



This announcement contains inside information for the purposes of article 7 of the Market Abuse Regulation (EU) 596/2014.

7 November 2022

Flutter Entertainment plc ("Flutter")

## FOX arbitration update

### Arbitrator finds in favour of Flutter and values FanDuel at \$20bn as at December 2020 using fair market value

Flutter is pleased to announce that the outcome of the arbitration confirms:

- The exercise price of FOX Corporation's ("FOX") option to acquire 18.6% of FanDuel Group ("FanDuel") is based on a FanDuel valuation of \$20bn
- This is based on fair market value as of December 2020, the date on which Flutter acquired a 37.2% stake from Fastball Holdings LLC ("Fastball"), for an implied FanDuel valuation of \$11.2bn
- The exercise price is subject to a 5% annual compounding carrying value adjustment up to the date of any potential exercise by FOX prior to December 2030
- As of today, this equates to a valuation for FanDuel of \$22bn and a cost of \$4.1bn for FOX to acquire an 18.6% stake

#### Arbitration Ruling

Flutter's relationship with FOX is subject to a binding arbitration mechanism where the parties may resolve any disagreements.

##### 1. FOX Option to acquire an 18.6% stake in FanDuel

On 7 April 2021, FOX initiated an arbitration process with respect to a legal dispute over the terms of FOX's option to acquire an 18.6% stake in FanDuel (the "Option") and related issues.

The arbitration tribunal has determined that the price payable for the Option is based on **FanDuel's fair market value as of 3 December 2020**, the date on which Flutter announced the acquisition of Fastball's 37.2% stake in FanDuel (transaction details [here](#)). The tribunal has determined the fair market value of FanDuel as of December 2020 amounts to **\$20bn**. This contrasts with an implied \$11.2bn valuation for FanDuel when Flutter acquired the stake from Fastball. The tribunal determined fair market value of \$20bn based on the valuation submissions of both Flutter and FOX, where a full range of valuation methodologies were applied, including discounted cash flow.

FOX has a ten-year period from December 2020 within which to exercise the Option, should it wish to do so, subject to an annual compounding carrying value adjustment of 5%. Cash payment is required at the time of exercise and the Option can only be exercised in full. Exercise of the Option requires FOX to be licensed and should FOX not exercise within this timeframe, the Option shall lapse.

As of 4 November 2022 the Option price is \$4.1bn made up of the \$3.7bn exercise price for 18.6% of FanDuel plus the 5% annual carrying value adjustment.

## 2. Supplemental Items

After the commencement of the arbitration process in April 2021, FOX filed two supplementary items for consideration.

Firstly, FOX claimed that Flutter had failed to provide commercially reasonable resources to the operation of FOX Bet. The tribunal has denied FOX's claim in its entirety and has ruled in favour of Flutter holding that commercially reasonable resources have been provided to FOX Bet.

This means FOX continues to retain the right to acquire up to 50% of TSG US<sup>1</sup>, which it can exercise only if licensed. In the event FOX does not get licensed and exercise its option in relation to TSG US, both parties have a right to terminate their agreement in relation to FOX Bet in August 2023. Should either party do so, this would result in a termination of the FOX Bet business. In this event Flutter would retain ownership of PokerStars US and Super6, while the use of the FOX Bet brand name would reside with FOX.

The remaining matter before the tribunal is whether and, if so, under what conditions FOX is entitled to participate in an IPO of a parent company of FanDuel, should one occur. Flutter has agreed that it will not proceed with any potential IPO, if at all, until the tribunal has resolved this remaining matter or both parties have reached an agreement on the matter. A binding decision from the arbitrator on this point is expected in early 2023.

### **Peter Jackson, Flutter Chief Executive, commented:**

*"Today's ruling vindicates the confidence we had in our position on this matter and provides certainty on what it would cost FOX to buy into this business, should they wish to do so. FanDuel is winning in the US market and the clear #1 operator, a position driven by its exceptional market leading product and efficiency in acquiring customers at scale. The team remain focused on maintaining our leadership position and we look forward to updating the market on our progress at our US capital markets day on 16<sup>th</sup> November."*

The person responsible for arranging release of this Announcement on behalf of Flutter is Edward Traynor, Company Secretary of Flutter.

<sup>1</sup> TSG US contains the operations of FOX Bet, Super6 and PokerStars US.

### **Contacts:**

#### *Investor Relations:*

Paul Tymms, Director of IR and FP&A	+ 44 75 5715 5768
Ciara O'Mullane, Investor Relations	+ 353 87 947 7862
Liam Kealy, Investor Relations	+ 353 87 665 2014

#### *Press:*

Kate Delahunty, Chief Communications Officer	+ 44 78 1077 0165
Lindsay Dunford, Corporate Communications	+ 44 79 3197 2959
Rob Allen, Corporate Communications	+ 44 75 5444 1363
Billy Murphy, Drury Communications	+ 353 1 260 5000
James Murgatroyd, Finsbury	+ 44 20 7251 3801