

Q3 2022 Trading Update

Strong Group revenue and AMP growth, 2022 US guidance upgraded and maintained for Group ex-US

Flutter Entertainment plc (the “Group”) announces a trading update for three months ended 30 September 2022.

<i>Unaudited £m</i>	Q3 2022	Q3 2021	YoY %	YoY % CC ¹
Average monthly players² ('000s)	9,596	7,811	+23%	
Sports revenue	1,143	906	+26%	+17%
Gaming revenue	748	534	+40%	+30%
Total revenue	1,891	1,439	+31%	+22%

All commentary within this trading update refers to constant currency¹ growth rates. Pro forma references include Tombola and Sisal for a full 3-month period in both 2021 and 2022. Any differences due to rounding.

- **Group:** Reported revenue growth benefitting from US growth of 82% and the Sisal acquisition. Pro forma revenue +11% and AMPs +11%
- **US:** Number 1 online sportsbook with 42%³ market share; strong start to NFL season and continued momentum underpinning confidence in positive EBITDA for 2023
- **Group ex-US:** Revenue +6% with AMPs +19%. Pro forma revenue 6% lower with AMPs +6%. Strong growth in “consolidate and invest” International markets partially offset guided regulatory changes and challenging calendar/Covid comparatives in UK&I and Australia⁴
- **Sustainability:** Continued *Positive Impact Plan* progress including a number of *Play Well* strategy events and the highest level of accreditation with GamCare in the UK&I for our proactive customer protections
- **Events:** US investor day 16 November showcasing FanDuel’s success, register [here](#) to attend
- **Full year guidance:**
 - **US:** Revenue guidance upgraded to \$2.95bn - \$3.2bn (£2.45bn - £2.65bn); previous guidance \$2.85bn - \$3.1bn (£2.3bn - £2.5bn). Adjusted EBITDA loss still expected to be in line with previous guidance of \$300m - \$360m despite earlier launch of Maryland. (£235m - £285m adjusting for foreign exchange movements)
 - **Group ex-US:** Adjusted EBITDA for 2022 expected to remain within the previously guided range and in line with expectations (£1.29bn - £1.39bn), despite continued Irish Retail weakness and UK fixture cancellations
 - Guidance reflects current consumer trends with no discernible sign of slowdown year to date
 - **Interest:** Expected weighted average cost of debt of 4.1% in Q4 increasing to 5.6% in 2023 and would give rise to c. £280m in net cash interest cost in 2023

Peter Jackson, Chief Executive, commented:

“Flutter delivered a strong Q3 performance with pro forma growth of 11% in both revenue and average monthly players. Our US division is now our largest and generated \$700m in revenue, up 82%. Good growth in our ‘consolidate and invest’ International markets and the acquisition of Sisal in August helped drive ex-US revenues.

We are really pleased with our performance in our US division since the start of the NFL in September where we are now averaging over 1m players on a regular NFL Sunday. In addition, we are seeing an increase in customer

retention rates as our parlay products continue to grow in popularity, boosted by the start of the NBA season. The ongoing momentum in our US division has led to an upgrade to our outlook for the year, underpinning our confidence that we will be profitable for 2023.

Outside of the US, we welcomed Sisal, Italy's leading gaming operator, to our International division during the quarter and look forward to working with the team to grow the business in Italy and in other International markets.

We were delighted with the successful outcome of our arbitration process with FOX regarding the price of their option to acquire 18.6% of FanDuel. This vindicates our position on the matter, with FanDuel valued at \$20bn based on its fair market value at 3 December 2020 and provides important clarity on the significant cost required to buy into the number one US gaming business.

As we look ahead our product and geographic diversification, as well as our recreational customer base, position us well for future growth."

Divisional analysis

Unaudited revenue £m	Total				Sports ⁵	Gaming	Average monthly players ²	
	Q3 2022	Q3 2021	YoY %	YoY % CC	YoY % CC	YoY % CC	Q3 2022 (000s)	YoY%
US	598	280	+114%	+82%	+106%	+36%	1,860	+42%
UK & Ireland	509	491	+4%	+3%	-10%	+25%	3,459	+13%
- UK & Ireland Online	443	423	+5%	+4%	-11%	+29%	3,459	+13%
- UK & Ireland Retail	66	68	-2%	-3%	-3%	-2%		
Australia	319	370	-14%	-21%	-21%		1,100	+1%
International	466	299	+56%	+43%	+99%	+32%	3,176	+35%
Group ex-US	1,293	1,160	+11%	+6%	-8%	+29%	7,735	+19%
Group	1,891	1,439	+31%	+22%	+17%	+30%	9,596	+23%

Tombola, acquired in January 2022 and Sisal, acquired in August 2022 have been included on a reported basis within UK & Ireland Online and International respectively. The pro forma references within the commentary below include Tombola and Sisal for a full 3-month period in both 2021 and 2022.

US

FanDuel remains the Number 1 sportsbook operator with 42% share of the online market in Q3 and we maintained our podium position in iGaming with a 19%³ market share.

Revenue grew by 82% to £598m (\$700m) during the quarter. Sports revenue was 106% ahead and sportsbook revenue grew 150% driven by strong customer acquisition across existing states as the NFL season began, as well as the addition of six new sportsbook states since the start of Q3 2021. Customer economics remained compelling, despite the anticipated step up in competition at the start of the NFL season. We continued to apply a disciplined approach to investment with expected payback periods in September remaining within 18 months. Stakes were 82% higher at £4.5bn (\$5.3bn) with record net revenue margin of 8.5% reflecting a material increase versus the prior year. This was primarily driven by structural improvements due to the growing popularity of our market leading sports betting products such as SGP Live which launched in September, and bookmaker friendly sports results which we reinvested in promotional generosity for our customers.

iGaming growth of 36% was driven by a 40% increase in iGaming AMPs. We continued to progress against our product roadmap, launching new content including the roll out of the FanDuel Casino daily reward machine.

UK & Ireland

Online

UK&I online AMPs grew by 13% with revenue 4% higher. Pro forma AMPs were in line, with revenue 4% lower.

Sports revenue was 11% lower but in line with the prior year excluding the benefit of the European Championships in 2021. Aided by the launch of our 'Bet Builder' products, which are driving structural margin improvements, sportsbook net revenue margin increased 50 basis points to 10.3%. The start of the new football season has been impacted by a slower mid-summer start and fixture cancellations around the period of national mourning, with momentum improving as the season has progressed.

Gaming revenue increased by 29%. Pro forma revenue was 5% higher driven by continued strong player momentum with gaming AMPs 9% higher.

Retail

Retail revenue was 3% lower with reduced footfall due to the hot summer weather. In the UK, revenue declined 4% but was 5% ahead of the pre-Covid level of 2019. In Ireland, revenue was in line with the prior year but remained 27% lower than 2019 due to continued low footfall from changes in working patterns.

Australia

Sportsbet delivered good player retention levels despite challenging Covid comparatives with AMPs growing 1% year-on-year. Revenue declined by 21% reflecting lower levels of player engagement compared to the prior year when more than 60% of the country was in lockdown, combined with high levels of weather-related racing disruption. Net revenue margin of 11.1% was flat when compared with the prior year, as the benefit of bookmaker friendly sports results and structural margin improvements were offset by increased investment in promotional generosity to drive customer retention and engagement ahead of the spring carnival.

International

Unaudited revenue £m	Total				Sports ⁵	Gaming	Average monthly players ²	
	Q3 2022	Q3 2021	YoY %	YoY % CC	YoY % CC	YoY % CC	Q3 2022 (000s)	YoY%
International reported	466	299	+56%	+43%	+99%	+32%	3,176	+35%
International pro forma	529	489	+8%	+5%	+18%	+1%	3,416	+14%

Two months of Sisal revenue have been included in reported growth of 43%. On a pro forma basis revenue was 5% higher or 11% higher excluding the impact of guided headwinds in the quarter⁴.

Pro forma revenue in our 'consolidate and invest' markets⁴, which accounted for 78% of International revenue in the quarter, was 15% higher. Sisal continued its strong momentum from H1 with pro forma revenue and player growth of 19% and 27% respectively due to strong online performance, while retail volumes were maintained. In India, we continued to grow strongly with revenue 78% higher driven by a 75% increase in players.

¹ Constant currency (“cc”) growth is calculated by retranslating the non-sterling denominated components of Q3 2021 at Q3 2022 exchange rates. Growth rates in the commentary are in local or constant currency.

² Average Monthly Players represent the average number of players who have placed and/or wagered a stake and/or contributed to rake or tournament fees during the month in the reporting period. Average Monthly Player numbers now include Junglee players, and Q3 2021 comparative figures have been adjusted to show a like for like comparison.

³ Online sportsbook market share is the GGR market share of FanDuel and FOX Bet for Q3 2022 in the states in which FanDuel was live, based on published gaming regulator reports in those states. During Q3 2022 FanDuel was live in 16 states; Arizona (AZ), Colorado (CO), Connecticut (CT), Illinois (IL), Indiana (IN), Iowa (IA), Kansas (KS), Louisiana (LA), Michigan (MI), New Jersey (NJ), New York (NY), Pennsylvania (PA), Tennessee (TN), Virginia (VA), West Virginia (WV) and Wyoming (WY). During Q3 FOX Bet was live in 4 states; CO, NJ, MI and PA. Market share does not include AZ, IL and KS for September as the data has yet to be released. Online gaming market share reflects the combined CT, MI, NJ, PA and WV market share of our gaming brands.

⁴ Guided headwinds reflect the impact of the temporary market exit from the Netherlands, and the effects of the ongoing war in Ukraine on our business in Russia and the Ukraine. Consolidate and invest markets in International are per our interims results presentation on 12 August, namely Italy, Spain, Georgia, Armenia, Brazil, Canada, India and Turkey.

⁵ Sports revenue includes revenue from sportsbook, exchange, daily fantasy sports, advance deposit wagering and B2B product verticals.

Analyst briefing:

The Group will host a questions and answers call for institutional investors and analysts this morning at 9:00am (GMT). To dial into the conference call, participants need to register [here](#) where they will be provided with the dial in details to access the call.

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About Flutter Entertainment plc:

Flutter Entertainment plc (the “Group”) is a global sports-betting and gaming company reporting as four divisions:

- **UK & Ireland:** includes the Sky Betting and Gaming, Paddy Power, Betfair and Tombola brands offering a diverse range of sportsbook, exchange and gaming services across the UK and Ireland, along with over 600 Paddy Power betting shops.
- **Australia:** the Sportsbet brand offers online sport betting and is the Australian market leader.
- **International:** includes PokerStars, Sisal, Adjarabet, Betfair and Junglee operating in multiple jurisdictions around the world offering a diverse range of sportsbook, exchange and gaming services.
- **US:** includes FanDuel, TVG, Stardust, FOX Bet and PokerStars brands, offering regulated real money and free-to-play sports betting, online gaming, daily fantasy sports and online racing wagering products to customers across various states in the US and Canada.