringes of the industry as well as dealing with the mainstream. We are contributing to this process to help find a balance between protecting the minority that are at risk while supporting a healthy entertainment experience for the remaining majority - as well as an environment that is commercially viable for operators.

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

Lead on Responsibility

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

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

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

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

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

Best in class corporate governance

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

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

Best place to work and investing in our communities

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

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

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

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

Financial Results and the use of Non-GAAP measures

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

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

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

Notes

(1) *Excludes the impact of separately disclosed items*

(2) *IFRS 16 has also resulted in an additional £15.3m of interest in 2020 (£16.8m in 2019)*

(3) *EBITDAR is defined as earnings before interest, tax, depreciation and amortisation, rent and associated costs, share based payments and share of JV income. EBITDA is defined as EBITDAR after charging rent and associated costs. Contribution reflects gross profit less marketing costs.*

(4) *Reflecting the results of continuing operations*

BUSINESS REVIEW

Group

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

Reported Results[1,2,8]:

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

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

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

Online

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

Reported Results[1,2,8]:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total Retail

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

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

UK Retail

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

Reported Results[1,2,8]:

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

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

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

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

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

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

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

European Retail

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

Reported Results[1,2,8]:

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

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

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

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

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

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

Other

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

Reported Results[1,2,8]:

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

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

Corporate

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

Reported Results[1,2,8]:

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

Notes

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

CHIEF FINANCIAL OFFICER'S REVIEW

Year ended 31 December	Reported results[1,2] 2020 £m	2019 £m	Change %	CC[4] %	Pre IFRS 16 results[3] 2020 £m	2019 £m	Change %
NGR	3,628.5	3,632.7	flat	1%	3,628.5	3,632.7	flat
Revenue	3,561.6	3,578.1	flat		3,561.6	3,578.1	flat
Gross profit	2,308.6	2,368.8	(3%)		2,308.6	2,368.8	(3%)
Contribution	1,740.2	1,874.9	(7%)		1,740.2	1,874.9	(7%)
Underlying EBITDAR[5]	862.1	782.9	10%		862.1	782.9	10%
Underlying EBITDA[5]	843.1	761.4	11%		764.7	678.9	13%
Share based payments	(14.8)	(12.7)	(17%)		(14.8)	(12.7)	(17%)
Underlying depreciation and amortisation	(238.6)	(218.9)	(9%)		(182.5)	(166.2)	(10%)
Share of JV income	(60.2)	(9.2)	(554%)		(60.2)	(9.2)	(554%)
Underlying operating profit[6]	529.5	520.6	2%		507.2	490.8	3%
Net finance costs	(74.2)	(86.1)	14%				
Net foreign exchange	(104.7)	101.9	(203%)				
Profit before tax pre separately disclosed items	350.6	536.4	(35%)				
Separately disclosed items:							
Amortisation of acquired intangibles	(307.0)	(374.0)	18%				
Other	131.1	(326.8)	140%				
Profit/(Loss) before tax	174.7	(164.4)	206%				
Tax	(60.9)	33.2	(283%)				
Profit(Loss) after tax from continuing operations	113.8	(131.2)	187%				
Discontinued Operations	(34.4)	(9.5)	(262%)				
Profit/(Loss) for the year	79.4	(140.7)	156%				

NGR and Revenue

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

Underlying operating profit[6]

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

Financing costs

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

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

Separately disclosed items

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

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

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

Profit before tax

Profit before tax and before separately disclosed items was £350.6m (2019: £536.4m) reflecting a year-on-year decrease of £185.8m with underlying operating profit[6] £8.9m ahead and finance costs £11.9m favourable offset by a £206.6m swing in foreign exchange on debt retranslation as a result of the relative movements in the

GBP:EURO exchange rate year on year. After charging separately disclosed items, the Group recorded a pre-tax profit of £174.7m (2019: loss of £164.4m).

Taxation

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

Discontinued Operations

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

Cashflow

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

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

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

Net debt and liquidity

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

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

Going Concern

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

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

Notes

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

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 with risks being managed and monitored by its sub committees on a regular basis.

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 as part of its business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which it 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 affecting the integrity of our gaming platforms. This could result in prosecutions including financial penalties, sanctions, the loss of the goodwill and trust of its customers and an inability to deliver growth and deliver technology synergies.

Laws, regulations, licensing and regulatory compliance

Regulatory, legislative and fiscal regimes for betting and gaming in key markets around the world can change, sometimes with short notice. Changes could benefit or have an adverse effect on the Group's profitability and additional costs might be incurred in order to comply with any new laws or regulations in multiple jurisdictions.

Technology failure

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

Taxes

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

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

Increased cost of product

The Group is subject to certain arrangements intended to support the industries in which it operates including the horseracing and 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 and pricing can be changeable in the business environment that our suppliers operate.

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. There is an elevated risk to our colleagues during the pandemic as a result of changes in colleagues working circumstances.

Trading, liability management and pricing

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

Loss of key locations

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

Pandemic

Entain has been adversely affected by the Covid-19 pandemic as a result of retail shops closing and the inability to access some of our offices around the world. Further waves of the pandemic may have an adverse effect on our ability to re-open retail outlets and may lead to the postponement of major sporting fixtures, e.g. football or horse racing, resulting in financial losses.

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

The Group has recognised the need to re-evaluate the principal risks during the year, considering changes arising from Covid-19 and has included this as a principal risk due to the prolonged effects, particularly on our retail network

However, as noted at half year and most pleasingly, whilst the Group still considers the loss of key locations a principal risk, it has proven over the last few months that it has adequate business continuity plans in place to cater for colleagues working at home across the globe and we have assessed this risk as a low risk at year end.

The Group has reconsidered its risks arising from Brexit, and remains of the view that this is not a significant risk to Entain currently.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Notes	2020 Underlying items £m	2020 Separately disclosed Items (note 6) £m	2020 Total £m	2019 (restated)[4] Underlying items £m	2019 (restated)[4] Separately disclosed Items (note 6) £m	2019 (restated)[4] Total £m
Net Gaming Revenue		**3,628.5**	**-**	**3,628.5**	3,632.7	-	3,632.7
VAT/GST		(66.9)	-	(66.9)	(54.6)	-	(54.6)
Revenue	5	**3,561.6**	**-**	**3,561.6**	3,578.1	-	3,578.1
Cost of sales		(1,253.0)	-	(1,253.0)	(1,209.3)	-	(1,209.3)
Gross profit		**2,308.6**	**-**	**2,308.6**	2,368.8	-	2,368.8
Administrative costs		(1,718.9)	(170.6)	(1,889.5)	(1,839.0)	(686.7)	(2,525.7)
Contribution		**1,740.2**	**-**	**1,740.2**	1,874.9	-	1,874.9
Administrative costs excluding marketing		(1,150.5)	(170.6)	(1,321.1)	(1,345.1)	(686.7)	(2,031.8)
Group operating profit/(loss) before share of results from joint ventures and associates		**589.7**	**(170.6)**	**419.1**	529.8	(686.7)	(156.9)
Share of results from joint ventures and associates		(60.2)	-	(60.2)	(9.2)	-	(9.2)
Group operating profit/(loss)		**529.5**	**(170.6)**	**358.9**	520.6	(686.7)	(166.1)
Finance expense	7	(76.5)	(5.3)	(81.8)	(88.5)	(14.1)	(102.6)
Finance income	7	2.3	-	2.3	2.4	-	2.4
(Losses)/gains arising from change in fair value of financial instruments	7	(61.8)	-	(61.8)	17.6	-	17.6
(Losses)/gains arising from foreign exchange on debt instruments	7	(42.9)	-	(42.9)	84.3	-	84.3
Profit/(loss) before tax		**350.6**	**(175.9)**	**174.7**	536.4	(700.8)	(164.4)
Income tax	8	(63.0)	2.1	(60.9)	(46.4)	79.6	33.2
Profit/(loss) from continuing operations		**287.6**	**(173.8)**	**113.8**	490.0	(621.2)	(131.2)
Loss for the year from discontinued operations after tax	14	(14.4)	(20.0)	(34.4)	(0.6)	(8.9)	(9.5)
Profit/(loss) for the year		**273.2**	**(193.8)**	**79.4**	489.4	(630.1)	(140.7)
Attributable to:							
Equity holders of the parent		251.6	(193.8)	57.8	476.4	(630.1)	(153.7)
Non-controlling interests		21.6	-	21.6	13.0	-	13.0
		273.2	(193.8)	79.4	489.4	(630.1)	(140.7)
Earnings per share on profit/(loss) for the year							
from continuing operations		63.5p		15.8p	65.2p		(24.8)p
From profit/(loss) for the year[1]	10	61.0p		9.9p	65.1p		(26.4)p
Diluted earnings per share on profit/(loss) for the year							
from continuing operations		62.8p		15.6p	64.3p		(24.8)p
From profit/(loss) for the year[1]	10	60.4p		9.8p	64.2p		(26.4)p
Proposed dividends	9			-			17.6p

Memo

EBITDAR[2]		862.1	141.4	1,003.5	782.9	(68.1)	714.8
Rent and associated costs[3]		(19.0)	-	(19.0)	(21.5)	-	(21.5)
EBITDA		843.1	141.4	984.5	761.4	(68.1)	693.3
Share based payments		(14.8)	-	(14.8)	(12.7)	-	(12.7)
Depreciation, amortisation and impairment		(238.6)	(312.0)	(550.6)	(218.9)	(618.6)	(837.5)
Share of results from joint ventures and associates		(60.2)	-	(60.2)	(9.2)	-	(9.2)
Group operating profit/(loss)		**529.5**	**(170.6)**	**358.9**	520.6	(686.7)	(166.1)

1. The calculation of underlying earnings per share has been adjusted for separately disclosed items, and for the removal of foreign exchange volatility arising on financial instruments as it provides a better understanding of the underlying performance of the Group. See note 10 for further details
2. Included within the Income Statement and Memo above are certain non-statutory measures. The use of these items and the reconciliation to their statutory equivalents is provided above within the financial results and the use of non-GAAP measures section
3. Rent and associated costs include VAT and rent not captured by IFRS16.These are predominantly driven by VAT on rental charges not being recoverable and held over leases
4. The profit and loss for the year ended 31 December 2019 has been restated for the presentation of discontinued operations. See note 14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	2020 £m	2019 £m
Profit/(loss) for the year	79.4	(140.7)
Other comprehensive expense:		
Items that may be reclassified to profit or loss:		
Currency differences on translation of foreign operations	137.7	(158.6)
Total items that may be reclassified to profit or loss	137.7	(158.6)
Items that will not be reclassified to profit or loss:		
Re-measurement of defined benefit pension scheme	(0.2)	(104.6)
Tax on re-measurement of defined benefit pension scheme	0.1	36.6
Share of associate other comprehensive income	0.3	1.0
Total items that will not be reclassified to profit or loss	0.2	(67.0)
Other comprehensive income/(expense) for the year, net of tax	137.9	(225.6)
Total comprehensive income/(expense) for the year	217.3	(366.3)
Attributable to:		
Equity holders of the parent:	195.7	(379.3)
Non-controlling interests	21.6	13.0

CONSOLIDATED BALANCE SHEET

At 31 December	Notes	2020 £m	2019 £m
Assets			
Non-current assets			
Goodwill	11	3,061.1	2,966.4
Intangible assets	11	2,105.4	2,398.0
Property, plant and equipment	13	470.2	467.9
Interest in joint venture		6.2	6.0
Interest in associates and other investments		29.4	29.9
Trade and other receivables		3.8	3.3
Other financial assets		4.4	2.1
Deferred tax assets	8	129.8	124.4
Retirement benefit asset		64.2	66.6
		5,874.5	**6,064.6**
Current assets			
Trade and other receivables		475.8	477.6
Income and other taxes recoverable		13.6	9.1
Derivative financial instruments		-	47.4
Cash and cash equivalents		706.7	390.1
		1,196.1	**924.2**
Assets in disposal group classified as held for sale	14	**199.1**	**-**
Total assets		**7,269.7**	**6,988.8**
Liabilities			
Current liabilities			
Trade and other payables		(687.4)	(678.7)
Balances with customers	15	(241.1)	(335.4)
Lease liabilities		(89.8)	(75.5)
Interest bearing loans and borrowings		(14.1)	(31.5)
Corporate tax liabilities		(66.4)	(35.1)
Provisions		(49.4)	(73.0)
Derivative financial instruments		(26.1)	-
Other financial liabilities		(147.5)	(30.7)
		(1,321.8)	**(1,259.9)**
Non-current liabilities			
Interest bearing loans and borrowings		(2,085.7)	(2,084.5)
Lease liabilities		(248.2)	(288.0)
Deferred tax liabilities	8	(331.7)	(358.2)
Provisions		(19.5)	(16.5)
Other financial liabilities		(9.3)	(125.8)
		(2,694.4)	**(2,873.0)**
Liabilities in disposal group classified as held for sale	14	(172.0)	-
Total liabilities		**(4,188.2)**	**(4,132.9)**
Net assets		**3,081.5**	**2,855.9**
Equity			
Issued share capital		4.8	4.8
Share Premium		1,206.6	1,198.0
Merger Reserve		2,527.4	2,527.4
Translation reserve		191.7	54.0
Retained earnings		(901.3)	(971.4)
Equity shareholders' funds		**3,029.2**	**2,812.8**
Non-controlling interests		52.3	43.1
Total shareholders' equity		**3,081.5**	**2,855.9**

J Nygaard-Andersen
(Chief Executive Officer)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Merger Reserve	Translation reserve[1]	Retained earnings	Equity shareholders' funds	Non-controlling Interests	Total Shareholders' equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2019	4.8	1,196.5	2,527.4	212.6	(562.2)	3,379.1	38.2	3,417.3
(Loss)/profit for the year	-	-	-	-	(153.7)	(153.7)	13.0	(140.7)
Other comprehensive expense	-	-	-	(158.6)	(67.0)	(225.6)	-	(225.6)
Total comprehensive (expense)/income	-	-	-	(158.6)	(220.7)	(379.3)	13.0	(366.3)
Share options exercised	-	1.5	-	-	-	1.5	-	1.5
Share-based payments charge	-	-	-	-	10.8	10.8	-	10.8
Equity dividends (note 9)	-	-	-	-	(195.5)	(195.5)	(8.1)	(203.6)
Non-controlling interests	-	-	-	-	(3.8)	(3.8)	-	(3.8)
At 31 December 2019	4.8	1,198.0	2,527.4	54.0	(971.4)	2,812.8	43.1	2,855.9
At 1 January 2020	4.8	1,198.0	2,527.4	54.0	(971.4)	2,812.8	43.1	2,855.9
Profit for the year	-	-	-	-	57.8	57.8	21.6	79.4
Other comprehensive income	-	-	-	137.7	0.2	137.9	-	137.9
Total comprehensive income	-	-	-	137.7	58.0	195.7	21.6	217.3
Share options exercised	-	8.6	-	-	-	8.6	-	8.6
Share-based payments charge	-	-	-	-	12.1	12.1	-	12.1
Equity dividends (note 9)	-	-	-	-	-	-	(12.4)	(12.4)
At 31 December 2020	4.8	1,206.6	2,527.4	191.7	(901.3)	3,029.2	52.3	3,081.5

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Notes	2020 £m	2019 £m
Cash generated by operations	16	864.8	543.7
Income taxes paid		(59.2)	(37.5)
Net finance expense paid		(95.3)	(68.9)
Net cash generated from operating activities		710.3	437.3
Cash flows from investing activities:			
Acquisitions and payments of contingent consideration		(24.8)	(21.3)
Purchase of intangible assets		(101.6)	(107.2)
Purchase of property, plant and equipment		(62.6)	(72.6)
Proceeds from the sale of property, plant and equipment including disposal of shops		6.9	10.9
Investment in joint ventures		(61.8)	-
Dividends received from associates		-	1.2
Proceed from disposal of joint ventures		-	63.8
Net cash used in investing activities		(243.9)	(125.2)
Cash flows from financing activities:			
Proceeds from issue of ordinary shares		8.6	1.5
Net proceeds from borrowings[1]		13.5	1,045.5
Repayment of borrowings		(43.5)	(1,099.1)
Payment of lease liabilities		(85.9)	(77.7)
Equity dividends paid[2]		(12.4)	(203.6)
Net cash used in financing activities		(119.7)	(333.4)
Net increase/(decrease) in cash and cash equivalents		346.7	(21.3)
Effect of changes in foreign exchange rates		13.0	(10.5)
Cash and cash equivalents at beginning of the year		390.1	421.9
Cash and cash equivalents at end of the year[3]		749.8	390.1

1. Net proceeds from borrowings also includes £13.5m of cash received in relation to the settlement of derivative financial instruments (2019: £12.6m)
2. Equity dividends paid are inclusive of dividends paid to non-controlling interests of £12.4m (2019: £8.1m)
3. Cash and cash equivalents at the end of the year also includes £43.1m of cash within assets in disposal group classified as held for sale.

1 Corporate information

This announcement was approved by the Board of Directors on 4 March 2021. Entain PLC (the Company) is a company incorporated and domiciled in the Isle of Man on 5 January 2010 whose shares are traded publicly on the London Stock Exchange. The principal activities of the Company and its subsidiaries ("the Group") are described in the strategic report. The consolidated financial statements of the Group for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 4 March 2021.

The nature of the Group's operations and its principal activities are set out in note 5.

2 Basis of preparation

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2020 or 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

The consolidated financial statements of the Group have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and with the Isle of Man Companies Act 2006 applicable to companies reporting under IFRSs. The accounting policies set out in this section as detailed have been applied consistently year on year other than for the changes in accounting policies set out in note 3.

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

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

The consolidated financial statements are presented in Pounds Sterling (£). All values are in millions (£m) rounded to one decimal place except where otherwise indicated.

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

3 Changes in accounting policies

From 1 January 2020 the Group has applied, for the first time, certain standards, interpretations and amendments. The adoption of the following standards and amendments to standards did not have a material impact on the current period or any prior period upon transition:

- IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors; amendments to the definition of "material",
- IAS 39 Financial Instruments; amendments as a result of interest rate benchmark reform,
- IFRS 3 Business Combinations; amendments to the definition of a business,
- IFRS 7 Financial Instruments: Dislosures; amendments as a result of interest rate benchmark reform, and
- IFRS 9 Financial Instruments: Recognition and Measurement; amendments as a result of interest rate benchmark reform.

4 Summary of significant accounting policies

4.1 Critical accounting estimates and judgements

The preparation of financial information requires the use of assumptions, estimates and judgements about future conditions. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future may differ from those reported.

In this regard, management believes that the accounting policies where judgement has been applied are:

- accounting for uncertain tax positions; and
- separately disclosed items.

Furthermore, management believes that the accounting policies where estimates have been utilised are:

- the measurement and impairment of goodwill and other assets;
- pension and other post-employment benefit obligations; and
- accounting for business combinations.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Further information about key assumptions concerning the future and other key sources of estimation uncertainty are set out below.

Accounting for uncertain tax positions

The Group is subject to various forms of tax in a number of jurisdictions. Given the nature of the industry within which the Group operates, the tax and regulatory regimes are continuously changing and, as such, the Group is exposed to a small number of uncertain tax positions. Provisions are made for uncertain tax positions where it is believed that it is more likely than not that an economic outflow will arise.

Separately disclosed items

To assist in understanding its underlying performance, the Group has defined the following items of pre-tax income and expense as separately disclosed items as they either reflect items which are exceptional in nature or size or are associated with the amortisation of acquired intangibles. Items treated as separately disclosed items include:

- amortisation of acquired intangibles resulting from IFRS3 "Business Combinations" fair value exercises;
- profits or losses on disposal, closure or impairment of non-current assets or businesses;
- corporate transaction and restructuring costs;
- tax litigation;
- changes in the fair value of contingent consideration; and
- the related tax effect of these items.

Any other non-recurring items are considered individually for classification as separately disclosed or exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Group.

The separately disclosed items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the separately identifiable assets, liabilities and contingent liabilities at the date of acquisition. In accordance with IFRS 3 Business Combinations, goodwill is not amortised but reviewed for impairment at the first reporting period after acquisition and then annually thereafter. As such it is stated at cost less any provision for impairment of value. Any impairment is recognised immediately in the consolidated income statement and is not subsequently reversed.

On acquisition, any goodwill acquired is allocated to cash generating units for the purpose of impairment testing. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposal is included in the carrying amount of the assets when determining the gain or loss on disposal.

4 Summary of significant accounting policies (continued)

4.1 Critical accounting estimates and judgements (continued)

Intangible assets

Intangible assets acquired separately are capitalised at cost and those acquired as part of a business combination are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. The costs relating to internally generated intangible assets, principally software costs, are capitalised if the criteria for recognition as assets are met. Other expenditure is charged in the year in which the expenditure is incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. All indefinite lived assets are subject to an annual impairment review from the year of acquisition. Where amortisation is charged on assets with finite lives, this expense is taken to the consolidated income statement through the 'operating expenses, depreciation and amortisation' line item. Useful lives are reviewed on an annual basis.

A summary of the policies applied to the Group's intangible assets is as follows:

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

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

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

Pensions and other post-employment benefits

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

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

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

In accounting for the Group's defined benefit pension plans, it is necessary for management to make a number of estimates and assumptions each year. These include the discount rates, inflation rates and life expectancy. In making these estimates and assumptions, management considers advice provided by external advisers, such as actuaries. Where actual experience differs to these estimates, actuarial gains and losses are recognised directly in other comprehensive income. Although the Group anticipates that plan surpluses will be utilised during the life of the plans to address member benefits, the Group recognises its pension surplus in full on the basis that it does not consider there to be substantive restrictions on the return of residual plan assets in the event of a winding up of the plans after all member obligations have been met.

The Group's contributions to defined contribution schemes are charged to the consolidated income statement in the period to which the contributions relate.

Business combinations

For business combinations, the Group estimates the fair value of the consideration transferred, which can include assumptions about the future business performance of the business acquired and an appropriate discount rate to determine the fair value of any contingent consideration. Judgement is also applied in determining whether any future payments should be classified as contingent consideration or as remuneration for future services.

The Group then estimates the fair value of assets acquired and liabilities assumed in the business combination, including any separately identifiable intangible assets. These estimates also require inputs and assumptions including future earnings, customer attrition rates and discount rates. The Group engages external experts to support the valuation process, where appropriate. IFRS 3 'Business Combinations' allows the Group to recognise provisional fair values if the initial accounting for the business combination is incomplete. Judgement is applied as to whether changes should be applied at the acquisition date or as post-acquisition changes.

4 Summary of significant accounting policies (continued)

4.1 Critical accounting estimates and judgements (continued)

Business combinations (continued)

The fair value of contingent consideration recognised in business combinations is reassessed at each reporting date, using updated inputs and assumptions based on the latest financial forecasts for the relevant business. Fair value movements and the unwinding of the discounting is recognised within operating expenses.

4.2 Other accounting policies

Impairment

An impairment review is performed for indefinite life assets on at least an annual basis. For all other non-current assets an impairment review is performed where there are indicators of impairment. This requires an estimation of the recoverable amount which is the higher of an asset's fair value less costs to sell and its value in use. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from each cash generating unit and to discount cash flows by a suitable discount rate in order to calculate the present value of those cash flows. Estimating an asset's fair value less costs to sell is determined using future cashflow and profit projections as well as industry observed multiples and publicly observed share prices for similar betting and gaming companies.

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

Pension and other post-employment benefit obligations

There is a significant degree of estimation involved in predicting the ultimate benefits payable under defined benefit pension arrangements. The pension scheme liabilities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The group's defined benefit pension schemes both have a net asset position when measured on an IAS 19 basis. Judgement is applied, based on legal, actuarial, and accounting guidance in IFRIC 14, regarding the amounts of net pension asset that is recognised in the consolidated balance sheet.

Property, plant and equipment

Land is stated at cost less any impairment in value.

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

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

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

ROU assets are depreciated over the lease term (as defined in IFRS16) being the period to the expiry date of the lease, unless it is expected that a break clause will be exercised when the lease term is the period to the date of the break.

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

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

4 Summary of significant accounting policies (continued)

4.2 Other accounting policies (continued)

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

Leases

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

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

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

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

Financial assets

Financial assets are recognised when the Group becomes party to the contracts that give rise to them.

The Group classifies financial assets at inception as financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. On initial recognition, financial assets at amortised cost are measured at fair value net of transaction costs.

Trade receivables are generally accounted for at amortised cost. Expected credit losses are recognised for financial assets recorded at amortised cost, including trade receivables. Expected credit losses are calculated by using an appropriate probability of default, taking accounts of a range of possible future scenarios and applying this to the estimated exposure of the Group at the point of default.

Financial assets at fair value through profit or loss include derivative financial instruments. Financial assets through profit or loss are measured initially at fair value with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated income statement.

Financial assets at fair value through other comprehensive income comprise equity investments that are designated as such on acquisition. These investments are measured initially at fair value. Subsequently, the fair values are remeasured, and gains and losses are recognised in the consolidated statement of comprehensive income.

Financial liabilities

Financial liabilities comprise trade and other payables, interest bearing loans and borrowings, contingent consideration, ante-post bets, guarantees and derivative financial instruments. On initial recognition, financial liabilities are measured at fair value net of transaction costs where they are not categorised as financial liabilities at fair value. Financial liabilities measured at fair value include contingent consideration, derivative financial instruments, ante-post bets and guarantees.

Financial liabilities at fair value are measured initially at fair value, with transaction costs taken directly to the consolidated income statement. Subsequently, the fair values are remeasured and gains and losses from changes therein are recognised in the consolidated income statement.

4 Summary of significant accounting policies (continued)

4.2 Other accounting policies (continued)

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

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

The Group has provided financial guarantees to third parties in respect of lease obligations of certain of the Group's former subsidiaries within the disposed hotels division. Financial guarantee contracts are classified as financial liabilities and are measured at fair value by estimating the probability of the guarantees being called upon and the related cash outflows from the Group.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows from the financial assets or has assumed an obligation to pay the received cash flows in full without material delay to a third party, and either:

- substantially all the risks and rewards of ownership have been transferred; or
- substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps, foreign exchange swaps and interest rate swaps, to hedge its risks associated with interest rate and foreign currency fluctuations. Derivative financial instruments are recognised initially and subsequently at fair value. The gains or losses on remeasurement are taken to the consolidated income statement.

Derivative financial instruments are classified as assets where their fair value is positive, or as liabilities where their fair value is negative. Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance expense.

Foreign currency translation

The presentational currency of Entain PLC and the functional currencies of its UK subsidiaries are Pounds Sterling (£).

Other than Sterling the main functional currencies of subsidiaries are the Euro (€), the US Dollar ($) and the Australian Dollar (A$). At the reporting date, the assets and liabilities of non-sterling subsidiaries are translated into Pounds Sterling (£) at the rate of exchange ruling at the balance sheet date and their cash-flows are translated at the weighted average exchange rates for the year. The post-tax exchange differences arising on the retranslation are taken directly to other comprehensive income.

Transactions in foreign currencies are initially recorded in the subsidiary's functional currency and translated at the foreign currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the foreign currency rate of exchange ruling at the balance sheet date.

All foreign currency translation differences are taken to the consolidated income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

4 Summary of significant accounting policies (continued)

4.2 Other accounting policies (continued)

On disposal of a foreign entity, the deferred cumulative retranslation differences previously recognised in equity relating to that particular foreign entity are recognised in the consolidated income statement as part of the profit or loss on disposal.

The following exchange rates were used in 2020 and 2019:

	2020		2019	
Currency	Average	Year end	Average	Year end
Euro (€)	1.131	1.112	1.137	1.182
US Dollar ($)	1.286	1.365	1.272	1.327
Australian Dollar (A$)	1.876	1.765	1.831	1.887

Revenue

The Group reports the gains and losses on all betting and gaming activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Revenue is net of VAT/GST. The Group considers betting and gaming revenue to be out of the scope of IFRS15 Revenue, and accounts for those revenues within the scope of IFRS9 Financial Instruments.

For licensed betting offices (LBO's), on course betting, Core Telephone Betting, mobile betting, Digital businesses (including sportsbook, betting exchange, casino, games, other number bets), revenue represents gains and losses, being the amounts staked and fees received, less total payouts recognised on the settlement of the event. Open betting positions are carried at fair value and gains and losses arising on these positions are recognised in revenue.

Revenue from the online poker business reflects the net income (rake) earned from poker games completed by the year end. Vending income is also included within Revenue.

In the case of the greyhound stadia, revenue represents income arising from the operation of the greyhound stadia in the year, including sales of refreshments, net of VAT.

Government assistance

Receipts from government assistance programs such as, furlough, are recorded as reductions in the costs against which they have been received.

Finance expense and income

Finance expense and income arising on interest bearing financial instruments carried at amortised cost are recognised in the consolidated income statement using the effective interest rate method. Finance expense includes the amortisation of fees that are an integral part of the effective finance cost of a financial instrument, including issue costs, and the amortisation of any other differences between the amount initially recognised and the redemption price. All finance expenses are recognised over the availability period.

Share-based payment transactions

Certain employees (including directors) of the Group receive remuneration in the form of equity settled share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The cost of equity settled transactions is measured by reference to the fair value at the date on which they are granted. In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Entain PLC (market conditions).

The cost of equity settled transactions is recognised in the consolidated income statement, with a corresponding credit in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as shown in note 10.

5 Segment information

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

IFRS 8 requires segment information to be presented on the same basis as that used by the CODM for assessing performance and allocating resources, and the Group's operating segments are now aggregated into the five reportable segments as detailed below:

- Online: comprises betting and gaming activities from online and mobile operations. Sports Brands include bwin, Coral, Crystalbet, Eurobet, Ladbrokes and Sportingbet; Gaming Brands include CasinoClub, Foxy Bingo, Gala, Gioco Digitale, partypoker and PartyCasino;
- UK Retail: comprises betting activities in the shop estate in Great Britain, Northern Ireland and Jersey;
- European Retail: comprises all retail activities connected with the Republic of Ireland, Belgium, Italy and Spanish JV (pre disposal) shop estates;
- Corporate: includes costs associated with Group functions including Group executive, legal, Group finance, tax and treasury; and
- Other segments: includes activities primarily related to telephone betting, Stadia, Betdaq and on course pitches.

The Group continues to engage with an interested party on the sale of its financial services business (Intertrader). The directors believe that it is highly probable that an agreement and subsequent sale will be completed within the next 12 months. On this basis the sale is considered to meet the criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' and therefore has been classified as discontinued. See note 14 for further information. The results of Intertrader were previously classified within Other in note 5.

The Executive management team of the Group has chosen to assess the performance of operating segments based on a measure of net revenue, EBITDAR, EBITDA, and operating profit with finance costs and taxation considered for the Group as a whole. See page [33] of this annual report for further considerations of the use of Non-GAAP measures. Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

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

2020	Online £m	UK Retail £m	European Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	2,747.5	678.6	178.5	27.8	-	(3.9)	3,628.5
VAT/GST	(66.9)	-	-	-	-	-	(66.9)
Revenue	2,680.6	678.6	178.5	27.8	-	(3.9)	3,561.6
Gross Profit	1,708.7	497.3	80.2	22.4	-	-	2,308.6
Contribution[1]	1,147.4	495.1	76.6	21.1	-	-	1,740.2
Operating costs excluding marketing costs	(342.5)	(401.3)	(54.8)	(25.0)	(54.5)	-	(878.1)
Underlying EBITDAR before separately disclosed items	804.9	93.8	21.8	(3.9)	(54.5)	-	862.1
Rental costs	(1.4)	(16.6)	(0.7)	(0.3)	-	-	(19.0)
Underlying EBITDA before separately disclosed items	803.5	77.2	21.1	(4.2)	(54.5)	-	843.1
Share based payments	(4.3)	(1.2)	(0.3)	-	(9.0)	-	(14.8)
Depreciation and Amortisation	(120.1)	(86.2)	(29.6)	(2.7)	-	-	(238.6)
Share of joint ventures and associates	0.1	-	-	0.3	(60.6)	-	(60.2)
Operating profit/(loss) before separately disclosed items	679.2	(10.2)	(8.8)	(6.6)	(124.1)	-	529.5
Separately disclosed items (note 6)	(304.5)	231.3	(5.0)	-	(92.4)	-	(170.6)
Group operating profit/(loss)	374.7	221.1	(13.8)	(6.6)	(216.5)	-	358.9
Net finance income							(184.2)
Profit before tax							174.7
Income tax							(60.9)
Profit for the year from continuing operations							**113.8**
Loss for the year from discontinued operations after tax							(34.4)
Profit for the year after discontinued operations							**79.4**

5 Segment information (continued)

2019 (restated)	Online £m	UK Retail £m	European Retail £m	All other segments £m	Corporate £m	Elimination of internal revenue £m	Total Group £m
NGR	2,170.7	1,127.8	289.8	48.0	-	(3.6)	3,632.7
VAT/GST	(54.6)	-	-	-	-	-	(54.6)
Revenue	2,116.1	1,127.8	289.8	48.0	-	(3.6)	3,578.1
Gross Profit	1,367.8	817.7	143.6	39.7	-	-	2,368.8
Contribution[1]	887.2	812.6	138.0	37.1	-	-	1,874.9
Operating costs excluding marketing costs	(352.2)	(585.1)	(70.8)	(37.5)	(46.4)	-	(1,092.0)
Underlying EBITDAR before separately disclosed items	535.0	227.5	67.2	(0.4)	(46.4)	-	782.9
Rental costs	(1.1)	(19.6)	(0.8)	-	-	-	(21.5)
Underlying EBITDA before separately disclosed items	533.9	207.9	66.4	(0.4)	(46.4)	-	761.4
Share based payments	(5.5)	(1.0)	(0.3)	(0.1)	(5.8)	-	(12.7)
Depreciation and Amortisation	(116.0)	(72.7)	(29.0)	(0.8)	(0.4)	-	(218.9)
Share of joint ventures and associates	0.8	-	1.0	1.5	(12.5)	-	(9.2)
Operating profit/(loss) before separately disclosed items	413.2	134.2	38.1	0.2	(65.1)	-	520.6
Separately disclosed items (note 6)	(574.7)	0.8	(22.1)	-	(90.7)	-	(686.7)
Group operating (loss)/profit	(161.5)	135.0	16.0	0.2	(155.8)	-	(166.1)
Net finance income							1.7
Loss before tax							(164.4)
Income tax							33.2
Loss for the year from continuing operations							(131.2)
Loss for the year from discontinued operations after tax							(9.5)
Loss for the year after discontinued operations							(140.7)

Geographical information

Revenue by destination and non-current assets on a geographical basis for the Group, are as follows:

	2020		2019	
	Revenue £m	Non-current assets[2] £m	Revenue (restated) £m	Non-current assets[2] £m
United Kingdom	1,932.1	3,116.4	1,931.7	3,325.2
Rest of the world	1,629.5	2,559.7	1,646.4	2,546.3
Total	**3,561.6**	**5,676.1**	**3,578.1**	**5,871.5**

1. Contribution represents gross profit less marketing costs and is a key performance metric used by the Group, particularly in Online
2. Non-current assets excluding other financial assets, deferred tax assets and retirement benefit assets

6 Separately disclosed items

	2020 £m	2019 £m (restated)
Amortisation of acquired intangibles[1]	**307.0**	374.0
Impairment loss[2]	**5.0**	245.0
Integration costs[3]	**25.1**	44.9
Triennial restructuring costs[4]	**8.3**	8.7
Tax litigation/ one-off legislative impacts[5]	**(223.5)**	(11.6)
Legal and onerous contract provisions[6]	**8.9**	3.4
Movement in fair value of contingent consideration[7]	**42.4**	37.7
Issue costs write off[8]	**5.3**	14.1
Profit on disposal of joint ventures and property, plant and equipment[9]	**(6.9)**	(19.0)
Other one-off items[10]	**4.3**	3.6
Total before tax	**175.9**	700.8
Tax on separately disclosed items [11]	**(2.1)**	(79.6)
Separately disclosed items for the year from continuing operations	**173.8**	621.2
Separately disclosed items for the year from discontinued operations (note 14)	**20.0**	8.9
Separately disclosed items for the year after discontinued operations	**193.8**	630.1

1. Amortisation charges in relation to acquired intangible assets primarily arising from the acquisitions of Ladbrokes Coral Group plc and Bwin.
2. During the current year, the Group recorded a non-cash impairment charge against certain leased assets where the Group now expects to exercise break clauses in lease agreements. This impairment charge is offset by an equal and opposite release from the associated lease liabilities which has been recorded in legal and onerous contract provisions. The prior year impairment related to a £245.0m against the Groups Australian business.
3. Costs associated with the integration of the Ladbrokes Coral Group and GVC businesses, including redundancy costs.
4. Costs associated with the shop closure program including redundancy, consultation costs and other costs directly associated with the triennial response strategy, but excluding property related costs which are included in 6 below.
5. Following a favourable ruling by the Upper Tribunal on the lead case in the Ladbrokes VAT claim, a ruling HMRC have elected not to appeal, the Group has recognised an income for its claim, net of associated costs. In December 2020, £217.5m of the claim was repaid by HMRC. The prior year credit relates to a £21.2m release against the Groups Greek tax provisions offset by £5.8m of historic Austrian duty and £3.8m of new UK income tax from April 2019 for which the Group became exempt from April 2020.
6. Includes costs associated with complying with the HMRC investigation offset by a release from lease liabilities as the Group now expects to exercise break clauses in certain lease agreements (see item 2). The prior year costs relate predominantly to costs associated with shop closures relating to the implementation of the Triennial Review.
7. Costs associated with discount unwind and movements in the fair value of contingent consideration on acquisition activity from previous years.
8. Issue costs written off on the refinancing of US denominated loans in the year.
9. Relates to the sale of an investment in an associate and various retail assets. The profit in the previous year related to the Groups sale of joint ventures.
10. Relates predominantly to the one-off costs associated with covid-19 such as initial one-off costs of reopening and certain social distancing equipment not meeting the definition of capital, and the costs of the process associated with the Ladbrokes pension buy-in. The prior year costs were predominantly incurred by the Group in relation to corporate transactions costs.
11. The tax credit on separately disclosed items of £2.1m (2019: £79.6million) represents 1.2% (2019: 11.3%) of the separately disclosed items incurred of £175.9m (2019: £700.8m). This is lower than the expected tax credit of 19.0% (2019: 19.0%) as goodwill impairment charges, certain corporate transaction costs and integration costs are non-deductible for tax purposes, alongside the impact of lower overseas tax rates.

The items above reflect incomes and expenditures which are either exceptional in nature or size or are associated with the amortisation of acquired intangibles. The Directors believe that each of these items warrants separate disclosure as they do not form part of the day to day underlying trade of the Group and are not expected to persist beyond the short term (excluding the amortisation of acquired intangibles).

7 Finance expense and income

	2020 £m	2019 £m
Bank loans and overdrafts	(60.2)	(71.5)
Interest on lease liabilities[1]	(16.3)	(17.0)
Issue costs write off (note 6)	(5.3)	(14.1)
Total finance expense	(81.8)	(102.6)
Interest receivable	2.3	2.4
(Losses)/gains arising on financial derivatives	(61.8)	17.6
(Losses)/gains arising on foreign exchange on debt instruments	(42.9)	84.3
Net finance (expense)/income	(184.2)	1.7

1. Interest on lease liabilities of £16.3m (2019: £17.0) is net of £0.4m of sub-let interest receivable (2019: £0.2m).

8 Income tax

The total tax charge on continuing operations was £60.9m (2019: £33.2m) Excluding the tax credit on separately disclosed items, the total tax charge on continuing operations was £63.0m (2019: £46.4m).

The total tax credit on discontinued operations was £1.3m (2019: £0.3m). Excluding the tax credit on separately disclosed items, the total tax charge on discontinued operations was £nil (2019: £nil).

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

As at 31 December 2020, the Group had £1,660.7m (2019: £1,437.5m) of gross unrecognised deferred tax assets, consisting of £213.3m of capital losses (2019: £255.2m), £1,407.2m of trading losses (2019: £1,129.7m) and £40.2m of deferred interest relief (2019: £52.6m). These assets have not been recognised as they are not expected to be utilised in the foreseeable future.

There are no significant unrecognised taxable temporary differences associated with investments in subsidiaries.

The standard rate of UK corporation tax throughout the period was 19.0%.

In the Budget on 3 March 2021, the Chancellor announced that the standard rate of UK Corporation Tax will be increased to 25%. The precise date(s) and period(s) in which the increase in UK Corporation Tax will be substantively enacted are unknown at the date of this Report. The impact of each 1% increase in the UK Corporation Tax rate on the Group's deferred tax assets and liabilities at 31 December 2020 would have been £1.6m comprising a £3.5m credit to Underlying items, and a £1.9m debit to Separately Disclosed Items.

The deferred tax assets and liabilities are measured at the tax rates of the respective territories which are expected to apply to the year in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax on retirement benefit assets is provided at 35.0%, which is the rate applicable to refunds.

9 Dividends

Pence per share	2020 pence	2019 pence	2020 Shares in issue number	2019 Shares in issue number
Prior year final dividend paid	-	16.0	n/a	581.9
Interim dividend paid	-	17.6	n/a	581.9

A proposed second interim dividend of 17.6 pence per share, amounting to £102.5m in respect of the year ended 31 December 2019 was proposed by the directors on 5 March 2020. On 6 April 2020 the Group announced that the 2019 second interim dividend would be withdrawn due to the ongoing uncertainty surrounding covid-19, subsequently no interim dividends have been declared with respect to the year ended 31 December 2020.

The dividends represented above are exclusive of dividends paid out of non-controlling interests of £12.4m (2019: £8.1m).

10 Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to shareholders of the Company of £57.8m (2019: loss of £153.7m) by the weighted average number of shares in issue during the year of 583.7m (2019: 582.0m).

At 31 December 2020, there were 585.0m €0.01 ordinary shares in issue.

The calculation of adjusted earnings per share which removes separately disclosed items and foreign exchange gains and losses arising on financial instruments has also been disclosed as it provides a better understanding of the underlying performance of the Group. Separately disclosed items are defined in note 4 and disclosed in note 6.

Total earnings per share

Weighted average number of shares (millions)	2020	2019
Shares for basic earnings per share	583.7	582.0
Potentially dilutive share options and contingently issuable shares	6.2	7.3
Shares for diluted earnings per share	589.9	589.3

Total profit	2020 £m	2019 £m
Profit/(loss) attributable to shareholders	57.8	(153.7)
- from continuing operations	92.2	(143.9)
- from discontinued operations	(34.4)	(9.8)
Losses/(gains) arising from financial instruments	61.8	(17.6)
Losses/(gains) arising from foreign exchange debt instruments	42.9	(84.3)
Associated tax charge on gains arising from financial instruments and foreign exchange debt instruments	-	4.1
Separately disclosed items net of tax (note 6)	193.8	630.1
Adjusted profit attributable to shareholders	356.3	378.6
- from continuing operations	370.7	379.2
- from discontinued operations	(14.4)	(0.6)

	Standard earnings per share		Adjusted earnings per share	
Earnings per share (pence)	2020	2019	2020	2019
Basic earnings per share				
- from continuing operations	15.8	(24.8)	63.5	65.2
- from discontinued operations	(5.9)	(1.6)	(2.5)	(0.1)
From profit/(loss) for the period	9.9	(26.4)	61.0	65.1
Diluted earnings per share				
- from continuing operations	15.6	(24.8)	62.8	64.3
- from discontinued operations	(5.8)	(1.6)	(2.4)	(0.1)
From profit/(loss) for the period	9.8	(26.4)	60.4	64.2

The earnings per share presented above is inclusive of the performance from the US joint venture BetMGM. Adjusting for the removal of the BetMGM performance would result in a basic adjusted earnings per share of 73.9p (2019: 67.3p) and a diluted adjusted earnings per share of 73.1p (2019: 66.4p) from continuing operations.

11 Goodwill and intangible assets

	Goodwill	Licences	Software	Customer relationships	Consulting & magazine	Trade-marks & brand names	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 1 January 2019	3,358.0	15.8	514.9	956.3	4.4	1,955.1	6,804.5
Exchange adjustment	(115.6)	-	(4.4)	(20.4)	-	(29.4)	(169.8)
Additions	-	-	114.4	-	-	-	114.4
Disposals	(3.6)	(0.1)	(29.0)	-	(4.4)	-	(37.1)
At 31 December 2019	3,238.8	15.7	595.9	935.9	-	1,925.7	6,712.0
Exchange adjustment	128.3	-	11.3	20.6	-	30.3	190.5
Additions	-	-	101.6	-	-	-	101.6
Disposals and assets classified as held for sale	(14.9)	-	(169.5)	(7.9)	-	(2.0)	(194.3)
At 31 December 2020	**3,352.2**	**15.7**	**539.3**	**948.6**	**-**	**1,954.0**	**6,809.8**
Accumulated amortisation and impairment							
At 1 January 2019	29.9	5.3	262.7	312.3	4.4	60.9	675.5
Exchange adjustment	(1.4)	-	(0.6)	(12.7)	-	(5.0)	(19.7)
Amortisation charge	-	1.1	146.1	293.6	-	40.5	481.3
Impairment charge	243.9	-	-	-	-	-	243.9
Disposals	-	(0.1)	(28.9)	-	(4.4)	-	(33.4)
At 31 December 2019	272.4	6.3	379.3	593.2	-	96.4	1,347.6
Exchange adjustment	18.7	-	6.0	17.4	-	6.8	48.9
Amortisation charge	-	1.1	115.8	262.2	-	39.3	418.4
Disposals and assets classified as held for sale	-	-	(169.1)	(1.2)	-	(1.3)	(171.6)
At 31 December 2020	**291.1**	**7.4**	**332.0**	**871.6**	**-**	**141.2**	**1,643.3**
Net book value							
At 31 December 2019	2,966.4	9.4	216.6	342.7	-	1,829.3	5,364.4
At 31 December 2020	**3,061.1**	**8.3**	**207.3**	**77.0**	**-**	**1,812.8**	**5,166.5**

At 31 December 2020, the Group had not entered into contractual commitments for the acquisition of any intangible assets (2019: £nil).

Included within trade-marks & brand names are £1,398.4m (2019: £1,398.4m) of intangible assets considered to have indefinite lives. These assets relate to the UK Ladbrokes and Coral brands which are considered to have indefinite durability that can be demonstrated and their value can be readily measured. The brands operate in longstanding and profitable market sectors. The Group has a strong position in the market and there are barriers to entry due to the requirement to demonstrate that the applicant is a fit and proper person with the "know-how" required to run such operations.

Goodwill reflects the value by which consideration exceeds the fair value of net assets acquired as part of a business combination including the deferred tax liability arising on acquisitions.

Licences comprise the cost of acquired betting shop licences.

Software relates to the cost of acquired software, through purchase or business combination, and the capitalisation of internally developed software.

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

Refer to notes 6 and 12 for details of the impairment charge.

12 Impairment testing of goodwill and indefinite life intangible assets
An impairment loss is recognised for any amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Within UK and European Retail, the cash generating units ("CGUs") are generally an individual Licenced Betting Office ("LBO") and therefore, impairment is first assessed at this level for licences (intangibles) and property, plant and equipment, with any impairment arising booked first to licences and then to property, plant and equipment. Since goodwill and brand names has not been historically allocated to individual LBOs, a secondary assessment is then made to compare the carrying value of the segment against the recoverable amount with any additional impairment then taken against goodwill.

For Online the CGU is the relevant geographical location or business unit, for example Australia, European digital (defined as websites hosted by proprietary platforms based in European constituent countries), Digital (defined as websites hosted by Entain proprietary platforms) etc. and any impairments are made firstly to goodwill, next to any capitalised intangible asset and then finally to property, plant and equipment.

The expected cash flows generated by the assets are discounted using appropriate discount rates that reflect the time value of money and risks associated with the group of assets.

For both tangible and intangible assets, the future cash flows are based on the forecasts and budgets of the CGU or business discounted to reflect time value of money. The key assumptions within the UK and European Retail budgets are OTC wagers (customer visits and spend per visit), the average number of machines per shop, gross win per shop per week, salary increases, the potential impact of the shop closures and the cancellation of sporting events due to covid restrictions and the fixed costs of the LBOs. The key assumptions within the budgets for Online are the number of active customers, net revenue per head, win percentage, marketing spend, revenue shares and operating costs.

The value-in-use calculations use cash flows based on detailed, board approved, financial budgets prepared by management covering a three-year period. These forecasts have been extrapolated over years 4 to 8 representing a declining growth curve from year 3 until the long term forecast growth rate is reached. The growth rates used from years 4-8 range from 0% to 16%. From year 9 onwards long term growth rates used are between 0% and 2.0% (2019: between 0% and 3.0%) and are based on the long term GDP growth rate of the countries in which the relevant CGUs operate or the relevant outlook for the business. A 0% growth rate has been used for the UK Retail operating segment due to the ongoing uncertainty surrounding the outlook after the triennial implementation. An 8-year horizon is considered appropriate based on the Group's history of underlying profit as well as ensuring there is an appropriate decline to long term growth rates from those growth rates currently observed in our key markets.

The discount rate calculation is based on the specific circumstances with reference to the WACC and risk factors expected in the industry in which the Group operates.

The pre-tax discount rates used and the associated carrying value of goodwill by CGU is as follows:

Goodwill	2020 %	2019 %	2020 £m	2019 £m
Digital	9.1	9.3	2,101.1	2,045.1
UK Retail	9.1	9.3	76.4	76.4
Australia	10.6	10.9	349.5	326.5
European Retail	8.5 - 10.4	8.8 - 10.8	163.7	154.0
European Digital	9.9 - 10.4	10.1 - 10.8	355.2	334.3
All other segments	9.1	9.3	15.2	30.1
			3,061.1	2,966.4

It is not practical or material to disclose the carrying value of individual licences by LBO.

Impairment recognised during the year
Impairments of intangible assets and property, plant and equipment are recognised as separately disclosed items.

During the current year, the Group recorded a non-cash impairment charge of £5.0m (2019: £245.0m) on certain head office locations where we now expect to exercise break clauses. The impairment in 2019 (£243.9m in goodwill and £1.1m in PP&E) was recognised against our Australian business and reflected the impact of unforseen Point of Consumption Tax (POCT) in certain states/regions and unexpected increases in product fees.

Sensitivity analysis

A reduction to 0% for the terminal growth rate applied to the cashflows (with other assumptions remaining constant) would result in no additional impairment to any CGU.

A 5% decrease in all cash flows used in the discounted cash flow model for the value in use calculation (with other assumptions remaining constant) would result in no additional impairment to any CGU.

A 0.5pp increase in discount rates used in the discounted cash flow model for the value in use calculation (with all other assumptions remaining constant) would result in no additional impairment to any CGU.

No other reasonable change in assumptions to the CGUs would cause any additional impairment.

13 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Fixtures and fittings £m	Leased assets £m	Total £m
Cost					
At 1 January 2019	30.8	62.0	208.2	-	301.0
Arising on transition to IFRS16	-	-	-	391.9	391.9
Exchange adjustment	(1.4)	(0.3)	(8.3)	(1.8)	(11.8)
Additions	14.5	17.0	62.2	54.8	148.5
Disposals	(14.3)	(0.1)	(24.6)	(5.1)	(44.1)
At 31 December 2019	29.6	78.6	237.5	439.8	785.5
Exchange adjustment	-	2.4	3.7	3.5	9.6
Additions	13.9	13.0	31.6	70.9	129.4
Disposals and assets classified as held for sale	(17.0)	(4.6)	(72.9)	(2.8)	(97.3)
Reclassification	-	-	(18.1)	18.1	-
At 31 December 2020	26.5	89.4	181.8	529.5	827.2
Accumulated depreciation					
At 1 January 2019	21.3	6.9	77.2	-	105.4
Arising on transition to IFRS16	-	-	-	136.7	136.7
Exchange adjustment	(1.0)	(0.2)	(2.2)	(0.3)	(3.7)
Depreciation charge	12.2	9.1	39.9	52.9	114.1
Impairment	-	-	-	1.1	1.1
Disposals	(11.3)	(0.1)	(24.6)	-	(36.0)
At 31 December 2019	21.2	15.7	90.3	190.4	317.6
Exchange adjustment	-	1.4	2.0	0.4	3.8
Depreciation charge	10.3	12.9	41.6	62.4	127.2
Impairment	-	-	-	5.0	5.0
Disposals and assets classified as held for sale	(17.0)	(4.6)	(72.9)	(2.1)	(96.6)
Reclassification	-		(7.1)	7.1	-
At 31 December 2020	14.5	25.4	53.9	263.2	357.0
Net book value					
At 31 December 2019	8.4	62.9	147.2	249.4	467.9
At 31 December 2020	12.0	64.0	127.9	266.3	470.2

At 31 December 2020, the Group had not entered into contractual commitments for the acquisition of any property, plant and equipment (2019: £nil).

In the year the Group reclassified certain leased assets that were previously held within fixtures and fittings to be presented within Leased assets.

Included within fixtures, fittings and equipment are assets in the course of construction, which are not being depreciated, of £38.8m (2019: £42.7m) relating predominantly to the new till system in UK Retail.

An impairment charge of £5.0m (2019: £1.1m) has been made against office buildings included within leased assets in the year. See notes 6 and 12 for further details.

14 Assets held for sale and discontinued operations

The Group continues to engage with an interested party over the sale of its Intertrader business. The directors believe that it is thought an agreement and subsequent sale will be highly probable and completed within the next 12 months. On this basis the Intertrader business is considered to meet the criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' to be classified as discontinued.

As a result of discontinuing the Intertrader businesses the Group recorded an impairment of £19.3m and have provided for a loss on disposal of £10.0m which has been recognised within separately disclosed items. See note 6 for further details.

The results for the year for the discontinued operation are disclosed below:

	2020 £m	2019 £m
Revenue	13.8	22.4
Cost of sales	(7.6)	(13.0)
Gross profit	6.2	9.4
Administrative costs	(20.6)	(10.0)
Operating loss	(14.4)	(0.6)
Separately disclosed items	(21.3)	(9.2)
Loss before tax	(35.7)	(9.8)
Income tax credit	1.3	0.3
Loss for the year from discontinued operations after tax	(34.4)	(9.5)

The results of Intertrader were previously classified within Other in note 5.

Separately disclosed items consisted of £19.3m (2019: £nil) relating to impairment, £10.0m (2019: £nil) relating to a provision for a loss on disposal, £3.4m (2019: £2.2m) relating to amortisation of acquired intangibles and a credit of £11.4m (2019: cost of £6.7m) relating to movement in fair value of contingent consideration and £nil (2019: £0.3m) relating to deal costs.

Items calssified as held-for-sale on the balance sheet are disclosed below:

	2020 £m	2019 £m
Non-current assets		
Property, plant and equipment	0.7	-
Current assets		
Trade and other receivables	155.3	-
Cash and cash equivalents	43.1	-
	198.4	-
Assets classified as held for sale	**199.1**	**-**
Current liabilities		
Trade and other payables	(12.7)	-
Balances with customers	(155.0)	-
Other financial liabilities	(4.3)	-
Liabilities classified as held for sale	**(172.0)**	**-**

15 Net debt

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

	2020 £m	2019 £m
Current assets		
Cash and short-term deposits	749.8	390.1
Current liabilities		
Interest bearing loans and borrowings	(14.1)	(31.5)
Non-current liabilities		
Interest bearing loans and borrowings	(2,085.7)	(2,084.5)
Accounting net debt	**(1,350.0)**	**(1,725.9)**
Cash held on behalf of customers	(396.1)	(335.4)
Fair value swaps held against debt instruments (derivative financial assets)	(26.1)	47.4
Deposits	171.2	129.1
Balances held with payment service providers	172.4	78.5
Adjusted net debt	(1,428.6)	(1,806.3)
Lease liabilities	(338.0)	(363.5)
Net debt including lease liabilities	(1,766.6)	(2,169.8)

Cash held on behalf of customers represents the outstanding balance due to customers in respect of their online gaming wallets. Included within this balance is £155.0m (2019: £nil) classified as held for sale.

16 Notes to the statement of cash flows

	2020 £m	2019 £m
Profit/(loss) before tax and net finance expense from continuing operations	358.9	(166.1)
Loss before tax and net finance expense from discontinued operations	(35.7)	(9.8)
Profit/(loss) before tax and net finance expense including discontinued operations	323.2	(175.9)
Adjustments for:		
Impairment	34.3	245.0
Profit on disposal	(6.9)	(19.0)
Depreciation of property, plant and equipment	127.5	114.1
Amortisation of intangible assets	421.8	481.3
Share based payments charge	14.8	12.7
Decrease in short term investments	-	2.6
(Increase)/decrease in other financial assets	(2.3)	2.8
Increase in trade and other receivables	(161.2)	(92.0)
Increase/(decrease) in other financial liabilities	25.2	(30.5)
Increase in trade and other payables	33.4	29.5
Decrease in provisions	(22.7)	(73.7)
Non-cash movements relating to pensions	-	(3.0)
Share of results from joint venture and associate	60.2	9.2
Other non-cash items	17.5	40.6
Cash generated by operations	864.8	543.7

17 Commitments and contingencies

Greek tax

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

2010/11

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

By 31 December 2020 the Group had paid all of the 2010/2011 assessment of €186.8m. As at 31 December 2020, the total payments made in respect of the Assessment exceed our best estimate of the liability for these years by £130.4m, and accordingly this is recorded as a receivable in the Group's balance sheet (2019: £116.0m). In the event of a successful appeal, recovery of the debtor will be through either a repayment or an ability to offset future tax liabilities.

2012-2017

Since the 2019 year end the Group has received final sign off of the 2015 and 2016 Greek tax re-submissions but still awaits final sign off of the 2017 re-submission. The Group has now made all tax payments against the 2012-2017 tax liabilities and has made a provision for the remaining associated fees. The statutory window in Greece for the tax authorities to conclude their audit work is generally six years from the end of the relevant tax year. As such, the outcome of the tax audits as well as the court ruling on the 2010/11 assessment remains uncertain.

HMRC investigation

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

In addition to the items discussed above, the Group is subject to 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.

18 Related party disclosures

Other than its associates and joint venture, the related parties of the Group are the executive directors, non-executive directors and members of the Executive Committee of the Group.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates and joint venture and other related parties are disclosed below.

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

	2020 £m	2019 £m
Equity investment		
– Joint venture[1]	61.8	-
Loans		
– Movement in loan balance with joint venture partner	-	(1.8)
Dividends received		
– Associates	-	1.2
Sundry expenditure		
– Associates[2]	56.6	82.3

1. Equity investment in Bet MGM
2. Payments in the normal course of business made to Sports Information Services (Holdings) Limited and bwin eK Neugersdorf

Details of related party outstanding balances

	2020 £m	2019 £m
Other amounts outstanding		
– Associates	0.1	0.3

Terms and conditions of transactions with related parties

Sales to, and purchases from, related parties are made at market prices and in the ordinary course of business. Outstanding balances at 31 December 2020 are unsecured and settlement occurs in cash. For the year ended 31 December 2020, the Group has not raised any provision (2019: £nil) for doubtful debts relating to amounts owed by related parties as the payment history has been good. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Transactions with directors and key management personnel of the Group

The remuneration of key management personnel is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Key management personnel comprise executive directors, non-executive directors and members of the Executive management team. Further information about the remuneration of individual directors is provided in the directors' remuneration report.

	2020 £m	2019 £m
Short-term employee benefits	5.8	12.7
Share-based payments	7.3	5.5
Total compensation paid to key management personnel	13.1	18.2