

# Flutter™

Entertainment plc



## Leading betting and gaming into the future

Flutter Entertainment plc  
Annual Report & Accounts 2022





Flutter™

Our innovative global brands bring entertainment to life for millions of customers, everyday



## Our global brands



### Strategic report

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# Our strategic roadmap

### Our strategy

Growing today's businesses

**Invest**  
to win in the US

**Grow**  
our businesses in core markets

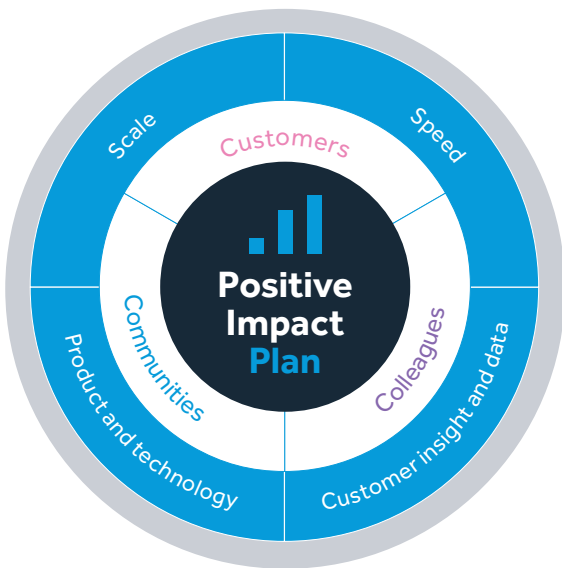
**Build**  
on our network and invest for leadership positions across international markets

Create the future

**Future spaces and new customers**  
Take early positions to realise the potential of future spaces

[Read more about our strategy on page 24](#)

### Powered by key enablers



[Read more on our key enablers on page 37](#)

### Creating value for our stakeholders



[Read more on our stakeholders on page 38](#)



# Performance highlights\*

Average monthly players (millions)

**+26%**



Revenue (£m)

**+27%**



Reported EBITDA (£m)

**+27%**



Adjusted EBITDA (£m)

**+4%**



Reported basic EPS (pence)

**(170.8)p**



Adjusted basic EPS (pence)

**189.0p**



Leverage ratio (net debt/pro forma adjusted EBITDA)

**3.9x**



\* Businesses acquired during 2021 and 2022 have been included on a reported basis (Jungle, January 2021; Singular, September 2021; tombola, January 2022 and Sisal, August 2022). Jungle AMPs are now included within Group AMP numbers and 2021 has been restated to reflect this change. See page 88 for detailed footnote on leverage ratio calculation.

Adjusted measures exclude items that are separately disclosed as they are (i) not part of our usual business activity; (ii) items that are volatile in nature; and (iii) purchase price accounting amortisation of acquired intangibles (non-cash). The year-on-year movement in Adjusted EBITDA is shown on a constant currency basis.

 To see our Company performance please go to page 30







# Building a global brand


Flutter operates a range of global brands, including FanDuel, Sky Betting & Gaming, Sportsbet, PokerStars, Paddy Power, Sisal, tombola, Betfair, FOX Bet, TVG, Jungle Games and Adjarabet.

We're leading betting and gaming into the future by offering some of the most innovative brands in our industry and using the Flutter Edge. For us, it's all about bringing entertainment to life for millions of customers in a safe, responsible and sustainable way.

Our global scale means we can continue to invest to support our strategy and maintain our gold medal positions across local markets.

## Our strategy is based on four key pillars:

-  Invest to win in the US;
-  Grow our gold medal businesses in core markets;
-  Build on our network and invest for leadership positions across international markets; and
-  Create the future by taking early positions to realise potential of future spaces.

 [Read more on page 24](#)

## Our offices



- US: 34%
- UK&I: 28%
- Australia: 16%
- International: 22%

\* Based on our net revenue for the year ended 31 December 2022.



## Our divisions



US

[Read more on page 18](#)



Our US division consists of FanDuel, TVG, FOX Bet and PokerStars. We offer a diverse set of online and retail sportsbooks, iGaming, fantasy sports, poker, online racing wagering and TV broadcasting products. FanDuel is the market leading online sportsbook and casino operator in the rapidly expanding US market and is well positioned to continue to take advantage of this opportunity.

**£2.6bn** revenue  
**2.3m** average monthly players



UK&I

[Read more on page 22](#)



Our sports betting and gaming brands are among the most popular in the UK&I market. Sky Betting & Gaming, Paddy Power, Betfair and tombola offer market leading innovation to millions of customers every week.

Although the brands mostly operate online, this division also includes 608 Paddy Power betting shops in the UK and Ireland.

**£2.1bn** revenue  
**3.7m** average monthly players



Australia

[Read more on page 34](#)



Sportsbet is the market leader in online sports betting across Australia. Its innovative, easy to use products and outstanding personalised value combine to create a leading customer proposition. Sportsbet's strategy is centred on winning in three battleground areas: product, value and marketing.

**£1.3bn** revenue  
**1.1m** average monthly players



International

[Read more on page 44](#)



We operate in over 100 countries around the world including in Italy with the largest online operator, Sisal, and globally with PokerStars, the world's largest online poker site. The division also includes Betfair International, Adjarabet and Junglee Games.

Flutter International operates under licence in 22 territories.

**£1.7bn** revenue  
**3.1m** average monthly players

# Our unique investment thesis

## Significant market growth opportunity

The global online betting and gaming market looks set for continued growth with, (i) expansion into additional US states and (ii) more ex-US countries regulating sports betting and gaming and increased online penetration in existing markets.

(i) We estimate the US addressable sports betting and iGaming market will increase from \$9bn in the 12 months to June 2022 to over \$40bn by 2030, with 80% of the US population having access to sports betting and 25% to iGaming.

(ii) The ex-US global betting and gaming market was estimated to be worth £263bn in 2022 (H2 Gambling Capital) with 30% of this occurring online. Compound annual growth of c. 9% is expected for the online market in the next five years.


 Read more about the market opportunity on pages 20 and 21

## Scale operator with diversified product and geographic portfolio

We operate in a wide range of markets and offer a broad range of products. This high level of diversification means we're ready to offset regulatory and external environmental pressures in our local markets. The positive impact of regulation in markets that are opening up, such as the US, alongside strong revenue growth in our existing business, helps reduce the impact of any adverse local regulatory

costs in more mature markets, allowing us to grow through regulatory headwinds.

As an operator of scale we, benefit from the "flywheel" effect (see opposite), driving organic growth while investing to secure and defend our gold medal positions.

 Read more about scale and the flywheel as an enabler of our strategy on page 7

## The Flutter Edge

The Flutter Edge encapsulates our Groups distinctive, global, competitive advantage. Talent, technology, product and capital are at the heart of it. From this, our brands can avail of unparalleled expertise, as and when they need it.

It represents a symbiotic relationship between our teams and divisions, with all contributing to and benefitting from it.

## Optimal strategy to deliver success

We have a proven track record of delivering on our strategic priorities. In 2022 we refreshed our four-pillar strategy to invest to win in the US, grow our gold medal positions in core markets, build leadership positions across international


markets and create the future by taking early positions in future spaces.

 Delivery against our corporate strategic goals in 2022 is outlined on pages 24 to 28

## Clear vision on sustainability, our Positive Impact Plan

As a responsible operator, we recognise the key role that sustainability plays in enabling this strategy. Our Positive Impact Plan, the ESG strategy which we announced in 2022, is our ongoing commitment to set the sustainability agenda

for the industry and make a positive contribution across three key areas: our customers, our colleagues and our communities.

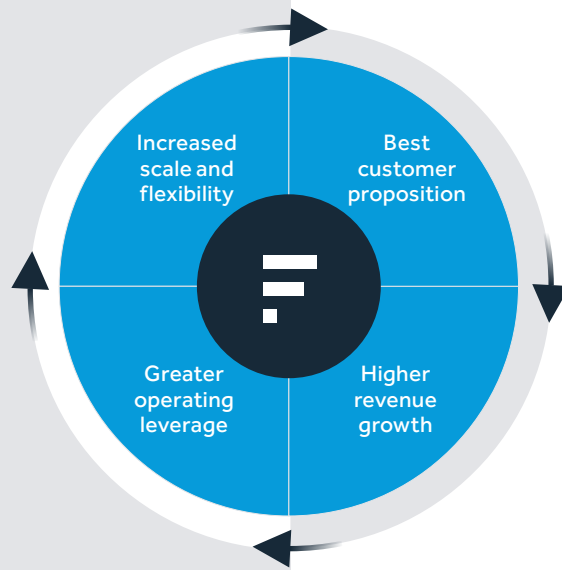
 Delivery against our sustainability strategic goals in 2022 is outlined on pages 46 to 77

**Driving strong financial returns with 22% compound annual growth in EBITDA since 2017.<sup>1</sup>**

1. Compound EBITDA growth is for Group ex-US.



## The flywheel effect



### US

As outlined at our FanDuel capital markets day held in November 2022 (<https://www.flutter.com/us-cmd-22>), we've built the number one position in the US by leveraging the combined benefits of the FanDuel Advantage and the Flutter Edge.

#### The FanDuel Advantage...

Acquire customers more efficiently	Retain customers for longer	Grow customer value
No.1 sports betting brand	Betting product innovation	Proprietary pricing and risk
Database of 14m+ sports fans	Best app experience	Accurate, competitive odds
Best marketing assets	Disciplined promotions	Organic win margin advantage

Benefitting from the Flutter Edge

Scale and competitive advantages can deliver:

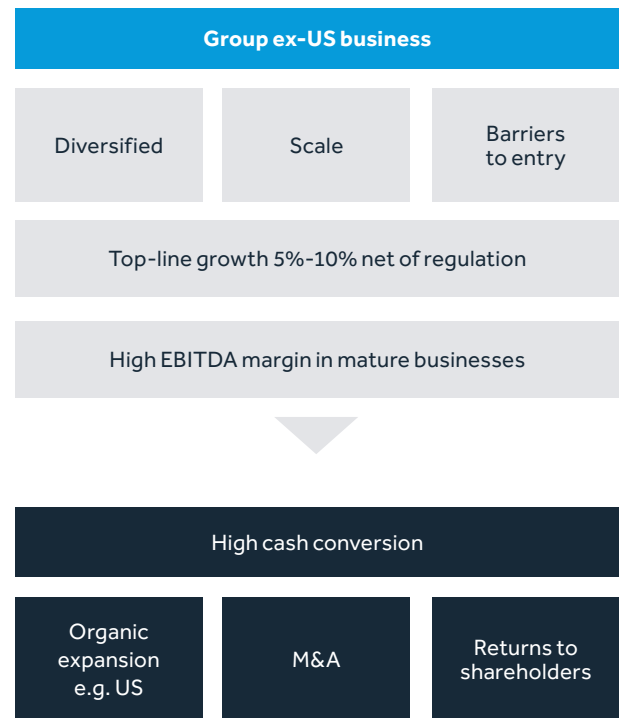
Pathway to 4.5–5x 2022 revenue at maturity

Long-term EBITDA margins of 25%-30%

### Group ex-US

The Group ex-US business has strong positions in a range of attractive markets to drive future growth while existing leadership positions generate significant free cash flow.

#### Historic model supporting growth and cash generation



# Supporting customers and colleagues



Strong corporate governance supports our continued strategy execution, business resilience and contribution to the societies in which we operate.

**Gary McGann**  
Chair







**Adjarabet employee engagement**

The Board attended a townhall with colleagues in Adjarabet when the Board visited their offices in Tbilisi in June.

Strategic report



## Dear Shareholder

### Introduction

2022 saw the lifting of travel restrictions imposed during the Covid-19 pandemic. This enabled the Board to hold the majority of its meetings in person and to visit four site locations, FanDuel in New York, Adjarabet in Tbilisi, Sky Betting & Gaming in Leeds, and Sportsbet in Melbourne. The Board benefitted from these in-person meetings to further understand our divisions and their brands, and to also meet directly with colleagues.

### Sustainability

We launched the Group sustainability strategy, our "Positive Impact Plan" in February 2022. The Positive Impact Plan is a comprehensive and challenging strategy which demonstrates that Flutter is setting a clear agenda for positive change. The Positive Impact Plan sets targets to be achieved by 2030, under the three pillars of "Play Well", "Work Better" and "Do More".

"Play Well" extends our commitment in safer gambling by providing customers with a positive, entertaining and safe experience. "Work Better" aims to continue to build a more diverse and inclusive workforce in our business that is reflective of our communities. "Do More" allows us to build on our long history of community support by aligning it with a set of key strategic priorities that allow us to use the expertise and experience within our business to support our communities. "Do More" will particularly focus on sport, health and wellbeing, and tech for good.

In addition to the core pillars outlined above, the Positive Impact Plan also sets out our strategy for reducing our environmental impact. We have begun to report on how the impacts of climate change could affect our business in line with the Task Force on Climate-related Financial Disclosure ("TCFD") recommendations. Further information on our Positive Impact Plan is set out on page 48.

The Golden Door – a celebration of SuperEnalotto, Sisal's iconic lottery product.



**Play Well extends our commitment in safer gambling by providing customers with a positive, entertaining and safe experience.**

### Safer gambling

Safer gambling underpins every element of the Group strategy. We work hard to keep our customers safe while they enjoy our products, thereby helping us to build a sustainable business. The Play Well strategy supports us in delivering universal principles and a united goal across our divisions to guide local strategies. It also allows us to use our global scale, capability and expertise to be at the leading edge of providing customers with the tools, information and support they need to Play Well. The Board have remained focused on safer gambling and established a safer gambling sub-committee to oversee the Play Well strategy. Further details are set out on pages 51 to 57 and 153.

### People and culture

As a diverse international Group, we recognise the critical role our workforce plays in our success. The Workforce Engagement Committee (the "Committee") continued to oversee our people and culture across the Group. The Committee held six listening sessions throughout the year which provided an opportunity to meet and listen to colleagues on their views, ideas and matters of concern. Further details on the Workforce Engagement Committee are set out on pages 137 to 141.







In our UK&I division, Ian Brown has replaced Conor Grant as CEO, UK&I. Conor previously held the position since completion of The Stars Group, Inc merger in May 2020. I would like to thank Conor for his contribution and wish him health, happiness and success for the future.

### Strategy

During the year, the Group completed the acquisitions of tombola and Sisal, and the buy-out of the remaining 49% shareholding in Adjarabet. These transactions align with our strategy of investing to build leadership positions in regulated markets globally.

The Board engaged with the Executive Committee in the development of, and then oversaw the implementation of the integrated corporate strategy and refreshed our strategic priorities. Further information on our corporate strategy is set out on pages 24 to 29.

### Board change

As part of the Board's ongoing refreshment and succession planning, a number of Board changes took place during the year. Michael Cawley stood down from the Board following the conclusion of the 2022 AGM. Andrew Higginson stepped down from the Board on 31 December 2022. Zillah Byng-Thorne stepped down from the Board on 31 January 2023. Jonathan Hill will be appointed as Chief Operating Officer effective from 20 March 2023 and will

therefore not be seeking re-election at the 2023 AGM and will step down from the Board at the conclusion of that meeting. Jonathan joined the Board as Chief Financial Officer on 22 October 2018.

I want to thank Michael, Andy, Zillah and Jonathan for their exceptional contribution to the Board over their tenure.

Carolan Lennon was appointed as an Independent Non-Executive Director on 1 July 2022. Paul Edgecliffe-Johnson will join the Board as Chief Financial Officer and Executive Director on 20 March 2023. We welcome both Carolan and Paul to the Board.

I am pleased to report that the Board has exceeded our target of 40% female representation on the Board. We have also achieved our target of at least one member of ethnicity on the Board while simultaneously boosting the Board's digital expertise. The Board will continue to review Board composition, size, skills and diversity targets during 2023.

I look forward to the opportunity of meeting with our colleagues, shareholders and communities throughout 2023.

Thank you for your continued support of Flutter.

**Gary McGann**  
Chair  
1 March 2023

# Positive momentum across the group

“

We have an unparalleled number one position in the US where we continue to go from strength to strength. Outside of the US we are well placed to build on gold medal positions while delivering very strong performance in a range of attractive high growth markets.

**Peter Jackson**  
Chief Executive Officer







**Sportsbet employee engagement**

The Board attended a townhall with colleagues in Sportsbet when the Board visited their offices in Melbourne in November.



## Chief Executive Officer's review continued

### Business review<sup>1-6</sup>

As the number one sports betting and iGaming operator globally, Flutter represents a unique and compelling investment opportunity. The US market is expected to be worth more than \$40bn by 2030, while outside of the US, the market is already worth £263bn, growing at a projected 9% CAGR over the next five years<sup>7</sup>. With just 30% of this combined market opportunity currently taking place online, this provides a long runway for future growth.

Flutter has set clear strategic objectives to deliver sustainable value in this market. An unparalleled portfolio of products, diversified geographic footprint and the benefit of the combined power of the Group, the Flutter Edge, provide key competitive advantages which empower Flutter's brands to win in their respective markets.

Within the US, our sustainable leadership position delivers superior economics and will transform the earnings potential of the Group. Outside of the US, our scale and diversified position provides a resilient and robust model for further growth and cash generation through regulatory change. This is evidenced by the Group's strong track record of delivery with 22% compound annual EBITDA growth since 2017.

During 2022, we leveraged our key advantages to deliver a strong performance with excellent progress against our strategic objectives. The US was our largest division by revenue in 2022. FanDuel extended its leadership position with a Q4 online sportsbook market share<sup>8</sup> of 50% (10 percentage points higher than Q4 last year) while growing its podium position in iGaming to a 21% share. Our US business remains firmly on track to be EBITDA positive for the full year 2023.



**Our sustainable US leadership position delivers superior economics and will transform the earnings potential of the Group.**

In our Group ex-US business, we continued to see good growth while facing into the impact of regulatory changes. In the UK & Ireland, we delivered strong recreational customer growth as well as benefiting from the reopening of our retail estate and the acquisition of tombola. Product innovation resulted in an improved H2 performance, driving momentum into 2023. This partially offset the reversion of customer activity to pre-Covid levels and the annualisation of our proactive safer gambling measures from 2021. In Australia we drove excellent AMP volumes against a more challenging operating environment in the second half due to the unwind of Covid player engagement and a more competitive landscape.

In our International division we have reached a growth inflection point. The business is set to annualise the major known regulatory headwinds in March 2023. The division is also on a more sustainable footing with minimal single unregulated market exposure resulting in 97% of the Group's total revenue now coming from regulated markets. Revenue in our Consolidate and Invest<sup>9</sup> markets, which represent 76% of the division, were up 22% on a pro forma basis in 2022 and we also secured the #1 position in Italy following completion of our acquisition of Sisal in August.

We made significant strides on our sustainability agenda with our Positive Impact Plan. Under the Play Well<sup>10</sup> pillar, we achieved a 7.8 percentage point increase in tool usage in 2022 to 40.1% and we invested a total of £60m in safer gambling initiatives during the year. Our Work Better pillar also saw positive progress with 33% female representation at leadership level in 2022. Within our communities our pledge to Do More saw over 440,000 lives improved through funding activities focused on sport, technology for good and health and well-being. Finally, we continued to develop our path to zero and Science Based Targets as part of our Environmental goals.

As we look forward into 2023, the Group is at an earnings transformation point, and very well placed to deliver future growth and progress further against our strategic priorities.





## 2022 review

Flutter delivered strong revenue growth of 22% with AMPs up 26% to 10.2m during the year, driven by our ongoing expansion in the US and the benefit of the Group's acquisitions of Sisal and tombola. On a pro forma basis both revenue and AMPs delivered excellent growth, up 14% and 15% respectively. Group Adjusted EBITDA was £1,045m, 4% higher. On a pro forma basis, Group Adjusted EBITDA was 5% lower after the impact of known regulatory headwinds and safer gambling initiatives of £160m, excluding which EBITDA was 9% higher.

## US

The US division delivered an exceptional performance in 2022, with revenue at the upper end and an EBITDA loss at the lower end of our guidance ranges. Revenue grew 67% to £2.6bn (\$3.2bn) with AMPs exceeding 3m for the first time in Q4, while our EBITDA loss reduced by 6% to £250m (\$313m). At our Capital Markets Day in November the FanDuel team outlined how the FanDuel Advantage of (i) acquiring customers more efficiently (ii) retaining customers for longer and (iii) growing customer value better than competitors is driving our significant market outperformance. Underpinned by the Flutter Edge, this continued to play out in Q4 with FanDuel commanding a 50% gross gaming revenue ('GGR') share of the online sports betting market and now number one in 15 of the 18 states in which it is live today. We continued to refine our state playbook. Our sophisticated player acquisition strategy and market-leading product have delivered our two most successful state launches to date in Maryland (Nov 2022) and Ohio (Jan 2023). Both are gold medal positions, with penetration reaching over 6% of the total adult population in those states combined since launch.

We have a clear strategy to improve our iGaming performance and grow our podium position, through increasing our focus on casino direct iGaming customers and improving our product range and player experience. Although it is early days, we are pleased by progress to date. Q4 customer player days were 1.5 times the comparable period last year benefitting from the introduction of our FanDuel casino daily reward machine in Q3. Flutter exited the year with 63% growth in Q4 iGaming AMPs and a 21% share of the Q4 iGaming market, with FanDuel Casino share three percentage points higher than in Q4 2021.

Our flywheel continues to drive efficient expansion. Total operating costs (sales and marketing combined with operating costs) reduced as a percentage of revenue by 19 points in H2. We are also outpacing our competition with Flutter US revenue

in 2022 over \$900m higher than our next nearest competitor and with one third of the EBITDA loss. We were the first operator to reach profitability in the US in Q2. Additionally, in Q4, Flutter US EBITDA was £31m (\$36m), excluding new state investment in Maryland and Ohio. The increasingly profitable progression of our customer cohorts, together with the compounding benefit of our flywheel underpin our confidence in delivering a positive full year 2023 EBITDA.

## Group excluding the US

Group ex-US revenue grew 7% with Adjusted EBITDA up 2% to £1,295m, within guidance range even after customer friendly sports results in December which cost nearly £40m.

On a pro forma basis revenue was flat year on year while Adjusted EBITDA declined 6%. After adjusting for the previously guided headwinds of £160m (i) proactive safer gambling initiatives in the UK & Ireland (£38m) (ii) Australian tax changes (£22m) and (iii) regulatory changes in International markets (£100m), Adjusted EBITDA for the Group ex-US was 6% higher year on year.

## UK & Ireland

Online momentum in Q4 was strong with pro forma revenue 14% higher, despite adverse sports results in the quarter which impacted revenues by £66m. This Q4 performance helped deliver H2 pro forma revenue growth of 4%, reflecting improvements to our product proposition throughout the year, and the actions we have taken to ensure our teams work more efficiently. This compared to a decline of 19% in H1, which was impacted by the annualisation of our proactive safer gambling initiatives taken across 2021 and the prior year Covid-related peak in player days. Full year reported UK & Ireland revenue growth of 4% benefitted from the addition of tombola in January 2022 and our retail shops being open during the year.

Pro forma player volumes increased 4% (reported +18%) across 2022, peaking in Q4 at 18% higher aided by the World Cup. In Sky Bet, two thirds of World Cup customers used the new *BuildABet* product that was launched at the start of the year, while Paddy Power dominated social media, driving double the Twitter engagement of all other betting brands combined.

Ongoing delivery of new and improved products for customers is a key element in our winning formula. During the second half, SkyBet further enhanced their new *BuildABet* product making it easier for players to track progress of their bets and updated their pre-game football proposition.



## Chief Executive Officer's review continued



### 2022 review continued

#### UK & Ireland continued

Betfair's gaming proposition was refreshed, while Paddy Power launched *Wonder Wheel* bonus rounds during the World Cup which helped drive their multi-product players seven percentage points higher year on year in H2. We also launched Paddy Power's first fully native gaming iOS app and additional branded gaming content boosting retention rates. These innovations drove pro forma gaming AMPs 10% higher during 2022.

During the year, we launched a range of efficiency initiatives to further integrate our UK & Ireland brands. We simplified team structures to allow us to operate more effectively. These offset the higher levels of wage inflation to keep pay competitive in light of current macro-economic trends. We improved the effectiveness of marketing and generosity spend by ensuring we more accurately deliver the right value to the right customers. In 2022, pro forma sales and marketing declined 13% or 100 basis points as a percentage of revenue, with further efficiency savings expected in 2023.

In Ireland, we welcome the publication of the draft Bill to establish the Gambling Regulatory Authority, as a consistent supporter of regulation in Ireland. We will work with the Authority as they create the new regulatory framework. In the UK, we believe the proactive initiatives we have taken on safer gambling position us well for the eventual publication of the Gambling Act Review White Paper.

#### Australia

Sportsbet delivered a solid performance with AMPs up 8% to 1.1m. Revenue was 6% lower, reflecting a Covid tailwind in H1, offset by (i) the H2 unwind of Covid engagement levels against challenging comparatives, (ii) increased competition in H2 and (iii) the impact of event cancellations due to adverse weather conditions. These factors, combined with increased point of consumption ('POC') taxes introduced in July 2022 of £22m (annualised impact: £73m), led to a decline in EBITDA of 13% to £390m.

As the clear market leader with over 48%<sup>11</sup> of the Australian online sports-betting market, Sportsbet benefitted most from the retail to online migration during the Covid lockdown periods in 2020 and 2021, growing 1.4 times that of the online market. Strong execution against our retention strategy meant that customer growth has been sustained. We delivered a record 1.3m AMPs in Q4, 1.8 times Q4 2019, positioning the business well into 2023. As retail and society fully reopened during 2022, AMP growth was more than offset by the reversion of online player engagement from peak Covid levels (H2 average player days 9% lower than the same period in 2021) and competitive intensity which stepped up significantly in 2022, particularly in Q4. This led to high levels of generosity with customers shopping around for the most generous offers.

Leveraging structural margin gains from continued product leadership, Sportsbet increased promotional investment and sales and marketing spend during Q4 which contributed to the record AMP levels. We are confident that the plans we have in place for 2023 are the right strategy to drive future growth over the medium term. We will do this through continuing to deliver product innovation and personalised generosity while leveraging our growing recreational customer base, unparalleled local scale and long track record of growing through regulatory changes.

#### International

International division revenue grew 24%, or 7% on a pro forma basis, reaching a growth inflection point after a period of significant regulatory change. International has four market types: (i) Consolidate existing #1 positions, (ii) Invest for leadership in high growth markets, (iii) Optimise returns, or (iv) Maintain an existing position. Our Consolidate and Invest markets now represent 76% of revenue and grew at 22% on a pro forma basis (reported +68%) during 2022. This highlights the very attractive positions we have in these markets, including India, which grew at 80% and is expected to become our second largest market behind Italy in 2023.

In August, we completed the acquisition of Sisal, the #1 operator in Italy, Europe's largest gambling market with GGR of £18bn in 2022, including lottery. The online market is expected to grow at a compound rate of 9% over the next three years, with just 19% of the market online in 2022.







In the UK & Ireland, product innovation resulted in an improved H2 performance, driving momentum into 2023.



Sisal has significant competitive advantages through its omni-channel offering in an Italian market with advertising restrictions, a nine-year Italian lottery concession and monopoly positions in other markets. Sisal's performance in 2022 was fantastic, growing proforma revenues by 32% to €863m and EBITDA by 22% to €247m. Sisal's online market share increased to 13.4% in Q4<sup>12</sup>, 140 basis points higher than the prior year (Flutter combined online market share 22%). This performance was driven by:

- High levels of cross sell to online from Sisal's retail network of 9.5 million customers, including providing additional opportunities for lottery players to win with an online account.
- Product leadership in sports from the launch of innovative products such as 'Duo', which provides continuity of player bets on a substituted player or the social betting game 'Tipster'.
- Significant improvements in Sisal's gaming offering across 2022, including the creation of a proprietary games' development studio and integration of gaming content onto betting and lottery apps.

We provided Sisal with access to the Flutter Edge, which resulted in Sisal being the first operator to launch cash-out in the Italian market following its regulatory approval. We have also supplemented the Sisal team with access to some of our people talent and won a combined tender to be the monopoly Moroccan sports betting operator.

### Capital structure and balance sheet update<sup>13</sup>

The Group had gross debt of €5,442m<sup>14</sup> at 31 December 2022 and a net debt position of €4,644m (31 December 2021: €2,647m), which represents a pro forma leverage ratio of 3.9x or 3.2x excluding the 2022, US EBITDA loss. During 2022, the Group acquired tombola for €410m in January, the remaining 49% stake in Adjarabet for €204m and the Sisal business in August for €1.7bn.

The Group remains committed to its previously stated medium-term leverage target of 1-2 times, at which point the Board will review the Group's dividend policy. The Group continues to generate significant free cash flow and the future profitability profile of the Group, in particular US profit growth, will facilitate rapid de-levering.

### Other updates

#### US listing

The Flutter Board has reached a preliminary view that an additional US listing of Flutter's ordinary shares will yield a number of long-term strategic and capital market benefits. As we outlined here (<https://www.flutter.com/shareholder-consultation/>), we have begun a consultation with our shareholders to determine whether to put forward a formal resolution for approval. We will announce the results of this consultation, once we have concluded an extensive program of engagement with our investors and stakeholders.

#### FOX arbitration

As previously disclosed, the legal arbitration process with FOX Corporation remains ongoing. As noted in our recent announcement, in the event that there is shareholder support for an additional US listing, this will take precedence over any plans to list a small shareholding in FanDuel.

#### Current trading/outlook

Trading for the Group in the first eight weeks of the year has been in line with expectations. Our US division has been delivering continued strong growth across existing states as well as through the very successful launches in Maryland and Ohio. We remain on track to be EBITDA positive for the full year 2023.

Group ex-US revenues have benefitted from continued strong momentum in UK and Ireland and International from Q4 2022 which has offset the impact of a more challenging environment and tough comparatives in Australia.

For 2023 the Group also anticipates:

- Capital expenditure of €480m-€500m (2022 reported: €403m, pro forma: €456m).
- Group Adjusted depreciation and amortisation charge of approximately €480m (2022 reported: €370m, pro forma: €434m), reflecting increased US product investment and Group investment in casino studios and shared platforms.
- A weighted average cost of debt of 5.6%.
- An effective tax rate of 25-27% for the Group ex-US (2022: 22.9%) reflecting the addition of Sisal and the changing mix of taxable earnings across our geographies.

**Peter Jackson**  
Chief Executive Officer  
1 March 2023

## OUR DIVISIONS

# US



Headquartered in New York, FanDuel is the premier gaming operator in North America, with a portfolio of brands across iGaming, sports betting, fantasy sports, online racing wagering and TV broadcasting. FanDuel operates in 50 states and launched in Ontario, Canada during 2022. The brand has approximately 17m customers and 27 retail locations.

# #1

As America's #1 online sportsbook, FanDuel has a c.50% market share, with revenue over \$900m greater than its nearest competitor

# £2.6bn

The US is now Flutter's largest operating division delivering £2.6bn (\$3.2bn) in revenue in 2022



2022 was an exceptional year for the US division, with revenue growing 67% to £2.6bn (\$3.2bn) and AMPs increasing to over 3m in Q4. We have maintained our position as America's #1 sportsbook, outpacing our competition with Flutter US revenue in 2022 over \$900m higher than our next nearest competitor and we have also successfully grown our iGaming position with a 21% share in Q4, with FanDuel Casino three percentage points higher than Q4 2021.

In November, we hosted a Capital Markets Day for the investment community, with approximately 200 analysts and investors attending in person. Over the course of the afternoon, members of my senior leadership team shared details of how the FanDuel Advantage is extending our leadership position. Underpinned by the benefits of the Flutter Edge, we are confident these competitive advantages will continue to win us the number one position as new states regulate.

FanDuel is now live in 18 states with its online sportsbook and our two most recent launches in Maryland and Ohio have proven the most successful to date, leveraging our winning playbook.

We also took a bold step into media during the year with the launch of our fully distributed linear cable television network FanDuel TV and OTT platform FanDuel+, where we introduced news anchor Kay Adams, joining the likes of Pat McAfee, Bill Simmons and Lisa Kerney, who continue to create fantastic content and integrations for FanDuel.

To help mark the American Gaming Association's Responsible Gaming Education Month, FanDuel proudly held its first ever Play Well Day, announcing a number of additions to our

“

I am extremely proud of what we have achieved in 2022. We became the first US operator to become profitable, delivering \$22m in EBITDA in Q2 2022, we're #1 in 15 states and our compounding growth will deliver full year profitability in 2023.

industry leading responsible gaming initiatives, including welcoming Amanda Serrano as a Play Well Ambassador, joining Craig Carton. Over 3,000 of our colleagues from across the globe gathered to reaffirm our steadfast commitment to responsible gaming in the US and heard from company and industry leaders on the role our colleagues play every day in creating a culture that encourages customers to Play Well.

As our scale and growth compounds, I can't wait to see what we can achieve together in 2023 as we remain firmly on track to deliver profitability for the full year.

*Amy Howe*

US CEO





# Fast growing global opportunity

The global online sports betting and gaming market has a significant runway of future growth, with more countries and US states expected to regulate in the years ahead. Just 23%, or £90bn, of this £388bn global market in 2022 is currently online (2021: 25%) with compound annual growth of the online channel expected to exceed 11% over the next five years to 2027.

## US

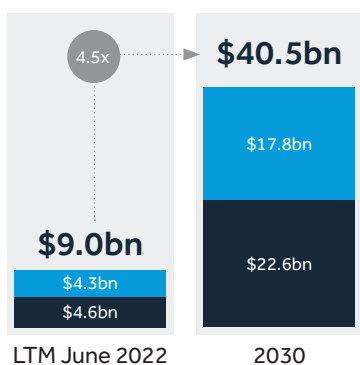


The US is the single biggest market opportunity for Flutter. FanDuel continues to see positive legislative momentum, resulting in its online sportsbook now being available in 18 states and iGaming being available in five states. In the twelve months to June 2022, states in which we were operating generated \$9.0bn in online GGR, with \$4.6bn in sports betting and \$4.3bn in iGaming. Our brands had a market share of 50% in sports betting and 21% in iGaming in Q4 2022.

We expect the total addressable market ("TAM") to grow to over \$40bn by 2030 consisting of:

- Sports betting: \$22.6bn from expansion to 80% of the population and annual population penetration in line with our mature Australian business at 10.5%; and
- iGaming: \$17.8bn from expansion to 25% of the population and annual population penetration in existing states to increase at the same rate as sportsbook in those states.

### US market, GGR (\$bn)



% addressable US adult population in legal states

● iGaming	12%	25%
● Sportsbook	35%	80%

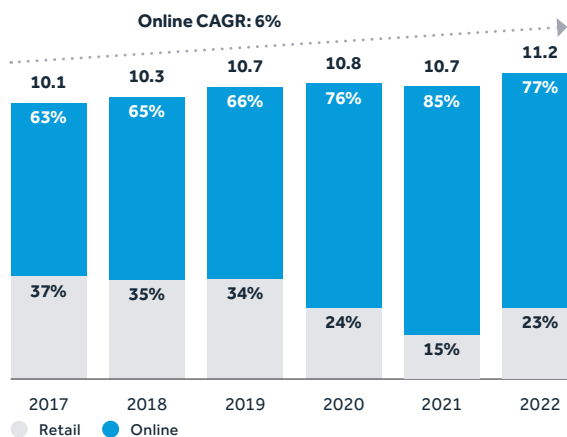
## UK & Ireland






The UK market is the largest regulated online market in Europe. Between the UK and Ireland, the combined retail and online TAM was estimated to be £11.2bn in 2022. While more advanced than many other European markets, the UK&I online market has continued to exhibit good levels of growth, having delivered 6% compound annual growth over the last five years. The majority of this growth has been at the recreational end of the market. Online penetration of the overall market remains elevated versus pre-Covid levels, sitting at approximately 77% today. The migration of customers from offline channels to online accelerated during the Covid-19 pandemic as retail venues were temporarily closed.

In the near term, regulatory changes and safer gambling initiatives being introduced by operators is leading to slower market growth. However, over the medium term we expect the recreational customer segment to continue to drive further growth in the online TAM. As the leading operator in the UK and Ireland, on a proactive basis we've introduced safer gambling measures to improve the sustainability of our customer base, positioning us well ahead of any regulatory change. We enjoyed a 28% share of the combined UK online sports and gaming market in 2022.

### UK and Ireland market, GGR (£bn)



Links to strategy:

-  Invest to win in the US
-  Grow our gold medal positions in core markets
-  Build on our network and invest for leadership positions across international markets
-  Take early positions to realise the potential of future spaces



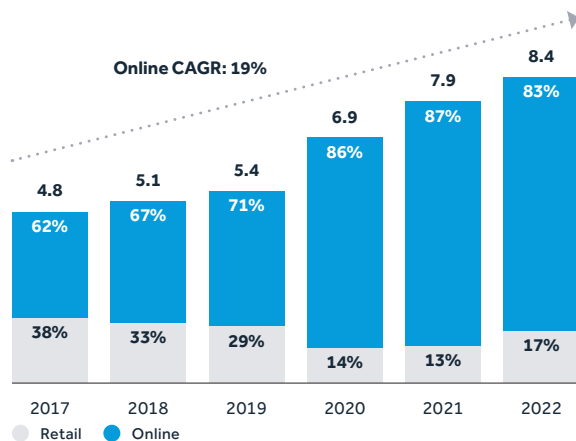
## Australia

The Australian sports betting market was worth an estimated \$8.4bn in 2022, with online accounting for 83% of the market.

The market benefitted from a customer migration to online betting, accelerated by Covid-19 related restrictions in retail in 2020 and 2021, with a 16 percentage point shift from the retail sports betting market to online, while also benefitting from changes to the entertainment wallet as consumers substituted online alternatives for travel and leisure spend. In 2022, the Australian market experienced some reversion of these trends with 4% of the market online market returning to retail, and consumers' entertainment and travel options restored.

Sportsbet had an estimated 48% share of the online market during 2022 having enjoyed multi-year market share gains through (i) the retained element of structural shifts in betting patterns given Sportsbet's strength in both non-racing sports and fixed odds sports betting, (ii) capturing a significant portion of customers who migrated from retail to online, and (iii) leading the market across our three strategic pillars of product, value and marketing.

### Australian sports betting market, GGR (\$bn)






## International

The International division operates in over 100 countries with revenues primarily driven from regulated markets. International has four main market types where we will look to:

- **Consolidate** our #1 position to drive profitable growth in Italy, Spain, Georgia and Armenia. Following the Sisal acquisition we have a market leading 21% share in Italy, Europe's largest regulated market.
- **Invest** for leadership in fast growing, high potential markets, such as India, Brazil, Canada and Turkey, where we are generating strong returns on incremental marketing investments.
- **Optimise** returns in other regulated markets, mainly across Europe, based on our current market position or market growth outlook.
- **Maintain** existing positions across a range of mostly unregulated markets by minimising the cost to serve customers.

### International markets

	Main markets per category	% of FY 2022 International revenue	2021 est. market size (GGR)
Consolidate		59%	£15bn
Invest		17%	£6bn
Optimise		13%	£17bn
Maintain	Range of geographies	11%	—



## OUR DIVISIONS

# UK&I

sky **betting & gaming**

**PADDYPOWER.**

**betfair**

**tombola**

Flutter UK&I is home to the best-known brands in the market, with more than 6,350 colleagues working across our leading brands Sky Betting & Gaming, Paddy Power, Betfair and tombola at offices in Dublin, London, Leeds, Sunderland, Gibraltar and Malta. The UK&I business is the clear #1 in one of the most regulated markets in Europe and is committed to leading the race to the top on safer gambling through innovation and a strong focus on the customer.

## 3.7m

In the UK&I, our total AMPs increased by 18%

## 1.2bn

Number of bets placed across our sites in 2022



As I joined Flutter UK&I in September it was immediately clear that this is a business with the best brands, market position, and scale in our sector. It is driven by great people at every level who are truly passionate about what they do. Above all though, I have been struck by the genuine care for our customers and their wellbeing that I see and feel right across the business.

Momentum has been building across the year enabled by the launch of new product features and campaigns, while we have also been focused on operating more efficiently as a combined business. We traded well through the World Cup albeit the thrilling end to the tournament very much favoured the customer over the bookie.

Our continued focus on recreational player growth saw AMPs increase by 18%, setting records for both customer volumes and the proportion of customers playing across both Sports and Gaming products. Online revenue decreased slightly reflecting the annualised impact of important Safer Gambling measures introduced in 2021.

We have welcomed tombola into our Flutter family, and we are delighted to see that brand thrive as it starts to benefit from access to Flutter's talent pool and digital marketing capabilities.

Looking ahead, 2023 will be a year of important work as we further integrate Sky Betting & Gaming, Paddy Power and Betfair into a common operating model, with more shared back-end technology. We will be investing to sharpen our execution across marketing, customer engagement and reward, and product development. While we lead in the betting and gaming market, I believe there is much we can learn here from other advanced e-commerce sectors.

“

We are confident that our leadership is doing the right thing and our strong recreational customer base will help us continue to win share and customer loyalty.

At the time of writing, we still await the UK Gambling Act Review. Meanwhile, in Ireland we have seen the Gambling Regulation Bill and we welcome the formation of the Gambling Regulatory Authority. We often talk at Flutter about leading the race to the top in our market – evidenced by the deposit limits we have introduced for customers under 25 years old. We therefore welcome thoughtful, principle-led regulation that enhances customer safety while respecting people's right to choose.

I am confident that the proactive steps we have taken on Safer Gambling, our strong recreational customer base and our focus on product innovation will help us to continue to win share and customer loyalty.

*Ian Brown*

UK&I CEO





# A leading strategy for growth

In 2022, we made strong progress against our strategic objectives by expanding our #1 position in the US to newly launched states, growing our customer base in core markets and adding a leadership position in Italy with the acquisition of Sisal.

## Growing today's businesses



### Invest to win in the US

Building on the gold medal FanDuel has won in the US we will extend our leadership position and continue to win as new states regulate.



### Grow our gold medal positions in core markets

Growing our recreational customer base efficiently and using local scale to unlock synergistic benefits across our core markets.



### Build on our network and invest for leadership positions across international markets

Buying and building podium positions across our international markets, we will combine global scale with local presence to deliver sustainable growth.

## Creating the future



### Future spaces and new customers

Take early positions to realise the potential of future spaces. We'll continue to nurture an innovative mindset to identify adjacent opportunities to grow our customer base and position us for growth in an ever-evolving entertainment space.

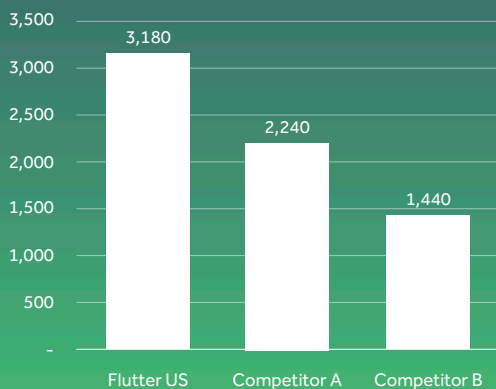
## Growing today's businesses



# Invest to win in the US

Extending our leadership position and continuing to win as new states regulate.

US revenue (\$m)



### What it means

- Consolidating FanDuel's leadership position as the clear #1 sportsbook in the US.
- Growing our iGaming proposition and portfolio to establish a clear podium position.
- Continuing to exploit the flywheel to maintain leadership and deliver positive EBITDA in 2023.

### 2022 performance

- Delivered 50% online sportsbook market share in Q4 2022 by Acquiring, Retaining and Growing customer value better than any other operator.
- Increased Q4 iGaming market share to 21% by executing on iGaming strategy.
- Achieved significant scale position with revenue over \$900m higher than our next nearest competitor and with one third of the investment-led EBITDA loss.

### Links to principal risks:

- 1 Changing legal and regulatory landscape
- 2 US growth execution and competition
- 3 Cyber resilience
- 4 Third parties and key suppliers
- 5 Leadership and talent pipeline
- 6 International technology transformation
- 7 Compliance with existing legal and regulatory landscape
- 8 Technology resilience
- 9 Safer gambling/performance against Play Well strategy
- 10 Global talent management

[Read more on page 18](#)

### Case study – New York state launch

During Q1 2022, FanDuel's online sportsbook launched in New York. Performance in that state is a clear demonstration of how FanDuel's superior product and disciplined promotional strategy will successfully drive a long-term leading position.

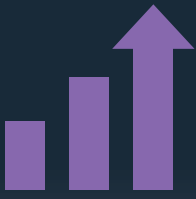
The New York launch was highly competitive, with a number of operators launching simultaneously, and some observed to be spending up to six times more on media than FanDuel. We made the considered decision to trust the strength of our product, our number one sports betting app and our efficient promotional strategy to deliver a leadership position.

The success of this approach is proved by FanDuel retaining the number one position in the state by a meaningful margin during all four quarters of 2022.



## Strategy continued

Growing today's businesses continued



## Grow our gold medal positions in core markets

We retain our challenger mindset and continue to invest in our brand and product propositions. This helps us extend our leadership position and grow our recreational customer base efficiently, leveraging local scale.

# 28%

2022 UK online market share

# 48%

2022 Australian online market share

### What it means

- Maintaining a clear focus on growing our recreational customer base.
- Continuing to extend our product and brand leadership positions.
- Leveraging our local scale to drive efficiency across our core markets.

### 2022 performance

- Average monthly players in the UK&I and Australia increased by 18% and 8% respectively.
- Enhancement of our leading product proposition with launch of "BuildABet" in SkyBet and "Same Game Multi Bet Tracker" in Sportsbet.
- Material steps taken to further integrate our UK&I online business with pro forma other operating costs 10% lower versus the prior year despite inflationary pressures.

### Links to principal risks:

- 1 Changing legal and regulatory landscape
- 2 US growth execution and competition
- 3 Cyber resilience
- 4 Third parties and key suppliers
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- 9 Safer gambling/performance against Play Well strategy
- 10 Global talent management



### Case study – tombola

In January 2022, we completed the acquisition of tombola, the UK's largest online bingo operator. tombola has a market leading bingo proposition with a vibrant player community helping to act as brand advocates. This contributed to year-on-year player growth of 9%, despite the Covid-19 related tailwinds we saw in the prior year. tombola operates at the highly recreational end of the market, aligning with our safer gambling strategy. Following the acquisition, we have enhanced tombola's digital marketing capabilities and supplemented the strong tombola team with access to Flutter's talent.



## Build on our network and invest for leadership positions across international markets

Buying and building podium positions across our international markets, we will combine global scale with local presence to deliver sustainable growth.

# 22%

Italian online market share



### What it means

- **Consolidate** #1 position in our largest markets to drive profitable growth.
- **Invest** for leadership in high potential markets.
- **Optimise** returns by supporting regulated market positions.
- Buying businesses with podium positions in attractive markets that Flutter can further develop.

### 2022 performance

- Revenue growth of 22% in our consolidate and invest markets.
- Revenue from regulated or regulating markets now 97% of total Group revenue in Q4 2022.
- Acquisition of Sisal creates #1 position in Italian market with a 22% online market share in Q4.

### Links to principal risks:

- 1 Changing legal and regulatory landscape
- 2 US growth execution and competition
- 3 Cyber resilience
- 4 Third parties and key suppliers
- 5 Leadership and talent pipeline
- 6 International technology transformation
- 7 Compliance with existing legal and regulatory landscape
- 8 Technology resilience
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- 10 Global talent management

### Case study – Sisal

In August 2022, we completed the acquisition of Sisal, Italy's leading online gaming operator. Sisal provides us with more exposure to the attractive, fast-growing and regulated Italian online market, where omni-channel operators, like Sisal, have been taking share due to local online advertising restrictions. Sisal has a diverse product offering in betting and gaming, while also adding lottery capabilities to the Group. This is allied with a strong focus on safer gambling and sustainability. Sisal also operates in Turkey and Morocco with an expected launch in Tunisia within 12 months. Sisal has performed strongly during 2022, with revenue and EBITDA growth of 32% and 22% respectively.



Strategy continued  
Creating the future



## Future spaces and new customers

Our scale is global but we think and act like a challenger. This means always exploring ways to broaden our customers' base, push the boundaries of what is possible and lay the foundation for future growth.

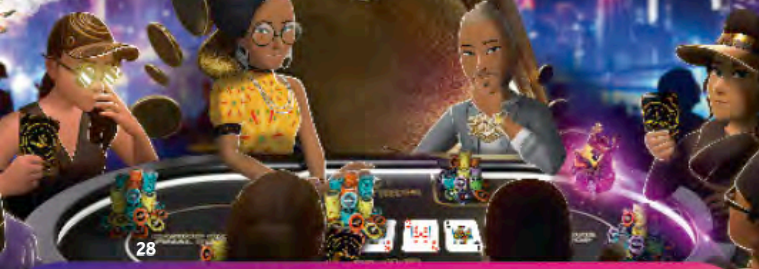
# 1.3m

PokerStars VR players in 2022



# POKER STARS VR

FREE TO PLAY



POKER BLACKJACK ROULETTE CRAPS SLOTS

### What it means

- Exploring new ways to excite our customers and to drive a culture of innovation across all our brands.
- Seeding opportunities in new disruptive areas.
- Driving learnings to evolve our business, and bring betting and gaming into the future.

### 2022 performance

- We built a solid foundation, through the capabilities we are developing, to create the future of our industry and maximise on the opportunities this brings.
- We launched new products in adjacent spaces such as FanDuel Faceoff, a casual skill gaming proposition, and FanDuel TV, the first 24/7 linear and digital network in the US dedicated to sports-wagering content.
- We continued to consolidate our early leadership position in the metaverse through our highly rated PokerStars VR game.

### Links to principal risks:

- 1 Changing legal and regulatory landscape
- 2 US growth execution and competition
- 3 Cyber resilience
- 4 Third parties and key suppliers
- 5 Leadership and talent pipeline
- 6 International technology transformation
- 7 Compliance with existing legal and regulatory landscape
- 8 Technology resilience
- 9 Safer gambling/performance against Play Well strategy
- 10 Global talent management

### Case study – PokerStars VR

In 2022, we consolidated our leadership position in social casino in the metaverse by continuing our investments in PokerStars VR. We launched the Casino One update, turning PokerStars VR into a fully-fledged virtual casino environment with new games and features such as roulette, blackjack, slots, sportsbook, and craps. We organised metaverse poker tours, introduced private player suites and released “The Gallery”, a private room for players, as well as “The Rooftop” for our subscribers in the metaverse.

PokerStars VR was chosen as a launch title for Meta’s ground-breaking Meta Quest Pro mixed reality headset in October 2022 and regularly features in Meta’s Top five games spotlight. With new VR hardware launches scheduled for 2023, PokerStars VR is set for continued growth.

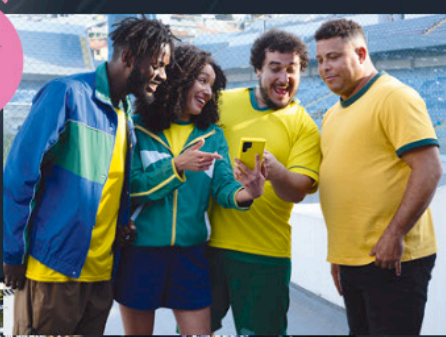
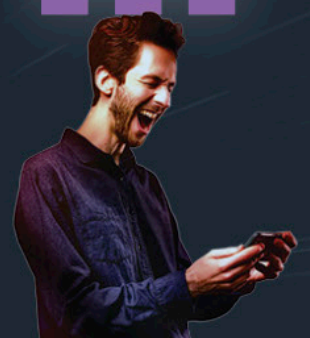
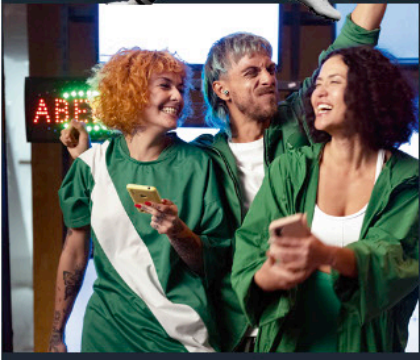




Strategic report



# Our strategy helps bring entertainment to life



# Measuring our progress

Tracking our key performance indicators (“KPIs”)<sup>1</sup> helps us make better decisions, set the right goals and measure our progress in achieving our strategic ambitions.

## Financial indicators

Revenue (£m)

**+27%**



Links to principal risks:



Links to strategy:



### Definition:

Net revenue refers to the total amount staked or wagered by customers after deducting amounts paid out to customers, free bets and promotional credits, and VAT.

### Why we measure it:

This measures our ability to effectively and sustainably build brand equity and grow market share in key markets across our product and geographic portfolio.

### Performance:

Revenue increased 27%, reflecting ongoing expansion in the US as FanDuel continues to deliver excellent momentum, as well as the benefit of the tombola and Sisal acquisitions during the year.

Reported EBITDA (£m)

**+27%**



Links to principal risks:



Links to strategy:



### Definition:

Reported EBITDA refers to total earnings before interest, tax, depreciation and amortisation generated from our operations.

Adjusted EBITDA is EBITDA before deducting Separately Disclosed Items (“SDIs”).

### Why we measure it:

This measures the profitability of our business, driven by our investment choices and our ability to effectively manage costs and leverage scale.

### Performance:

Reported EBITDA increased 27% reflecting the benefit of the Tombola and Sisal as well as the prior year impact of the once-off cost associated with the settlement of a historical legal case in Kentucky.

Adjusted EBITDA increased 4% also reflecting the benefit of the Tombola and Sisal acquisitions during the year and good growth in our International markets which offset regulatory impacts during the year.







**Links to principal risks:**

- 1 Changing legal and regulatory landscape
- 2 US growth execution and competition
- 3 Cyber resilience
- 4 Third parties and key suppliers
- 5 Leadership and talent pipeline
- 6 International technology transformation

- 7 Compliance with existing legal and regulatory landscape
- 8 Technology resilience
- 9 Safer gambling/performance against Play Well strategy
- 10 Global talent management

**Links to strategy:**

-  Invest to win in the US
-  Grow our gold medal positions in core markets
-  Build on our network and invest for leadership positions across international markets
-  Future spaces and new customers

**Adjusted free cash flow (£m)**

£628m



**Links to principal risks:**

- 1 2 3 4 5 6 7 8 9 10

**Links to strategy:**



**Definition:**

Adjusted free cash flow ("FCF") refers to net cash flows from our operating activities after capital expenditure, corporate taxation, lease liability payments and working capital movements, and before deduction of the cash element of separately disclosed items ("SDIs").

**Why we measure it:**

This measures our ability to generate cash, which we can then use to fund future investment in the business, both organic and acquisitive, and to fund potential dividends to our shareholders.

**Performance:**

Adjusted free cash flow was broadly in line with the prior year with an increase in capital expenditure and tax costs offset by a larger working capital business as our US business grows.

**Leverage ratio (net debt/pro forma adjusted EBITDA)**

3.9x



**Links to principal risks:**

- 1 2 3 4 5 6 7 8 9 10

**Links to strategy:**



**Definition:**

Leverage ratio is calculated as net debt divided by trailing 12-month adjusted EBITDA. Net debt comprises the principal outstanding balance of borrowings, accrued interest on those borrowings and derivatives held for hedging debt instruments less cash and cash equivalents.

**Why we measure it:**

The Board has set a medium-term leverage ratio target of 1–2 times which we believe is appropriate for a group operating in our sector.

**Performance:**

The leverage ratio increased to 3.9x due to the acquisition of tombola, the buy-out of minority interest in Adjarabet and the acquisition of Sisal during the year.

Excluding US losses, the leverage ratio was 3.2x.

**Total shareholder return (%)**

-4.0%



**Links to principal risks:**

- 1 2 3 4 5 6 7 8 9 10

**Links to strategy:**



**Definition:**

Total shareholder return ("TSR") refers to the total return accruing to shareholders during the year. This will reflect the total share price return as well as any cash returns, including, for example, ordinary dividends, special dividends and share buy-back programmes.

**Why we measure it:**

This measures the effectiveness with which we achieve long-term value for our shareholders in line with Group strategy. Relative TSR is also used as the sole performance measure for the Executive Directors' Long Term Incentive Plan ("LTIP").

**Performance:**

TSR was lower in 2022 as investors cycled out of equities, particularly in H1 in favour of lower risk investments. Flutter outperformed the sector in 2022 with three year TSR of 42%.

# Measuring our progress continued

## Non-financial indicators

Average monthly players<sup>2</sup> (m)

**+26%**



Links to principal risks:



Links to strategy:



**Definition:**

Monthly players are the total number of players who have placed and/or wagered a stake and/or contributed to rake or tournament fees during the month. Average Monthly Players (“AMPs”) are the average of the monthly players over the reporting period.

**Why we measure it:**

This measures changes in the size of our customer database which is a key driver of long-term growth, particularly in markets which remain in investment mode.

**Performance:**

AMPs increased 26%, reflecting strong growth in the US as FanDuel expands into new states, as well as the benefit of adding tombola and Sisal players to the Group during the year.

Play Well<sup>3</sup> (%)

**40.1%**



Links to principal risks:



Links to strategy:



**Definition:**

Global Play Well goal measured as the % of active online customers who use safer gambling (Play Well) tools in the specified reporting period.

We have set an ambitious Group target to have 75% of our customers using safer gambling tools by 2030.

**Why we measure it:**

We believe there are universal principles we can employ, leveraging our global scale and expertise to provide players with tools, information and support to enable an entertaining, safe experience. The Play Well goal measures our progress on this.

**Performance:**

For 2022 this measure was 40.1% representing an almost eight percentage point increase compared with the prior year.

See more in our Customers section of our Positive Impact Plan on page 51.

Colleague engagement (%)

**79%**



Links to principal risks:



Links to strategy:



**Definition:**

Colleague engagement is measured as a weighted average of the various regular employee engagement survey scores across the Group, which include metrics for employee satisfaction and wellbeing.

**Why we measure it:**

Colleague engagement is a key enabler of our strategy and performance and is at the centre of everything we do.

**Performance:**

Employee engagement remains high at 79% and broadly in line with the prior year as we continue to put the wellbeing of our people at the heart of our strategy.





See more in our People section from page 40 and the Colleagues section of our Positive Impact Plan on page 58.

**Links to principal risks:**

- 1 Changing legal and regulatory landscape
- 2 US growth execution and competition
- 3 Cyber resilience
- 4 Third parties and key suppliers
- 5 Leadership and talent pipeline
- 6 International technology transformation

- 7 Compliance with existing legal and regulatory landscape
- 8 Technology resilience
- 9 Safer gambling/performance against Play Well strategy
- 10 Global talent management

**Links to strategy:**

-  Invest to win in the US
-  Grow our gold medal positions in core markets
-  Build on our network and invest for leadership positions across international markets
-  Future spaces and new customers

**Technology availability (%)**

99.67%



**Links to principal risks:**

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

**Links to strategy:**



**Definition:**

Technology availability is the proportion of time during the year when our technology platforms were fully available to our customers.

**Why we measure it:**

This measures the reliability, scalability and flexibility of our technology platforms which are key drivers of our ability to continuously innovate and provide best-in-class products to our millions of customers.

**Performance:**

Technology availability remains very high at 99.67% reflecting the reliability and scalability of our platforms.

1. Businesses acquired during 2021 and 2022 have been included on a reported basis (Jungle, January 2021; Singular, September 2021; Tombola, January 2022 and Sisal, August 2022). See page 88 for detailed footnote on leverage ratio calculation.

Adjusted measures exclude items that are separately disclosed as they are (i) not part of the usual business activity of the Group; (ii) items that are volatile in nature; and (iii) purchase price accounting amortisation of acquired intangibles (non-cash).

- 2. Jungle AMPs are now included within Group AMP numbers and 2021 has been restated to reflect this change.
- 3. 2021 Play Well KPI has been restated to strengthen the measurement of the metric by including Adjarabet, Jungle and tombola (Sisal and Canada not included), and to measure tool usage of AMPs instead of active customers.

Flutter's disclosure in accordance with Art. 8 Taxonomy Regulation and Art. 10 (2) of the Art. 8 Delegated Act, ("Disclosures Delegated Act") is contained on page 290





# Australia



Sportsbet is the market leader in online sports betting across Australia. Its innovative, easy to use products and outstanding personalised value combine to create a leading customer proposition for millions of customers. Sportsbet operates exclusively in Australia, offering a vast range of betting products and experiences across local and global horse racing, sports, entertainment and major events.

## 48%

Sportsbet is Australia's market leader in online betting with 48% of the Australian wagering market and over 1.1 million average monthly players

## \$1.1m

contributed to charity during 2022



We have been pleased with progress made by Sportsbet during the year as a continued focus on recreational customer growth delivered AMPs of 1.1m, 8% higher than the prior year. As an iconic Australian sports betting brand with market leading products, Sportsbet took a disproportionate share of online growth during 2020 and 2021 as customers moved to online entertainment options during Covid-19 disrupted periods. 2022 saw society reopen in Australia and Sportsbet's performance reflects an unwind of this activity with revenue declining 6%. The trading environment has also been highly competitive, with new brands entering the market. However, we stepped up our investment to drive a resilient performance with AMP volumes 1.8 times pre Covid-19 levels in Q4. Although Point of Consumption ("POC") tax increases also contributed to a reduction in EBITDA, we believe Sportsbet is well positioned for future growth given its local and global scale and track record for innovation through market change.

We progressed our Play Well strategy by continuing to scale up our Real Time Intervention ("RTI") capability in 2022. RTI is a world-first and market leading safer gambling tool that uses sophisticated artificial intelligence technology to trigger safer gambling interventions in real-time before a deposit occurs. We also proactively engaged with governments at both a national and state level on consumer protection policy, with a focus on reforms to safer gambling messaging, staff training and the introduction of a national self-exclusion register. Implementation of these measures continues in 2023.

“

Sportsbet's continued progress in driving recreational customer growth through our leading brand and product proposition positions us well for the future.

As part of Sportsbet's progress against the Do More pillar of our Positive Impact Plan, we supported programmes in 2022 including research to fight childhood cancer and Motor Neurone Disease, breaking the cycle of homelessness through our OrangeSky partnership, and our major partnership of Million Dollar Fish, Australia's most lucrative fishing competition to promote community wellbeing and local tourism in the Northern Territory.

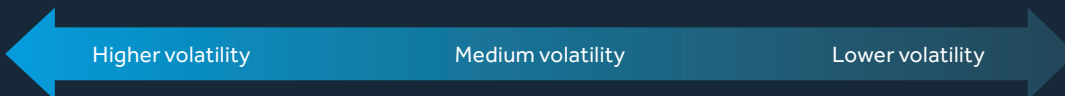
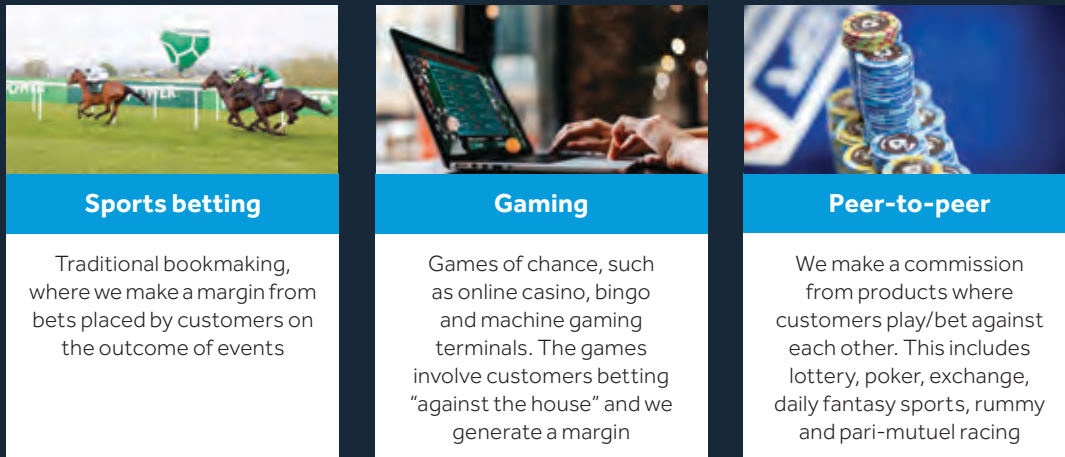
As we cast forward to 2023, we are confident that the plans we have in place will drive growth over the medium term. We plan to maintain our product leadership in the Australian market with a continued focus on delivering innovation and personalised generosity to customers and we look forward to growing our recreational customer base while harnessing our long track record of growing through regulatory change.

*Barni Evans*

AUSTRALIA CEO



# How we generate revenue



**Free to play**  
 Customers enter competitions at no cost to win prizes, e.g. Sky Super 6. Some of these customers play real money products over time





# How we enable value creation

## Powered by key enablers



### Speed

The spaces we operate in are volatile and defined by technological and social change. We aim to maximise opportunities arising from changes in consumer behaviour, developments in technology or emerging adjacencies. We prioritise speed over efficiency to further our strategy.



### Product and technology

We have a long heritage in providing our customers with innovative products underpinned by reliable, collaborative technology platforms. Our global workforce is focused on delivering best-in-class customer propositions, such as the 1,000 pricing and risk management experts continually evolving our proprietary sports betting product advantage.



### Customer insight and data

Our global platform and data capabilities empower our local brands to meet their players' needs. Our diversified global portfolio gives access to unparalleled insight on customer behaviour and trends which we use to better serve and support our broad player base more effectively, informing decision making throughout the organisation.



### Scale

We combine our local scale from a diversified portfolio of brands and products with access to our global capabilities, such as product and technology innovation, customer insights and data, to win in our markets. This gets our "flywheel" going which enables compounding organic growth to secure and defend our gold medal positions.

## Underpinned by our Positive Impact Plan

Sustainability sits at the heart of everything we do. Following the launch of our Positive Impact Plan in February 2022, we are really setting the pace and agenda for positive change in our industry.

The Positive Impact Plan builds on strong progress from across our individual brands and sets out a blueprint for our ongoing commitment to creating positive change for three key stakeholder groups: our customers, our colleagues and our communities; while at the same time taking actions to reduce our environmental impact. We lead the industry in safer

gambling, and through the Positive Impact Plan we've introduced a targeted Play Well strategy to define key universal principles for all of our divisions to tailor to their specific local markets and customer needs. We know our success depends on our colleagues, and our Work Better strategy is all about making sure we develop policies and create spaces that empower our people to perform at their best. Our Do More strategy will enable us to drive positive change in the communities where we live and work.

## The value we create

Taxes  
**£2.2bn<sup>1</sup>**

Total shareholder return  
**6.7%<sup>2</sup>**

Sports levies  
**£514m**

1. Figure includes betting and gaming taxes, VAT, Corporation Tax and other taxes.

2. Compounded annual return since 31 December 2017.

# Engaging with our stakeholders

The Directors continue to act in a way that promotes the success of the Company for the benefit of shareholders and all of our many stakeholders.

While the 2018 UK Code makes specific reference to section 172 of the United Kingdom's Companies Act 2006, Flutter is incorporated in Ireland and subject to the requirements of the Companies Act 2014 of Ireland rather than the 2006 UK legislation. Nonetheless, we follow best practice in both jurisdictions, and regular feedback from all

engagement activities is considered by the Board as part of its decision-making processes as detailed in this section of the report. Effective stakeholder engagement helps us better understand the impact of our decisions on all our stakeholders as well as their needs and concerns.



## Links to strategy:



Invest to win in the US



Grow our gold medal positions in core markets



Build on our network and invest for leadership positions across international markets



Take early positions to realise the potential of future spaces



Positive Impact Plan



## Shareholders and investors



## How we engaged

- The AGM was held on 28 April 2022 at our HQ in Clonskeagh, Dublin. Shareholders attended in person or participated in the meeting virtually and submitted questions to the Chair.
- The Chair held meetings with our largest investors on corporate governance topics, including sustainability, talent retention, risk management and succession planning at both Board and Executive Committee levels. These meetings also focused on safer gambling, growth of the US, restructuring of the UK&I division and performance and growth of the whole Group.
- Regular engagement with our shareholders happens through a comprehensive Investor Relations programme. This includes continuous engagement with both existing and prospective institutional shareholders and sell-side analysts through direct meetings, attendance at investor conferences and results road shows.
- The Executive Directors presented to and met with our largest shareholders and analysts following release of the full year and half year results as well as quarterly trading updates.

- A Capital Markets Day was held in Manhattan in November 2022 on our leading US sports betting business, FanDuel. This set out a comprehensive overview of why we are winning in the US market and provided shareholders and sell-side analysts with the opportunity to ask management questions. Approximately 200 members of the investment community attended, with a further 300 streaming the event virtually.
- On a monthly basis, the Board receives a summary of analysts' commentary and reports. The Board also received presentations from our corporate brokers.
- The Chair and Company Secretary communicated directly with different private individual shareholders.

## Outcomes

- Investors welcomed our comprehensive communications programme to keep them updated on our financial position, performance, business perspectives and risk.
- Our engagement with shareholders provided an understanding of the rationale for some negative votes against the Directors' Remuneration Report at our 2022 AGM.
- We've built connections with the environment, social and governance ("ESG") teams of major investors and the Chair and Executives had follow up meetings with them to answer questions about our sustainability strategy.



Regular and constructive engagement with shareholders enables a deeper understanding of the issues that matter most to them.



Amy Howe speaking at our Capital Markets Day in Manhattan



# Stakeholder engagement continued

## Links to strategy:



Invest to win in the US



Grow our gold medal positions in core markets



Build on our network and invest for leadership positions across international markets



Take early positions to realise the potential of future spaces



Positive Impact Plan



## Colleagues



### How we engaged

- As part of our commitment to keeping our colleagues informed and engaged about our performance, we held regular Town Halls and ran a number of live streamed events with our Executive team, including "Playing for a Positive Future" events dedicated to our Positive Impact Plan.
- Individual teams also have their own local communications events and activities. As well as updates about strategy, trading and performance, we focus on important topics such as wellbeing, diversity and inclusion.
- We're investing in new ways to support two-way communication across the Group including internal social networking sites, email and divisional intranet sites. Choice around the way colleagues receive key messages is important and also helps to encourage collaboration and overcome the challenge of operating in a global business.
- To ensure colleagues have an opportunity to share their opinions and have their voices heard, we gather feedback from across the Group through colleague surveys covering a wide range of topics. For example, we use a range of tools and methods to better understand the real experience of marginalised groups in our business including regular Pulse engagement surveys as well as quantitative and qualitative research.
- We held four Workforce Engagement Committee meetings and six listening groups with a broad range of colleagues.

### Outcomes

- We introduced global minimum standards for parental leave, further enhancing our offer to include at least 16 weeks of paid leave for the primary parent and four weeks of paid leave for the secondary parent.
- We introduced new internal systems to enable colleagues around the globe to more efficiently connect. For example, we onboarded more than 75% of colleagues onto a new Company-wide intranet, Flutter Connect, with the remainder scheduled for 2023. We enhanced our internal communications functionality so that people across divisions and brands can engage with each other on news and projects. We also rolled out FlutterBe, our new HR ecosystem that supports around 12,000 people across 25+ countries with a variety of tools to make working together simpler and faster. There are plans to enrol more colleagues onto the platform in the future.
- We launched our Global Advocacy Programme, an initiative led by members of our Executive Committee to champion different diversity groups and amplify their voices on a global scale. The programme focuses on four global workstreams where we believe we can make a collective impact and strive for positive change – Gender, Multicultural, LGBTQIA+ and Accessibility.
- We launched a number of programmes to support and empower female leaders, including FanDuel's "Women in Leadership", Sportsbet's "Accelerate" and Flutter International's "Women in Tech". As well as creating a strong network of women in leadership positions, these initiatives form part of Flutter's Work Better target of having 40% of top leadership roles held by women by the end of 2026.
- We created our first global Pride Committee, "Flutter Pride". Led by passionate people from across the business, initiatives included Pride parades and office installations, partnering with the LGBT Foundation to run a series of Allyship workshops, and creating an LGBTQIA+ Playbook for colleagues.



Our success depends on our people, and we are committed to giving everyone at Flutter a safe space for expression and creativity.



## Customers



### How we engaged

- Enabling a positive customer experience is at the heart of our business and our customer engagement. Through regular communication and advertising, we engage with our customers on various topics, notably safer gambling. We continually educate our customers about our supportive Play Well tools and we interact where we see signs of unsafe play.
- On a daily basis our brands engage with our customers through our online betting and gaming platforms, our marketing communications, our retail stores and our customer service channels.
- We're always seeking to understand our customer needs and engage with them through feedback channels, research and by obtaining insights into customers' views and experiences.

### Outcomes

- We continue to lead on progressive change across the industry. For example, in the UK & Ireland we completed the roll out of new measures to enhance the protection of customers under the age of 25, and our leading brands – Sky Betting & Gaming, Paddy Power and Betfair – were awarded the Gold Advanced Level 3 standard by GamCare for their progressive approach and continuous focus on safer gambling.

- We continue to improve our real-time support to our customers offering multiple ways to communicate and investing in innovative solutions to make it easier to get help when it is needed. For example, Sportsbet delivered a world-first Play Well experience that facilitates real-time, on-platform and personalised intervention to its customers.
- Betfair enhanced the customer experience through the completion of Betfair Rebuild ahead of the World Cup for both UK&I and International customers.
- FanDuel launched FanDuel TV – the first of its kind betting entertainment hub dedicated to sports-wagering content and delivering more live sports programming than any other network in the US.
- PokerStars revitalised its Live Events offering, engaging the poker community across the globe with successful events in various locations deepening its connection with players.
- FanDuel held its first company-wide Play Well Day, introducing boxing champion Amanda Serrano as its latest Responsible Gaming Ambassador.
- Betfair International continued to cement its local brand equity by bringing together Brazilian football legends Rivaldo and Ronaldo for the first time in 10 years to spearhead a marketing campaign across TV, digital, social and offline channels.



Providing customers with a positive, entertaining and safe experience is at the heart of everything we do.

# Stakeholder engagement continued

## Links to strategy:



Invest to win in the US



Grow our gold medal positions in core markets



Build on our network and invest for leadership positions across international markets



Take early positions to realise the potential of future spaces



Positive Impact Plan



## Communities



### How we engaged

- We have funded a number of non-profit partners globally to support our local communities and make a positive difference to society. Our programme is built around three core themes to help us maximise our impact: sport and play; technology for good; and health and wellbeing.
- We strive to embed colleague engagement across all our activities to help them to give back to the causes they care about and volunteer through our partners and activities.
- We leverage the strength and reach of our brands and the commitment of our customers to scale the impact of our partnerships in the community.

### Outcomes

- We contributed to causes and communities across our global locations through charitable donations and volunteering. This includes the work of our numerous charities who bring colleagues together to connect and make a difference.
- PokerStars reached our ambitious target of raising £3m for Right To Play since we launched our partnership in 2014. The money will be used to support their mission to help vulnerable children around the world through the power of play.

- Our #ClubsInCrisis campaign, which launched in 2021, continued in 2022 distributing small grants to grass roots sports clubs across the UK, helping to improve mental health, create stronger communities, develop life-skills and ensure continued access to local sports clubs. Since launch, we've helped 1,500 individual clubs, enabling us to activate the power of sport and games to reach around 230,000 individuals.
- We donated nearly £0.5m to CARE International and their efforts to support displaced communities in Ukraine.
- Sky Betting & Gaming helped 180 women learn to code through Code First Girls, as part of our ambition to equalise access to technology and boost diversity into the tech sector.
- Sportsbet's annual Try July raised AUD \$270,000 for the Australian Red Cross to help with their Tonga Recovery Appeal QLD and NSW Floods Appeal.
- FanDuel placed more than 300 colleagues as volunteers in the community over a single day. They donated 623 hours volunteering in food banks, assembling over 1,000 care packages and participating in community clean-ups.
- Colleagues donated €48,000 to several Irish based charities, including €28,000 to their charity of the year the Children's Health Foundation, which was funded by direct donations through the CSR Committee and fundraising by employees.



## Suppliers



### How we engaged

- In 2022, we continued to engage extensively with our critical suppliers across the globe to ensure the continuity of our products and offerings.
- We engaged with regulatory authorities on our activity with suppliers to fulfil requirements regarding operating licences in the US and elsewhere.
- We engaged with global sporting integrity bodies, leagues, teams and media partners to protect sports, promote safer gambling messages and enhance the overall customer experience.

### Outcomes

- We have worked to develop and further implement our supplier risk framework to help us to manage our suppliers more holistically across the lifecycle. Enhancements this year have included:

- The extension of the roll out of tools across the business to strengthen the controls around spend governance in areas such as contract pre-approval and spend authorisation.
- The implementation of tools to risk-assess critical suppliers globally and help identify mitigation strategies to protect supply.
- The formation of cross-disciplinary Supplier Risk forums to routinely monitor the global supplier risk landscape for developments and help manage emerging threats.
- FanDuel signed an agreement in 2022 with The International Betting Integrity Association ("IBIA") who have a proven record in discovery and working closely with stakeholders to improve the integrity record of federations and sports leagues across global sports.





## Government and regulators



### How we engaged

- FanDuel worked effectively with state regulators as the US market continued its regulatory path and collaborated with the American Gaming Association ("AGA") and the largest online gaming operators to agree the first industry-led responsible gaming standards.
- Since the UK Government called for evidence as part of the Gambling Act Review in December 2020, Flutter has submitted evidence and continued to engage with the Government, the Gambling Commission and a wide range of other interested stakeholders.
- In Ireland, we made a full submission to the Oireachtas Joint Committee on Justice as part of their pre-legislative scrutiny of the General Scheme of the Gambling Regulation Bill. We also appeared before the Committee as part of the same process.
- Sportsbet proactively engaged with governments at both a national and state level on the National Consumer Protection Framework ("NCPF"), with a focus in 2022 on reforms to safer gambling messaging, staff training and the introduction of a national self-exclusion register.
- Flutter International has been involved in ongoing regulatory developments in multiple markets across the globe, both directly and through industry associations. For example, Flutter International continued to work with the Brazilian Ministry of Economy regarding the future Brazilian sports betting regulation, organising and presenting at a workshop on sports betting regulation in Brasilia with Brazilian government officials.

### Outcomes

- In 2022 FanDuel secured licences and was able to launch mobile sports wagering in Kansas, Louisiana, Maryland, New York, Wyoming and Ontario, Canada, and in-person retail sports wagering locations in Kansas and Washington DC.
- We welcomed the publication of the Gambling Regulation Bill in Ireland, which is expected to pass into law in 2023. The Bill will create an independent, dedicated gambling regulator, and we look forward to constructive engagement as effective measures are put in place.
- After proactively engaging with the Northern Territory Racing Commission ("NTRC") on its Real Time Intervention initiative, Sportsbet presented at the NTRC Annual Bookmakers Forum. Sportsbet also played a leading role in the Responsible Wagering Australia's multimillion-dollar safer gambling campaign "Having a bet? Have a game plan" which encourages customers to set deposit limits.
- Our International division has achieved positive regulatory developments in a number of markets, securing licences to operate in Ontario and Germany. Sisal was also awarded contracts in Tunisia and Morocco.



Flutter has continued to engage positively with governments and regulators across the globe in 2022.



## OUR DIVISIONS

# International



adjarabet.com



With over 8,000 colleagues across six continents operating the Sisal, PokerStars, Betfair, Adjarabet and Junglee brands for customers in over 100 countries, Flutter International is a truly global division. In addition to our geographic reach, we also offer the broadest range of products in our industry including Sports Betting, Exchange, Casino, Poker, Rummy, Daily Fantasy, Virtual Reality, Lottery and Social Gaming.

# >8,000

colleagues based across five continents

# 5

major customer-facing brands



2022 has been a transformational year for Flutter International, with the acquisition of Sisal and continued regulated market growth across PokerStars, Betfair, Adjarabet and Jungle, leading to a significant increase in the scale and locally regulated revenue mix of the division.

During 2022, we focused on driving growth in our “Consolidate and Invest” markets – including Italy, Spain, India, Brazil, Canada, Georgia and Armenia – where we continue to build and maintain our leadership positions and win through the strength of our brands, people and products. Our capability to leverage the Flutter Edge by combining technology, tools and talent from across the Group with true local focus gives us an enduring and growing ability to deliver winning player experiences. We continue to see strong momentum across these markets, which accounted for 76% of the divisional revenue in 2022, and provide substantial, long-term profitable opportunities for further growth.

The Sisal acquisition brought lottery capabilities to Flutter for the first time, which has opened up markets that were previously not addressable, such as Turkey where we hold a monopoly concession. In the second half of the year, we successfully won monopoly tenders in Tunisia and Morocco – both tenders combine our new lottery expertise with unmatched Pricing & Risk management capabilities, giving us our first licensed exposure to the exciting African gaming market. Flutter International also obtained licences to operate its products in Germany and in the Canadian Province of Ontario.

As part of our commitment to achieving the goals set out in Flutter’s Positive Impact Plan, our partnership with Right To Play saw us reach a huge milestone of over £3m donated since 2015.

“

With leading positions in a number of the world’s largest and fastest growing regulated and regulating markets, Flutter International is uniquely placed to use its unrivalled global scale to deliver superior local player experiences and capitalise on the growth of the global online gaming market.

We worked with our long-term partner CARE International to provide support to those affected by the war in Ukraine and extended our partnership with the charity Missing People. Through our partnership with Red Bull F1 Racing, two charity poker events were held in London and Brazil to support their charity foundation “Wings for Life”.

Our focus on delivering the safest and most responsible experience to our players is central to our mission across all our brands. We continue to invest heavily in player protection and are pleased to have seen an increase of over 10% in customers utilising at least one of our Play Well tools during the year.

*Dan Taylor*

INTERNATIONAL CEO





# Our approach to sustainability



Making a lasting, positive impact requires a sincere commitment to do the right thing, an ambitious view of what can be achieved, and the resources to take action. In 2022, we laid those foundations, developing a comprehensive Positive Impact Plan to guide our business and lead betting and gaming into the future.

In 2022, we launched our inaugural global sustainability strategy, our Positive Impact Plan, and invested in bringing this to life. We built on the strong foundations laid through decades of commitment to our people, customers and communities, and put our strategy into action through global and local initiatives. At the global level, we collaborated across our divisions to drive greater impact across all markets, set Group-wide targets, and transformed the way we measure our progress so that our brands are better able to share best practice and spot opportunities.

In the pages that follow, you'll find case studies highlighting just a few of the many initiatives that were implemented this year. We have made progress across all pillars in our Positive Impact Plan, and in building our global capabilities. We hope that our successes and learnings serve as motivation for our colleagues and inspiration for other businesses

facing similar challenges. We recognise that there is much more work to be done, and that we must hold ourselves accountable to our stakeholders throughout this journey. That ambition drives us to improve the accuracy of our data and measurement capabilities across the board. With improvements already in place, and more to come as we learn and refine our systems, we aim to continually improve the quality of our insights across all aspects of environment, social and governance ("ESG").

Even as we look back at the accomplishments and achievements of the past year, we always look forward – setting more ambitious goals, investing in improvements to our data capture systems, and seeking more ways to move the industry as a whole toward a safer and more sustainable future. That's what doing the right thing is all about, and that's what drives us to use our global scale to make a positive impact on our customers, in our communities, for our people and for the planet.



## Overview

### Leading the betting and gaming industry toward a more sustainable future

Around the world, governments and businesses are setting policy and taking action to combat environmental and social challenges that are degrading ecosystems and destabilising communities. Accountability is paramount, and the importance of ESG to stakeholders and the general public is driving increased transparency and a stronger focus on data accuracy.

Flutter is committed to leading the industry in ESG, innovating to deliver maximum positive impact and shifting public perceptions. We engaged with various stakeholder groups to ensure that we focus on the topics most material to them and to us. Through our Positive Impact Plan, we are addressing those issues and are focused on making a substantive and measurable difference for people and planet.



Flutter is committed to leading the industry in ESG, innovating to deliver maximum positive impact and shift public perceptions.

#### Pádraig Ó Ríordáin

Chief Legal Officer and Group Commercial Director



We know we still have much to do. Collecting accurate data on the scope and scale of our impact across our global operations, with almost 22,000 employees, 51 offices and hundreds of retail outlets globally, is extremely challenging. We are already taking steps to greatly improve our measurement and reporting processes, which will allow us to align with recognised reporting standards like GRI, SASB, UNGC and CDP, and develop deeper insights that drive impact year on year.

Our ESG strategy is fully aligned with and integrated into our overall business strategy, helping us to make strong progress against our objectives. This year, we will further embed ESG into decision making across the business, incentivising our leaders and managers to factor these priorities into their planning and supporting our brands in their market-specific journeys with an expanded central team and a cohesive global policy that allows for local adaptation and ownership.

### Key highlights

#### Helping customers to

##### Play Well

40%

Tool usage globally, an increase of 24.1% from 2021\*

£60m

Total investment in safer gambling

\* On a like-for-like basis.

#### Empowering colleagues to

##### Work Better

33%

Female representation at leadership level

LAUNCHED

Employee engagement platform

#### Working with communities to

##### Do More

441,046

Lives improved

£4m

Donated

#### Reducing our environmental impact

##### Scope 3

Expanded our environmental data disclosure to all applicable Scope 3 categories

##### SBTi

Finalised our carbon footprint baseline, initiated our submission to SBTi and net zero transition pathway

GRI – Global Reporting Initiative

SASB – Sustainability Accounting Standards Board

UNGC – UN Global Compact

CDP – Carbon Disclosure Project

# Our Positive Impact Plan



## Framework and 2030 goals

Making a positive impact on our customers, colleagues and the communities in which we operate is a responsibility that we take very seriously. Our Positive Impact Plan ensures that all of our efforts across teams are aligned to an ambitious set of goals and continue challenging us to always do better. With this plan, we are making a real difference on a global scale by driving local progress, and we aim to lead our industry in sustainable practices. As we continue to work toward our 2030 goals, our approach will be assessed and adjusted to reflect the evolving needs of our stakeholders.

We have expanded our central sustainability team, bringing in senior resource to provide additional expertise in reporting, communities and environment, to enable us to better support and co-ordinate activities across our Group and drive progress against our goals.



## Customers – Play Well

[Read more on page 51](#)

To have 75% of our active online customers using one or more of our Play Well tools by 31 December 2030, with over 50% using one or more tools by end 2026.

40.1% of customers using Play Well tools, up 24.1% from 2021\*

\* On a like-for-like basis.



### UK & Ireland

#### 2022 Commitment:

2% reduction in the proportion of revenue from customers who self-exclude

#### Achieved:

22.89% reduction



### International

#### 2022 Commitment:

36.5% customers applying a deposit limit, cooling-off period or stake limit

#### Achieved:

45.1%



### Sportsbet

#### 2022 Commitment:

15% of net revenue from customers with deposit limits in place

#### Achieved:

15.17%



### FanDuel

#### 2022 Commitment:

100% employees to complete the responsible gaming training module in March

#### Achieved:

98.17%

#### 2022 Commitment:

All new customers to receive responsible gambling messaging and signposts to tools within 30 days of sign-up

#### Achieved:

Launch completed in August 2022



## Colleagues – Work Better

[Read more on page 58](#)

To create and build teams that represent the locations in which we live and work, through a comprehensive DE&I strategy, by 31 December 2030, with 40% of leadership roles held by women by end 2026.

### 2022 highlights

- New HR ecosystem launched to help drive accurate measurement and embed insights.
- 33% women in leadership positions (not including Board).
- Family friendly policies rolled out across divisions.
- Global Advocacy programme launched.
- Several DE&I initiatives launched in each of the divisions to help us achieve our goals.

## Communities – Do More

[Read more on page 64](#)

To improve the lives of 10m people using the power of sport and play, the skills of our colleagues and the reach of our brands by 31 December 2030.

### 2022 highlights

- 441,046 lives improved through our partnerships and contributions.
- Global roll out of volunteering leave programme (minimum 2 days).
- 110 non-profit partners worldwide.
- £4m donated.

## Reducing our impact on the environment

[Read more on page 69](#)

To develop a comprehensive strategy to reduce our impact on the environment and set out a path to zero.

### 2022 highlights

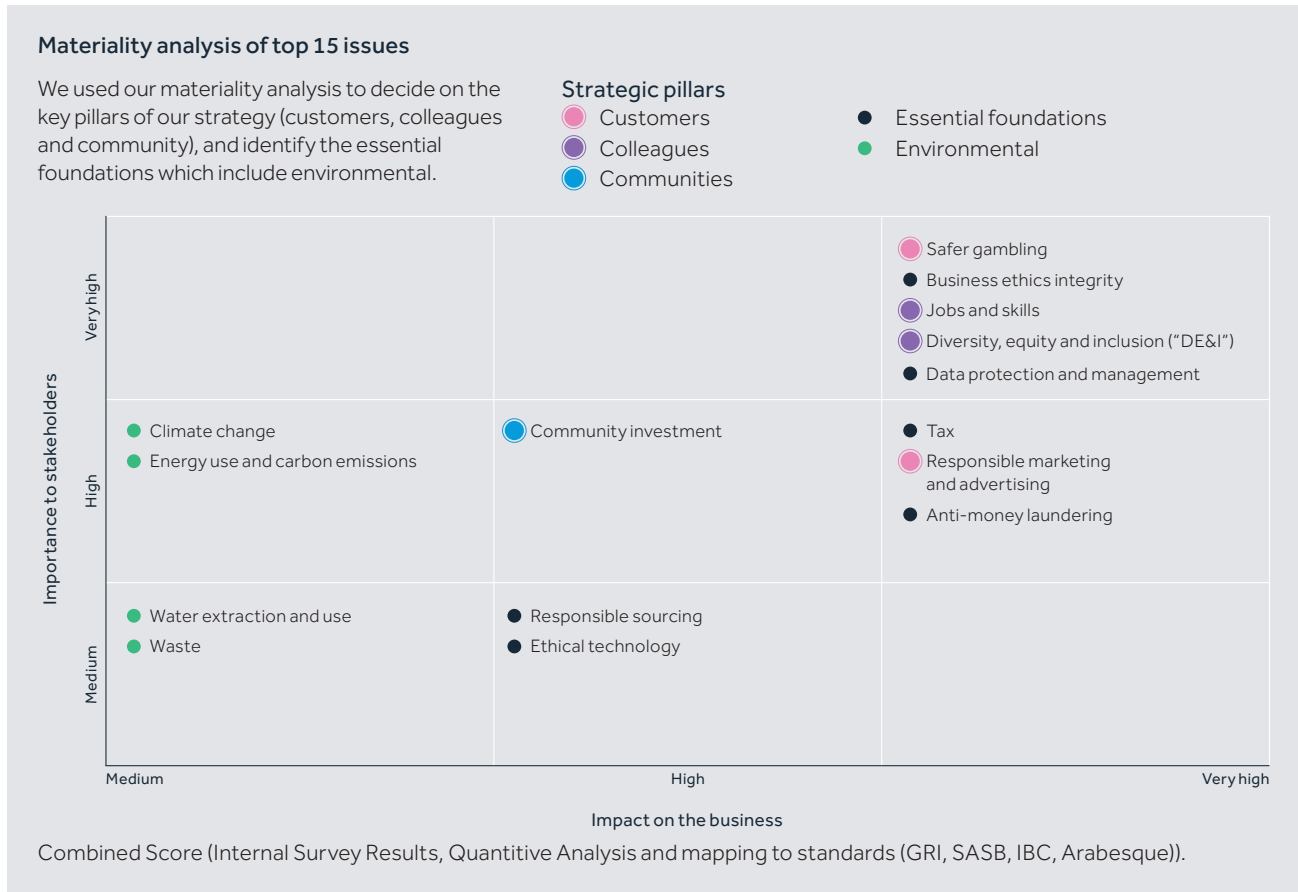
- Improved data collection and reporting, enabling us to report against all applicable scope 3 categories and establish our SBTi reporting year.
- Made our first voluntary investment into carbon offset projects focused on renewable energy.
- Drafted our global E-waste policy.
- Transitioned all UK&I retail sites and 24% of our global office portfolio to renewable energy tariffs.

## Defining what matters

### Identifying our most material issues

Flutter engaged in an extensive materiality assessment process in 2021, the substance of which has not changed during this reporting period, with the exception of the emergence of the cost of living crisis. You can find a summary of our materiality assessment process in last year's Annual Report. We will conduct another materiality assessment in 2023, using the double materiality approach.

### Mapping most material issues



### Our stakeholder engagement approach

We engaged five stakeholder groups to provide feedback on the Positive Impact Plan:

- Colleagues
- Media
- Investors
- Regulators
- Society

We carried out interviews with all five stakeholder groups to gain insights on how sustainability/ESG is perceived internally and/or externally, spot gaps in messaging and communications channels, pinpoint opportunities to

demonstrate the value of sustainability activities, and ensure cultural sensitivities are respected. We also regularly engaged with regulators across our key markets, in particular consulting with them on key aspects of our Play Well strategy.

We took additional steps to gather richer feedback from our colleagues, without whose commitment and capabilities we would not be able to meet our Positive Impact Plan goals. We ran focus groups with all divisions and conducted an employee survey in order to better understand levels of engagement with the Positive Impact Plan and help us to develop our communication and engagement strategy for 2023 and beyond.



# Helping customers Play Well

## Investing in our industry leading Play Well strategy to promote safer gambling

At Flutter, we believe that play should always be as safe and sustainable as it is thrilling and enjoyable. By providing tools and support that promote financial and mental wellbeing, we let our customers know that they can count on us for safe play, in our retail outlets as well as online.

As an entertainment company operating across multiple markets, we are responsive at a local level to shifting regulatory environments, cultural nuances and customer needs. We always strive to better understand these ecosystems, and as a result our divisions produce locally tailored strategies designed to deliver better entertainment experiences. These insights also help us refine our broader Play Well strategy, build trust and drive customer loyalty. At the global level, we leverage the scale of Flutter to drive progress across markets, share best practice across divisions, and lead the industry in safer gambling.

### Play Well strategy

Beyond identifying and addressing risky behaviour and unsafe play, our Play Well strategy supports the promotion of positive play, through education and communication, and providing a range of tools to support all customers. Built on industry leading insight and analysis, Play Well enables us to co-ordinate plans and practices so that we can do the right thing by our customers effectively and efficiently.

### Linking Play Well strategy to remuneration

The implementation of our Play Well strategy across the business is carefully measured and assessed. Annual divisional Play Well metrics are directly linked to a percentage of variable remuneration for each of our divisions, ensuring that safe play is a key priority for leadership across the business. Please see page 175 for details.



## Flutter Group principles:

### Lead progress

- We're investing in research, innovation and collaboration.
- We listen to customers, colleagues, industry experts and critics to develop new ideas.
- We want to define what a positive play experience looks like and lead the way in providing it.

### Promote positive play

- We promote sustainable entertainment.
- We develop platforms and products designed to support a safe and trusted customer experience. We educate, empower and assist players to play positively, delivering a world-class customer experience, wherever you play.

### Effective interaction

- We have better conversations with our customers.
- We combine technology and data with a personalised approach to effectively interact where we see signs of potential harm. We help customers pause, reflect and make positive choices.

### Support and protect

- We want to support our customers in every possible way we can.
- We recognise some people need targeted support or intervention to stop falling into negative play habits. We support customers through robust internal infrastructures, partnerships and funding new initiatives.



## Regional overviews



### Australia

Sportsbet leads the Australian wagering market in consumer protection. Our commitment to safer gambling is perpetual – we’ve been on this journey for several years and while we’re extremely proud of what we’ve done and continue to do, we know we have more work ahead of us.

#### How we Play Well



##### Normalising safer play

We are committed to “normalising” safer play with our customers and have had a strong focus on driving deposit limits. To spotlight this important issue, Sportsbet led the “Having a bet? Have a game plan” TVC campaign through RWA (an independent body for Australian licensed wagering service providers). These messages reached an audience of 2.5 million during the campaign.



##### Real Time Intervention

Every second counts when a customer is in a problematic situation, which is why we developed and implemented Real Time Intervention (“RTI”) to effectively interact with our customers using data to personalise interventions. We’ve been sharing our approach and progress with regulators and partners who are pleased with our progress. We intend to extend our roll out and broaden the range of tools we promote to consumers, e.g. loss limits or time on site with a view that pursuing a 1:1 targeted approach to consumers is much more effective than blanket mandated tools.



##### National Consumer Protection Framework

Compliance is key to building trust and proving credibility. If we want to shift public perception, we have to take extra steps above and beyond what is required to reassure people and destigmatise our industry.

National Consumer Protection Framework is a key regulatory framework consisting of 10 agreed consumer protection measures. These measures provide a suite of tools available for use by individuals, as well as requirements for wagering service providers, to help mitigate the risk of harm. Sportsbet released Activity Statements (measures 7 of 10) to our customers in July 2022, ensuring ongoing compliance. Any customer who is active in a given month will receive a monthly activity statement detailing their betting activity and account transactions for the given month.

There are three additional measures in the process of development: Betstop, Consistent Gambling Messaging and Staff Training. Consistent Gambling Messaging and Staff Training are expected to be delivered by the current compliance date of 30 March 2023.



#### Links to Flutter Group principles:



Lead progress



Promote positive play



Effective interaction



Support and protect



## International

Our player-centric platform “The Player’s Champion, Wherever you Play” is enabled by a focused Play Well strategy, and supported by our Flutter International safer gambling principles.

We are committed to leading progress in player sustainability and safer gambling across our global brands, with sensitive consideration to local nuances whilst leveraging maturity and expertise.

We are aligned with the Flutter Group commitment to have 75% of active online customers globally using one or more of Play Well tools by the end of 2030, Flutter International is in a leading position in this space and already ahead of the 2026 target of 50%.

### Flutter Group principles:

Lead progress	Promote positive play	Effective interaction	Support and protect
We're committed to investing in research, innovation and collaboration	We want to promote sustainable entertainment	We want to have better conversations with our customers	We want to support our players in every possible way we can
<b>Flutter International principles:</b>			
<ul style="list-style-type: none"> <li>Provision of research exploration to advance our understanding.</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of underage gambling.</li> <li>Upholding responsible marketing and advertising practices.</li> </ul>	<ul style="list-style-type: none"> <li>Proactive identification and management of potentially vulnerable customers.</li> </ul>	<ul style="list-style-type: none"> <li>Provision of easily accessible facilities for customers to take breaks from gambling.</li> <li>Protection of young customers.</li> <li>Provision of comprehensive self-help tools for customers to moderate their gambling.</li> </ul>



### Helping players stay in control via Play Well tools

Our comprehensive suite of self-help tools are available within all our brands' products and the division has set clear usage targets for the coming year. We are able to leverage best practices and learnings across brands with extensive expertise of operating in highly regulated environments where tool requirements are often mandated and prescribed. Specifically within PokerStars products we offer over 50 different features.

In 2022, taking a leading position in the local market, Jungle introduced deposit limits across their entire customer base, whilst more recently in September 2022 Sisal added important product blocking features to their Play Well Tools kit which are proving successful for our Italian customers.



### Helping players to gamble safely and sustainably is a joint responsibility

All divisional colleagues are subject to mandatory annual safer gambling training and Flutter International has established a consistent set of principles and standards as well as a number of policies and processes that apply to its brands and colleagues. These are critical to embedding a progressive culture on safer gambling and risk management within the division.

### Links to Flutter Group principles:



Lead progress



Promote positive play



Effective interaction



Support and protect

# Sustainability continued

## Regional overviews continued

### International continued

#### ➔ Investment in research

In 2022 we provided significant independent research funding to the Responsible Gambling Council in Canada ("RGC") to support first-of-its-kind baseline research to inform global marketing and advertising standards in gambling for operators and regulators.

#### Applying for accreditations

RG Check, developed by the RGC, is a comprehensive and rigorous global responsible gambling accreditation programme developed in consultation with a broad set of stakeholders, including policy makers, operators, customers and problem gamblers. Flutter International aims to achieve this accreditation (or local equivalents) across all of its global brands.

The accreditation process will provide us with an objective evaluation of our responsible gambling policies and procedures. It also reinforces our position with customers that we take their safety seriously and increases public confidence.

In addition, RG Check provides our gambling venues and online gambling sites effective tools for improving responsible gambling programmes and services on an ongoing basis.



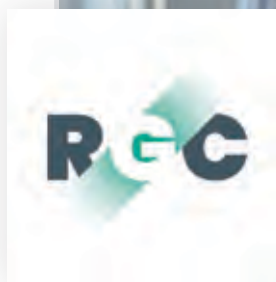
#### Investment in research

We recognise a need for better understanding of how marketing affects players' behaviour and decision-making. RGC's Centre for the Advancement of Best Practices will focus on researching how marketing within the gambling industry affects customers and how severely gambling ads impact problem gambling. The study will be conducted in multiple phases. Its results will then be used as a base for recommendations to gambling regulators in North America. The findings will help regulated operators improve their practices.



This comprehensive study truly highlights the culture shift that the industry is currently undergoing, and by leveraging our research partners, we can make greater impacts in protecting players and communities.

Shelley White, CEO, RGC



#### Links to Flutter Group principles:

- ➔ Lead progress
- 👍 Promote positive play
- 💬 Effective interaction
- 🛡️ Support and protect





188k 

customer cases reviewed per year

103k 

phone interactions with customers

Level 3 

award earned from GamCare

**A proactive approach**

Our Flutter UK&I Safer Gambling Strategy aims to make every moment safe for our customers.

We are making continuous progress, optimising and improving our policies, controls, systems and customer journeys. Whilst continued safer gambling regulatory changes are driving increased consistency across the industry, Flutter UK&I is taking a more proactive, evidence-led approach. We have invested heavily in people, systems and technology to drive significant improvements in our safer gambling approach over the past 2-3 years, continually monitoring customer accounts and intervening when needed.

We serve a broad customer base across the UK&I region with over 3.7m of Average Monthly Players, providing us with a unique opportunity to leverage best practice, identify the best policies and controls, and deploy them across our brands as appropriate. Adding tombola to our UK&I portfolio further increases our access to best practice data and insights that enhance our safe play strategy.

Improved practices include Financial Vulnerability Checks (“FVCs”), Problem Gambling Severity Index (“PGSI”) Survey, and improved controls.

 **Protecting vulnerable customers**

We are committed to proactively protecting customers from experiencing the harmful effects of gambling or spending beyond their means, especially those who are most vulnerable. We have introduced measures such as mandatory enhanced due diligence, affordability triggers for customers based on yearly net spends, player stake reduction initiatives and expansion of the proactive customer monitoring efforts across some of the divisional brands, with an ambition to deliver progressive alignment as SG capabilities mature across all brands.



**GamCare Safer Gambling Standard Advanced Level 3 Award**

In 2022, Betfair, Paddy Power and Sky Betting and Gaming underwent an independent end-to-end assessment of how well we protect our customers. The assessment was carried out by GamCare Safer Gambling Standard and they found that, since 2020, these brands have progressed from Advanced Level 2 to the top award of Advanced Level 3.

Key reasons for this achievement include: introducing safer gambling KPIs into business objectives and remuneration targets; improvements to our policies and quality assurance processes; further investment in the number of colleagues dedicated to safer gambling (200+); and the roll out of new models and interaction programmes to more effectively support our customers.

There is still much room for improvement, but we are moving in the right direction. The award lasts for two years, during which we must show continual progress, and we are committed to maintaining this advanced level.



**Links to Flutter Group principles:**

-  Lead progress
-  Promote positive play
-  Effective interaction
-  Support and protect

# Sustainability continued

## Regional overviews continued

### UK&I continued



#### 2022 Flagship initiative – limits for under 25s

While the Government has not yet set policy for under 25 gambling regulations, we aim to help younger players develop healthy and positive behaviours, which is why Flutter UK&I introduced an industry leading limit of £/€500 per month for customers under the age of 25. As many young people move away from home and begin to earn more money between the ages of 18 and 25, they are also continuing cognitive development and need a little extra support, in addition to our other safer gambling controls. We are proud to implement this bespoke tool, designed with their particular needs in mind, and the initial reaction from our under 25 customers has been positive, with the measures well received.

We expect these measures to enhance the playing environment for our younger customers by providing additional support and helping to educate and empower them to build positive behaviours.



#### Measuring impact

We will continue to gather data and insights to evaluate the impact of the new measures introduced and focus on optimising customer journeys. We believe it is critical to educate and empower our customers to build a more sustainable business, and we are committed to making our safer gambling customer experience more seamless.



#### Regulatory changes in UK&I

The UK Gambling Act Review white paper is likely to focus on the importance of protecting customers from unaffordable spend by assessing affordability and implementing lower spending limits. We have actively and constructively contributed throughout the consultation process. Affordability will continue to become more prominent in Ireland as well, where the Gambling Regulation Bill has been published and is expected to pass into law in 2023. This bill will create an independent, dedicated gambling regulator in Ireland.



US

## \$100,000

donation to the National Council on Problem Gambling

## \$100,000

donation to the International Center for Responsible Gaming

## LAUNCHED

FanDuel's first responsible gaming focused marketing campaign, which has run more than 10,000 times in 2022

FanDuel is leading the US industry in responsible gaming with internal and external initiatives. We are making significant investments in new programmes, partnerships and marketing campaigns to raise awareness and promote Responsible Gaming education and resources, like the company's Play Well tools.



#### New pop-up comms method launched to promote Play Well tools

In 2022, FanDuel Group launched a new customer-facing Responsible Gaming pop-up messaging platform across all products in the US and Canada to promote awareness and educate consumers on Play Well tools and to increase tool usage in order to encourage safer play.

The pop-up messaging was targeted at all new FanDuel customers as well as all customers 25 years of age and under. It is embedded in the customer experience and is presented to new users after they make their first wager. Existing customers who are 25 years of age and younger receive the pop-up after their next login to the app.

#### Links to Flutter Group principles:



Lead progress



Promote positive play



Effective interaction



Support and protect



### Play Well Day

To drive engagement on the topic of safe play, we launched Play Well Day – an opportunity for FanDuel team members to re-affirm the company’s steadfast commitment to Responsible Gaming (“RG”).

The event featured company and industry leaders discussing how we can work together to further a culture that embraces safer play. Through a series of panels, interviews, an employee contest and other activities, the programme sought to educate and inspire colleagues on the importance of RG and to ensure that everyone understands the role they play in championing responsible play. Play Well Day coincided with the American Gaming Association’s (“AGA”) Responsible Gaming Education Month.

Moving forward, we will measure employee engagement quantitatively, with 2023 engagement scores as our baseline.



### Engaging and educating

FanDuel is committed to raising awareness of Responsible Gaming and promoting RG education and resources. We launched our first marketing campaign focused on responsible gaming with the objective of driving awareness and usage of FanDuel’s Play Well tools. The spot has run more than 10,000 times in 2022, and we’ve seen a more than 30% increase in customer tool usage since the launch of the campaign.



### Working together to drive responsible gaming practices

In autumn 2022, FanDuel joined other leading online gaming operators Bally’s Corporation, BetMGM, DraftKings, Entain and MGM Resorts International to establish the first industry-led responsible gaming standards.

The resulting 12-point pledge is a commitment to principles of responsible gaming and are recommended as an industry benchmark. These principles take active steps to prevent underage and excluded individuals from participating in any form of gaming. Operators commit to providing customers with informed choices about gaming through easily understood responsible gaming tools, and all entities will continuously conduct research to track the impact of this collaboration.

Further, the principles include the adoption and effective promotion of a unified nationwide responsible gaming toll-free helpline, and socially responsible advertising which avoids imagery that might entice minors.

Other provisions call for “a shared responsibility approach to addressing problem gaming” and a commitment “to working with policy makers, academic experts and researchers, problem gaming treatment organisations, advocacy groups and partners”, as well as customers to promote responsible gaming and address problem gaming.

The collaboration also commits to employee training and continuously monitoring operators’ respective responsible gaming programme and initiatives to ensure their compliance with applicable standards.

### Looking ahead

In 2023, we will focus on generating more robust insights; increasing tool usage by customers in line with our ambitious global goals; increasing awareness and education through tech and process innovations that engage our audiences and support sustainable play. We are also continuing our focus on linking our Play Well measures to remuneration.

#### Links to Flutter Group principles:



Lead progress



Promote positive play



Effective interaction



Support and protect



# Empowering colleagues to Work Better

In March 2022, we set out three Group diversity, equity and inclusion (“DE&I”) goals, in line with our strategy, as part of our Positive Impact Plan. These goals are key components of our Work Better pillar.

- **Diversity:** 40% of leadership roles below Board level are to be held by women by the end of 2026.
- **Equity:** Measure and report on pay performance, progression and retention across different demographics by the end of 2023.
- **Inclusion:** Use Peakon to measure employee sentiment across different employee demographics.

## Diversity, equity and inclusion

At Flutter, we take great pride in looking after our customers – being responsive to their needs and providing tailored experiences that exceed their expectations. Our colleagues, whose passion for delivering exciting and sustainable play is further enhanced by their commitment to do the right thing, continuously inspire us. With the implementation of our Positive Impact Plan, our people took that commitment a step further. Everyone played their part to drive more responsible gambling innovations to support numerous community projects across all divisions.

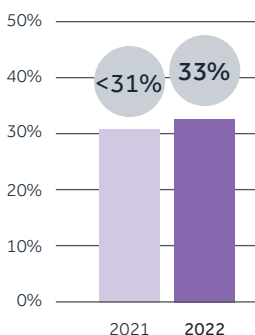
That is why it is so important that we always seek out ways to better support our colleagues, to show how much we value diverse perspectives with different lived experiences, to nurture a culture of belonging and respect that extends to every level of the business. We want Flutter to be a place where every voice is heard so people can thrive in an inclusive environment and feel a sense of belonging when they come to work.

We continue to deepen our commitment to DE&I across all business units and geographies. Our message to colleagues and stakeholders is clear: your experiences matter, your views matter, identity matters, equality matters. From prioritising accurate measurement and embedding data in business planning, to building a diverse culture and gender balance, to offering family friendly benefits, Flutter is prioritising a range of DE&I initiatives that will help us build a safe and supportive workplace culture, including our Global Advocacy Programme.

## Listen, learn and act

This year, we implemented a DE&I strategy that supports more visibility, creates more opportunities to act and enables positive change, underpinned by our “listen, learn and act” principle. In it, we set goals for the Group so we can measure our progress in embedding DE&I into everything we do. The DE&I strategy, along with the goals set under the Work Better Pillar, was created as part of the Positive Impact Plan to help our teams adapt to local contexts while ensuring that the global values of the Group are always upheld.

## Leadership roles held by women across the Group<sup>1</sup>



1. Based on a hierarchy definition of women in leadership (N-4), including Exco EA's, excluding all other administration support.



Our principles for DE&I are:



**Ambitions for 2023**


Our DE&I efforts continue to focus primarily on improving employee experience as well as redesigning and creating a culture that values and benefits from the diversity of our people. In the coming year, Flutter will also advance our ambition for achieving gender equity.


**The Global Advocacy Programme – launched September 2022**


Our principle approach for driving impactful and positive change is to constantly listen, learn and act from marginalised groups in the business. Our recently launched Global Advocacy Programme is central to achieving our mission of understanding the lived experiences of colleagues across Flutter, particularly those from marginalised communities.


To ensure that the programme receives top-level buy-in, we have Executive Committee Advocates who use their stature to drive meaningful, long-lasting cultural change as part of our Positive Impact Plan. Four global workstreams led by Executive Committee members have been created to collectively strive for positive change across Flutter:

- Gender**  
Amy Howe

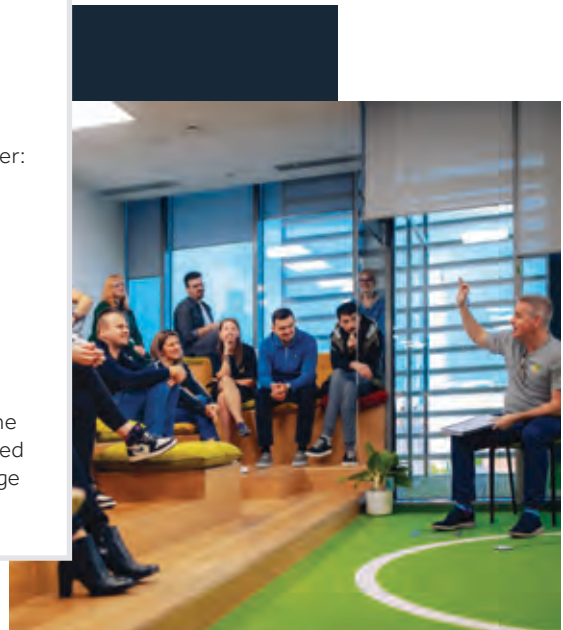

- Multicultural**  
Pádraig Ó Ríordáin


- LGBTQIA+**  
Barni Evans


- Accessibility**  
Paul Cutter



All Advocates and Co-Leads for each of their respective workstreams held a number of global listening sessions across our divisions to understand the greatest challenges and opportunities for each area. The outputs from these sessions will allow us to learn and act on the identified gaps within our business and help us make long-lasting sustainable change for all our colleagues.



## Sustainability continued

### Transforming the way we measure and embed diversity, equity and inclusion

Currently, we are introducing more robust systems for measuring and embedding DE&I data, making it possible for us to better understand our colleagues, provide accurate statistics, ensure employee privacy is protected, and set more specific targets in areas such as gender leadership goals, Gender Pay Gap, and Pay Transparency in 2023.

Our areas of focus are demographic data and employee sentiment around belonging and inclusion, which will provide us with the depth and breadth of insight needed to make informed decisions and take effective action. In November 2022, we launched a new HR ecosystem, Flutter Be, alongside two campaigns – “Reasons to Disclose” and “Every Voice Matters” – to build trust and help colleagues understand the value of sharing their data and lived experience and to reassure them that their identity and data will be protected. We aim to ensure that that every voice is heard, but no voice is singled out. The new systems will help us ensure that leaders across the business can access the information they need to listen, learn and act for their people. Initial insight will be expected in Q1 2023.

### Closing the Gap

As Flutter grows, we’re embracing the opportunity to leverage our collective power to close our Global Gender Pay Gap and remain committed to creating a workplace where difference is valued. We’ve provided data beyond what is required to demonstrate our commitment and to promote transparency in our industry, including the publication of our first Irish Gender Pay Gap Report.

**33%**

senior leaders are women

**41.7%**

Board of Directors are women

### Supporting and enabling colleagues

In addition to our DE&I initiatives, we offer colleagues a wide range of benefits and support structures to support their wellbeing and personal development. We have introduced a variety of programmes and resources to support mental health, including mental health and wellbeing cover for 45 days for colleagues facing stress and anxiety and an enhancement to our wellbeing benefits support. We have also launched a parenting hub and support networks.

Colleagues have access to a wide range of tools and resources to support their own career development, including access to coaches, mentors and career development funds. We also have various tailored initiatives, such as STEM career development for women in our Betfair Romania and Blip tech hubs.

In addition, we have programmes to develop career opportunities for those in our communities, such as the self-funded Kickstart Scheme we ran in Leeds, which was introduced to give young adults an opportunity into employment and to learn new skills. This also supports our work to become more inclusive and find new ways to reach a broader spectrum of talent and demographics. Steve Birch, CCO of Sky Bet, stated: “Youth unemployment has been hit the hardest by the pandemic. We’re passionate about providing entry level opportunities to kick start meaningful careers for people in our communities and break down many of the historical and societal barriers that different people have faced. We commit to continuing to invest in these opportunities, bringing fresh perspectives and experiences into the business”.

### Global case study - Lean In



Lean In is a network for women to share their experiences, build new skills and enable career progression. This support network has been in place since October 2019, with 30% of members achieving promotions across 2020 and 2021. This year the network expanded across our European offices, as well as offering members a bespoke group coaching programme tailored to their level in the organisation. It now has over 300 members, with over half of them signing up for the nine-month development group coaching programme. These sessions are delivered by two professional coaches who specialise in female development & leadership.



It is so great to meet, focusing on self-development, reflecting and sharing our challenges across a new network. I really liked the fact that everyone got to share, and I liked the mix of structured elements and free flow conversation.



The result of the Kickstart Scheme is that in 2022, we offered 12-month fixed term contracts to 54% of the applications, and 23% of this overall cohort had their contracts extended with the business. Throughout their time in the business, we supported their development through multiple training courses and even some enrolled onto apprenticeship programmes.

### Supporting our colleagues at every stage of life

People face many challenges when they start families, and we want to help our colleagues through this important life transition. From 1 January 2023 we’re aligning policies across our co-located offices in Ireland, UK, Malta and Isle of Man offices. For our colleagues here, our family friendly policies mean an improved primary leave policy, an increase of secondary leave and a new neonatal policy, with bonuses paid in full while on leave. We’re also removing the eligibility period for new parents so it becomes a day one right.

Targeted improvements to family policies and “levelling up” for co-located markets post-merger:

- All colleagues to be offered 26 weeks primary leave at 100% pay.
- Increasing secondary leave pay from two to four weeks, also at 100% pay.
- Any bonus payment due while on parental leave will be paid in full at the usual time of year.
- Additional time off at 100% of salary for up to 12 weeks for primary or secondary care givers if their baby needs neonatal care.
- Eligibility period for parental leave will be removed.



# Working better in action

## Global case study - Proud to support the LGBTQIA+ community



This year marked the 50th anniversary of Pride, which focuses on celebrating the LGBTQIA+ community, showing how far LGBTQIA+ rights have come and the areas in which we can do more.

This milestone provided the ideal opportunity to form our first Flutter Pride Committee across our different brands and divisions in the business. Throughout the summer, we ran our largest celebration of Pride yet, with a series of events across our co-located offices, including a fireside chat in Dublin with Irish drag queen and gay rights activist, Panti Bliss, a ground-breaking event that was streamed globally, in addition to marches, workshops, office installations, and the creation of a LGBTQIA+ Playbook for colleagues which provides information and support to members of the community, allies and managers.

As part of Flutter Pride, we led a global initiative inviting Flutter colleagues to share "What Pride means to you", creating four separate Flutter pride videos that were released to coincide with a different Pride location celebration.



## UK&I case study - Parental Workshops



We know that parental leave and childcare responsibilities disproportionately impact the retention and growth of women. In late 2020, we launched Parental Workshops to retain and develop females after becoming new parents. In 2021, five of our 45 females who participated had since been promoted and 98% were still working with us. This year we had over 75 individuals including secondary leave takers participating in our workshops and we've trialled a Line Manager workshop to ensure new parents get the right support before parental leave – and when they return.

75

individuals including secondary leave takers participating in our workshops

# Sustainability continued

## 🔍 Sportsbet case study – Thrive series



The Thrive series was created to amplify our team members stories on topics that mattered to us.

Through courageous storytelling, we've covered seven topics this year including domestic and family violence, indigenous First Nations, LGBTQIA+ communities and mental health. This programme has been pivotal in uplifting our organisation wide DE&I score by 3% this year to 87%. There is always more to learn and we'll continue to create a better workplace.



## 🔍 UK&I case study – Communications accessibility



Our Flutter UK&I Internal Communications and Brand & Creative Teams attended a workshop run by an Accessibility User Experience Expert from Royal National Institute of Blind People ("RNIB") on creating more inclusive communications. Following this the teams created accessibility communication standards which have been implemented across the UK&I division, and learnings captured for wider use in 2023.

**RNIB**

## 🔍 Sportsbet case study – Accelerate



We developed our first accelerated development programme for 23 selected female team members. Aimed at both emerging and existing leaders, the programme uplifted strategic, commercial and financial acumen. The programme has received strong positive feedback with a 100% satisfaction and recommendation score and will expand to more females next year.

“

It's been the best leadership session I have attended thus far, targeting the problem and showing me ways to solve it.

Accelerate participant

100%

satisfaction and recommendation score

## International case study – PokerStars & Betfair International



### Addressing barriers for female career progression

We piloted an eight-week career management programme called Elevate to provide female leaders with the skills, confidence and roadmap to enable them to progress their careers at Flutter International. It is designed to address potential barriers faced by women when progressing their careers. The programme comprises online masterclasses with guest speakers, a self-assessment tool with 360 feedback, line managers training and 2x 1:1 coaching to explore personal goals and a clear action plan. It covers topics such as mentoring, career management, international assignments, and accessing social networks.

13 senior managers across technology participated and completed the pilot in mid-December 2022. Sentiment received from participants has been positive and all were engaged and open throughout the programme. We have had an average of 93% attendance on our masterclass virtual workshops.



The programme will be fully evaluated in Q1 2023 through focus groups and surveys.

For more details on the progress of our brands in 2022, download our DE&I Report.

# 93%

attendance on our masterclass virtual workshop

## FanDuel case study – Women's Leadership Development Programme



Designed and developed a pilot programme focused on the growth and career progression of emerging and senior FanDuel women leaders. There were three key areas of focus: 1) professional development; 2) sponsorship/mentoring; and 3) community building.

For the **Rising Leaders** component (emerging leaders), the first cohort of 15 women was selected to participate in a six-month programme which will include monthly lessons focusing on executive presence, presentation skills and other developmental areas as determined by the needs of the selected group. Each participant will be paired with a senior internal mentor to focus on individual development. The programme goals are to increase pipeline of female leaders; enhance talent development and retention; and increase career mobility.



My expectations of the workshop were exceeded! The host was excellent – sharing practical tips and tools, and helped me feel more confident and comfortable about my upcoming maternity leave.

Course attendee





# Working with communities to Do More

Our strategy comprises three core areas that align with our business and the priorities of our colleagues.

- **Sport & Play:** catalysing positive social change and establish healthier, thriving communities through the power of sport.
- **Tech4Good:** activating technology to transform lives, create connections and innovate solutions to social issues.
- **Health & Wellbeing:** Laying the foundations for long-term sustainable success across all aspects of life.

Flutter is a global business, but we operate and interact locally, contributing to our communities and in turn benefitting from their social and cultural offerings. When it comes to supporting our communities, we have big ambitions to “Do More” and do it right. With a range of partners, from community groups to expert non-profits around the world and across divisions, we are taking action and engaging our colleagues to make a difference. Each division is responsible for implementing the global strategy, taking ownership and ensuring local relevancy to maximise positive impact.

In 2022 we have focused on better understanding our existing community relationships and assessing how we can effectively use our resources to increase our reach and impact across our worldwide communities. Our colleagues delivered meaningful impact in the communities in which we live and work, building

partnerships that are a source of great pride, inspiration and driving engagement. Below, we have highlighted just a few of the many initiatives and programmes undertaken by our divisions.

We have invested in recruiting senior resource to further develop our global strategy and explore larger scale opportunities whilst supporting and enabling divisions to build momentum at a local level. During 2023, we will roll out our global vision and strategy that will bring our commitment to the community to life, engaging and empowering our divisions to Do More and building a more comprehensive and impactful programme.

#### Achievements:

£4m

Donated

441,046

People helped worldwide

110

Charities supported

### Sport & Play

Sport and play can bring people from all walks of life together, levelling the playing field and engaging even the hardest to reach groups.

We have established relationships with the sporting industry, providing us with great opportunities to activate the power of sport to make a difference in our communities. In 2022 we worked with partners to highlight how sport can be used to unite communities and ignite positive social change.

Our ClubsInCrisis campaign, which grew out of our long-term Cash4Clubs programme, continued to help ensure the survival of grassroots games in the UK post-pandemic by providing access to facilities across the country. In Australia, our annual Try July raised thousands for the Australian Red Cross through a Sportsbet donation for every try that took place in the NRL. In the USA, FanDuel supported The Los Angeles Rams

Foundation in their mission to address issues of poverty and inequities in the local communities as well as the Juneteenth Foundation’s annual Golf Day which provides scholarships to students attending Historically Black Colleges & Universities.

Our long-standing relationship with Right To Play hit a milestone of £3m raised since we began in 2014. Our Global Play Day, annual Sports Quiz, Poker charity tournaments and social Poker app Stars Play all contributed to this successful partnership which helped more than 4,500 girls get back into education during 2022 alone.

We also have a long history of supporting parasports and ensuring equal access and recognition. In Georgia, Adjarabet have been key sponsors for “Active Life is My Element” which aims to promote the integration of those with disabilities into society through sport.

## Case study – ClubsInCrisis

The ClubsInCrisis fund was launched in April 2021 to provide small grants to local sports clubs that play big roles in helping people and communities get back on their feet post-Covid-19. Delivered in partnership with Made By Sport and the UK Community Foundation network, over £4m was distributed in grants over the course of 2021 and 2022. 1,500 individual clubs received funding including Inclusive Sports Academy who work with young people with special educational needs and disabilities (“SEND”), providing physical activity and supporting the mental wellbeing of the participants.

Through our support they were able to develop new opportunities for young people with SEND; re-integrating them back into social groups and routines, improving their physical fitness and mental health and ultimately helping them to gain experience and empowerment. Overall our ClubsInCrisis campaign helped us to activate the power of sport and reach around 230,000 individuals ensuring continued access to their local sports clubs and creating stronger communities.

## Tech4Good

As one of the biggest companies in an increasingly digitised betting and gaming industry, we are constantly innovating and leveraging technology to move our business forward. We believe that technology can help drive social progress. Tech4Good represents our commitment to this philosophy, using our expertise to help drive positive change.

Whether we are providing access to technology through our support for Isle of Man charity, Code Club, or increasing skills into the sector through our relationship with Code First Girls which saw 190 women learn to code as a result of our sponsorship.

Our Tech4Good commitments serve multiple ambitions: elevating and supporting the latest innovations in technology to make a difference to the lives of people around the world; decreasing the digital divide and increasing access for all; and activating our resources and the skill sets of our colleagues to inspire and engage others to innovate social solutions, diversify the talent pool, equalise access to tech, and more.



From organising our calendars to applying for jobs to accessing crucial information, tech touches almost every aspect of our lives these days, which is why tech inequality has such dire consequences. Equal access and inclusive innovations ensure that we all benefit from the ways in which tech makes our lives better.

Paul Cutter, Chief Information Officer

## Case study – GoBeyond



In 2022 we welcomed Sisal to the Flutter family. Their GoBeyond programme is a fantastic example of how technology can be used in social innovations. GoBeyond was established in 2014 as a competition to foster the innovation ecosystem and reward purpose-driven start-ups that positively impact society and the environment. In 2022, over 350 applicants took part but the winning start-up impressed judges with their innovative idea. Pipeln is a startup that aims to solve the issue of water wastage through damaged pipes. Shark4, a robotic probe that performs autonomous inspections inside pipes, carries technology that takes precise measurements and works in harmony with Seahorse – a platform which captures the data and can act to prevent and predict leaks. The potential for their solution is vast and could be applied across aqueducts, Hydropower plants and Oil or Gas distribution networks, offering savings to companies, communities and the environment.

## Sustainability continued

### Health and wellbeing

For communities to flourish it is important to ensure that their members have healthy minds and bodies. Our brands and colleagues continue to demonstrate commitment and impact in helping organisations that are making strides in the fields of health and wellbeing.

In Australia, Sportsbet supports major charitable initiatives and programmes that are important not only to the wider community but to its stakeholders and partners. They support the annual Million Dollar Lunch in aid of the Children's Cancer Foundation as well as Fight MND, Australia's leading Motor Neurone Disease charity by donating to advance their research aspirations and purchasing the Fight MND beanies for all Sportsbet colleagues. Their long-term partner Orange Sky, who are the world's first free mobile laundry service for people experiencing homelessness, continues to make an impact through the provision of hot showers, laundry loads and regular conversation and connection to the community. Sportsbet's support has provided more than 10,000 showers, 6,000 hours of non-judgemental conversation and connection points, hundreds of volunteer shifts and more than 2,500 loads of laundry washes in Melbourne and Sydney. In 2022, our Sportsbet CEO Barni Evans took the challenge to sleep without shelter on one of the longest nights of the year as part of Vinnie's CEO Sleepout which aims to raise money and awareness about the issue of homelessness.

Blip in Porto has an established relationship with the local community and donates hundreds of hygiene products to support children with social and economic needs. In Spain, the local team have been supporting food banks to assist the people of Ceuta and in Malta our local charity committee provided funding to ALS Malta to help those affected by amyotrophic lateral sclerosis, a progressive neurodegenerative disease that affects nerve cells in the brain and the spinal cord. We also continued our annual commitment to the Bobby Moore Fund through their Bobby Moore Golf Day which raises much needed funds into cancer research.

All over the world through fundraising initiatives, company donations or colleague giving, we are helping to fund treatments, programmes and research into cancer, homelessness, child health, wellbeing and more. We want to ensure that we help organisations that promote strong and healthy communities, and activities that promote positive health and wellbeing, both for our people, and in our wider communities.



We shouldn't have to sleep outside in winter to understand that homelessness is a self-perpetuating state that is terribly difficult to break out of. I was humbled to meet and speak to people currently experiencing homelessness, and we are committed to do more this year to help unhoused individuals out of poverty.

**Barni Evans, Chief Executive Officer, Sportsbet**



### Case study – UNCF



For the second year running, FanDuel made a \$1m contribution to the UNCF to support their mission to create equal access to college education and increase the total annual number of African American college graduates. FanDuel and UNCF will work with each of Maryland's four Historically Black Colleges and Universities ("HBCU"), which include Morgan State University, Bowie State University, Coppin State University and University of Maryland-Eastern Shore, to financially support students enrolled at the schools. The contribution will specifically go towards helping students across technology, housing, food security, tuition and other education-related expenses. As part of the partnership, FanDuel will also be creating a track for students from the four schools to join its annual summer internship programme at the company's headquarters in New York.



FanDuel is proud to partner with UNCF once again in support of Maryland's HBCU community. Our goal is that these funds help make a difference in the lives of hard-working students.

**Christian Genetski, President, FanDuel**



## Supporting our colleagues to Do More

A key factor in the success of our Do More strategy is the active engagement of our colleagues. Their commitment to its ethos and impact helps us achieve our goals and make a difference in our communities.

Colleagues are given a minimum of two days a year to volunteer in the community through their own personal activities and causes as well as to company-organised events. Volunteering offers the chance to think outside the box, experience new things and feel good about the difference you are making. Those who participate build stronger teams, create better relationships, develop new skills and gain the satisfaction of having given back to their community. We believe this improves the workplace and the happiness of our colleagues which ultimately benefits our business as well as the individual.

We also support local Charity Committees across multiple locations around the world. At our HQ in Dublin, the local committee supported causes such as Crosscare Foodbank, Barrettstown, ALONE and the Children's Health Foundation with funding, fundraising campaigns and volunteering. Our Charity Committees not only bring colleagues together across brands and divisions but empower them to take ownership of our Do More strategy, implementing it within their own communities in ways that reflect their unique needs. Through this engagement, our colleagues build trust and connection in the communities we operate in.

At Sky Betting & Gaming, we have an annual Charity of the Year programme where colleagues nominate and select a single charity to support over 12 months. In 2022, Support Dogs received the most votes and colleagues have raised more than €130,000 through fundraising challenges and our annual Charity Ball. These funds will help Support Dogs to continue to increase the independence and quality of life for people with various medical conditions by providing, training and supporting specialist assistance dogs.

In Malta, colleagues provided support for Refugee Week, a week-long festival to raise awareness, celebrate and inspire a culture of care for people seeking sanctuary. The team rolled up their sleeves to volunteer with the organisation and running of the festival.

FanDuel organised a day of service in July which saw 313 volunteers put in 623 service hours, working at food banks, assembling 1,200 personal hygiene care packages for homeless people, taking part in neighbourhood clean-ups and assembling meals for sick members of the community.

Betfair Romania applied their technological expertise and desire to give back to create Walking Month in 2015 and it is an established part of the community calendar to this day. Every year, different causes are supported and each step taken during the competition adds to the money raised via the mobile app created by the Betfair team. In 2022, more than 2,500 colleagues and members of the public competed in over 600 teams and from over 40 different companies. Collectively they raised 91,000 euro to support three local NGOs bring the joy of sport and social activities to children from vulnerable communities.



The impact we have when we work together is incredible and I could not be prouder of how many colleagues showed up to serve our communities. Our inaugural FanDuel day of service made the mission of our Positive Impact Plan and the Do More pillar a reality by delivering better futures for the places where we live, work and play.

Amy Howe, CEO, FanDuel



### Case study – International Mixed Ability Sports (“IMAS”)



In 2022, we devoted the skills of our Sky Betting & Gaming colleagues and the capabilities of our business to support International Mixed Ability Sports (“IMAS”) and their annual International Mixed Ability Rugby (“IMAR”) Tournament. IMAS helps people of different abilities, age, gender and background participate in sport around the world. We provided marketing and creative support to build the brand for the IMAR Tournament, defining its tone of voice, and developing creative content to increase awareness and its values. Through SBG support, their social media interest was heightened, with 100,000s viewers of IMAS’ posts helping to drive real engagement with the work of the organisation.



The athletes who participate in this tournament inspire us all to push ourselves and work as a team to support each other and the causes we believe in. IMAS is an incredible organisation and I’m proud that we’ve been able to help them.

**Andrew Rushgrove, Managing Director of Gaming, Sky Betting & Gaming**

### Disaster and emergency relief

As a global organisation with almost 22,000 colleagues and operating in over 100 countries we have a responsibility to support the social and economic stability in our communities and around the world. When disaster strikes and emergencies arise, our commitment to Do More means that we are ready to help our colleagues and our customers respond effectively and efficiently. We partner with experts working on the ground to provide critical funding and ensure they have what they need to help those affected recover from catastrophic circumstances.

### Case study – CARE International

The war in Ukraine sparked a large-scale humanitarian crisis in 2022, and many aid organisations were already stretched financially after the pandemic had taken its toll. Our long-term partner, CARE International, is an active NGO in the region, and we contributed over £490,000 which included matching donations of £51,000 from colleagues.

CARE International offers help and hope to people whose lives have been devastated by the war in Ukraine. The organisation provides help, directly and through local partners, to refugees and host communities in Ukraine and neighbouring countries. During 2022, their work reached over 466,000 people affected by the crisis, across Ukraine, Poland, Romania, Georgia and Germany through the provision of protection, psychosocial support, cash assistance, food, water, sanitation and hygiene assistance, health services, support for accommodation and education.

Our continued support allows CARE International to respond immediately when disaster strikes and to stay until communities have recovered, helping those affected to rebuild their lives and livelihoods.

### Looking ahead to 2023

In 2022, we made good progress in developing our partnerships and contributing to our communities around the world. Our brands continue to invest in causes that are making a difference and our people are supported and motivated to give back. That said, our global journey has only just begun, and we have ambitious plans to Do More.

As we move into 2023, we will refine our global strategy to provide support and allocate resources to our divisions as they build further momentum behind the Positive Impact Plan. We will continue to nurture relationships with expert partners, experienced in delivering social impact in support of those most in need, bringing communities together, and ensuring that our resources are well utilised. We will assess and increase the scale and impact of our programming, delivering value in the community and demonstrating measurable progress against our Do More objectives. We will build engagement programmes for our colleagues that support and encourage them to volunteer and give back to the community. We are a global player committed to Do More in our local communities and for society as a whole.

# Environment

In the past year, droughts, floods and other extreme weather events have become increasingly common, underscoring the need for immediate and definitive action to combat climate change and reduce our impact on the environment. Every company and individual that calls this planet home has a responsibility to make changes that might slow or reverse the damage caused. Flutter is committed to reducing or mitigating our own impacts on the environment and climate. We are also exploring ways that we can leverage our scale to support and influence global progress toward positive impact.

In 2022, we have undertaken several core activities to enhance our climate strategy and help us better understand our impact on the environment, as well as the impact that climate change can have on Flutter's business activities. These included:

- establishing an Environmental Working Group;
- enhancing our carbon accounting and assurance procedures; and
- developing a climate risk framework, applied at a Group level and with plans to roll out to divisions in 2023.

## Progress on the previous year's commitments

### Set science-based carbon targets and establish our roadmap for emission reduction

We have established our Science Based Target initiative ("SBTi") baseline reporting year. We are now in the process of preparing our submission and hope to be able to provide an update in H2 FY2023.

### Develop and roll out a global e-waste policy across our divisions and suppliers

We don't sell any electronic or electrical equipment, however, as a technology company, we rely on technical equipment to power core services for our customers both in our shops and online. We continually innovate and update our technology, ensuring that any depreciated/redundant equipment (e.g. gaming machines, or IT hardware) is responsibly exited from our business, and reused, recycled or donated wherever possible. We have begun drafting our e-waste policy and will look to fully implement and report on this in 2023.

### Implement the waste hierarchy by the end of 2023

Throughout 2022, we have worked in partnership with our waste management suppliers across our office and retail estate to better understand the waste hierarchy. The largest part of this project was to collect and verify our waste data to enable us to have clear sight of what was reused, recycled or sent for energy recovery.

This project has concluded, and we can confirm across our UK and Ireland retail estate that our waste is either recycled or used as waste to energy. Due to the complexity of our office and retail estate across the globe, further work and discussions with our landlords and waste providers is required to ensure full data capture and reporting transparency.

### Where possible, move all our energy to renewable energy tariffs by the end of 2030

We have used the RE100 guidelines to inform and underpin our renewable strategy. In 2022, we completed phase one of our strategy by moving all of our UK and Ireland retail estate to renewable energy tariffs. We have also started phase two and three by mapping out the availability of renewable energy tariffs across the remainder of our global retail and office estate and have moved 24% of our offices onto 100% renewable energy tariffs; a further 12% are on tariffs which guarantee at least a proportion of renewable energy. Due to the availability of renewable energy globally, and as we are predominately tenants across our estate, our strategy is reliant on both our landlords and technological advancements. In 2023 and beyond, we will continue to develop our strategy, to renewable energy tariffs and encourage landlords to do the same.

### Where possible, ensure all new real estate leases are BREEAM, LEED or similar

In 2022, we confirmed that our Edinburgh, Leeds, and Atlanta offices are Building Research Establishment Environmental Assessment Method ("BREEAM") certified.

Across the remainder of our office portfolio, we're working to establish whether any of our other locations can be formally certified to recognised environmental standards.

However, most of our office properties are leased and not owned by us. We will therefore work with our landlords to determine the carbon intensity of their buildings, understand their own climate transition plans and how we can support them on their journey. In addition, we will be reviewing other areas of our portfolio (e.g., material retail sites) to understand the same.

### Action on environmental regulation and compliance

Environmental regulation is one of the fastest changing topics effecting our business. Society has pushed governments to enforce regulation that ensures businesses are more transparent about the carbon emissions they are causing in their operations. We are committed to ensuring that, as regulation comes into force, we are aware and have mapped out our responsibilities, risks, opportunities, and impacts.



## Sustainability continued

### EU Taxonomy disclosure

The Taxonomy Regulation (Art. 8 Taxonomy Regulation (Regulation (EU) 2020/852) is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy, representing an important step towards achieving carbon neutrality by 2050 in line with EU goals. In particular, the Taxonomy Regulation contains a classification system for assessing whether activities are environmentally sustainable and imposes certain reporting requirements relating to such activities.

The EU has published a catalogue of sustainable activities in the Climate Delegated Act (Regulation (EU) 2021/2139) and the Complementary Climate Delegated Act (Regulation (EU) 2022/1214) which supplements the Taxonomy Regulation (together the "Climate Delegated Act"). The Climate Delegated Act determines which economic activities can be considered environmentally sustainable ("Taxonomy Aligned") by setting out technical screening criteria for each economic activity for the first two environmental objectives of: a) climate change mitigation; and b) climate change adaptation prescribed under the Taxonomy Regulation.

On pages 292 to 297, we present the share of our Group turnover, capital expenditure ("CapEx") and operating expenditure ("OpEx") for the reporting period ending 31 December 2022, which are associated with the proportion of Taxonomy Non-eligible, Taxonomy-eligible but not aligned and Taxonomy Aligned economic activities related to the first two environmental objectives in accordance with Article 8 of the Taxonomy Regulation and Article 2 of the Climate Delegated Act.

The Taxonomy Regulation is complex with guidance still being developed and interpreted. We have completed our analysis with regard to our 2022 reporting period activities based on the information and existing market guidance available to us at this time. This information is subject to change as the Taxonomy Regulation and related market guidance develops further in 2023.

### Task Force on Climate-related Financial Disclosures

Using the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") to structure our update on climate issues, we have continued to work this year to better understand how the effects of climate change may influence our business.

We have considered how climate-related risks and opportunities ("CROs") affect our business and how they fit within the four pillars of governance, strategy, risk management, and measurements and targets, as suggested by the TCFD recommendations. This is our second year of reporting using this framework, and we're committed to ensuring that our climate-related disclosures become more mature year on year.

We are required to disclose in this Annual Report and Financial Statements, in accordance with LR 9.8.6R(8), if the Company has included climate-related financial disclosures that are in line with the TCFD Recommendations and Recommended Disclosures ("TCFD Recommendations"). During the year we have made progress in identifying relevant climate-related risks and opportunities, allowing us to partially meet the disclosure requirements of Strategy (a). As for the remaining disclosures, except for the following, we have complied with the TCFD Recommendations and included climate-related financial disclosures in this Annual Report and Financial Statements:

- disclosing the actual and potential impact of CROs on our businesses, strategy, and financial planning (Recommendations (b) and (c) of the strategy pillar) as well as details around our transition plans; and
- disclosing the metrics and targets used to assess and manage relevant CROs (Recommendations (a) and (c) of the metrics and targets pillar).

Below are our disclosures relating to climate change, along with a summary reference table on page 288. From our assessment of our overall sustainability strategy in 2022, climate change continues to be a significant issue as a longer-term emerging risk through our standard risk management process. In 2022, we completed a high-level assessment of CROs which are detailed below. In 2023, we intend to conduct a further granular risk assessment of climate-related impacts, risks and opportunities and we are hoping to progress our disclosures as per the TCFD recommendations further. The actions the Company has taken or intends to take to enable it to make those disclosures in the future, as well as the timeline by which it anticipates being able to do so, are detailed.



### Governance of environment and climate strategy

The Board continues to be responsible for overseeing climate change with some responsibilities having been delegated to Board Committees, especially the Risk and Sustainability Committee. Following the Risk and Sustainability Committee's updated Terms of Reference ("TOR") being created in 2021 and formally approved in February 2022, Flutter has been actively looking for ways to increase effective co-ordination across all Board Committees. In accordance with its broader obligations to supervise sustainability strategy and ongoing risk management, the Risk and Sustainability Committee is responsible for providing primary oversight over CROs. In December 2022 the Board received an update on the TCFD framework, including an outline of the continued relevance of climate-related risks and opportunities to Flutter and an indication of the work being completed and future anticipated actions. Additionally, during the year Flutter has worked to increase the collaboration between the Risk and Sustainability and Audit Committees to support the development of internal governance processes and systems that support sustainability issues, especially those related to climate change.

Throughout 2022, the Risk and Sustainability Committee, which continues to have oversight of the evolving strategy, has received regular updates on the status of all Positive Impact Plan matters, including the environment and climate change. All Board members have received training on environmental issues, including climate change, current and upcoming environmental regulation and Flutter's associated risk and opportunities.

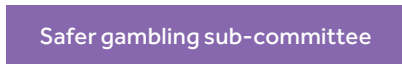
From a management perspective, the Executive Sustainability Steering Committee aids the Risk and Sustainability Committee.

An Environmental Working Group has been established to mobilise activity and develop environmental strategy for the Group. It has led work on our e-waste policy and the transfer to renewable energy tariffs, with all UK & Ireland tariffs having now been transferred to renewables. A major focus for this group in 2022 has been an extensive piece of work to capture and verify data across the Group, a task made increasingly challenging due to acquisitions during 2022 and the broad geographic scope of our global footprint. The Environmental Working Group is now looking at how to capture, verify and assure data on an ongoing basis and in line with our net zero pathway and will be making recommendations to the Risk and Sustainability Committee in 2023.

While we have made considerable progress during 2022, we recognise that more needs to be done. We have invested in senior resources to lead this work, with a new Group Head of Environmental and Sustainable Supply and Group Sustainability Reporting Manager, joining in Q4 2022. We have also commenced recruitment for an environmental analyst, to bring additional capabilities to the team in terms of data analytics, reporting and insight. They will support Flutter in ensuring that our Group environmental reporting is robust and appropriately focused, to ensure regulatory compliance, and to provide us with valuable knowledge to grow our strategy even further.

### Sustainability reporting and governance

Provide oversight



Define and approve strategy and ambitions

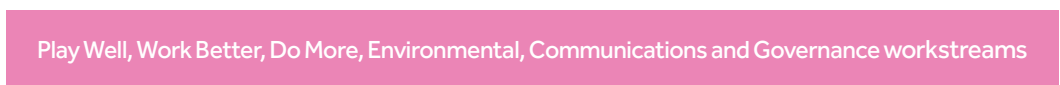


Mobilise strategy and projects



\* Working group comprises functional leads plus representatives from each division.

Various workstreams deliver sustainability strategy and projects



## Sustainability continued

### Climate strategy

Climate change is considered and accounted for in how we develop our strategy, conduct our business and make decisions. Climate change continues to feature in our shortlist of 15 issues, as stated in our 2021 Annual Report and noted on page 47.

We have carried out a climate change risk assessment at Group level and will be integrating this at a division level during 2023 as part of a roll out of our comprehensive climate training program. Challenges with data capture during 2022 have impacted our ability to develop this further, as resources have been committed to establishing a baseline to better understand our current position, and to build knowledge and awareness within the Group.

Following our in-depth examination of ESG, two perspectives on climate change have been considered by Flutter based on the concept of double materiality, which we will be exploring more extensively in 2023. In accordance with our risk management approach (described below and in the Risk Management section on pages 92 to 99), we accomplish this through a top-down and bottom-up activity.

Through our top-down risk assessment process, we have identified climate change as a longer-term emerging risk that has the potential to affect our physical footprint. In particular, the risk of extreme weather/geophysical disasters brought on by the failure of climate action, which poses a threat to human life and severely disrupts commercial operations and location-specific sporting events.

Through a high-level bottom-up risk assessment conducted in 2022 we have identified climate risks and opportunities (CROs), which we will review in a more granular manner in Q1 2023. As part of this, we will examine the various business models and geographies relevant to the Group, and we will further enhance the high-level assessment by using a divisional, brand and Group lens as necessary.

To examine the potential impact on our business model and strategy under various risk variables in 2023, we will also carry out scenario analysis on our significant CROs.

We have considered the financial impact of the CROs described below and have concluded that no material adjustments are required to the financial statements for the current period in accordance with International Financial Reporting Standards ("IFRS"). We will reassess this conclusion in future periods as further detailed analysis of CROs, transition plans and scenario analysis is completed.

We'll start integrating climate change into our framework for financial planning and risk management once we've finished our specific work on the more granular risks and opportunities, and based on the materiality of those areas, we'll also work to improve the processes for identification, monitoring and escalation.

This year we began building our climate impact mitigation strategy and selected South Pole as our strategic partner to help inform our approach to voluntary carbon offsetting and project investment. For 2022, we decided to focus on renewable energy projects and worked with South Pole to make investments into 3 projects across United States (Wind Power), Europe (Hydropower), and India (Solar Power), which are either Gold Standard or Verified Carbon Standard. Whilst we will not directly consume the energy generated from these projects, our investments are supporting the generation of renewable energy, which is helping to advance the global transition to low carbon energy. The carbon offset credits we have purchased are equal to saving 16,391 tonnes of carbon dioxide equivalent

(tCO<sub>2</sub>e), which is ~50% more than our combined scope 1&2 emissions for 2022 (8,708 tCO<sub>2</sub>e) but reduces to ~5.6% of our total emissions (289,709 tCO<sub>2</sub>e), including scope 3 (281,002 tCO<sub>2</sub>e). We will continue to evolve our strategy on carbon offsetting in tandem with our efforts to reduce our emissions.

### Risk management

Our Board is aware of the significance of incorporating climate change into our overall risk management framework. We recognise that climate change poses a number of physical (e.g. extreme weather events affecting sporting events) and transition-related (e.g. stakeholder perception) risks and opportunities for our business. As part of our commitment to operate ethically and sustainably, we take a risk-based collaborative and strategic approach to climate change. As a business we are committed to operate ethically and sustainably and are aligning internal processes with the recommendations of the TCFD.

Our programme of work will demonstrate that we have considered the impact of climate-related issues on our business and how they are integrated within the Thematic Areas of disclosure. Integrated briefing and risk assessment involving the divisional risk teams in the first quarter, will be facilitated by the Group Risk and Group Sustainability teams in H1 2023. Targeted workshops in H2 2023 will ensure we have both risk awareness and coverage across the Group, including its financial impact.

The standard risk assessment process, including the risk governance structure, is discussed on pages 94 of this report.

Through the horizon scanning process described in the Risk section of this report on pages 93 to 94, climate change continues to be identified as a longer-term (more than three years) emerging risk, and therefore it is monitored to track its development over time and identify any changes in the exposure to risk. As part of our overall risk management framework, any consequent change in the closeness or velocity of climate change as a risk may result in it being subsumed into relevant active risk registers through additional deep dive work, we'll perform on CROs in 2023.

The Group's risk appetite statement and the Group's risk profile will be based on the identified climate-related risks. We intend to report on this topic in greater detail in 2023. Scanning for climate change and ESG regulation will be evolved into a more formal component of our overall horizon scanning process.

Given the nature of our activities, which are worldwide in scope, it is critical that our divisions take the initiative to identify potential transition and physical hazards. As stated above in the strategy section, in 2023 we will carry out a more granular bottom-up assessment of climate-related risks and opportunities. In order to support this, leadership across our divisions and Group will receive training on climate-related issues in the upcoming year. This will help to ensure that they have the necessary skills and knowledge to recognise and manage climate-related risks and opportunities as well as communicate them at a Group level as part of the Group's bottom-up risk identification approach.

As a result of this assessment, we anticipate that specific climate risks will be incorporated into the divisions where they are considered to be significant. A larger Group effort designed to identify climate-related risks and opportunities and complete scenario analysis will assist this activity.



## High level overview of CROs identified

Topic	Title	Description
Transition Risks	Policy & legal	<ul style="list-style-type: none"> <li>Existing and emerging regulations including shifting energy use could lead to increased operational costs across different jurisdictions.</li> <li>Significant public policy changes which may or may not align with Flutter's expectations, plans or strategies.</li> <li>Attempts to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change.</li> <li>Climate-related litigation is not seen as plausible considering our industry and its traditional limited connection to climate risks.</li> </ul>
	Technology & energy	<ul style="list-style-type: none"> <li>Data volumes require us to utilise data centres, which may be perceived as a drain on energy sources and may be exposed to energy supply insecurity.</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>Unsatisfactory customer or community perceptions of our contribution to the transition to a lower-carbon economy.</li> <li>Environmental performance and ESG rating agency scores.</li> <li>Inadequate or incorrect reporting disclosures.</li> </ul>
	Stakeholder perception	<ul style="list-style-type: none"> <li>Difficulty in accessing capital from financial institutions.</li> <li>Company environmental impacts affecting the willingness of new investors or the ability to retain current investment in the organisation.</li> </ul>
Physical Risks	Acute	<ul style="list-style-type: none"> <li>Event interruptions or diminished attendance/coverage of sporting and other major events (e.g. Cheltenham), due to an increase in the frequency and severity of extreme weather events.</li> <li>Significant weather impacts on the ability for staff and customers to access our office and retail estates and climate related weather affects for our people in susceptible geographies.</li> </ul>
	Chronic	<ul style="list-style-type: none"> <li>Long-term shifts in climate patterns expose certain offices or retail venues within our Group.</li> </ul>
Opportunities	Resource efficiency	<ul style="list-style-type: none"> <li>Improved resource efficiency within office and retail networks (e.g. energy, waste).</li> </ul>
	Energy source	<ul style="list-style-type: none"> <li>Major transition to low emission energy sources (e.g. wind).</li> </ul>
	Markets	<ul style="list-style-type: none"> <li>Utilise in talent attraction.</li> <li>Inclusion on ESG indices and/or higher ESG ratings can increase stock liquidity and attract investors.</li> </ul>
	Resilience	<ul style="list-style-type: none"> <li>Be seen to be a vocal advocate for changes, considering our place in the tertiary sector of the economy.</li> <li>Bring leading practices to our expanding global footprint.</li> <li>Greater operational resilience offers an opportunity to gain market share.</li> <li>A less exposed portfolio offers a potential competitive and financial advantage.</li> </ul>

## Sustainability continued

### Measuring our progress

We will integrate our climate mitigation goals to the Science Based Targets initiative (“SBTi”) in 2023. In accordance with 1.5°C emission scenarios and the SBTi’s standards and recommendations, we will specifically set a science-based emission reduction target across all scopes. To enable the collection of precise and credible emissions data, we have begun to enhance our environmental data systems and processes by, for example, conducting environmental audits internally and with external utility providers. As with previous reporting periods, we adopt an operational control boundary to report on the climate-related impacts on our business.

To help us establish a new baseline – which is crucial for fulfilling our SBTi commitment – we are adopting the GHG Protocol as our reference for greenhouse gas reporting and calculation procedures. In addition to expanding our report to include all relevant Scope 3 emission, we made progress in 2022 towards eliminating data gaps in our current Scope 1 and 2 emission measures.

We report on greenhouse gas (“GHG”) emissions and use tonnes of carbon dioxide equivalent (“tCO<sub>2</sub>e”) as the metric for reporting GHG emissions, converting into kWh in line with Streamlined Energy and Carbon Reporting (“SECR”) requirements. The GHG data highlighted with a “Δ” has been subjected to a limited assurance engagement completed by EY in accordance with ISAE 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE3000) and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements (ISAE3410)“.

### Overview Scope 1-3

	Reporting year			
	2022	2021	2020	2019
Scope 1 (tCO <sub>2</sub> e)	1,196 Δ	854	483	1,668
Scope 2 (tCO <sub>2</sub> e)	7,512 Δ	10,288	10,152	11,795
Scope 3 (tCO <sub>2</sub> e)	281,002	3,853	5,883	12,351
Total GHG (tCO <sub>2</sub> e)	289,709	14,995	16,519	25,815
Revenue (£m)	7,693.2	6,036	4,414	2,140
tCO <sub>2</sub> e/£m revenue intensity	37.65	2.48	3.74	12.06

### Detailed breakdown Scope 1-3

Scope	Category	Original Metric	2022 t/CO <sub>2</sub> e
1	Total Stationary combustion	m <sup>3</sup>	1,118.148
	Total Mobile combustion	litres	15.341
	Total Refrigerants	kg	62.162
2	Total Electricity	kwh	7,525.139
3	Total Purchased goods and services	multiple see below	246,531
	Total Capital goods	£	19,124
	Total Fuel and energy-related activities	£	2,848.820
	Upstream Leased Assets	kwh	700.856
	Total Waste generated in operations	multiple see below	45.590
	Total Business travel	km	8,714.767 Δ
	Employee commuting	km	2,909
End of Life Sold Products	£	129	



We have carried out a climate change risk assessment at Group level and will be rolling out a comprehensive training programme on this to enable it to be integrated at a divisional level during 2023.



## Year-on-year Information

We have made huge progress on our GHG data collation and verification processes across the Group, which has enabled us to both expand our reporting but also re-evaluate how we account for certain impacts e.g., datacentre emissions. A full list of our inclusions/exclusion is included on page 187.

Overall, we have seen an increase in our Scope 1 emissions of 40%, a decrease in our Scope 2 emission of 27%, and an increase in our Scope 3 emissions of 7,193%. These increases can mainly be attributed to the return to 'business normal' following Covid-19 including, the opening of new offices and retail premises, increases in occupancy and the return to business travel and successful work undertaken internally and with consultancy partners to understand our carbon emissions in more detail, which has resulted in additional sources of data.

### Scope 1

Our total Scope 1 emissions for FY22 was 1,196 tCO<sub>2</sub>e, representing an increase of 40% on FY21 (854 tCO<sub>2</sub>e). This increase is mainly due to our decision to include mobile combustion in our Scope 1, which was previously reported under Scope 3. We made this decision based on re-evaluating how the operational control boundary has been applied to certain assets and determined that as we are in control of how we use any company vehicles, the emissions should be considered a Scope 1 impact.

### Scope 2

Our Scope 2 emissions are made up entirely of electricity use across our business. Our total Scope 2 emissions for FY22 was 7,512 tCO<sub>2</sub>e, representing a 27% decrease on FY21 (10,288 tCO<sub>2</sub>e). Of the total scope 2 emissions, 4,729 tCO<sub>2</sub>e comes from our UK and Ireland retail estate which is on a wholly renewable energy tariff. In addition, 24% of our offices are on 100% renewable energy tariffs and a further 12% have a tariff in place which guarantees at least a proportion of renewable energy.

The reported decrease can also be attributed to the fact that we have decided to move the emissions associated with our US retail sites and all datacentres, to Scope 3. Based on re-evaluating how the operational control boundary has been applied, we have concluded that it is more appropriate to capture these impacts under Scope 3.

### Scope 3

Our total Scope 3 emissions for FY22 was 281,002 tCO<sub>2</sub>e, representing a 7,193% increase on FY21 (3,853 tCO<sub>2</sub>e). The most significant reason for the increase is due to the expansion of our Scope 3 reporting categories to cover all eight categories relevant to Flutter. In particular, the inclusion of category 1 'Procured Goods and Services' (as defined within the GHG Protocol) has led to the most notable increase, representing 245,513 tCO<sub>2</sub>e. In addition, we have opted this year to include the impacts of datacentres (1059.69 tCO<sub>2</sub>e) in Scope 3 (captured under Procured Goods and Services). We took this decision as we do not have operational control to influence the overall running of the datacentres where we have racks, however, as we further embark on our move to the cloud, we will ensure alignment with our renewable energy strategy and work with our key cloud service provider to drive the use of renewable energy.

## Looking ahead to 2023

It is essential that we continue to understand the impact of climate change on our business and to deepen our understanding of our impact on climate change. In 2023, we will:

- Set SBTi emission reduction targets across all scopes and develop a robust transition plan to a low-carbon economy.
- Keep enhancing our reporting processes and further evolve our TCFD reporting.
- Conduct a double materiality assessment and scenario analysis, in accordance with 1.5°C, 2°C and 4°C emission scenarios.
- Develop further tangible actions which will improve our monitoring and assessment of identified climate-related risk and opportunities.
- Implement a digital tool for managing our carbon footprint accounting, with capability to track, report and manage our carbon emissions.
- Develop our ESG regulatory map and embed processes to effectively manage compliance with current and upcoming regulation.
- Develop our vendor engagement strategy.
- Develop our renewable energy strategy using RE100, as the guiding principles to underpin our thinking.
- Fully implement our e-waste policy and start reporting our reuse, recycle and donations.
- Finalise and roll out our Green Travel Policy.
- Roll out a comprehensive training programme on our climate change risk assessment process to raise awareness at a brand level and to enable a granular risk assessment process to be integrated by these brands.



# Business integrity

## Group Code of Ethics

Building a culture where we operate responsibly, honestly, fairly and in accordance with the law throughout each of our divisions is essential to us and a key foundation of our Positive Impact Plan. It is the responsibility of everyone at every level to help build and maintain this culture by always reporting any perceived or actual violations of policies or other misconduct using the processes set out in our Code of Ethics (the “Code”). This responsibility includes protecting those who have come forward to make a report.

## Code of Ethics mandatory training

The Code is embedded in everything we do, and all colleagues are required to undertake an annual mandatory e-learning training covering a range of areas, including safer gambling, conflicts of interest, betting integrity, anti-bribery and corruption, and information security.

## Anti-Money Laundering (“AML”) and Countering the Financing of Terrorism (“CFT”)

We are collectively committed to complying with all AML and CFT laws and regulations in the jurisdictions in which we operate, by preventing the use of our products or systems to launder criminal proceeds, to finance terrorism, to evade taxation, or to bypass applicable AML and CFT laws. We expect the same from our colleagues, customers, business partners and third parties or associated persons acting on our behalf as well as our supply chain. Our colleagues and management take these obligations seriously and through training, we have implemented appropriate policies and procedures to help ensure and constantly remind ourselves of our role in contributing to the integrity of the global financial system.

## Sanctions

We are committed to complying with all economic and trade sanctions in the jurisdictions in which we operate. As part of that commitment, we do not conduct any business activities that would breach applicable sanctions or export controls, including commencing or continuing customer relationships, purchasing, or providing goods, products, technology, software, or services, or facilitating transactions by third parties. Our risk management process includes screening third parties in our supply chain for risk or exposure to financial crime or other harmful activities. Part of our screening is against sanction lists issued by various sanctioning institutions to ensure we are compliant with all economic and trade sanctions in the jurisdictions in which we operate.



## Whistleblowing

Our whistleblowing platform, supported by our Whistleblowing Policy, is in place to encourage colleagues to raise issues regarding any serious concerns they may have or possible improprieties in matters of financial reporting, ethical or policy violations, or other matters on a confidential basis. We remind colleagues of our zero-tolerance policy prohibiting retaliation against any employee who makes a report. We have increased our reporting channels to include digital reporting methods to ensure our colleagues are able to report concerns to their managers but also in a private and confidential manner through our whistleblowing platform, should they wish to.

## Anti-bribery and corruption

We have a zero-tolerance approach to bribery and corruption. We do not, and will not, pay bribes or offer improper incentives to anyone for any purpose. Nor do we, or will we, accept bribes or anything that could be perceived as such. We expect the same from our colleagues, customers, business partners and third parties or associated persons acting on our behalf.

We have in place policies, procedures, training, management systems and internal controls to prevent and detect bribery and corruption, including requiring risk-based due diligence to be carried out on individuals and companies which will perform services for or on behalf of the Group. These obligations are set out in our Code of Ethics and anti-bribery and corruption policies and procedures, which all colleagues are required to adhere to. This also includes guidance on receiving and offering gifts and hospitality involving any public official.

## Modern Slavery Statement

We understand that modern slavery is a global threat that imposes an intolerable burden on those affected by it. As a global operator, we are committed to preventing slavery and human trafficking in all areas of our business and we expect the same commitment from our colleagues, contractors, suppliers and business partners.

We continue to strengthen and develop our risk management processes and procedures and remain vigilant in monitoring our supply chains. Our tools continue to screen our suppliers for any instances of forced labour and human trafficking. We remain determined to expand and deepen the screening to account for the global nature of our supply chain and will continue to be proactive in monitoring our business for breaches.

Our Modern Slavery Statement can be found in full at: <https://www.flutter.com/modern-slavery-statement/>.

## Human rights

We are committed to upholding the United Nations' Universal Declaration of Human Rights. We are proud to support human rights through our policies which require colleagues to behave ethically and to respect the human rights of our colleagues and other stakeholders in the business.

## Equal opportunities

We are committed to equal opportunities and diversity in our workplace and will not tolerate harassment, discrimination, victimisation or bullying. We recruit, employ and promote colleagues based on their qualifications and abilities. Our Equal Opportunities Policy states our commitment to a policy of equality of opportunity and treatment in our employment practices. Details of our DE&I strategy can be found on page 53.

We do not discriminate on any grounds, including gender, sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy, trade union membership, or part-time or fixed-term status, and take appropriate steps to accommodate the requirements of an individual's religion, culture and domestic responsibilities.

## Health and safety

The Group recognises the importance of health and safety. We are committed to ensuring the wellbeing and safety of our colleagues and customers in all our corporate offices and retail betting shops, and ensure that our policies and procedures comply with relevant local safety, health and welfare at work legislation, as appropriate.

We have created a Global Health and Safety Framework to ensure we maintain one consistent approach to health and safety management within the worldwide organisation. Key to this is the creation and delivery of a Three-Year Strategic Roadmap, which has resulted in the development of global policies, standards and procedures which will drive compliance within the brands, regions and countries where we operate and ultimately an improved safety culture across our operations.

Utilising our iLearn online training platform and through focused campaigns, we are providing our teams with the tools, understanding and capability to carry out their activities and roles safely and in compliance with both legal and industry standards.

## Supply chain

We continue to focus efforts to screen our suppliers more effectively for risk or exposure to instances of forced labour and human trafficking. In 2022, we extended our screening tool to include monitoring of suppliers more broadly across the business, commensurate with their risk profile. The screening is not just performed on entities but can be extended to Directors and beneficial owners. This allows us to screen new and existing suppliers more effectively against a range of harmful activities.



**A culture that does not tolerate harassment, discrimination, victimisation or bullying.**

# Strong recreational customer growth across Group



Flutter delivered a strong performance in 2022, growth in our recreational customer base delivered 2022 revenue growth of 27%. Reported EBITDA also increased by 27% benefitting from tombola and Sisal acquisitions.

**Jonathan Hill**  
Chief Financial Officer







### Dublin Townhall

The first townhall in our Head offices in Clonskeagh, Dublin was attended by nearly 800 colleagues, members of the Board and senior leaders.

THE STADIUM



# Operating and financial review continued

## Operating and financial review<sup>1-6</sup>

### Group

<i>Unaudited Adjusted</i>	FY 2022 £m	FY 2021 £m	Change %	CC Change %
<b>Average monthly players ('000s)</b>	<b>10,245</b>	<b>8,146</b>	<b>+26%</b>	
Sports revenue	4,788	3,774	+27%	+21%
Gaming revenue	2,906	2,262	+28%	+23%
<b>Total revenue</b>	<b>7,693</b>	<b>6,036</b>	<b>+27%</b>	<b>+22%</b>
Cost of sales	(3,164)	(2,262)	+40%	+33%
<i>Cost of sales as a % of net revenue</i>	<b>41.1%</b>	<b>37.5%</b>	<b>+370bps</b>	<b>+350bps</b>
<b>Gross profit</b>	<b>4,529</b>	<b>3,774</b>	<b>+20%</b>	<b>+15%</b>
Sales and marketing	(1,853)	(1,508)	+23%	+15%
<b>Contribution</b>	<b>2,676</b>	<b>2,266</b>	<b>+18%</b>	<b>+15%</b>
Other operating costs	(1,524)	(1,164)	+31%	+25%
Corporate costs	(107)	(101)	+7%	+6%
<b>Adjusted EBITDA<sup>2,5</sup></b>	<b>1,045</b>	<b>1,001</b>	<b>+4%</b>	<b>+4%</b>
<i>Adjusted EBITDA margin %</i>	<b>13.6%</b>	<b>16.6%</b>	<b>-300bps</b>	<b>-240bps</b>
Depreciation and amortisation	(370)	(255)	+45%	+38%
<b>Adjusted operating profit</b>	<b>675</b>	<b>746</b>	<b>-9%</b>	<b>-9%</b>
Net finance expense	(158)	(126)	+25%	
<b>Adjusted profit before tax</b>	<b>518</b>	<b>620</b>	<b>-17%</b>	
Taxation	(182)	(166)	+9%	
<b>Adjusted profit for the period</b>	<b>336</b>	<b>454</b>	<b>-26%</b>	
<b>Adjusted basic earnings per share</b>	<b>189.0p</b>	<b>252.7p</b>	<b>-25%</b>	
<b>Net debt<sup>6</sup> at period end</b>	<b>(4,644)</b>	<b>(2,647)</b>	<b>+75%</b>	

Note: Acquired businesses Jungle (January 2021), Singular (September 2021), tombola (January 2022) and Sisal (August 2022) have been included on a reported basis. Pro forma references within the commentary for a specified period include Jungle, tombola and Sisal as though part of the Group in both 2021 and 2022 for the entire period. A full analysis of the Group's reported performance can be found at page 86.

Flutter delivered strong 2022 revenue growth of 22%, driven by continued expansion of our recreational base with AMPs up 26% to 10.2m. Our rapidly scaling US business was a key driver of this success with revenue 67% higher. Growth outside of the US of 7% benefitted from the Group's acquisitions of Sisal and tombola during the year.

Pro forma Group revenue and AMPs also delivered excellent growth, up 14% and 15% respectively. Pro forma revenue outside of the US was flat year on year, as we annualised the impact of our proactive safer gambling changes in the UK & Ireland, faced into Covid comparatives and a more challenging environment in Australia as well as the known regulatory changes in our International business.

Cost of sales as a percentage of net revenue increased by 350 basis points to 41.1%. This was primarily driven by our launch in New York where gaming tax rates are higher, as well as an increase in Australian POC taxes.

Sales and marketing costs of £1.9bn were 15% higher year on year, driven by continued investment in the US. As a proportion of revenue, investment reduced by 150 basis points to 24.1% for the Group.

Other operating costs increased 25% also reflecting US investment, as well as the acquisition of Sisal. On a pro forma basis, costs outside of the US costs increased by 4% primarily driven by the post Covid reopening of Sisal retail in H1, offset by cost efficiencies in the UK & Ireland.

Group Adjusted EBITDA was £1,045m, up 4% including the £250m US loss. On a pro forma basis, Adjusted EBITDA was 5% lower. Group ex-US declined 5%, but was 6% higher after adjusting for the previously guided impacts of (i) proactive safer gambling initiatives in the UK & Ireland (£38m) (ii) Australian tax changes (£22m) and (iii) regulatory changes in International markets (£100m).

Group Adjusted depreciation and amortisation increased, primarily due to the addition of Sisal during the year and growth in our US division.

The Group's Adjusted effective tax rate in the period was 35.1% (2021: 26.8%), driven by the changing mix of taxable earnings across geographies, including the acquisition of Sisal. The Group ex-US effective tax rate in the period was 22.9% (2021: 18.5%).

Adjusted basic earnings per share reduced from 252.7p to 189p. This decline reflects the increased tax charge, as well as an increase in interest expense, driven by the Sisal acquisition and higher cost of debt in H2.

Net debt at 31 December 2022 was £4,644m. This was £2bn higher than the prior year due to the acquisitions of Sisal and tombola and the buyout of Adjarabet minority shareholders, which offset the free cash flow generated by the operating activities of the Group during the year.

A full analysis of the Group's reported performance can be found at page 86.

US<sup>3</sup>

<i>Unaudited Adjusted</i>	FY 2022 £m	FY 2021 £m	Change %	CC Change US\$
<b>Average monthly players ('000s)</b>	<b>2,319</b>	<b>1,557</b>	<b>+49%</b>	
<b>Sportsbook stakes</b>	<b>23,550</b>	<b>11,284</b>	<b>+109%</b>	<b>+87%</b>
<i>Sportsbook net revenue margin</i>	<b>7.3%</b>	<b>6.3%</b>	<b>+100bps</b>	<b>+100bps</b>
Sports revenue	1,985	978	+103%	+81%
Gaming revenue	619	413	+50%	+34%
<b>Total revenue</b>	<b>2,604</b>	<b>1,391</b>	<b>+87%</b>	<b>+67%</b>
Cost of sales	(1,306)	(614)	+113%	+90%
<i>Cost of sales as a % of net revenue</i>	<b>50.1%</b>	<b>44.1%</b>	<b>+600bps</b>	<b>+620bps</b>
<b>Gross profit</b>	<b>1,298</b>	<b>778</b>	<b>+67%</b>	<b>+49%</b>
Sales and marketing	(964)	(663)	+45%	+30%
<b>Contribution</b>	<b>334</b>	<b>115</b>	<b>+192%</b>	<b>+158%</b>
Other operating costs	(584)	(357)	+63%	+47%
<b>Adjusted EBITDA<sup>2,5</sup></b>	<b>(250)</b>	<b>(243)</b>	<b>+3%</b>	<b>-6%</b>
<i>Adjusted EBITDA margin</i>	<b>(9.6%)</b>	<b>(17.5%)</b>	<b>+790bps</b>	<b>+750bps</b>
Depreciation and amortisation	(78)	(47)	+68%	+50%
<b>Adjusted operating loss</b>	<b>(328)</b>	<b>(289)</b>	<b>+13%</b>	<b>+3%</b>

Note: The US division includes FanDuel, FOXBet, TVG, PokerStars and Stardust brands, offering regulated real money and free-to-play sports betting, casino, poker, daily fantasy sports and online racing wagering products to customers across various states in the US and in Canada.

Revenue grew 67% to £2.6bn (\$3.2bn) during 2022 with an Adjusted EBITDA loss of £250m (\$313m). This reflects a 6% reduction in our EBITDA loss, while continuing to deliver significant growth within the business. FanDuel Group represented 97% of US revenue and 70% of the Adjusted EBITDA loss.

Sports revenue grew 81% with sportsbook up 115% while DFS and TVG (now less than 10% of total revenue) declined 12%, driven by successful conversion of our DFS customer base to our sportsbook product.

Sportsbook performance was also driven by:

- Excellent staking growth of 87% through further expansion of our online footprint to five new states (New York, Louisiana and Wyoming in Q1, Kansas in Q3 and Maryland in Q4). We also benefited from continued strong growth in states launched before 2021 with staking and revenue up 24% and 42% respectively.
- Net revenue margin growth of 100 basis points, driven by a significant improvement in structural margin, due to our market leading pricing and risk management capabilities and superior product proposition. This funded a step up in efficient generosity spend in new and existing states, which continues to deliver a good return. Sports results were broadly in line year on year, with unfavourable results in H1 largely offset in H2 with bookmaker friendly outcomes.

iGaming revenue increased by 34% due to strong player growth and higher levels of engagement. This was particularly the case in H2, with revenue up 37% (H1 +31%). Our focus on acquiring direct casino customers, our broadened product portfolio and the new FanDuel Casino brand strategy led to a step up in momentum, exiting the year with iGaming AMPs up 63% in Q4.

Cost of sales was 620 basis points higher at 50.1% of revenue, driven by our launch in New York in Q1 where the gaming tax rate is unusually high. Excluding New York sportsbook, cost of sales would have been 43.8% of revenue during 2022, compared with 44.1% in 2021.

Sales and marketing costs increased by £301m to £964m (\$1.2bn), but declined as a percentage of revenue by almost 11 percentage points. This is driven by a greater proportion of our business coming from existing states where the proportionate levels of marketing spend are lower. Additionally our footprint is also expanding across the US, meaning we can benefit from the efficiencies of national advertising.

Operating costs increased by 47% reflecting ongoing expansion, delivering good operating leverage when compared with revenue growth of 67%, which was 20 percentage points higher.



# Operating and financial review continued

## Operating and financial review continued

### UK & Ireland

	UK & Ireland Total			UK & Ireland Online			UK & Ireland Retail		
	FY 2022 £m	FY 2021 £m	CC Change %	FY 2022 £m	FY 2021 £m	CC Change %	FY 2022 £m	FY 2021 £m	CC Change %
<i>Unaudited Adjusted</i>									
Average monthly players ('000s)				3,710	3,153	+18%			
Sportsbook stakes	9,981	11,376	-12%	8,633	10,473	-17%	1,348	904	+48%
Sportsbook net revenue margin	10.6%	9.9%	+70bps	10.1%	9.7%	+40bps	13.5%	12.6%	+90bps
Sports revenue	1,181	1,282	-8%	998	1,168	-14%	183	114	+60%
Gaming revenue	963	781	+23%	873	721	+21%	90	60	+49%
<b>Total revenue</b>	<b>2,144</b>	<b>2,063</b>	<b>+4%</b>	<b>1,871</b>	<b>1,889</b>	<b>-1%</b>	<b>272</b>	<b>174</b>	<b>+56%</b>
Cost of sales	(653)	(621)	+5%	(592)	(581)	+2%	(61)	(40)	+54%
Cost of sales as a % of net revenue	30.5%	30.1%	+30bps	31.6%	30.8%	+80bps	22.5%	22.9%	-30bps
<b>Gross profit</b>	<b>1,490</b>	<b>1,442</b>	<b>+3%</b>	<b>1,280</b>	<b>1,308</b>	<b>-2%</b>	<b>211</b>	<b>134</b>	<b>+57%</b>
Sales and marketing	(381)	(391)	-3%	(374)	(384)	-3%	(6)	(6)	+4%
<b>Contribution</b>	<b>1,110</b>	<b>1,051</b>	<b>+6%</b>	<b>905</b>	<b>923</b>	<b>-2%</b>	<b>204</b>	<b>128</b>	<b>+59%</b>
Other operating costs	(455)	(435)	+6%	(293)	(298)	—%	(162)	(138)	+18%
<b>Adjusted EBITDA<sup>2,5</sup></b>	<b>654</b>	<b>616</b>	<b>+6%</b>	<b>612</b>	<b>626</b>	<b>-3%</b>	<b>42</b>	<b>(10)</b>	<b>-551%</b>
Adjusted EBITDA margin	30.5%	29.9%	+50bps	32.7%	33.1%	-60bps	15.4%	(5.6%)	+2,080bps
Depreciation and amortisation	(136)	(126)	+8%	(89)	(85)	+5%	(47)	(41)	+15%
<b>Adjusted operating profit</b>	<b>519</b>	<b>490</b>	<b>+5%</b>	<b>524</b>	<b>541</b>	<b>-4%</b>	<b>(5)</b>	<b>(50)</b>	<b>-90%</b>

Note: The UK & Ireland division operates Paddy Power, Betfair, Sky Betting & Gaming and tombola brands online, as well as retail operations in the UK & Ireland. tombola was acquired in January 2022 and pro forma references within the commentary include tombola as though part of the division in both 2021 and 2022 for the entire period.

Total UK & Ireland revenue grew 4% and Adjusted EBITDA was 6% higher at £654m. This reflects (i) the acquisition of tombola in January 2022, (ii) our retail business being open for the entire year, compared to the Covid-related closures of the prior year and (iii) an improved product offering, particularly in H2. This was partially offset by a return to player activity closer to pre-Covid levels and our safer gambling measures. On a pro forma basis revenue was 4% lower with EBITDA flat year-on-year.

#### UK & Ireland Online

Player momentum remains strong with AMPs up 18% (pro forma +4%), including 18% pro forma growth in Q4, aided by strong engagement during the World Cup.

Revenue was 1% lower for the year with sequential improvement from -12% in H1 to +15% in H2 (pro forma FY22 -9%, H1 -19%, H2 +4%). The growth in players, improved momentum across H2 and addition of tombola was offset in H1 by the 2021 peak in Covid related player engagement and the annualisation of our proactive safer gambling measures introduced during 2021.

Sports revenue declined by 14% (H1 -24%, H2 +1%) reflecting these challenging comparatives. World Cup sportsbook stakes were in line with the prior year's European Championships, while sportsbook net revenue margin increased 40 basis points, reflecting structural gains following the launch of Bet Builder products during the year. Sports results were slightly adverse for the year, including 300 basis points of adverse Q4 results mostly offset across the earlier quarters.

Gaming revenue increased 21% (pro forma -1%) including 34% growth in H2 (pro forma +8%). This was driven by strong player momentum throughout the year and consistent delivery of product improvements across all our brands.

Cost of sales as a percentage of revenue increased by 80 basis points to 31.6%, reflecting higher transaction fees and streaming costs.

Sales and marketing decreased by 3% (pro forma -13%) to 20.0% of revenue. This was 100 basis points lower than the prior year on a pro forma basis, from the delivery of efficiencies within our marketing spend. Other operating costs were in line, but 10% lower on a pro forma basis. This reflects cost efficiencies along with the one-off benefits from the sale of Oddschecker in 2021 and lower performance related pay, being partially offset by inflationary increases in employee pay and data.

Online Adjusted EBITDA declined £14m year on year to £612m, with a 35% increase in H2 being offset by a H1 decline of 24%. This trend reflects the revenue performance outlined above and consistent cost reduction throughout the year.

#### UK & Ireland Retail

Retail revenue grew 56% with our estate open throughout the year, generating Adjusted EBITDA of £42m. This compared to an Adjusted EBITDA loss of £10m in 2021, when our shops were closed from January to April in the UK and to May in Ireland due to Covid-related restrictions.

Revenue and Adjusted EBITDA have returned to 87% and 55% of 2019 levels, respectively reflecting the slower return of footfall in Ireland post-Covid restrictions and inflationary cost pressures. UK revenue is in line with 2019, with strong performance from betting and gaming terminals, while the Irish estate is at 70% of 2019 revenue.

Other operating costs increased by 18% year on year, reflecting our shops being fully open for the year and inflationary cost pressures.

At 31 December 2022, we had 608 (31 December 2021: 625) retail outlets with 356 in the UK and 252 in Ireland.

Australia<sup>3</sup>

<i>Unaudited Adjusted</i>	FY 2022 £m	FY 2021 £m	Change %	CC Change A\$
<b>Average monthly players ('000s)</b>	<b>1,090</b>	1,008	+8%	
<b>Sportsbook stakes</b>	<b>11,296</b>	11,702	-3%	-7%
<i>Sportsbook net revenue margin</i>	<b>11.2%</b>	11.1%	+10bps	+10bps
<b>Total revenue</b>	<b>1,263</b>	1,294	-2%	-6%
Cost of sales	(635)	(636)	—%	-4%
<i>Cost of sales as a % of net revenue</i>	<b>50.3%</b>	49.2%	+120bps	+110bps
<b>Gross profit</b>	<b>628</b>	658	-5%	-8%
Sales and marketing	(134)	(119)	+12%	+8%
<b>Contribution</b>	<b>494</b>	539	-8%	-11%
Other operating costs	(104)	(102)	+2%	-3%
<b>Adjusted EBITDA<sup>2,5</sup></b>	<b>390</b>	437	-11%	-13%
<i>Adjusted EBITDA margin</i>	<b>30.9%</b>	33.7%	-290bps	-270bps
Depreciation and amortisation	(29)	(26)	+15%	+12%
<b>Adjusted operating profit</b>	<b>361</b>	411	-12%	-15%

Note: The Australian division encompasses Sportsbet, which offers online sports betting in the Australian market.

Sportsbet AMPs were 8% higher while revenue declined 6% and EBITDA of £390m was 13% lower year on year. This reflects a strong performance in H1 (revenue +5%, EBITDA +10%) offset by the impact of more challenging conditions in H2 (revenue -14%, EBITDA -32%).

Revenue performance during 2022 reflected:

- A reduction in staking of 7% (H1: +4%, H2: -15%), driven by:
  - An enlarged player base with heightened player engagement, due to Covid lockdowns in 2020/2021, which carried into H1 2022, driving growth.
  - Followed by a reversion of H2 player engagement from Covid levels. H2 average player days were -9% year on year.
  - Sporting event cancellations and disruption, due to adverse weather conditions, costing c. £30m in revenue during the year.
  - An increase in competition during H2 and particularly Q4, which combined with the above led to a lower level of spend per customer.
- A structural improvement to net revenue margin during the year which, after reinvestment in generosity, led to 10-basis point increase year on year. Within this movement, sports results represented a small headwind year on year, with both 2022 and 2021 benefitting from 50 and 60 basis points in luck respectively.

Cost of sales increased as a % of revenue to 50.3% or 53.1% in H2, as guided POC tax increases of £22m took effect from July (annualised impact £73m). The increased competition within the Australian market, led to a corresponding step up in sales and marketing spend, which was 24% higher year on year in H2. Approximately half of this increase related to one-off items, such as investment in the FIFA World Cup campaign.

Operating costs remained broadly in line when compared with the prior year.

# Operating and financial review continued

## Operating and financial review continued International<sup>3</sup>

	Reported				Pro forma			
	FY 2022 £m	FY 2021 £m	Change %	CC Change %	FY 2022 £m	FY 2021 £m	Change %	CC Change %
<i>Unaudited Adjusted</i>								
Average monthly players ('000s)	3,126	2,428	+29%		3,568	3,163	+13%	
Sportsbook stakes	2,490	1,592	+56%	+52%	3,637	3,273	+11%	+10%
Sportsbook net revenue margin	10.9%	8.7%	+220bps	+220bps	12.1%	11.1%	+100bps	+100bps
Sports revenue	358	220	+63%	+58%	526	447	+18%	+16%
Gaming revenue	1,324	1,068	+24%	+18%	1,621	1,534	+6%	+4%
<b>Total revenue</b>	<b>1,683</b>	<b>1,288</b>	<b>+31%</b>	<b>+24%</b>	<b>2,147</b>	<b>1,981</b>	<b>+8%</b>	<b>+7%</b>
Cost of sales	(570)	(392)	+45%	+40%	(778)	(682)	+14%	+15%
Cost of sales as a % of net revenue	33.9%	30.4%	+350bps	+370bps	36.2%	34.4%	+180bps	+240bps
<b>Gross profit</b>	<b>1,113</b>	<b>897</b>	<b>+24%</b>	<b>+18%</b>	<b>1,369</b>	<b>1,299</b>	<b>+5%</b>	<b>+3%</b>
Sales and marketing	(374)	(335)	+12%	+6%	(386)	(360)	+7%	+3%
<b>Contribution</b>	<b>739</b>	<b>562</b>	<b>+31%</b>	<b>+25%</b>	<b>983</b>	<b>939</b>	<b>+5%</b>	<b>+3%</b>
Other operating costs	(381)	(270)	+41%	+35%	(488)	(433)	+13%	+11%
<b>Adjusted EBITDA<sup>2,5</sup></b>	<b>358</b>	<b>292</b>	<b>+22%</b>	<b>+16%</b>	<b>494</b>	<b>506</b>	<b>-2%</b>	<b>-3%</b>
Adjusted EBITDA margin	21.3%	22.7%	-140bps	-160bps	23.0%	25.6%	-250bps	-250bps
Depreciation and amortisation	(121)	(52)	+133%	+107%	(185)	(153)	+21%	+17%
<b>Adjusted operating profit</b>	<b>237</b>	<b>240</b>	<b>-2%</b>	<b>-5%</b>	<b>309</b>	<b>353</b>	<b>-13%</b>	<b>-12%</b>

Note: The International division includes Sisal, PokerStars, Adjarabet, Betfair and Junglee brands but excludes PokerStars US business and Betfair UK & Ireland operations. Sisal was acquired in August 2022 and Junglee in January 2021. Pro forma references within the commentary include Sisal and Junglee as though part of the division in both 2021 and 2022 for the entire period. A reconciliation of the division's reported and pro forma income statement is included in Appendix 2.

### Pro forma

International AMPs grew 13% driving revenue 7% higher. Adjusted EBITDA declined by 3%, reflecting the combined £100m impact of the regulatory and tax changes in Germany, Russia, and the Netherlands. Adjusting for these items, revenue and Adjusted EBITDA grew 15% and 20% respectively.

Revenue in our Consolidate and Invest markets, which made up 76% of revenue, increased 22% reflecting strong performances in Italy (+22%), India (+80%) and Turkey (+80%). In Italy, Sisal's retail business benefitted from a fully open retail estate in H1 with retail revenue over 50% higher year on year. Italy online grew 5%, retaining online migrators of the last two years and taking share in the market. In India, Junglee's growth was player driven, with AMPs 78% higher in 2022. Optimise and Maintain markets declined 22% or 8% excluding regulatory headwinds, reflecting the unwind of the prior year Covid-related benefit.

Cost of sales as a % of net revenue increased 240 basis points to 36.2%, due to relief from some Italian retail charges in the prior year during Covid-impacted periods.

Sales and marketing increased by 3% reflecting the ongoing investment in our Consolidate and Invest markets offset by savings elsewhere. Other operating costs increased by 11%, up 24% in H1 and 1% lower in H2. The increase in H1 reflects a fully open Sisal retail estate and the annualisation of additional resources to stabilise and improve our product and technology offering. This additional resource extended to capital investment and when combined with amortisation of Sisal's expanded lottery concessions, drove depreciation and amortisation 17% higher.

### Reported

Strong growth in players and revenue reflects a five-month contribution from Sisal in 2022 along with growth in our Consolidate and Invest markets. Adjusted EBITDA increased 16% to £358m from:

- Five months of Sisal EBITDA (+£111m).
- Growth in other Consolidate and Invest markets (excludes Italy and Turkey) where revenue increased 15%.
- Partly offset by the combined negative impact of market exits in the Netherlands (£30m) and Russia/Ukraine (£50m), along with a gaming tax change in Germany (£20m) of £100m.

Revenue growth of 24% for the year reflects these factors. The higher growth in sports revenue is due to Sisal having a higher mix of sports revenue compared to the existing International businesses.

Cost of sales as a % of net revenue increased 370 basis points to 33.9%, due to relief from some Italian retail charges in the prior year during Covid-impacted periods. Sales and marketing costs increased by 6% but were 390 basis points lower as a % of revenue. With advertising restrictions in Italy, Sisal's marketing spend is minimal. Other operating costs increased by 35%.



## Separately disclosed items

	FY 2022 £m	FY 2021 £m
Transaction fees and associated costs	(35)	(22)
Restructuring and integration initiatives	(131)	(45)
Legal provision releases	38	—
Kentucky settlement and associated legal costs	—	(163)
Germany and Greece tax expense	—	(47)
<b>EBITDA impact of separately disclosed items</b>	<b>(127)</b>	<b>(278)</b>
Amortisation of acquisition related intangible assets	(608)	(543)
Disposal of Oddschecker Global Media	—	12
<b>Operating loss impact of separately disclosed items</b>	<b>(735)</b>	<b>(809)</b>
Financial income	11	—
Financial expense	(68)	(100)
<b>Loss before tax impact of separately disclosed items</b>	<b>(792)</b>	<b>(909)</b>
Tax credit on separately disclosed items	152	43
<b>Total separately disclosed items</b>	<b>(641)</b>	<b>(866)</b>

Separately disclosed items do not relate to business-as-usual activity of the Group, are items that are volatile in nature or non-cash purchase price accounting amortisation and therefore are excluded from Adjusted profits.

Transaction fees and associated costs of £35m related to fees for the FOX arbitration as well as the acquisition of tombola and Sisal.

Restructuring and integration costs primarily relate to the integration with The Stars Group ('TSG').

During 2022, two legacy TSG litigation matters were settled resulting in the release of £38m from our legal provisions.

Amortisation of acquisition related intangible assets increased £65m to £608m following the acquisitions of Sisal and tombola in 2022.

The tax credit of £152m primarily relates to the tax effect of the amortisation of acquisition-related intangibles.

# Operating and financial review continued

## Operating and financial review continued

### Statutory review<sup>1</sup>

#### Group

<i>Unaudited</i>	FY 2022 £m	FY 2021 £m	Change %
Sports revenue	4,788	3,774	+27%
Gaming revenue	2,906	2,262	+28%
<b>Total revenue</b>	<b>7,693</b>	<b>6,036</b>	<b>+27%</b>
Cost of sales	(3,146)	(2,310)	+36%
<i>Cost of sales as a % of net revenue</i>	<b>40.9%</b>	38.3%	+260bps
<b>Gross profit</b>	<b>4,547</b>	<b>3,727</b>	<b>+22%</b>
Operating costs	(3,629)	(3,003)	+21%
<b>EBITDA</b>	<b>918</b>	<b>723</b>	<b>+27%</b>
<i>EBITDA margin %</i>	<b>11.9%</b>	12.0%	-10bps
Amortisation of acquisition related intangibles	(608)	(543)	+12%
Depreciation and amortisation	(369)	(254)	+45%
Gain on disposal	(1)	12	
<b>Operating loss</b>	<b>(60)</b>	<b>(63)</b>	
Net finance expense	(215)	(226)	-5%
<b>Loss before tax</b>	<b>(275)</b>	<b>(288)</b>	
Taxation	(30)	(124)	-76%
<b>Loss after tax</b>	<b>(305)</b>	<b>(412)</b>	
Basic loss per share	(170.8p)	(236.5p)	
Diluted loss per share	(170.8p)	(236.5p)	
<b>Net current liabilities</b>	<b>(416)</b>	<b>(112)</b>	
<b>Net assets</b>	<b>10,337</b>	<b>10,288</b>	
<b>Net cash from operating activities</b>	<b>1,297</b>	<b>775</b>	<b>+67%</b>

Note: A full analysis of the Group's adjusted performance can be found at page 80-85.

Flutter delivered strong 2022 revenue growth of 27%, driven by continued expansion of our recreational base with AMPs up 26% to 10.2m. Our rapidly scaling US business was a key driver of this success, with the Group outside of the US benefitting from the acquisitions of Sisal and tombola during the year.

Cost of sales as a percentage of net revenue increased by 260 basis points to 40.9% primarily driven by our launch in New York, where gaming tax rates are higher than other states, as well as an increase in Australian POC taxes and relief from some Italian retail charges in the prior year during Covid-impacted periods.

Operating costs increased by 21% driven by US investment in sales and marketing, as well as the acquisition of Sisal and tombola during the year with reported EBITDA growing 27% in line with revenue growth.

The statutory Group effective tax rate was -11% (2021: -42.8%). A reduced tax charge in the period of £30m (2021: £124m) resulted in a lower loss after tax of £305m. The lower tax charge, compared with 2021, was primarily due to a one-off deferred tax charge of £104m in the prior year, relating to the UK's main corporate tax rate change from 19% to 25% applicable from 1 April 2023. Loss per share decreased 65.7p in line with the movement in the loss after tax.

Net current liabilities increased from £112m at 31 December 2021 to £416m at 31 December 2022, mainly due to the purchase of tombola in January 2022 for £410m, which was financed from the Group's cash resources. As in previous years, the Group regularly operates in a net current liability position, due to the Group's operating model whereby it receives payments for nearly all revenues in advance with material cost items paid in arrears.

Net assets of £10.3bn at 31 December 2022 were broadly in line year on year with increases in total assets, due to the Sisal acquisition and further growth in our US business offset by corresponding increases in total liabilities.

Net cash flow from operating activities increased to £1,297m from £775m. This was due to the Kentucky litigation payment in 2021, as well as a higher working capital benefit (including movement in customer balances) in 2022 than in the prior year, due to the continued growth within the business.

A full analysis of the Group's Adjusted performance can be found at pages 80-85.

## Cash flow and financial position

<i>Unaudited</i>	FY 2022 £m	FY 2021 £m
<b>Adjusted EBITDA</b>	<b>1,045</b>	<b>1,001</b>
Capex	(403)	(308)
Working capital	222	119
Corporation tax	(163)	(138)
Lease liabilities paid	(72)	(48)
<b>Adjusted free cash flow</b>	<b>628</b>	<b>625</b>
Cash flow from separately disclosed items	(118)	(61)
<b>Free cash flow</b>	<b>510</b>	<b>563</b>
Interest cost	(136)	(140)
Other borrowing costs	(75)	(57)
Settlement of swaps	—	(68)
Amounts paid in respect of Kentucky settlement	—	(234)
Purchase of shares by the Employee Benefit Trust ("EBT")	(3)	(181)
Acquisitions and disposals	(2,289)	73
Cash transferred in acquisitions/disposals	105	4
Other	(1)	(13)
<b>Net (decrease)/increase in cash</b>	<b>(1,889)</b>	<b>(53)</b>
<b>Net debt<sup>13</sup> at start of year</b>	<b>(2,647)</b>	<b>(2,814)</b>
Foreign currency exchange translation	(260)	(5)
Change in fair value of hedging derivatives	152	225
<b>Net debt as at 31 December</b>	<b>(4,644)</b>	<b>(2,647)</b>

Note: Prepared on a net cash/debt basis including borrowings, debt related derivatives and cash and cash equivalents - available for corporate use but excluding cash and cash equivalents - customer balances. A reconciliation to the Group's consolidated statement of cash flows is included in Appendix 4.

Adjusted free cash flow of £628m in 2022 was broadly in line with the prior year while reflecting the following:

- An increase in capital expenditure of £95m, with £43m relating to the acquisition of Sisal and the balance reflecting investment in growth-driving product and technology across our divisions, particularly International.
- Higher corporate tax payments reflecting the increased effective tax rate for the Group.
- A larger working capital benefit year on year, as our business continues to expand, primarily in the US.

Cash outflow from separately disclosed items of £118m primarily relates to restructuring and integration costs. This relates to the combination with TSG, fees associated with the Fox arbitration and the acquisitions of Sisal and tombola during the year.

Interest payments were in line year on year reflecting 2020 accrued interest costs which were paid in 2021. Excluding these timing differences, interest payments would have increased driven by debt associated with the Sisal acquisition and higher cost of debt in H2.

The acquisitions of tombola and Sisal and the Adjarabet minorities buyout during the year resulted in a cash outflow of £2.3bn.

As at 31 December 2022, the Group had net debt of £4,644m, excluding customer balances, representing a leverage ratio of 3.9x times<sup>13</sup>. The Group continues to hedge the impact of currency fluctuations on its leverage ratio through cross currency swap agreements. Changes in the fair value of these hedging derivatives are reflected in net debt.



## Operating and financial review continued

### Notes:

1. Reported figures represent the IFRS reported statutory numbers. Where amounts have been normalised for separately disclosed items they are noted as Adjusted.
2. "Adjusted" measures exclude items that are separately disclosed as they are: (i) not part of the usual business activity of the Group (ii) items that are volatile in nature and (iii) purchase price accounting amortisation of acquired intangibles (non-cash). Therefore, they have been reported as "separately disclosed items (SDIs)" (see note 6 to the financial statements).
3. Growth rates in the commentary are in local or constant currency<sup>15</sup> except reported numbers which are in nominal currency.
4. 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 comparative figures have been adjusted to show a like for like comparison.
5. EBITDA is defined as profit for the period before depreciation, amortisation, impairment, gain on disposal, financial income, financial expense and taxation and is a non-GAAP measure. This measure is used internally to evaluate performance, to establish strategic goals and to allocate resources. The directors also consider the measure to be commonly reported and widely used by investors as an indicator of operating performance and ability to incur and service debt, and as a valuation metric. It is a non-GAAP financial measure and is not prepared in accordance with IFRS and, as not uniformly defined terms, it may not be comparable with measures used by other companies to the extent they do not follow the same methodology used by the Group. Non-GAAP measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. All of the adjustments shown have been taken from the financial statements.
6. Pro forma references include Junglee, tombola and Sisal for a full 12-month period in both 2021 and 2022.
7. US total addressable market based on internal estimates and excluding Canada (estimated mature total addressable market of \$3bn). Total addressable market outside US based on H2GC data and internal estimates. Italian market estimate based on internal estimates.
8. Online sportsbook market share is the GGR market share of FanDuel and FOXBet for Q4 2022 in the states in which FanDuel was live based on published gaming regulator reports in those states. During Q4 2022 FanDuel was live in 17 states; Arizona (AZ), Colorado (CO), Connecticut (CT), Illinois (IL), Indiana (IN), Iowa (IA), Kansas (KS), Louisiana (LA), Maryland (MD), Michigan (MI), New Jersey (NJ), New York (NY), Pennsylvania (PA), Tennessee (TN), Virginia (VA), West Virginia (WV) and Wyoming (WY). During Q4 2022 FOXBet was live in 4 states; CO, NJ, MI and PA. Market share does not include AZ for December as the data has yet to be released.
9. Consolidate and invest markets in International are Italy, Spain, Georgia, Armenia, Brazil, Canada, India and Turkey.
10. Global Play Well goal is measured as the 12-month rolling average % of AMPs who use a safer gambling (Play Well) tool in the specified reporting period. A safer gambling tool is any tool that a customer has used (or Flutter has applied to a customer) in the reporting period that helps to promote safer gambling. During 2022, Flutter strengthened the measurement of this metric including a change to measure AMPs instead of active customers, apply more consistent tool usage definitions across the Group as well as including Adjarabet, Junglee and tombola.
11. Australian gross gaming revenue market share for 2022 based on competitor filings and internal estimates.
12. Sisal market share based on Italian regulatory filings.
13. Net debt is the principal amount of borrowings plus associated accrued interest, minus available cash & cash equivalents plus/minus carrying value of debt related derivatives. Leverage is calculated using Adjusted EBITDA for the appropriate 12-month period (pro forma EBITDA used for 2022).
14. Includes the gross value of derivatives.
15. Constant currency ("CC") growth is calculated by retranslating the non-sterling denominated component of 2021 at 2022 exchange rates (see Appendix 3).

## Appendix 1: Reconciliation of Adjusted to statutory results

In the operating and financial review the Group's financial performance has been presented on an Adjusted and reported basis. The difference between the Adjusted and reported information relates to the inclusion of separately disclosed items. The impact on the income statement and earnings per share is set out below.

<i>£m unaudited</i>	Adjusted results		Separately disclosed items <sup>1</sup>		Statutory results	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Sports revenue	4,788	3,774			4,788	3,774
Gaming revenue	2,906	2,262			2,906	2,262
<b>Total revenue</b>	<b>7,693</b>	<b>6,036</b>	<b>—</b>	<b>—</b>	<b>7,693</b>	<b>6,036</b>
Cost of sales	(3,164)	(2,262)	18	(47)	(3,146)	(2,310)
<i>Cost of sales as a % of net revenue</i>	<i>41.1%</i>	<i>37.5%</i>			<i>40.9%</i>	<i>38.3%</i>
<b>Gross profit</b>	<b>4,529</b>	<b>3,774</b>	<b>18</b>	<b>(47)</b>	<b>4,547</b>	<b>3,727</b>
Sales and marketing	(1,853)	(1,508)			(1,853)	(1,508)
<b>Contribution</b>	<b>2,676</b>	<b>2,266</b>	<b>18</b>	<b>(47)</b>	<b>2,694</b>	<b>2,219</b>
Other operating costs	(1,524)	(1,164)		(163)	(1,524)	(1,328)
Corporate costs	(107)	(101)	(145)	(67)	(252)	(168)
<b>EBITDA</b>	<b>1,045</b>	<b>1,001</b>	<b>(127)</b>	<b>(278)</b>	<b>918</b>	<b>723</b>
<i>EBITDA margin</i>	<i>13.6%</i>	<i>16.6%</i>			<i>11.9%</i>	<i>12.0%</i>
Depreciation and amortisation	(370)	(255)	(608)	(531)	(977)	(786)
<b>Operating profit/(loss)</b>	<b>675</b>	<b>746</b>	<b>(735)</b>	<b>(809)</b>	<b>(60)</b>	<b>(63)</b>
Net finance expense	(158)	(126)	(57)	(100)	(215)	(226)
<b>Profit/(loss) before tax</b>	<b>518</b>	<b>620</b>	<b>(792)</b>	<b>(909)</b>	<b>(275)</b>	<b>(288)</b>
Taxation	(182)	(166)	152	43	(30)	(124)
<b>Profit/(loss) for the period</b>	<b>336</b>	<b>454</b>	<b>(641)</b>	<b>(866)</b>	<b>(305)</b>	<b>(412)</b>
Profit/(loss) attributable to non controlling interest	(1)	(10)	4	6	3	(4)
Profit/(loss) attributable to equity holders	334	444	(636)	(860)	(302)	(416)
Weighted average number of shares ('000s)	176,833	175,780			176,833	175,780
<b>Adjusted basic EPS (pence)</b>	<b>189p</b>	<b>253p</b>			<b>(171p)</b>	<b>(237p)</b>

1. See note 6 of the financial statements.

## Appendix 2: Reconciliation of International pro forma to statutory results

Acquired businesses Junglee (January 2021), Singular (September 2021) and Sisal (August 2022) have been included on a reported basis.

Pro forma measures for the International division have been included in these preliminary results where they best represent underlying performance. The difference between the reported and pro forma results for the International division is the inclusion of the results of Sisal and Junglee in the period prior to completion as per the table below.

<i>Unaudited Adjusted</i>	Adjusted pro forma		Adjusted results pre-completion		Separately disclosed items <sup>1</sup>		Statutory reported	
	FY 2022 £m	FY 2021 £m	FY 2022 £m	FY 2021 £m	FY 2022 £m	FY 2021 £m	FY 2022 £m	FY 2021 £m
Sports revenue	526	447	(168)	(227)			358	220
Gaming revenue	1,621	1,534	(297)	(465)			1,324	1,068
<b>Total revenue</b>	<b>2,147</b>	<b>1,981</b>	<b>(465)</b>	<b>(692)</b>	<b>—</b>	<b>—</b>	<b>1,683</b>	<b>1,288</b>
Cost of sales	(778)	(682)	209	290			(570)	(392)
<i>Cost of sales as a % of net revenue</i>	<i>36.2%</i>	<i>34.4%</i>					<i>33.9%</i>	<i>30.4%</i>
<b>Gross profit</b>	<b>1,369</b>	<b>1,299</b>	<b>(256)</b>	<b>(402)</b>	<b>—</b>	<b>—</b>	<b>1,113</b>	<b>897</b>
Sales and marketing	(386)	(360)	12	25			(374)	(335)
<b>Contribution</b>	<b>983</b>	<b>939</b>	<b>(244)</b>	<b>(377)</b>	<b>—</b>	<b>—</b>	<b>739</b>	<b>562</b>
Other operating costs	(488)	(433)	107	163	21	(210)	(361)	(480)
<b>Adjusted EBITDA</b>	<b>494</b>	<b>506</b>	<b>(137)</b>	<b>(214)</b>	<b>21</b>	<b>(210)</b>	<b>378</b>	<b>82</b>
<i>Adjusted EBITDA margin</i>	<i>23.0%</i>	<i>25.6%</i>					<i>21.3%</i>	<i>22.7%</i>
Depreciation and amortisation	(185)	(153)	64	101	(306)	(276)	(427)	(328)
<b>Adjusted operating profit/(loss)</b>	<b>309</b>	<b>353</b>	<b>(72)</b>	<b>(113)</b>	<b>(285)</b>	<b>(487)</b>	<b>(48)</b>	<b>(246)</b>

1. See note 6 of the financial statements.

## Operating and financial review continued

### Appendix 3: Reconciliation to constant currency growth rates

Constant currency ("cc") growth is calculated by retranslating non-sterling denominated component of FY 2021 at FY 2022 exchange rates as per the table below.

<i>Em unaudited</i>	FY 2022	FY 2021	Change %	FY 2021 FX impact	FY 2021 CC	Change CC %
Sports revenue	4,788	3,774	+27%	171	3,945	+21%
Gaming revenue	2,906	2,262	+28%	105	2,367	+23%
<b>Total revenue</b>	<b>7,693</b>	<b>6,036</b>	<b>+27%</b>	<b>275</b>	<b>6,311</b>	<b>+22%</b>
Cost of sales	(3,164)	(2,262)	+40%	(112)	(2,374)	+33%
<i>Cost of sales as a % of net revenue</i>	<i>41.1%</i>	<i>37.5%</i>	<i>+370bps</i>		<i>37.6%</i>	<i>+350bps</i>
<b>Gross profit</b>	<b>4,529</b>	<b>3,774</b>	<b>+20%</b>	<b>164</b>	<b>3,938</b>	<b>+15%</b>
Sales and marketing	(1,853)	(1,508)	+23%	(104)	(1,612)	+15%
<b>Contribution</b>	<b>2,676</b>	<b>2,266</b>	<b>+18%</b>	<b>59</b>	<b>2,326</b>	<b>+15%</b>
Other operating costs	(1,524)	(1,164)	+31%	(51)	(1,215)	+25%
Corporate costs	(107)	(101)	+7%	(1)	(101)	+6%
<b>Adjusted EBITDA</b>	<b>1,045</b>	<b>1,001</b>	<b>+4%</b>	<b>8</b>	<b>1,009</b>	<b>+4%</b>
<i>Adjusted EBITDA margin</i>	<i>13.6%</i>	<i>16.6%</i>	<i>-300bps</i>		<i>16.0%</i>	<i>-240bps</i>
Depreciation and amortisation	(370)	(255)	+45%	(13)	(268)	+38%
<b>Adjusted operating profit/(loss)</b>	<b>675</b>	<b>746</b>	<b>-9%</b>	<b>(5)</b>	<b>741</b>	<b>-9%</b>
<b>Revenue by division</b>						
UK & Ireland	2,144	2,063	+4%	(1)	2,062	+4%
Australia	1,263	1,294	-2%	45	1,339	-6%
International	1,683	1,288	+31%	64	1,352	+24%
US	2,604	1,391	+87%	167	1,558	+67%
<b>Adjusted EBITDA by division</b>						
UK & Ireland	654	616	+6%	3	619	+6%
Australia	390	437	-11%	13	449	-13%
International	358	292	+22%	16	308	+16%
US	(250)	(243)	+3%	(23)	(266)	-6%
Corporate costs	(107)	(101)	+7%	(1)	(101)	+6%



## Appendix 4: Reconciliation of Adjusted cash flow to reported statutory cash flow

In the operating and financial review the cash flow has been presented on a net cash basis. The difference between the net cash basis and the reported cash flow is the inclusion of borrowings, debt related derivatives and cash and cash equivalents - available for corporate use but excluding cash and cash equivalents - customer balances to determine a net cash position.

<i>£m unaudited</i>	Adjusted cash flow		Debt and customer balances adjustments		Statutory cash flow	
	2022	2021	2022	2021	2022	2021
<b>Adjusted EBITDA<sup>1</sup></b>	<b>1,045</b>	<b>1,001</b>			<b>1,045</b>	<b>1,001</b>
Capex <sup>2</sup>	(403)	(308)			(403)	(308)
Working capital <sup>3</sup>	222	119			222	119
Corporation tax	(163)	(138)			(163)	(138)
Lease liabilities paid	(72)	(48)			(72)	(48)
<b>Adjusted free cash flow</b>	<b>628</b>	<b>625</b>	<b>—</b>	<b>—</b>	<b>628</b>	<b>625</b>
Cash flow from separately disclosed items <sup>4</sup>	(118)	(61)			(118)	(61)
<b>Free cash flow</b>	<b>510</b>	<b>563</b>	<b>—</b>	<b>—</b>	<b>510</b>	<b>563</b>
Interest cost <sup>5</sup>	(136)	(140)			(136)	(140)
Other borrowing costs <sup>5</sup>	(75)	(57)			(75)	(57)
Settlement of swaps	—	(68)			—	(68)
Amounts paid in respect of Kentucky settlement	—	(234)			—	(234)
Purchase of shares by the EBT	(3)	(181)			(3)	(181)
Acquisitions and disposals <sup>6</sup>	(2,289)	73			(2,289)	73
Cash acquired in business combinations <sup>6</sup>	105	4	304		409	4
Other <sup>7</sup>	(1)	(13)			(1)	(13)
Movement in cash and cash equivalents - customer balances	—	—	311	89	311	89
Net amounts repaid on borrowings <sup>8</sup>	—	—	1,706	416	1,706	416
<b>Net (decrease)/increase in cash</b>	<b>(1,889)</b>	<b>(53)</b>	<b>2,321</b>	<b>506</b>	<b>432</b>	<b>453</b>
<b>Net (debt)/cash at start of year<sup>9</sup></b>	<b>(2,647)</b>	<b>(2,814)</b>	<b>4,276</b>	<b>4,005</b>	<b>1,629</b>	<b>1,191</b>
Foreign currency exchange translation	(260)	(5)	290	(10)	30	(15)
Change in fair value of hedging derivatives	152	225	(152)	(225)	—	—
<b>Net (debt)/cash as at 31 December<sup>9</sup></b>	<b>(4,644)</b>	<b>(2,647)</b>	<b>6,735</b>	<b>4,276</b>	<b>2,091</b>	<b>1,629</b>

- Adjusted EBITDA includes the following line items in the statutory cash flow: Profit for the period, separately disclosed items, tax expense, financial income, financial expense and depreciation and amortisation.
- Capex includes purchase of property, plant and equipment, purchase of intangible assets, capitalised internal development expenditure, lease incentive received and payment of contingent deferred consideration.
- Working capital includes (increase)/decrease in trade and other receivables, increase in trade, other payables and provisions, employee equity-settled share-based payments expense before separately disclosed items and investments and foreign currency exchange loss/(gain).
- Cash flow from separately disclosed items relates to transaction fees, along with restructuring and integration costs.
- Interest and other borrowing costs includes interest paid, interest received and fees in respect of borrowing facilities.
- The combination of acquisition and disposals of (£2,289m) and cash acquired in business combinations (£409m) reconciles to the statutory cash flow amounts for purchase of businesses net of cash acquired (£1,675m) and acquisition of further interest in subsidiary (£204m).
- Other includes proceeds from the disposal of assets, proceeds from the issue of shares on exercise of employee options, dividends paid to non-controlling interest, lease interest paid and other.
- Net amounts repaid on borrowings includes principle repayments on USD First Lien Term Loan B and additional draw downs and repayments on the GBP Revolving Credit Facilities.
- Net (debt)/cash comprises principal outstanding balance of borrowings, accrued interest on those borrowings, derivatives held for hedging debt instruments, cash and cash equivalents - available for corporate use and cash and cash equivalents - customer balances.

# Understanding and managing our principal risks

At Flutter, we are proud to be the global leader in betting and gaming. We believe that proactive identification, assessment and management of the risks and uncertainties facing our business and industry is an integral part of how we can grow a sustainable and resilient business. Risk is engrained in our culture and informs decisions that help drive the delivery of our strategic objectives.

- Our risk management community deliver insights, cutting through complexities and crystallising potential consequences and providing a clear and comprehensive approach and practice for our people as we go about our daily responsibilities.
- Our governance structures offer continuous review and challenge of our strategy and decisions.
- Our processes empower people to make informed decisions that fuel growth and drive commercial success, constantly scanning the horizon for challenges that we might face.
- Our communities of practice leverage our scale to enhance practices and standards globally positioning our diverse business for success.



### Risk management programme

We have made significant strides towards the delivery of our three-year global risk strategy, further embedding and building upon the enhanced risk processes, capabilities and governance structures across the Group to ensure efficient reporting and accountability for risks. We have dedicated risk management teams across the Group helping to shape and influence decisions. Flutter's risk management framework, embedded across the Group, ensures an aligned approach of identification, management and reporting of risks as well as a structured and consistent approach to threats and opportunities throughout all of our operations. Our risk management programme is reinforced by integrated processes which harness the collective risk insights and information of the Group. The continued maturity of our risk structures has enabled us to integrate our bottom-up and top-down risk perspectives, ensuring transparency of threats, opportunities, and controls in the context of individually and collectively held strategic objectives.

### Business resilience

Protecting our reputation, customers, colleagues, and assets are core to Flutter's aim of sustainable growth and success. Global events continue to reinforce the need for organisations to have strong robust crisis capabilities, and during 2022 we tackled four workstreams as part of a broader crisis preparedness programme. We perform periodic crisis simulations with our executives and senior management from across the Group, supplemented by Board representation, using a tailored set of evolving scenarios. Our crisis preparedness programme builds upon existing crisis and business continuity capabilities, structures, plans and toolkits, which already make a strong contribution to the resilience of our organisation.

### The Task Force on Climate-related Financial Disclosures ("TCFD")

We recognise that climate change poses a number of physical (e.g. extreme weather events affecting sporting events) and transition-related (e.g. stakeholder perception) risks and opportunities for our business. As part of our commitment to operate ethically and sustainably, we take a risk-based collaborative and strategic approach to climate change. We continue to align internal processes with the recommendations of the TCFD. In 2022, we conducted a climate change risk assessment as part of our programme of work in reducing our environmental impact. We are using the outcome of the assessment to deploy actions to embed climate risk into our risk management processes, with integrated briefings, assessments and targeted workshops planned for 2023.

 More in-depth information on our progress and plans can be found on page 69

## 2022 highlights

### Aligned Assurance

We consider Aligned Assurance as the coordination and alignment of governance, risk and assurance activities to maximise operating efficiency and better coordinate efforts, reporting and management of risk in accordance with Flutter’s risk appetite. Our 2022 strategic roadmap goals, a key cornerstone towards the initial development and implementation of our aligned assurance journey, were accomplished, including the deployment of a framework, governance forum, assurance mapping, aligned lexicon/taxonomy and shared data.

### Horizon scanning

We enhanced our robust process collating emerging risk perspectives, informed by divisions, relevant corporate subject matter experts and leadership, to provide a Group-wide view. In 2022, we deployed a series of workshops across our risk categories to provide a deeper exploration of our emerging risks and opportunities and come to a consensus on our response. We define an emerging risk as a potentially significant threat with an uncertain impact restricting our ability to confidently define a strategy and build capabilities to significantly influence the materiality of the risk. Examples include accelerated digitalisation and technological advances, and evolving skills requirements and shortages.

### Risk culture and our people

Our people are at the heart of what we do. We believe a positive risk culture enables our people at every level to incorporate risk management as an intrinsic part of their day-to-day activities. A key priority of our risk strategy is to create a culture of effective risk management that powers growth. We do this by:

- Capturing and sharing a compelling narrative for risk across the Group.
- Delivering targeted education on risk to key populations.
- Collaboration across the Group on good practices and external insight.



## Risk management processes

Given the dynamic nature of risk and the agility of our business, our enhanced framework operates as a business process at all levels of Flutter. Integration with strategy and performance, in addition to ongoing risk management processes, will ensure robust and effective risk management to support in maximising the performance of our brands, our divisions and the Group as a whole.

See page 95



## Key priorities for 2023

Looking ahead to 2023, some of the key areas of focus for risk management include the following:

### GRC technology

Finalise the development of our integrated governance, risk and compliance (“GRC”) platform which will automate routine compliance, risk and governance processes and workflows to enable more efficient and effective reporting and collaboration.

### Policy governance

As part of our commitment to transparency in 2022, we commenced the review of our policies to bring about an aligned and consistent approach to how we develop, approve and maintain policies, and enhance policy lifecycle management. In 2023, we expect to complete this work.

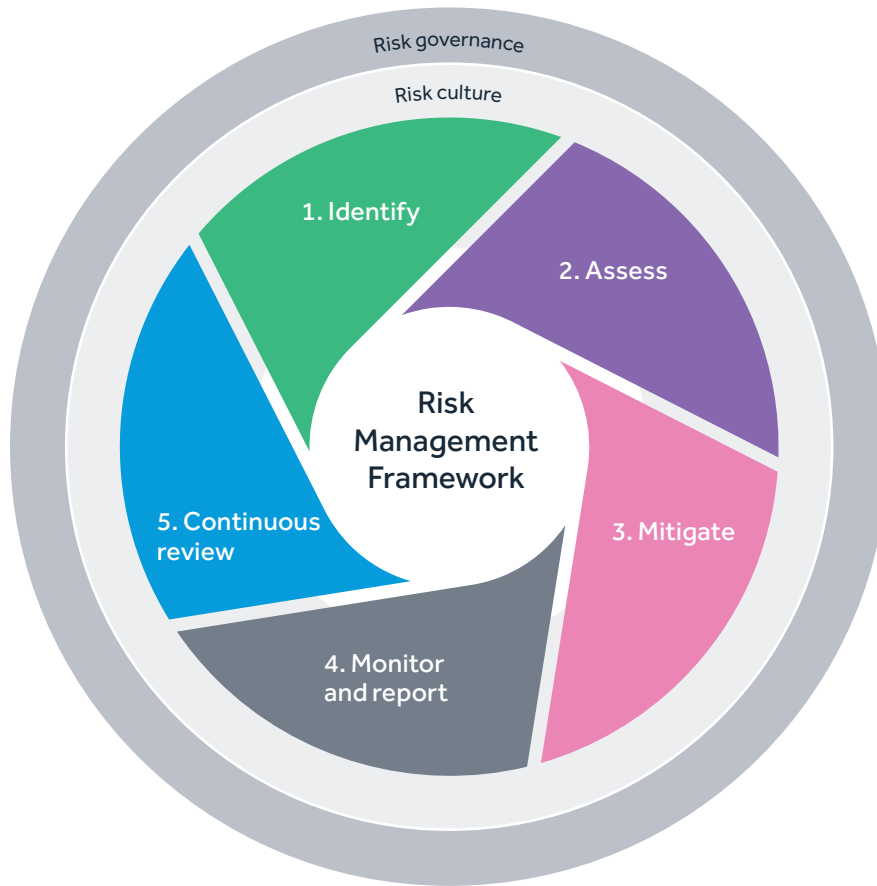


# Risks continued

## Risk governance structure

Our risk governance within the Group enables agile decision making, easy escalation of material matters, transparent reporting and drives a positive and proactive risk culture amongst our people. We deploy the Three Lines Model to support the Board in its responsibilities for risk management. Clarity of ownership and responsibility is pervasive throughout the Group, supported by our robust governance structure.





**1 Identify risks**

Our robust methodology identifies material and emerging risks across the divisions and wider Group.

**2 Assess and quantify risks**

Analyse risks and controls and evaluate the commercial, strategic, regulatory and other impacts, as well as the likelihood of occurrence.

**3 Develop action plans to manage and mitigate risk**

Risk owners assess effectiveness and adequacy of controls. If additional mitigation is required, these are identified, and action plans detailed with responsibilities assigned.

**4 Monitor and reassess risk considering mitigation and report**

Management is responsible for monitoring controls and progress of actions to manage principal risks and is supported through the Group's assurance and audit programmes which evaluate the design and effectiveness of controls.

**5 Continuous review**

The risk management process is continuous and evolving; principal and emerging risks are reported to both the Board Risk and Sustainability and Audit Committees, and more regularly through the Executive and Divisional Risk Committees.

# Risks continued

## Identifying our principal risks

The principal risks and uncertainties which are considered to have a material impact on the Group’s future performance, sustainability and strategic objectives are set out on the following pages.

These were identified through risk assessments across the Group and each of the divisions at a point in time and will continue to be monitored. Both external and internal risk factors in the current and medium-term time periods have been considered. This process also complements our Group horizon scan, as detailed on page 93.<sup>1</sup>

This is not an exhaustive and extensive analysis of all risks which may affect the Group. Additional risks and uncertainties currently deemed to be less material, or not presently known to management, may also have an effect on the performance and strategic objectives of the Group.





**Key:**


**Impact:** Impact on the business if the risk materialises.

**Likelihood:** Likelihood of occurrence of the risk in the next three years after taking into account mitigation activities by the business.
















- High
- Medium
- Low

**Links to strategy:**

-  **Invest** to win in the US
-  **Grow** our gold medal positions in core markets
-  **Build** on our network and invest for leadership positions across international markets
-  **Future** spaces and new customers

Principal risk/ uncertainty	Why we need to manage this	How we manage and mitigate the risk	Residual impact/ likelihood
<b>Changing legal and regulatory landscape</b>			<b>Links to strategy:</b>    
<b>Risk category:</b> <ul style="list-style-type: none"> <li>• External dynamics</li> </ul> <b>Future trend:</b> <ul style="list-style-type: none"> <li>• Stable</li> </ul> <b>Risk owner:</b> <ul style="list-style-type: none"> <li>• CLO</li> </ul>	The complex and constantly changing regulatory environments in which we operate, in terms of multiple jurisdictions, tax regimes and licensing obligations, can make it commercially challenging for us to operate, or impact our ability to grow at pace.	<ul style="list-style-type: none"> <li>• We have dedicated internal and external Legal, Regulatory, Compliance and Tax teams covering all regions with responsibility for working with, and advising management on any upcoming regulatory changes, to set appropriate policies, processes and controls to adapt and ensure compliance.</li> <li>• Our regulatory profile continues to improve with an increased proportion of revenues coming from regulated markets and a continuous focus on reducing exposure to higher risk jurisdictions.</li> <li>• For material markets, we engage external counsel to complement our in-house ongoing monitoring activity and to guide and support strategic decision making and planning associated with these markets.</li> <li>• We invest continuously in the flexibility of our in-house technology which is key for entering or remaining in markets, and allowing for adaptability and flexibility of our products as market conditions change.</li> <li>• Flutter and its divisions have dedicated Corporate Affairs teams and hold memberships with associations and industry groups working with regulators and governments to drive proportionate, transparent and reasonable regulation and taxation in the industry.</li> </ul>	<b>Impact:</b> <span style="color: orange;">●</span> <b>Likelihood:</b> <span style="color: red;">●</span>

1. We recognise the area of climate change is evolving quickly and it is currently monitored both in relation to our principal risks, for example legal & regulatory and third parties & key suppliers, and our emerging risks. Climate change will continue to be a focus of risk assessments and workshops in 2023.

Principal risk/ uncertainty	Why we need to manage this	How we manage and mitigate the risk	Residual impact/ likelihood
<b>US growth execution and competition</b> <span style="float: right;">Links to strategy: </span>			
<b>Risk category:</b> <ul style="list-style-type: none"> <li>• Strategy</li> </ul> <b>Future trend:</b> <ul style="list-style-type: none"> <li>• Stable</li> </ul> <b>Risk owner:</b> <ul style="list-style-type: none"> <li>• CEO(s)</li> </ul>	<p>The successful execution of the growth strategy for the US business across its brands and partnerships is critical to our long-term ambitions.</p>	<ul style="list-style-type: none"> <li>• We continue to establish and maintain strong commercial relationships with our market access partners and strategic media partners to secure access to new markets and maintain growth.</li> <li>• We invest in people, product and brands to acquire further market share and to maintain the agility, scalability and leading market positions.</li> <li>• We continue to develop our in-house technology stack, including our proprietary global betting platform for the provision of sports betting, to continuously improve our offering and meet evolving stakeholder needs.</li> <li>• We have dedicated external advisers, internal expertise and resources to support with the monitoring and assessment of the US competitive landscape to take appropriate actions.</li> <li>• Our dedicated US Legal, Risk and Compliance teams work closely with the business teams to monitor ongoing compliance across multiple jurisdictions to continuously improve our processes and controls to ensure compliance with our federal and state obligations.</li> </ul>	<b>Impact:</b>  <b>Likelihood:</b> 
<b>Cyber resilience</b> <span style="float: right;">Links to strategy:    </span>			
<b>Risk category:</b> <ul style="list-style-type: none"> <li>• Cyber and business resilience</li> </ul> <b>Future trend:</b> <ul style="list-style-type: none"> <li>• Stable</li> </ul> <b>Risk owner:</b> <ul style="list-style-type: none"> <li>• CIO</li> </ul>	<p>We are dependent on technology to support our products, business activities and customer operations. Cyber maturity and capabilities across our expanding Group vary and may increase the number of potential attack vectors or internal threats, which could lead to financial loss, data breaches, regulatory action and reputational damage.</p>	<ul style="list-style-type: none"> <li>• We invest significantly in cyber security resources, capabilities and technologies, and work with a variety of external security specialists to ensure security arrangements and systems are appropriate for our evolving threat and continue to follow leading practice.</li> <li>• The Group Chief Information Security Officer works with the Group and divisional information security teams to devise and advance our strategy for cyber security, enhance our control assurance capabilities and governance.</li> <li>• The Flutter cyber security team owns and reports on the Group-wide cyber policy detailing our key cyber topics and control standards, with periodic review and approval, in addition to internal and external annual assessment of security maturity.</li> <li>• Flutter cyber assurance reviews provide ongoing assessment of security controls implemented to protect against key risk topics.</li> <li>• We have defined and rehearsed cross divisional cyber incident management processes to mitigate the impact of Group-wide major cyber incidents.</li> </ul>	<b>Impact:</b>  <b>Likelihood:</b> 
<b>Third parties and key suppliers</b> <span style="float: right;">Links to strategy:    </span>			
<b>Risk category:</b> <ul style="list-style-type: none"> <li>• Strategy</li> </ul> <b>Future trend:</b> <ul style="list-style-type: none"> <li>• Stable</li> </ul> <b>Risk owner:</b> <ul style="list-style-type: none"> <li>• CEO(s)</li> </ul>	<p>Across our divisions and Group, we place reliance upon certain critical suppliers and key third parties in technology, sports associations, marketing, sports content and media which are fundamental to our business and product offerings. The effective management of critical third party relationships, performance and regulatory expectations is key to our strategic objectives.</p>	<ul style="list-style-type: none"> <li>• Strategic and critical suppliers are subject to regular business and quality reviews to ensure ongoing relationship and performance management.</li> <li>• The Group Procurement and Third Party Assurance functions maintain a Risk Heatmap to monitor strategic and critical suppliers and ensure continuity of critical services.</li> <li>• As part of our procurement processes, we employ dedicated resources supplemented by subject matter expertise within risk, compliance, legal and technology assurance to protect and enhance value, demonstrate our high standards of corporate integrity, and reinforce organisational resilience.</li> <li>• Where possible, we limit reliance on a single supplier to reduce potential single point of failure.</li> </ul>	<b>Impact:</b>  <b>Likelihood:</b> 



# Risks continued

## Identifying our principal risks continued





### Key:

**Impact:** Impact on the business if the risk materialises.

**Likelihood:** Likelihood of occurrence of the risk in the next three years after taking into account mitigation activities by the business.

- High
- Medium
- Low

### Links to strategy:

-  **Invest** to win in the US
-  **Grow** our gold medal positions in core markets
-  **Build** on our network and invest for leadership positions across international markets
-  **Future** spaces and new customers

Principal risk/ uncertainty	Why we need to manage this	How we manage and mitigate the risk	Residual impact/ likelihood
<b>Leadership and talent pipeline</b> <span style="float: right;">Links to strategy:    </span>			
<b>Risk category:</b> <ul style="list-style-type: none"> <li>• People</li> </ul> <b>Future trend:</b> <ul style="list-style-type: none"> <li>• Stable</li> </ul> <b>Risk owner:</b> <ul style="list-style-type: none"> <li>• CPO(s)</li> </ul>	To ensure that those in our most critical roles are developed to their full potential, and succession is being built. To ensure we become the natural home for the world's best talent in the skills we deem most critical.	<ul style="list-style-type: none"> <li>• A common talent framework to develop top senior talent which enables targeted development of individuals and effective succession planning.</li> <li>• We proactively manage executive plans, succession and search, securing candidates with the capability and calibre to lead Flutter as it continues to grow and transform.</li> <li>• As a global company, we need to leverage our diverse talent to win in our local markets, and ensure colleagues bring their whole selves to work.</li> <li>• We provide opportunities for high potential diverse talent to develop and flourish, including through a Board Apprenticeship scheme or co-leading on one of our four Global Advocacy Programmes</li> </ul>	<b>Impact:</b> <span style="color: orange;">●</span> <b>Likelihood:</b> <span style="color: orange;">●</span>
<b>International technology transformation</b> <span style="float: right;">Links to strategy:   </span>			
<b>Risk category:</b> <ul style="list-style-type: none"> <li>• Technology</li> </ul> <b>Future trend:</b> <ul style="list-style-type: none"> <li>• Decreasing</li> </ul> <b>Risk owner:</b> <ul style="list-style-type: none"> <li>• CEO(s)</li> </ul>	Challenges to transform, expand and scale our capabilities, given reliance on legacy technologies and variances across entities, which may lead to lower than desired resilience, reliability and product agility.	<ul style="list-style-type: none"> <li>• Fully restructured CTO leadership team; key new roles have been introduced in the International Technology function, through recruiting externally and leveraging internal talent from other brands and divisions.</li> <li>• Full review of the International division's technology risk profile with clear plans and structures in place to improve, using a risk-based approach.</li> <li>• Our revised technology strategy has been defined to support significant market growth and expansion.</li> <li>• We continue to invest in resources, software and hardware to address themed strategic initiatives, which address stability, process, people and technology.</li> <li>• Focused support from external advisers, strategic partners and experts to support with technology transformation delivery.</li> </ul>	<b>Impact:</b> <span style="color: orange;">●</span> <b>Likelihood:</b> <span style="color: orange;">●</span>
<b>Compliance with existing legal and regulatory landscape</b> <span style="float: right;">Links to strategy:   </span>			
<b>Risk category:</b> <ul style="list-style-type: none"> <li>• Legal</li> </ul> <b>Future trend:</b> <ul style="list-style-type: none"> <li>• Stable</li> </ul> <b>Risk owner:</b> <ul style="list-style-type: none"> <li>• CLO</li> </ul>	The interpretation and ongoing compliance with complex and multiple regulatory and legislative requirements applicable to the Group's activities in the markets in which it operates underpins the sustainability and reputation of our business.	<ul style="list-style-type: none"> <li>• For the jurisdictions in which we hold a licence, dedicated Divisional Compliance teams work closely with the business teams to monitor ongoing compliance and continuously enhance our processes and controls to ensure compliance with regulatory frameworks and licence requirements.</li> <li>• We have a number of Group-led overarching policies and compliance programmes to govern processes across divisions and thereby ensure compliance with applicable laws and regulations.</li> <li>• Detailed policy and procedures across each division ensure local regulatory requirements are documented, monitored and reviewed periodically.</li> <li>• Annual compliance training is mandatory for all staff, as well as regular, targeted training and awareness sessions.</li> <li>• Divisional and Group management provide periodic legal and regulatory updates through established governance forums at both divisional and Group level Committees.</li> </ul>	<b>Impact:</b> <span style="color: orange;">●</span> <b>Likelihood:</b> <span style="color: orange;">●</span>

Principal risk/ uncertainty	Why we need to manage this	How we manage and mitigate the risk	Residual impact/ likelihood
<b>Technology resilience</b> <span style="float: right;">Links to strategy:    </span>			
<b>Risk category:</b> • Technology  <b>Future trend:</b> • Decreasing  <b>Risk owner:</b> • CIO	We have a critical dependency on our in-house technology, and on certain material third parties, to maintain the stability and availability of our customer-facing products, as well as the ability to recover in a timely manner from severe disruption with minimal impact on our customers and products.	<ul style="list-style-type: none"> <li>• We invest in our proprietary technology and resources to improve IT resilience, eliminate single points of failure and drive better performance.</li> <li>• We have established a standard scale to better compare the IT disaster recovery resilience levels in each division and ensure adequate improvement plans are developed and tracked to mitigate any material risks.</li> <li>• We have dedicated resources to develop, enhance and test our disaster recovery capability for our key products across all our brands of the Group.</li> <li>• Key global metrics on critical systems and platforms which are regularly monitored and reported on identify any potential emerging issues on our brands or customer-facing technologies.</li> <li>• We have a defined formal incident management process in place for identifying, escalating and resolving issues and a post-incident process to ensure we continuously improve our proprietary technology stack and incident response processes.</li> </ul>	<b>Impact:</b>   <b>Likelihood:</b> 
<b>Safer gambling/performance against Play Well strategy</b> <span style="float: right;">Links to strategy:    </span>			
<b>Risk category:</b> • Sustainability  <b>Future trend:</b> • Stable  <b>Risk owner:</b> • CLO	Safer gambling underpins every element of our strategy. We want to demonstrate consistency and global alignment with our safer gambling strategy to protect our customers who are at risk of the potential negative effects of gambling and ensure we grow our business sustainably.	<ul style="list-style-type: none"> <li>• Our safer gambling strategy informs everything from how we identify and interact with at-risk customers through to how we communicate to our broad group of stakeholders and how we encourage safer gambling tool usage.</li> <li>• We leverage and share policies, processes and practices across the ever expanding Group to enhance the strategic approach to safer gambling and demonstrate our commitment to ESG.</li> <li>• A leading range of tools are provided on all our brand sites to support customers in managing their spend and play, and we are continually working to improve and enhance our tools and site content to enable us to identify and interact with at-risk customers.</li> <li>• We work closely with leading external third parties to facilitate internal teams to enhance our understanding, and capabilities in relation to identification of problem gambling through the use of artificial intelligence.</li> <li>• We invest significantly in improvements for tackling the problem through donations to research, treatment and education initiatives, as well as through driving collaboration across the industry with other operators, charities and regulatory bodies.</li> </ul>	<b>Impact:</b>   <b>Likelihood:</b> 
<b>Global talent management</b> <span style="float: right;">Links to strategy:    </span>			
<b>Risk category:</b> • People  <b>Future trend:</b> • Increasing  <b>Risk owner:</b> • CPO(s)	The people who work within Flutter are key to our the success. Insufficient management and retention of key individuals may impact our ability to deliver on our strategic and operational objectives.	<ul style="list-style-type: none"> <li>• Our brands across the world are setting the pace when it comes to attracting and retaining the best people, enhanced by local insights, plans and processes.</li> <li>• Our Global People Strategy and plan focuses on five key priorities (e.g. nurturing critical skills) that enable us to build on our scale as a leader, go beyond our industry and gain a reputation as the best company in the world to work for.</li> <li>• We listen to colleagues through surveys and listening groups to ensure the colleague experience we build is engaging and attractive. Our Flutter Workforce Engagement Committee operates to provide oversight of the Group People Strategy and provide a forum for the voice of our colleagues at Board level.</li> <li>• We launched a Global Advocacy Programme, led by our executives, and use data and measurement so that equity and equality remain at the forefront of our decision making.</li> <li>• Operate communities of practice for our most critical skills that brings our collective capability together to achieve shared outcomes with greater connection, collaboration, and open-source innovation, as well as elevate our best talent.</li> </ul>	<b>Impact:</b>   <b>Likelihood:</b> 

# Managing our business for the longer term

## Longer-term viability

The Board, taking into consideration the Group's principal risks and uncertainties, including emerging risks, assessed the long-term viability of the Group in line with the requirements of the 2018 UK Corporate Governance Code. Its conclusions are outlined below.

### Viability assessment: period

Flutter continues to deem a three-year timeframe appropriate for the assessment of the Group's viability, having had regard to:

- the Board's strategic planning horizon and associated principal risks;
- the possible impact of future regulatory change and the pace of technological change, as well as variations in industry and commercial dynamics; and
- the performance period for the Group's Long Term Incentive Plan.

Overall, a three-year timeframe is deemed to achieve a suitable balance between long and near-term influences.

### Viability assessment: approach

The viability of the Group is assessed against strategic plans and projections, and considers cash flows, committed funding and liquidity positions, forecast future funding requirements and other key financial ratios.

The Directors' assessment and stress testing have been made with reference to the strong cash generation capabilities of the Group, its committed debt facilities, including its £749 million committed revolving credit facility which expires in May 2025, the Board's risk appetite and the principal risks and uncertainties and how they are managed, as detailed on pages 96 to 99.

The Directors also assessed the potential financial and operational impacts, in severe but plausible scenarios, of the principal risks and uncertainties and the likely degree of effectiveness of current and available mitigating actions.

## Assessment of prospects

The Directors carried out a robust assessment of our current position and the principal risks facing the Group, including those which would threaten its strategy, business model, future performance, solvency or liquidity.

### Current position

Investment case, page 6

Markets, page 20

### Strategy and business model

Strategy, page 24

Business model, page 36

### Principal risks

Key performance indicators, page 30

Identifying our principal risks, pages 96 to 99

The Board's consideration of the long-term prospects of the Group is an extension of the strategic planning process. This includes regular budget reviews as part of the internal reporting cycle, financial forecasting and performance reviews, a comprehensive enterprise risk management assessment and scenario planning involving our principal risks and uncertainties. Our business strategy is to deliver sustainable value for our stakeholders by maintaining long-term financial and operational discipline.

### Viability statement

Based on their assessment of prospects and viability, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years to December 2025.

## Assessment of viability

**Long-term plans** are the three-year forecasts, used to calculate cash position and headroom

**Headroom** is calculated using cash, cash equivalents and other available facilities at year end

### Sensitivity analysis

Assessment of the level of decline in performance that the Group could withstand, were a grey or black swan event to occur

### Principal risks

Severe but plausible scenarios modelled to quantify the cash impact of principal risk(s) materialising over the viability assessment period

#### Scenario group 1

##### Change in external dynamics

Impact of variations in market dynamics or regulatory change

#### Scenario group 2

##### One-off expense

Impact of a potential large event, fine and/or penalty

#### Scenario group 3

##### Combined scenarios

Quantification of the cash impact of combined scenarios where multiple risks materialise across one or more markets, over the viability assessment period

- A) Changes to legal and regulatory landscape
- B) US growth execution and competition

- A) Cyber resilience
- B) Existing compliance with legal and regulatory landscape
- C) Technology resilience

### Principal risks

Viability results from comparing the cash impact of severe but plausible scenarios on the available headroom, considering additional liquidity options

## Assessment of prospects

### Outlook, strategy and business model

Outlook of possible long-term scenarios expected in the industry and the Group's current position to face them

Assessment of the principal risks that may influence the Group's long-term prospects

Articulation of the main levers in a Group's strategy and business model ensuring the sustainability of value creation

### Long-term viability statement

The Directors confirm that they have reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year viability assessment period



# Introduction to governance

When considering our approach to corporate governance, we continue to be guided by the FRC's UK Corporate Governance Code (the "Code") and understand that good corporate governance depends crucially on the way we apply the spirit of the Principles of the Code which contributes to the long-term sustainable success of the Group.

For the year ending 31 December 2022, we have applied all the Principles in the Code and complied with all provisions other than Provision 38, an explanation for which is set out on page 189. In order for our shareholders to evaluate how the Principles have been applied, our approach to compliance with the Code has been summarised in the following section entitled "UK Corporate Governance Code Principles". Further, a summary of Flutter's governance framework and arrangements is set out in the Corporate Governance Statement on pages 116 to 132.

## Corporate governance

As our business continues to grow and develop internationally, our governance will be increasingly scrutinised. Good corporate governance ensures our business is managed effectively for the benefit of all our stakeholders. Our governance framework provides clear lines of accountability and responsibility. It also supports the appropriate sharing of information, ensures oversight on strategic matters and facilitates an effective and transparent decision-making process.

The Board has a formal schedule of matters reserved for its approval. These include decisions on the Group's strategy, key executive appointments, capital structure, financing, major acquisitions or disposals, the risk appetite, capital expenditure above the delegated authority limits and key executive appointments. The matters reserved for the Board are reviewed annually and available on: [www.flutter.com/about-us/corporate-governance](http://www.flutter.com/about-us/corporate-governance).

Our governance framework and arrangements support our strategy and decision making by:

- + Ensuring clear lines of accountability and responsibility
- + Supporting the appropriate sharing of information to inform the correct decision makers in a transparent process
- + Establishing engagement programmes with key stakeholders
- + Maintaining a sound system of risk oversight and robust internal controls
- + Providing independent insight and knowledge from Non-Executive Directors
- + Facilitating monitoring of business performance
- + Ensuring appropriate oversight of strategic matters

Read a summary of matters reserved for the Board on page 126

Read more on our governance framework on page 120



## UK Corporate Governance Code Principles

### 1 Board Leadership and Company purpose

We have an effective and widely experienced Board which is responsible for leading the strategic direction of the business to promote long-term sustainable success, generating value for shareholders and contributing to wider society. See pages 108 to 111, which shows our Directors' biographies and skills matrix and page 130 that sets out our Board evaluation process and outcomes, which helps us monitor culture and make adjustments to ensure that our Board remains effective and impactful.

Our Workforce Engagement Committee and its listening group sessions provide the Board a mechanism to engage with our colleagues, to listen to their views and concerns and foster a meaningful engagement between the Board and its workforce. This also helps the Board monitor culture and workplace practices, and whether each of these continues to be aligned with our purpose, values and strategy. See more information on our Workforce Engagement Committee on pages 137 to 141. We also has in place a whistleblowing policy which allows the workforce to raise any matters of concern. At Board meetings, the Directors receive detailed business updates which allow them to ensure the necessary resources are in place to meet our objectives with tracking against financial and non-financial performance targets. See more about Board activities during 2022 on page 116.

The Board has in place an Audit Committee which oversees our framework of prudent and effective controls and enables risk to be assessed and managed. See more information on the Audit Committee on pages 142 to 149. Effective shareholder and more broadly stakeholder engagement helps us better understand the impact of our decisions on all our stakeholders as well as their needs and concerns. See our stakeholder engagement sections on pages 38 to 43 and 122 to 123 for further information on how we engage effectively with and encourage participation from our stakeholders.

### 2 Division of responsibilities

The roles of our Chair and Chief Executive Officer are separate and clearly defined which creates a clear division of responsibilities between the leadership of the Board and the executive leadership of our business. See our division of responsibilities section on pages 124 to 125. The Board operates effectively with an appropriate balance of independent Non-Executive Directors such that no one individual or small group of individuals dominates the Board's decision making. More information on Non-Executive Directors' independence can be found on page 126. Our annual Board evaluation explained on page 130 and Senior Independent review of the Chair's performance illustrates that our Chair continues to demonstrate objective judgement, promotes a culture of openness and debate with the effective contribution of all Non-Executive Directors and no Director dominating the decision-making process. The Board evaluation also shows that the Non-Executive Directors provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. We have in place a number of procedures to ensure Non-Executive Directors have sufficient time capacity to meet their Board responsibilities. The Board challenges itself to continue to ensure its contribution as related to its remit and obligations.

This includes a review and approval by the Board of any additional external directorship appointments. A recent enhancement to our governance practices includes implementing consent agendas to ensure sufficient time is focused on key matters for Board discussion. See page 121 for more information.

The role of the Company Secretary is set out on page 125 which details how they support the Board in ensuring that it has the necessary policies, processes, information, time and resources it needs in order to function effectively and efficiently.

### 3 Board composition, succession and evaluation

We have formal, rigorous and transparent processes when considering appointments to the Board and our Board appointment process seeks to ensure that we have an appropriate balance of skills, experience and broad diversity. See pages 133 to 136 for more information. We undertake an annual evaluation of the Board's performance, details of which can be found on page 130, and continuously review appropriate Board succession plans are in place, which are discussed further on page 136.

Our Nomination Committee supports the Board in overseeing the recruitment and selection of Board and senior management positions and the annual Board evaluation process, and makes recommendations to the Board on the composition of the Board and its Committees.

[Read more about our Nomination Committee on pages 133 to 136](#)

### 4 Audit, risk and internal controls

Our Audit Committee has oversight of our internal controls and the independence and effectiveness of internal and external audit functions which all safeguard the integrity of the financial statements and maintain effective systems of internal controls.

[Read more about our Audit Committee on pages 142 to 149](#)

Our Risk and Sustainability Committee has established procedures to manage risk and make sure that our risk and control environment is appropriately managed to protect our reputation, achieve our long-term strategic objectives and address ESG including climate, safer gambling, betting integrity and anti-money laundering. It sets the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.

[Read more about our Risk and Sustainability Committee on pages 150 to 153](#)

### 5 Remuneration

Our Remuneration Committee ensures our remuneration arrangements are designed to support the strategy and promote long-term sustainable success by appropriately incentivising the relevant performance. We have developed a formal and transparent procedure for developing policy on executive remuneration and determining Director and senior management remuneration. Directors exercise independent judgement and discretion when authorising remuneration outcomes and no Director is involved in deciding their own remuneration outcome.

[Read more about our Remuneration Committee on pages 154 to 181](#)

### Compliance with the Code

#### Our approach to governance

We are committed to the highest standards of corporate governance and regularly review our governance structures and arrangements to be sure that they meet best practice requirements. The Board has responsibility for the leadership, strategic direction, risk appetite and long-term success of the Group. The Board is also responsible for the stewardship of the Group, establishing the Group's purpose, values and strategy and satisfying itself that these are aligned to the culture of the organisation.

The Board continually assesses its approach to corporate governance. As part of its decision-making process, due regard is given to the interests of all of the Group's stakeholders with the goal of achieving long-term sustainable success for the business. The Board, its Committees and management, working together, and using our governance principles, provide a clear and robust framework within which decisions are made.

The primary (premium) listing of Flutter Entertainment plc is on the London Stock Exchange, with a secondary listing on Euronext Dublin. For this reason, Flutter Entertainment plc is not subject to the same ongoing listing requirements as would apply to an Irish company with a primary listing on Euronext Dublin, including the requirement that certain transactions require the approval of shareholders. For further information, shareholders should consult their financial adviser.

Despite our secondary listing on Euronext Dublin, the Company voluntarily adopts the provisions of the Irish Corporate Governance Annex (the "Irish Annex") in addition to the requirements of the Code.

#### Statement of compliance for 2022

This report sets out the operations and activities undertaken by the Board and its Committees in compliance with the Code and the Irish Annex throughout 2022. On behalf of the Board, I am pleased to confirm that we have applied all the Principles, and complied with all the Provisions of the Code, except for Provision 38, an explanation for which is provided on page 189 of this Annual Report, and fully complied with the Irish Annex for the year ended 31 December 2022. As set out in further detail on page 189, we have committed to complying with Provision 38 by 1 January 2023, in line with accepted practice amongst UK investor bodies.

The UK Code is available from the Financial Reporting Council's website, [www.frc.org.uk](http://www.frc.org.uk)

The Irish Annex is available from Euronext Dublin's website, [www.euronext.com](http://www.euronext.com)

#### Gary McGann

Chair

1 March 2023



Skybetting & Gaming Board site visit



# Adjarabet site visit

Adjarabet is the market leader in online betting and gaming in the regulated Georgian and Armenian markets. Flutter acquired 51% of Adjarabet in 2019. When the Board visited Adjarabet in June, Flutter completed a buy-out of the remaining 49% of the Adjarabet business, making Flutter the 100% owner of Adjarabet. Adjarabet sits within the Group's International division.

During the site visit, the Board received presentations on Adjarabet's performance, the local markets, regulatory environment, recent innovations and talent management. The Board learnt about the strength of the Adjarabet brand, its culture, the collegial environment in our Tbilisi office and how colleagues live the Adjarabet values "Up", "Empower" and "Amigoness".

The Board also received updates on the International division from divisional Chief Executive Officer, Dan Taylor and also received updates from local senior leaders on technology and operational transformations, the regulatory environment, risk and opportunities and how recently acquired businesses were transforming the shape and prospects of the division.





# Governance at a glance

## Highlights from 2022

### Understanding our business



The Board visited our offices in FanDuel New York, USA; Adjarabet Tbilisi, Georgia; Sky Betting & Gaming Leeds, UK; and Sportsbet Melbourne, Australia.

These site visits provide Directors an opportunity to meet with local colleagues, understand local cultures and the business and how it operates in local markets, and to gain an understanding of the unique cultures in each of our brands.

4

Board site visits during 2022

[Read more about our Board site visits on page 114](#)

### Listening to colleagues



The Workforce Engagement Committee held in person listening groups directly with employees in the following areas: FanDuel in the US, Trading & Risk team in Dublin, Adjarabet in Georgia, UK&I division in Dublin, UK&I division in Leeds and Sportsbet in Australia.

150

Employee voices heard during six listening sessions

[See further information on the listening groups on page 140](#)

### Board training and development

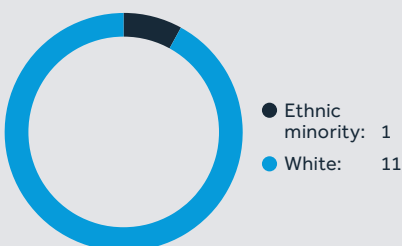


- Market Abuse Regulation refresh.
- Horizon scanning and legal and regulatory landscape.
- ESG and Climate reporting.

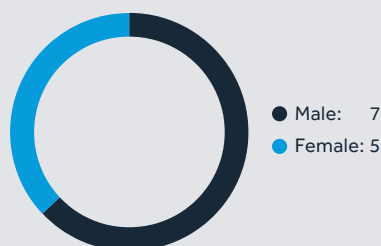
[See more information on Board training and development on page 127](#)

## Board composition dashboard as of 1 March 2023

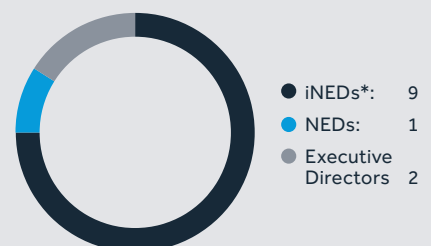
### Ethnicity



### Gender

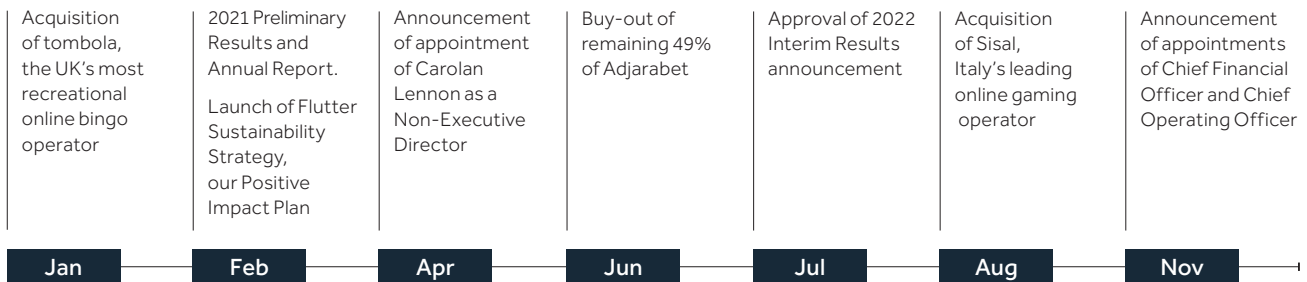


### Board independence



\* Including Chair, who was independent on appointment.

## Major Board decisions



## Governance improvements

- Reviewed our Workforce Engagement Committee and employee engagement processes which resulted in the introduction of live "listening group sessions" with cross sections of employees to hear feedback directly from colleagues, see page 140.
- Established a Policy Governance Forum at Group level to review Group level policies before being presented to Board and Board Committees.
- Held four Safer Gambling Sub-Committee meetings to oversee the Play Well Strategy, see page 153.
- Held four Cyber Security Workshops to monitor cyber risks and mitigation, see page 152.
- Introduced consent agenda items to ensure sufficient time was devoted to key matters, see page 121.
- Review of our Committee terms of references and updates.

## Board changes

### Joined

- Carolan Lennon joined the Board as an independent Non-Executive Director on 1 July 2022.

### Stepped down

- Michael Cawley stepped down as an independent Non-Executive Director and Chair of the Audit Committee on 28 April 2022.
- Andrew Higginson stepped down as an independent Non-Executive Director and Senior Independent Director on 31 December 2022.
- Zillah Byng-Thorne stepped down as an independent Non-Executive Director on 31 January 2023.

### Replaced

- Holly Keller Koepfel replaced Michael Cawley as Chair of the Audit Committee on 28 April 2022.
- Dave Lazzarato replaced Zillah Byng-Thorne as Chair of the Risk and Sustainability Committee on 28 April 2022.
- Alfred F. Hurley, Jr replaced Andrew Higginson as Chair of the Remuneration Committee on 1 September 2022.
- Holly Keller Koepfel replaced Andrew Higginson as the Senior Independent Director on 1 January 2023.
- Paul Edgecliffe-Johnson will replace Jonathan Hill as Chief Financial Officer effective 20 March 2023. Jonathan will be appointed as Chief Operating Officer establishing a new function to support our global growth strategy and the new optimisation of the impact of technology.

## Non-Executive tenure



\* Includes tenure for The Stars Group Inc.

● Non-Executive Director tenure ● Chair tenure

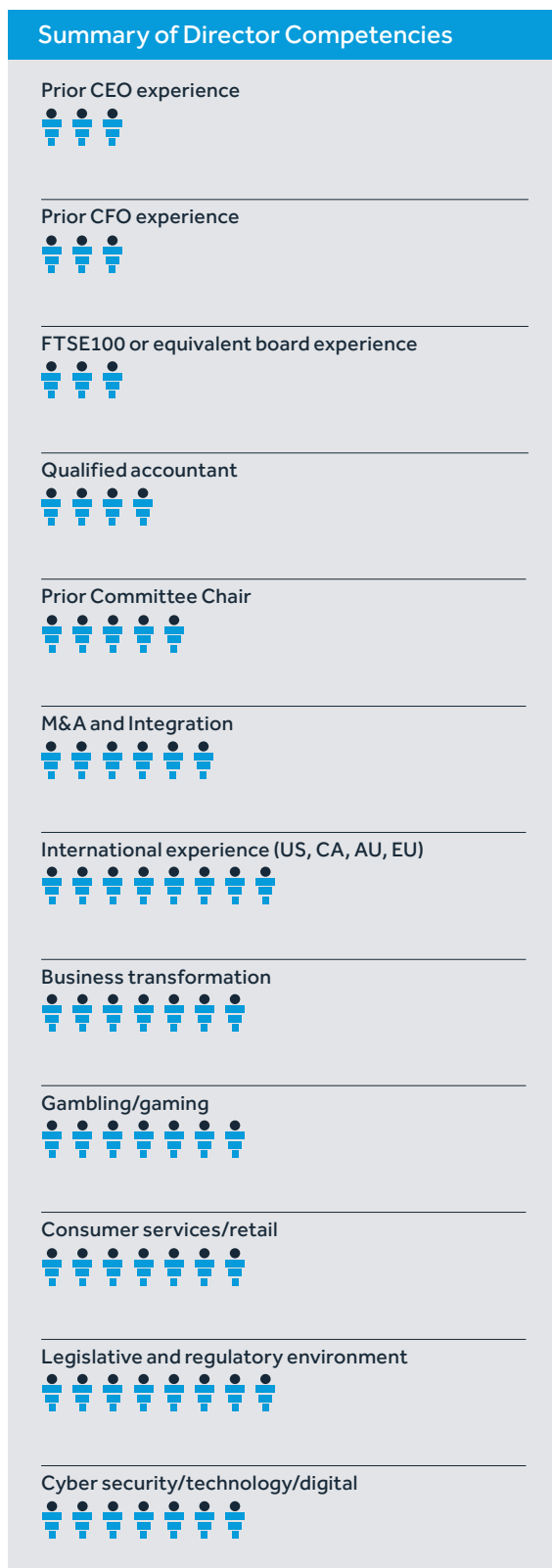
## UK Corporate Governance Code

We continue to be guided by the FRC's UK Corporate Governance Code and understand that good corporate governance depends crucially on the way we apply the spirit of the Principles of the Code which contributes to the long-term sustainable success of Flutter. See page 103 which provides more information on our application of the principles and compliance with the provisions of the Code.

# Our dedicated leadership

Committee membership key:

**A** Audit **N** Nomination **Re** Remuneration **Ri** Risk **W** Workforce Engagement **●** Committee Chair



**Gary McGann (IR)**  
**Chair – Independent on appointment**  
 (age 72)  
**Appointed to this position**  
 1 July 2015\*  
**N Re**

**Key strengths and experience**

- Extensive board experience in both the private and public sector.
- Significant number of years’ experience in senior finance, operations, market-facing and general management roles.

Gary was, until September 2020, Chair of Arysza AG, and previously a Non-Executive Director of Green Reit plc and Non-Executive Director of Smurfit Kappa Group plc having been Group Chief Executive Officer of Smurfit Kappa Group prior to this and having previously held a number of senior roles including President and Group Chief Operations Officer. Prior to this, he was Chief Executive Officer of Gilbeys of Ireland and Aer Lingus Group.

Gary holds BA and MSc Management degrees and is a qualified accountant (FCCA).

**Other current appointments**

None.

\* Became a Non-Executive Director: November 2014.



**Peter Jackson (UK)**  
**Chief Executive Officer**  
 (age 47)  
**Appointed to this position**  
 8 January 2018\*

**Key strengths and experience**

- Extensive experience in leading consumer businesses with international reach within a highly regulated industry.
- Technology and digital consumer sector expertise.

Prior to becoming Chief Executive Officer, Peter was Chief Executive Officer of Worldpay UK, an operating division of Worldpay Group plc. He was formerly Chief Executive Officer of Travellex Group. He then joined Banco Santander as Head of Global Innovation and a Director of Santander UK Group Holdings plc. Peter’s previous experience includes senior positions at Lloyds and Halifax Bank of Scotland, as well as time at McKinsey & Company.

He holds an MEng degree.

**Other current appointments**

Non-Executive Director of Deliveroo plc.

\* Non-Executive Director of Betfair Group plc: April 2013 and Paddy Power Betfair plc: February 2016.



### Jonathan Hill (UK/IR)

Chief Financial Officer

(age 54)

Appointed to this position

22 October 2018

#### Key strengths and experience

- Significant financial and operational experience across various industry sectors and at listed companies.
- Strong knowledge in strategic planning and development of large corporate projects.

Jonathan was previously the Group Chief Financial Officer at Saga plc. Prior to that, he held various senior roles within TUI Travel plc and Centrica plc and was the Group Finance Director at Bovis Homes Group plc.

He is a qualified Chartered Accountant and spent his early career at Price Waterhouse in London.

#### Other current appointments

None.



### Holly Keller Koepfel (US)

Senior Independent Director

(age 64)

Appointed to this position

13 May 2021



#### Key strengths and experience

- Broad international experience in consumer goods, commodities and energy.
- Extensive experience with operational and financial leadership responsibilities in infrastructure and energy.

Up until April 2018, Holly was a Senior Adviser to Corsair Capital LLC, where she had previously served as Managing Partner and Co-Head of Infrastructure from 2015 until her retirement in 2017. From 2010 to 2015, Holly was Partner and Global Co-Head of Citi Infrastructure Investors, a division of Citigroup. Holly served as Executive Vice President and Chief Financial Officer for American Electric Power Corporation from 2006 to 2009. Prior to 2000 Holly held a series of senior operational executive leadership positions in America Electric Power Company, Inc and Consolidated Natural Gas Company. Until May 2021, Holly served as Non-Executive Director of Vesuvius plc. Holly is a member of the Women's Corporate Directors (London Chapter).

Holly holds a BSc and MBA.

#### Other current appointments

Non-Executive Director of British American Tobacco plc, AES Corporation and Arch Resources, Inc.



### Nancy Cruickshank (UK)

Independent Non-Executive Director

(age 52)

Appointed to this position

15 May 2019



#### Key strengths and experience

- Extensive digital and entrepreneurial expertise.
- A wealth of Non-Executive Director experience.

Nancy is a serial entrepreneur, digital leader and Non-Executive Director. She presently works as an Operating Partner at Exponent PE as part of a plural non-executive portfolio. Her last start-up, My Showcase, was named by the Sunday Times as one of the 15 fastest-growing start-ups in the UK in 2016. The business was acquired by Miroma Group in February 2018. Nancy worked in the digital industry for over 25 years, including launching Condé Nast online in 1996, overseeing Telegraph Media Group's Digital business and developing the fashion and beauty market leader Handbag.com between 2001 and 2006, leading to a successful sale to Hearst Corporation in 2006.

#### Other current appointments

Chair at Go City, Non-Executive Director at In The Style Group PLC, Oodle Car Finance and Allegro.EU.SA.



### Nancy Dubuc (US)

Independent Non-Executive Director

(age 54)

Appointed to this position

29 April 2021



#### Key strengths and experience

- Extensive media, digital and publishing experience.
- Significant number of years' experience in senior leadership.

Nancy is Chief Executive Officer of VICE Media Group and responsible for the definition, strategic growth and performance of the organisation's five distinct global lines of business – VICE TV, VICE News, Digital Publishing, Global Studios and Virtue, the company's global creative agency. In 2019, she led the acquisition and integration of Refinery29 and expanded VICE News globally. Nancy joined VICE after having been one of its board members. Prior to VICE, Nancy was President & Chief Executive Officer of A+E Networks, where she launched A+E Studios and A+E Indie Films and led their global expansion and digital migration.

Nancy holds a BSc.

#### Other current appointments

Chief Executive Officer of VICE Media Group LLC and Chair of Audit Committee of Warner Music Group.



## Board of Directors continued

### Committee membership key:

● Audit
 ● Nomination
 ● Remuneration
 ● Risk
 ● Workforce Engagement
 ● Committee Chair



**Richard Flint (UK)**  
 Non-Executive Director  
 (age 50)  
 Appointed to this position  
 5 May 2020  
● ●

#### Key strengths and experience

- Significant senior management and operational experience across the global gambling industry.
- Extensive non-executive board level experience.

Richard formerly served as Executive Chair of Sky Betting & Gaming, until October 2019, having previously held the position of Chief Executive Officer for 10 years. Prior to this, Richard held positions as Channel Director at FT.com and Product Director of the original flutter.com, which merged with Betfair in 2001. Richard worked as a consultant at McKinsey & Company from 1997 to 1999.

Richard has a degree in Engineering, Economics and Management and a Master's in Public Policy.

#### Other current appointments

Non-Executive Director of LBG Media plc.



**Alfred F. Hurley, Jr (US)**  
 Independent Non-Executive Director  
 (age 68)  
 Appointed to this position  
 5 May 2020\*  
● ●

#### Key strengths and experience

- Extensive board experience in both private and public sector.
- Strong financial services, corporate governance and risk management experience.

Prior to the combination between Flutter and TSG, Al was Lead Director and Chair of TSG's Compensation Committee. Before that, he was Vice Chair and Chief Risk Officer of Emigrant Bank and Emigrant Bancorp, and previously the Chief Executive Officer of M. Safra & Co. Al spent most of his career at Merrill Lynch where he was an investment banker and held various management positions including Senior Vice President of Merrill Lynch & Co.

#### Other current appointments

Chair of the Nomination and Governance and Compensation Committees of New Mountain Finance Corporation.

\* Non-Executive Director of The Stars Group, Inc.: June 2016. Lead Director May 2018 – 2020.



**David Lazzarato (CA)**  
 Independent Non-Executive Director  
 (age 67)  
 Appointed to this position  
 5 May 2020\*  
● ●

#### Key strengths and experience

- Significant public and private sector board experience.
- Extensive experience in senior leadership, financial and operational roles.

Dave served as a board member and Chair of the Audit Committee of TSG prior to its combination with Flutter. Prior to this, he chaired the audit committees of Yellow Pages Limited and LED Roadway Lighting. He also previously served as Senior Vice President of Finance at Bell Canada, Chief Executive Officer of Craig Wireless Systems, Executive Vice President and Chief Financial Officer of Alliance Atlantis Communications Inc., Executive Vice President and Chief Financial Officer of Allstream Inc. (formerly, AT&T Canada Inc.) and Chief Corporate Officer of MTS Allstream Inc.

David holds a Bachelor of Commerce degree, is a Chartered Accountant, and received his ICD.D certification from the Institute of Corporate Directors.

#### Other current appointments

Member of the Board of Directors and Chair of the Audit Committee at Canopy Growth Corporation.

\* Non-Executive Director of The Stars Group Inc.: June 2016.



**Carolan Lennon (IR)**  
 Independent Non-Executive Director  
 (age 56)  
 Appointed to this position  
 1 July 2022  
● ● ●

#### Key strengths and experience

- Carolan has significant experience of regulated consumer facing digital businesses.
- Significant senior management, operational and sustainability experience.

Carolan is currently the country lead for Salesforce Ireland and prior to that was the Chief Executive Officer of eir Limited, a major Irish telecoms company, for four years up to January 2022. Prior to this, she held a variety of executive roles in eir Limited, including Managing Director of Open eir and Acting Managing Director Consumer and Chief Commercial Officer. Prior to joining eir, she held a number of senior roles in Vodafone Ireland, including Consumer Director and Marketing Director. Carolan is a former Senior Independent Director of AIB Group plc.

#### Other current appointments

None.



**Mary Turner (CA)**  
**Independent Non-Executive Director**  
 (age 69)  
**Appointed to this position**  
 5 May 2020\*



**Key strengths and experience**

- Significant experience in financial services, payments, customer service, credit risk management, enterprise risk management, operations, finance and information technology.
- A wealth of non-executive board level experience.

Mary most recently served as a board member of TSG, where she chaired the corporate governance and nominating committee. Prior to that, she served as the President and Chief Executive Officer and as a board member of Canadian Tire Bank, a subsidiary of Canadian Tire Corporation. Before joining Canadian Tire, Mary was a partner at Deloitte & Touche (now Deloitte LLP). She has previously served on several boards, including Mackenzie Financial Corporation, a subsidiary of IGM Financial Inc.

She holds an honours BSc and is a Chartered Accountant.

**Other current appointments**

None.

\* Non-Executive Director of The Stars Group Inc.: June 2017.



**Edward Traynor**  
**Company Secretary**  
**Appointed to this position**  
 14 May 2015

**Key strengths and experience**

- Ed is a qualified solicitor and holds a BL in Civil Law (International).

Ed is Group Company Secretary and is responsible for advising the Board on governance matters and managing Flutter’s relationship with the Company’s registrar. Ed has extensive legal and governance experience, having been General Counsel and Company Secretary for Paddy Power prior to its merger with Betfair in 2015. Prior to this, he held the positions of General Counsel and Company Secretary and latterly Head of Legal and Regulatory Affairs for Vodafone Ireland.



**Atif Rafiq (US)**  
**Independent Non-Executive Director**  
 (age 49)  
**Appointed to this position**  
 10 December 2021



**Key strengths and experience**

- Significant experience in digital e-commerce, marketplaces and direct to consumer.
- Extensive global business and operations experience for well known public companies.

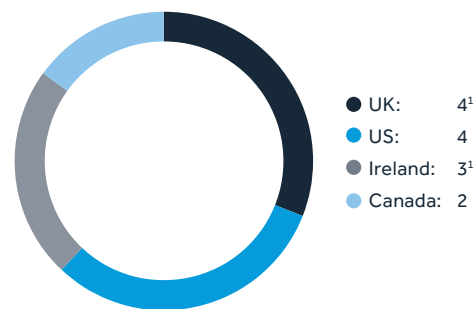
Atif most recently worked for MGM Resorts International, as President of Commercial & Growth, and has vast experience in innovation across e-commerce, marketplaces, digital media, digitisation of traditional business, direct to consumer business models and autonomous vehicles. From 2017 to 2019 he worked as Chief Digital and Global Chief Information Officer for Volvo Cars and prior to this served as Global Chief Digital Officer and Corporate SVP of McDonald’s from 2013 to 2017. Atif has also worked for Amazon, Yahoo! and AOL.

Atif holds a bachelor’s degree in Mathematics-Economics and a master’s degree in Business Administration.

**Other current appointments**

Member of the Board of Directors at KINS Technology.

**Directors' nationalities**



1. Jonathan Hill has dual nationality for UK and Ireland

[Read more on our Board skills and diversity on pages 133 to 136](#)

# An experienced leadership team

The Executive Committee is responsible for executing Flutter's strategy, fulfilling strategic and sustainability objectives, driving robust financial performance, and ensuring a supportive business culture.



**Peter Jackson**  
Chief Executive Officer – Flutter  
See full biography on page 108



**Jonathan Hill**  
Chief Financial Officer – Flutter  
See full biography on page 109



**Paul Cutter**  
Chief Information Officer – Flutter  
**Role and experience**

Paul is responsible for setting the global technology strategy for Flutter. Paul and his team work with each of our brands to share technology, insights and best practices that enable us to benefit from our global scale without sacrificing local innovation and customer responsiveness. Paul has played a critical part in our success, originally joining in 2014 as Chief Technology Officer for Betfair before becoming Chief Technology Officer for Paddy Power and Betfair and, most recently, overseeing the successful integration and merger between Flutter and The Stars Group in 2020.



**Barni Evans**  
Chief Executive Officer – Sportsbet  
**Role and experience**

Barni heads up the team at Sportsbet in Australia. He is responsible for ensuring Sportsbet brings excitement to life for our customers and driving the culture and strategies that help deliver the best product, value and marketing. Barni has played a pivotal role in the success story of Sportsbet having joined Paddy Power as a Marketing Director in 2001 and then moved to Sportsbet in 2011 serving in several marketing and commercial functions before becoming Chief Executive Officer in 2018.



**Phil Bishop**  
Chief People Officer – Flutter  
**Role and experience**

Phil has been leading the development of our global people strategy and plan and will continue to drive this forward as we move towards our mission of becoming the natural home for the world's best talent. Phil was appointed to this role following a successful period as an interim Head of Global HR. He started his career at BMW group where he held various HR and Engineering roles across a 14-year period, then moved on to hold senior management HR roles in HBOS plc, Barclays, Energis plc, Lloyds Banking Group and was a founder of the Illkley Group.



### Amy Howe

#### Chief Executive Officer – FanDuel

##### Role and experience

Amy leads the FanDuel business in North America. Prior to her appointment as Chief Executive Officer, Amy was President of FanDuel with responsibility for leading the company's core commercial functions across its Sportsbook, Casino, Racing and Daily Fantasy businesses. Prior to this she was the Chief Operational Officer of Ticketmaster, North America and prior to that a Partner at McKinsey & Company.



### Ian Brown

#### Chief Executive Officer – Flutter UK&I

##### Role and experience

Ian leads the UK&I division which includes Sky Betting & Gaming, Paddy Power, Betfair & tombola. Ian has a very broad set of experience from sectors including travel, leisure, retail, and financial services. He has been responsible for successful transformations in a wide range of businesses, including the truly global brands of Booking.com and Rentalcars.com. He has experience of building scalable tech platforms and organisations, enabling product innovation at pace, and leading industries to deliver better, safer customer outcomes.



### Dan Taylor

#### Chief Executive Officer – Flutter International

##### Role and experience

Dan is responsible for all our international brands including PokerStars, Sisal, Betfair, Junglee and Adjarabet which are across all markets and geographies. Prior to this, Dan was the Chief Executive Officer of PPB from 2018 to 2020 with similar responsibilities for Betfair, Adjarabet and Paddy Power online and retail businesses. Prior to these roles he was MD, UK & Ireland and MD, Retail from 2015 to 2018. Before Flutter, Dan was the Managing Director of Teletext Holidays and Director of Strategy and Commercial Development of DMG Media.



### Pádraig Ó Ríordáin

#### Chief Legal Officer and Group Commercial Director – Flutter

##### Role and experience

Pádraig is responsible for the Legal and Commercial strategy of the Group, at the core of which is the Group's sustainability strategy, the Positive Impact Plan, as well as leading the global strategic direction of the Group in the areas of risk, safer gambling, regulatory and compliance. Prior to this, Pádraig was a Partner at Arthur Cox LLP for over 20 years and held the position of Managing Partner for the last 8. Pádraig was the Chair of Dublin Airport Authority in 2012 for six years and also acted as a Non-Executive Director of Flutter from 2008 to 2018.



## Chair's introduction to governance



Good corporate governance and an inclusive culture are the foundations of Flutter's purpose, vision and strategy.

**Gary McGann**  
Chair

### Board focus areas in 2022

- Oversaw the implementation of the new corporate strategy, sustainability strategy and safer gambling strategy.
- Continued to prioritise safer gambling, including responding to the UK Gambling Act Review and the proposed establishment of an Irish gambling regulator.
- Oversaw progress of our Positive Impact Plan, and continued to prioritise wider ESG matters such as climate and TCFD reporting and other ESG matters relevant to our businesses.
- Supported the Executive Directors with the execution of our strategy.
- Supported initiatives that drive increased diversity across the organisation, in particular, the Global Advocacy Programme launched during the year.
- Dedicated cyber security workshops continued to focus on cyber risks and mitigation.
- Conducted site visits in four locations and held listening sessions with colleagues to assist the Board in understanding the interests of all of our stakeholders, in particular, the views and concerns of our colleagues.
- Succession planning to ensure the Board and its Committees have an appropriate balance of skills and experience, taking into account diversity and independence, including overseeing the appointments of Carolan Lennon as Non-Executive Director and Paul Edgecliffe-Johnson as Chief Financial Officer.



### Commitment to good governance

By setting the tone for our culture, values and behaviour, the Board includes the views of all stakeholders in its decision making. We remain focused on delivery of the long-term sustainable success of the Group.

The Board remains strongly committed to good governance. This report sets out our progress in governance areas including work undertaken this year to support Directors, in particular new Board members, to engage in Board meetings, and enhancing our risk governance framework to support embedding of risk culture throughout the Group.

Following the resignation of Michael Cawley as a Non-Executive Director during 2022, Carolan Lennon joined the Board as an Independent Non-Executive Director on 1 July 2022. The Board regularly reviews its skills and competencies and the composition of all Committees in line with its commitment to regularly refresh Board Committee composition. This ensures adequate skills and experience on each Committee. Andrew Higginson stepped down from the Board on 31 December 2022. Zillah Byng-Thorne, having completed nine years on the Board and legacy boards, stepped down from the Board of Directors on 31 January 2023. Following the appointment of Paul Edgecliffe-Johnson as Chief Financial Officer, Jonathan Hill will transition to the position of Chief Operating Officer on 20 March 2023 and will not seek re-election at the 2023 AGM and will step down from the Board at the conclusion of that meeting. The Board will continue to keep the composition of the Board and its Committees under regular review in light of these Board changes.

[Read more on Directors' biographies on pages 108 to 111](#)

Following the lifting of travel restrictions imposed by the Covid-19 pandemic, the Board was delighted to have completed a number of site visits during the year. These site visits included FanDuel in New York in March, Adjarabet in Tbilisi in June, Sky Betting & Gaming in Leeds in September and Sportsbet in Melbourne in November. All other Board meetings have either been held in Ireland. The Board was delighted to be able to meet in person for these meetings. The Board believes that these in-person meetings have allowed it to foster a highly effective Board culture and maintain the integrity of our governance structure.

### Sustainability

In February, the Group launched its new sustainability strategy, our Positive Impact Plan, which is focused on climate, environment, safer gambling, responsible business and strong social priorities. The new strategy builds strong sustainability foundations and capabilities incorporating sustainability performance management processes for ongoing sustainability reporting and ensures alignment with the overall corporate strategy and purpose. Our Positive Impact Plan focuses on three distinct stakeholder groups, customers ("Play Well"), colleagues ("Work Better") and communities ("Do More"). The Board also introduced a number of enhancements to our sustainability governance structure, which included repurposing the Risk Committee to the Risk and Sustainability Committee to include a clear sustainability focus and formalised reporting lines and the mandate for the Group sustainability team. These enhancements to our sustainability governance structure support our commitment to increased accountability for sustainability.

[Read more on our Board sustainability on pages 46 to 77](#)



### Monitoring culture

The Code emphasises the importance of culture within organisations and the Board recognises its role in monitoring, assessing and promoting a healthy culture throughout the business. We set the strategy for the Group to live our purpose. In implementing this, we make sure that we are suitably resourced to deliver on our strategic objectives through a culture that drives the right behaviours. This also involves the establishment and review of underpinning policies and codes of conduct which set the expectations of how the Group should operate. The Board monitors the cultural dynamics of the Group through site visits, social engagement, colleague surveys and the activities of the Workforce Engagement Committee. The scale and diversity of our business continues to allow us to leverage best practice policies and procedures from each of the businesses. The Board had a number of opportunities to consider cultural metrics, particularly in relation to colleagues, customers and risk throughout the year, allowing it to assess culture within the Group, and to ensure it is aligned with strategy and our purpose.

[Read more on our culture on pages 137 to 141](#)

### Strategy

During the year, the Board oversaw the integrated corporate strategy which included refreshed strategic priorities. The new strategy aims to deliver and defend gold medal positions in existing businesses and use innovation to capitalise future potential opportunities. The strategy is underpinned by our key enablers and places sustainability at the heart of our business.

[Read more on our strategy on pages 24 to 29](#)

### Stakeholder engagement

The Board always has regard to wider stakeholders' interests as well as those of our shareholders. Indeed, our Positive Impact Plan has been designed to keep our stakeholders at its core and to develop our sustainability approach with the key groups of customers, colleagues and communities as its starting point. One very important group is our workforce and the Board was delighted to be able to meet with colleagues during a number of site visits and listening groups held throughout the year.

[Read more on our stakeholders on page 38](#)

[Read more in the Workforce Engagement Committee Report on page 137](#)

The Chair regularly engages with regulators and held a meeting with the UK Gambling Commission during the year. Committee Chairs also spend time outside of formal meetings conducting more widespread discussions with our stakeholders. Both Alfred F. Hurley, Jr (as Chair of the Remuneration Committee) and I met investors to talk about remuneration matters during the year and details of these meetings are discussed within this report.

I also met with a number of investors to discuss general governance and sustainability.

At our AGM on 28 April 2022, although Resolution 2, an advisory resolution on the Directors' Remuneration Report, was passed with the necessary majority, disappointingly 32.45% of votes received were against the resolution. Further details on engagement with shareholders on this matter are set out on page 123.

**Gary McGann**  
Chair  
1 March 2023

## Board activities

During 2022, the Board held seven scheduled meetings. The table below sets out a number of Board decisions, how material stakeholders were considered and the outcomes of the consideration.

	Topics/discussions	Material stakeholder considerations	Outcomes
M&A	<a href="#">Adjarabet buy-out</a>	How do we deliver on our gold medal position strategy pillar and create value for our shareholders?	The Board approved the exercise of the option to acquire the remaining 49% shareholding of Adjarabet for £204m, which is now a wholly owned subsidiary of the Group.
Safer gambling	<a href="#">Customer protective measures</a>	How do we further ensure safeguards are in place to protect vulnerable customers?	The Board has established a safer gambling sub-committee to receive updates from divisions on protections in place and measures to be implemented.
Regulation and compliance	<a href="#">The UK Gambling Act review and publication of the Gambling Regulation Bill in Ireland</a>	How do we support regulatory changes imposed by local governments and regulators that drive industry change?	The Board has received regular updates on the UK Gambling Act Review and welcomes the establishment of an Irish Gambling Regulator.
Colleague wellbeing	<a href="#">The effect of the cost of living crisis on our colleagues</a>	How do we effectively support colleagues most severely impacted by the cost of living crisis?	The Board approved a "cost of living" payment of £/€400 vouchers for certain employees and continually review the competitiveness of our remuneration.
Succession planning	<a href="#">Succession planning for the Board and the Executive Committee</a>	How do we make sure we have the right people with appropriate balance of skills and experience, taking into account gender and other diversity aspects for our Board and Senior Executive roles?	The Board has overseen the recruitment and selection process for the appointment of a new Non-Executive Director and Chief Financial Officer, taking into account gender and other diversity aspects along with the specific skill and experience required for the roles.
Diversity, equity and inclusion	<a href="#">Supporting female leaders</a>	How do we ensure that we are making sufficient progress in achieving our target of 40% females in leadership positions by 2026?	The Board has approved the launch of: <ul style="list-style-type: none"> <li>(i) a new Board Apprentice Programme which will provide three high potential females the opportunity to gain boardroom experience over 18 months; and</li> <li>(ii) a Global Advocacy Programme, an initiative co-led by members of our Executive Committee and employee representatives to champion different diversity groups and amplify their voices on a global scale.</li> </ul>

### Strategic and operational matters

At every Board meeting, the Chief Executive Officer updated the Board on operational, business and strategic matters, including safer gambling, competitor analysis and people. He updated the Board at a high level on current performance across all divisions with accompanying underlying narrative and in addition, invited each of his Executive Committee members to join the meeting when required to give more in-depth updates either on divisional or Group function matters. The Board also held a two-day strategy session, where extensive strategy discussions were held with divisional and Group functional leaders and other presenters. These

sessions helped monitor the ongoing strategy roll out. In addition, forward-looking sessions were delivered to the Board on risk appetite and strategy. See the strategic deep dive below for more information regarding our strategy on seeding opportunities. The Board also considered changes in regulation and regulatory headwinds across our markets and it reviews the impact on our business and the options available for mitigation, receiving updates on material communications with regulators and other regulatory and legislative bodies.

🔍 **Case study – Strategy** ▶

Creating the future and taking early positions to realise the potential of future spaces is one of the pillars of our strategy. As part of its two-day strategy session, the Board was presented with an update on strategy on seeding opportunities which, following an extensive strategic review, identified a few priority areas including Metaverse

and Immersive Gaming, Esports and Mobile Skill Gaming as potential opportunities for further exploration and experimentation. The Board considered these potential opportunity areas and how these could supplement the existing strategy.


[📄 See section on pages 24 to 29](#)

### Mergers and Acquisitions (“M&A”)

Through the Chief Executive Officer’s update at Board meetings, the Board is kept aware of ongoing market scanning and M&A activity. In line with the matters reserved for the Board, any M&A transactions meeting a certain threshold or any material extension of our activities into new business or geographic areas requires Board consideration and approval.

During 2022, the Board oversaw the completion of the tombola acquisition, the 49% buy-out of Adjarabet, the acquisition of Sisal, and the acquisition of Sachiko Gaming. The Board approved these deals and were given updates on progress in relation to timing and integration programmes and synergies.

🔍 **Case study – Sisal acquisition** 🏆



The acquisition of Sisal completed in August 2022. Sisal is Italy’s leading online gaming and lottery operator headquartered in Milan. This acquisition fully aligns with the Group’s strategy of investing to build leadership positions in regulated markets globally. The addition of Sisal to the Group delivers several key strategic outcomes:



- Secures a gold medal position in Italy by bringing the leading online brand into the Group’s portfolio. The combination of Sisal with our existing online Italian presence through PokerStars and Betfair will result in a combined online share of 22% in Italy<sup>1</sup>.
- Increases the Group’s exposure to an attractive, fast-growing, regulated online market: Italy is Europe’s second largest regulated gambling market and one that has seen online penetration grow from 10% in 2019 to approximately 19% today. Sisal’s online revenues have grown by a compound annual rate of 34% since 2016.

- Sisal’s omni-channel offering will deliver a competitive advantage to our business, particularly given Italy’s advertising restrictions and the prevalence of cash deposits and withdrawals through retail.
- Increases recreational customer base with the addition of 300,000<sup>2</sup> highly engaged online average monthly players and over 9.5m retail customers.
- Further diversifies our product and geographical footprint and increases the proportion of Group revenue from regulated or regulating markets, which in Q2 2022 was 97%.
- Gives access to Sisal’s lottery knowledge and the international opportunities available with this product, with existing positions in Turkey and Morocco.
- Bolsters our existing talent pool by adding a proven management team that will continue to lead the business and who have sought to take a leadership position in the promotion of safer gambling in Italy.

1 Online market share of gross gaming revenue in Q4.  
2 Average number of players in the 12 months to June 2021.

**Links to strategy:**

-  Invest to win in the US
-  Grow our gold medal positions in core markets

-  Build on our network and invest for leadership positions across international markets
-  Take early positions to realise the potential of future spaces



## Statement of corporate governance continued

### Finance and investor relations

Through the Chief Financial Officer, the Board receives in-depth updates and accompanying narrative on financial performance against the comparators of both the prior year and this year's forecast results across all divisions. The Board considers the reporting of the half-year and full year's financial results and quarterly trading updates or other material announcements. During the year, the Board also considered the 2023 budget, the going concern and viability statements and the annual review of the Group's tax strategy and its publication on our website.

The Chief Financial Officer ensures the Board is kept up-to-date on all Investor Relation matters and provides regular updates on investor views, shareholder relations, analysts' reports and media updates, share register movements and share price performance.

The Board reviewed the Group's financing and capital structure, and approved the Dividend Policy, including the continued suspension of dividend payments for the financial year 2022.

### Governance, risk and regulatory obligations

The Board is kept updated on developments in corporate governance, and legal and regulatory updates, and it considered enhancements to current practices to meet the Company's obligations, including updates on the UK Gambling Act Review, EU and UK Market Abuse Regimes and horizon-scanning on future legal and regulatory developments.

As well as the Chief Financial Officer keeping the Board updated on Investor Relation matters, in 2022 the Chair engaged with investors on governance and sustainability matters and feedback on voting in relation to AGM 2022. The Chair and Remuneration Committee Chair engaged with investors on remuneration matters. Feedback from these investor engagements were provided to the Board and taken into account in its deliberations. Further information on our investor engagement can be found on page 123.

The Audit Committee undertook a fair, balanced and understandable review of the Annual Report and Accounts and recommended them to the Board for approval. The Board also received updates on internal control and risk management systems through reports from the Audit Committee and Risk and Sustainability Committee Chairs, and agreed the process and actions from the Board and Committee effectiveness evaluation.

The Board reviewed its current governance arrangements and that of its Committees, and reviewed and approved the matters reserved for the Board and each Committee's Terms of Reference. The composition of the Board and its Committees was discussed, including continued Board refreshment, succession planning and approved changes to the composition of the Board and its Committees.

Finally, the Board approved the Group's contract signatory policy and oversaw the execution of the sustainability strategy. The establishment of the Policy Governance Forum to review Group level policies has enhanced governance and common standards of policies before they are presented to Board and Board Committees for approval.

### People and culture

During the year the Board received updates on the HR transformation programme bringing together systems, policies and practices, employee engagement, succession planning, talent management and diversity, particularly at senior management level. Following the appointment of a new Group Chief People Officer, the Board received updates on the Global People Strategy. The Board was also kept up to date, through the Remuneration Committee, on employee remuneration structure and monitored progress across the Group on the diversity, equity and inclusion strategy. The Remuneration Committee Report provides further information on pages 154 to 181.



## Key Board meetings during 2022

### February

- Board composition.
- Reports from the Committees.
- Approval of Dividend Policy, and Preliminary Results announcement.
- Approval of 2021 Annual Report and financial statements, viability statement and going concern.
- Investor relations.
- Business presentation: US divisional update.
- Review of internal Board evaluation.
- Review of conflicts of interest, independence and recommendations for election/re-election at 2022 AGM.

### June

- Reports from the Committees.
- Investor Relations.
- Approval of Adjarabet 49% buy-out.
- Business presentation: International divisional update.
- Business presentation: UK&I divisional update.
- Approval of the Group contract signatory policy.
- Approval of Sachiko acquisition.

### July

- Board composition.
- Reports from the Committees.
- Business presentation: US divisional update.
- Business presentation: UK&I divisional update.
- Approval of Dividend Policy, and Interim Results announcement.
- Investor Relations.
- Business presentation: US divisional update.
- Business presentation: UK&I divisional update.

### November

- Business presentation: Sportsbet divisional update.
- Q3 trading update and investor relations update.
- Received external presentation on capital markets.
- Legal, regulatory and compliance update.
- Review of Executive Director and Executive Committee succession plans.

### December

- Board succession.
- Investor Relations.
- Business presentation: UK&I divisional update.
- People update and succession planning.
- Approval of 2023 Budget.
- Approval of Compliance Policy and statement.
- Approval of matters reserved for the Board and Board Committee Terms of Reference.
- Approval of Modern Slavery Statement.
- Update on strategic projects.
- Approval of the Group contract signatory policy.

## 2023 future focus

The Board's objective for 2023 is to continue to oversee the implementation of corporate, sustainability and safer gambling strategies.

The Board will continue to prioritise safer gambling, including responding to the UK Gambling Act Review and the establishment of an Irish gambling regulator. The Board will also continue to prioritise wider ESG matters such as climate, including Task Force on Climate-related Financial Disclosures ("TCFD") and Corporate Sustainability Reporting Directive reporting, and other ESG matters relevant to our businesses. The FRC has indicated its intention to publish proposed changes to the UK Corporate Governance Code, and Euronext Dublin has indicated that it is considering adopting a new Irish Corporate Governance Code. The Board will keep these matters under review and implement any necessary changes to our existing governance practices to ensure compliance with these governance codes. The Board will consider the outcome of the external Board evaluation and implement an action plan to address any recommendations. The Board will oversee the integration of the newly created Chief Operational Officer role and onboarding of the Chief Financial Officer.

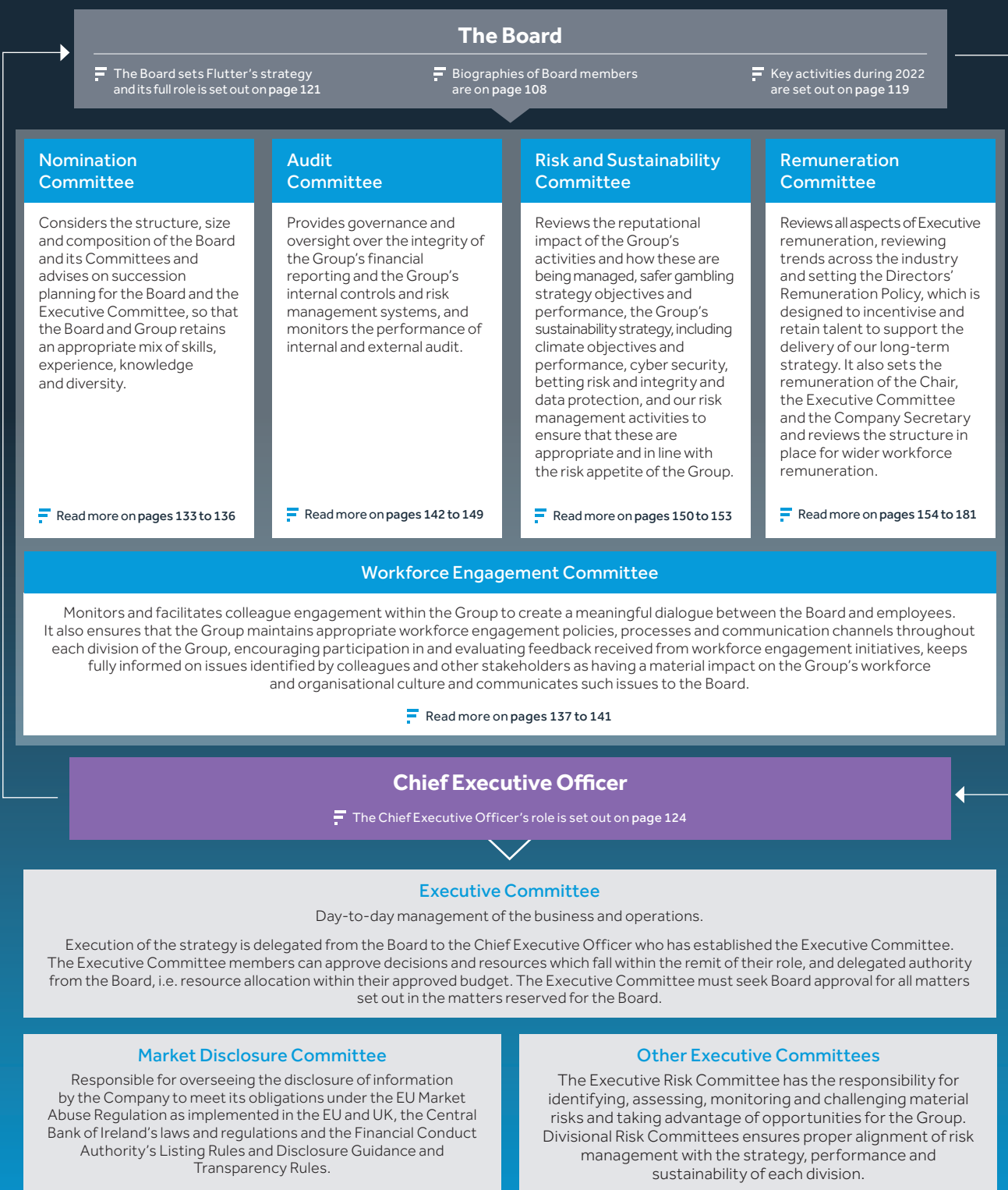
We will continue to support the Executive Directors with the execution of our strategy, focus on the attraction and retention of talented staff, oversee progress on achieving our diversity targets and enhance our governance practices. The Board will monitor cyber risks and mitigation and ensure we understand the interests of all of our stakeholders. The Board will focus on the ongoing refreshment of the Board and its Committees to ensure it continues to have an appropriate balance of skills and experience.

The Board looks forward to meeting our shareholders at our AGM, which will be held on Thursday 27 April 2023 at 11.00 am at its head office in Belfield Office Park, Clonskeagh, Dublin 4, Ireland.

# Leadership and purpose

The Board has overall governance responsibility for Flutter together with its subsidiaries (the “Group”). The Board is the decision-making body for all matters of such importance as to be of significance for Flutter and the Group as a whole because of their strategic, financial or reputational impact. This section provides further detail on our governance arrangements.

## Our Governance Framework



Each Committee Chair formally reports to the Board following their meetings and makes any recommendations to the Board in line with their Terms of Reference. Papers and minutes for all Board Committee meetings are circulated to all Board members other than Directors who may be deemed to have a potential conflict of interest.

## An effective Board

The Board's role is to secure the long-term sustainable success of the Group by ensuring delivery of an appropriate strategy and sustainable profitability. Maintaining the highest standards of governance is essential to this, along with decisions that create sustainable long-term value for the mutual benefit of our shareholders, customers, colleagues and communities.

Our Board is supported by the collective experience of the Directors and their diverse skills.

For further information on the biographies of our Directors and their skills, see page 108

This helps the Board to reach decisions in a focused and balanced way, supported by independent and diversity of thought with challenging constructive debate. Trust and mutual respect are the cornerstones of relationships between our Directors, with a Board dynamic of open and honest conversations. This, and the governance arrangements in place, will ensure decisions are taken for the benefit of the Group in full consideration of the impact on all stakeholders.

The procedures of the Board are clearly documented in the Articles of Association and the matters requiring approval by the Board are set out in a schedule of matters reserved for the Board. The Board reviewed and approved the matters reserved for the Board in December 2022. These documents are available at: [www.flutter.com/about-us/corporate-governance](http://www.flutter.com/about-us/corporate-governance).

Read a summary of the matters reserved for the Board on page 126

There is a clear division of responsibilities between the roles of the Chair and Chief Executive Officer which can be seen on page 124. To allow these responsibilities to be discharged effectively, the Chair and Chief Executive Officer maintain regular dialogue outside the Boardroom, to ensure adequate engagement and effective flow of information.

The Non-Executive Directors have direct access to senior management at all times. Informal as well as formal contact with the wider business is encouraged in order to develop a deeper understanding of the Group's operations, and requests by Non-Executive Directors for site visits and further information are encouraged. This broadens the Non-Executive Directors' sources of information and enables them to consider the wider impact of any Board decisions on stakeholders more broadly. The effectiveness of the Board is reviewed at least annually and conducted according to the guidance set out in the Code and the FRC Guidance on Board Effectiveness.

Read more on Board evaluation on pages 127 to 131

Responsibility to all of our stakeholders for the approval and delivery of the Group's strategy and for creating and overseeing the framework to support its delivery resides with the Board. The Board holds strategy days with the Executive Committee to help review the strategic direction of the Group for the short, medium and long term. Responsibility for the initial development and ultimate implementation of the Group's strategy and overall commercial objectives, following Board approval, resides with the Chief Executive Officer who is supported by the Executive Committee.

Seven scheduled Board meetings were held in 2022. At each, standing agenda items included updates by the Chair, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary. Each Committee Chair also gives an update on their respective Committee meetings and copies of each Committee's minutes (to the extent that they contained no items which would be a potential conflict for other Directors) are circulated to the Board. The Chief Legal Officer and Group Commercial Director, the Chief Information Officer, the Chief People Officer, and

divisional Chief Executive Officers attend Board meetings regularly. In addition, the Non-Executive Directors held a number of NED-only meetings without the presence of Executive Directors during the year.

Board and Committee members are provided with papers in a timely manner in advance of each meeting on a secure electronic portal. Each Director ensures they have reviewed papers in advance of the meeting. Exceptionally, if a Director is unable to attend, comments are provided to the Chair or the relevant Committee Chair beforehand. If any Director has unresolved concerns about the Group or a proposed action, these are recorded in the minutes of the meeting. There were no such occasions in 2022.

## Time commitment

On appointment, Directors are advised of, and required to give, the necessary time commitment to discharge their responsibilities effectively. They are also advised of the locations in which meetings will be held. No precise timings are given as this will vary from year to year depending on activities. The Chair keeps the time each Non-Executive Director has dedicated to the Group under review and his own time commitment is kept under review by himself in conjunction with the Nomination Committee. This is also considered as part of the Board evaluation process. The majority of Directors are experienced board directors and all have an understanding of the time and intellectual commitment that is necessary to fulfil their commitments to the Group.

Time expectations are highlighted on appointment. The Board recognises one of the Code's Principles and general investors' expectations that Directors give sufficient time to fully discharge their responsibilities. Attendance at Board and Committee meetings is a high priority. As well as the formal scheduled meetings, there is significant other engagement by Directors. This includes private individual meetings with the Chair, the Chief Executive Officer and other Directors and senior leaders, as necessary.

As part of enhancing business knowledge and insight, Non-Executive Directors, in particular Committee Chairs, had meetings with other members of senior management throughout 2022. Site visits have been actively encouraged with the Board visiting four key sites in 2022: New York in March, Tbilisi in June, Leeds in September and Melbourne in November.

Making the most efficient use of our Board members' time is crucial and one governance enhancement we have introduced in 2022 is consent items on the Risk and Sustainability Committee agendas. This has enabled the Risk and Sustainability Committee to focus on matters which require deep dives or in-depth discussion during meetings.

In respect of all Directors, the Chair is satisfied that their other duties and time commitments do not conflict with those as Directors of the Group and their involvement and commitment is more than sufficient to meet their Board obligations and responsibilities.

Executive Directors may hold one external non-executive directorship (but not a Chair position) of a large public listed company (or its equivalent), but must obtain prior consent from the Chair before accepting such a position. Executive Directors may retain the fees from any such directorship. This is considered helpful to broaden and deepen their skills, knowledge and experience and further enhance their perspective of Non-Executive Directors on our Board. Peter Jackson joined the board of Deliveroo plc as a Non-Executive Director on 1 January 2022. Jonathan Hill does not currently hold any external directorships.



# Engaging with a broad range of stakeholders

We work hard to maintain close relationships with our stakeholders, understand their views and the importance of these relationships in delivering our strategy.

Our key stakeholders and their differing perspectives are taken into account as part of Board and Committee discussions. See page 116 which sets out a number of Board decisions and material stakeholder considerations. Throughout this Annual Report, we have provided information on some of the initiatives and approaches undertaken to ensure that we have engaged with key stakeholders during 2022.

## Workforce engagement

The Board considers it a key priority to hear the views of our colleagues and the culture of the organisation through visits to our offices, one-to-one meetings with colleagues, Board presentations, feedback from the Executive Directors, and feedback from employee engagement surveys. Following Covid-19 restrictions being lifted, the Board visited Flutter's offices in Australia, Georgia, Ireland, the UK and US during 2022. Colleagues are a key stakeholder and in June 2021, the Board approved the establishment of the Workforce Engagement Committee with responsibility for workforce engagement activities. The Workforce Engagement Committee held four meetings during 2022 and six listening group sessions and reported on its activities at each Board meeting.

[Read more on the Workforce Engagement Committee on page 137](#)



## Investor engagement activities

### Market updates



## Shareholder engagement



The Chair makes sure that appropriate channels of communication are established between the Board and shareholders, and all Directors are aware of any issues or concerns of major shareholders raised during that dialogue. The Chair and the Company Secretary hold governance meetings at during the year with major shareholders. Executive Directors complete results presentations and investor roadshows, and the Board receives regular feedback from investor relations reports and broker updates throughout the year. The Company Secretary engages with proxy advisers in advance of any shareholders meetings. Throughout the year, the Chair of the Remuneration Committee led a process whereby major shareholders were extensively consulted on the proposed new Remuneration Policy. Details of the 2023 Remuneration Policy are set out on page 161 and a summary of key investor engagement activities during 2022 is set out below.

### Annual General Meeting (“AGM”)

The 2022 AGM was held on 28 April 2022. Following the easing of the Covid-19 pandemic restrictions, we were pleased to be able to hold the AGM in person at our head office in Clonskeagh, Dublin, Ireland. Further, we continued to also offer shareholders the option of viewing proceedings via a webcasting facility where shareholders could submit questions in advance and during the meeting. In addition, shareholders were provided with an opportunity to appoint a proxy electronically or by post in advance of the meeting to cast their votes. In line with the FRC Guidance on Board Effectiveness, the Company issued the Notice of the AGM, together with an explanation of the items of business to be considered at the AGM in a letter from the Chair to

shareholders, in excess of 20 working days before the AGM. Voting turnout for the AGM was 69.89% (2021: 47.58%).

All resolutions at the 2022 AGM were passed; however, Resolution 2, an advisory vote to approve the Directors' Remuneration Report, received 32.45% votes against. We understand that a minority of shareholders had concerns with the level of base salary increases awarded and felt unable to vote in favour of the resolution on that basis. As disclosed in our 2021 Annual Report, the Remuneration Committee consulted widely with shareholders during 2021 on proposals that would bring the remuneration of our Executive team to a level that is competitive in both the current UK market and the wider international digital markets in which we now operate and compete for talent. The salary increases made were part of this plan and the Remuneration Committee and the Board continue to believe that these measures were appropriate and in the best interests of the Group.

The views of our shareholders are important to us and, following the AGM, we continued to engage with our larger investors to fully understand their perspective in relation to Executive Director remuneration. We are required to put our Remuneration Policy to a shareholder vote at the 2023 AGM and we have used these conversations to discuss our proposals for a new Policy and receive feedback which has shaped our final proposals.

The 2023 AGM will be held on Thursday 27 April 2023 at our offices in Belfield Office Park, Clonskeagh, Dublin 4, Ireland. A letter from the Chair and Notice convening the AGM, with separate resolutions proposed for each item of business, will be sent to shareholders and will be made available at: [www.flutter.com/investors/shareholder-information/agma](http://www.flutter.com/investors/shareholder-information/agma).

### Governance meetings



### Other engagement activities

- Attendance at conferences across the year
- Separate fireside chats with (i) the Chief Executive Officer and the Chief Financial Officer, and (ii) the FanDuel Chief Executive Officer and Chief Financial Officer
- Significant volumes of direct engagement with current and prospective investors
- Works across the Group to ensure the optimum allocation of resources and closely monitors weekly and monthly performance relative to agreed operational plans, understanding the key drivers affecting results and performance

# Division of responsibilities

## Defining Board responsibilities

The below role specifications show the clear division of responsibility between Executive and Non-Executive members of the Board, which supports the integrity of the Board's operations.

### Leadership

#### **Gary McGann, Chair**

- Responsible for the leadership and effectiveness of the Board, including overseeing corporate governance matters and ensuring the evaluation of the Board, its Committees and the Directors is undertaken.
- With the Board, ensures that the Group's culture is aligned with its purpose, values and strategy.
- Agrees and manages the Board's agenda, ensuring that Directors receive timely, accurate and clear information on the Group's business, and that they are fully informed of relevant matters, and that there is sufficient time allocated to discuss important matters, and thereby promoting effective and constructive debate and supporting a sound decision-making process.
- Oversees the Board's consideration of the Group's strategy and the major issues facing the Group.
- Ensures adequate time is available for discussion and consideration of the Group's principal risks and their mitigation.
- Ensures there is effective stakeholder engagement and the Board is kept aware of their views, in particular those of shareholders and colleagues.

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#### **Peter Jackson, Chief Executive Officer**

- Leads the executive development of strategy and proactive focus on innovation.
- Overall responsibility for the Group's performance.
- Directs the delivery of the Group's strategy in consultation with and supported by the Board.
- Builds and leads an effective Executive Committee and oversees the Group's business operations and management of its risks.
- Ensures appropriate consideration is given to the Group's responsibilities to all stakeholders, including its shareholders, customers and colleagues.
- Communicates and provides feedback on the implementation of Board-agreed policies, and their impact on behaviours and culture, ensuring the Group operates in a way that is consistent with its values.
- Gives internal and external leadership in the area of safer gambling.

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#### **Jonathan Hill, Chief Financial Officer**

- Deputises for the Chief Executive Officer, if necessary.
- Manages the Group's financial affairs, including the Finance, Tax, Treasury, Investor Relations, and Property and Procurement functions, as well as communication with capital markets.
- Supports the Chief Executive Officer in the implementation and achievement of the Group's strategic objectives.
- Proposes policy and actions to support sound financial management and leading on M&A transactions.

## Oversight

### Non-Executive Directors

Bring a strong external perspective, advice and judgement to the Board, acting independently and constructively challenging decisions.

- Scrutinise, measure and review the performance of management and assist in the development and approval of strategy.
- Review Group financial information and ensure the system of internal control and risk management framework are appropriate and effective.
- Review succession plans for the Board, Executive Directors and key members of senior management.
- Monitor actions to support diversity, equity and inclusion in line with the Group's DE&I strategy.
- Set Executive Remuneration Policy.
- Engage with key stakeholders and feed insights as to their views back to the Board, including colleagues in relation to culture.
- Serve on or chair various Committees of the Board.
- Bring varied industry and professional backgrounds, experience, skills and expertise aligned to the needs of the Group's business and long-term strategic objectives.

### Holly Keller Koepfel, Senior Independent Director

- Available to liaise with shareholders in exceptional circumstances when they have concerns that have not been addressed by the Chair, the Chief Executive Officer or the Chief Financial Officer.
- Leads the annual performance review of the Chair and assists the Chair with the annual Board evaluation.
- Provides advice and support to the Chair and is available to other Directors as necessary.

## Governance

### Edward Traynor, Company Secretary

- Ensures a good flow of timely information within the Board and its Committees and between senior management and the Non-Executive Directors.
- Advises the Board on legal and corporate governance developments and ensures the correct policies and processes are in place and compliance with them.
- Facilitates new Director induction programmes and assists with continuous Board education as required.
- With the Chair and the Senior Independent Director, reviews the governance processes, including the Board and Committee evaluation, in terms of being fit for purpose and the consideration of any improvements to be made.
- Provides advice to all Directors and supports the activities of the Board Committees.



## Statement of corporate governance continued

### Summary of matters reserved for the Board

- Agreeing the long-term strategic goals and overall business and commercial strategy.
- Ensuring our purpose and values are aligned to the Group's culture.
- Evaluating and managing of risks impacting our reputation and setting the Group's risk appetite.
- Approving budgets, major capital projects, contracts and corporate actions, including significant mergers, acquisitions and divestments.
- Overseeing of financial reporting and internal controls, and approval of financial reports and announcements and market relevant announcements.
- Ensuring compliance with statutory and regulatory requirements, including corporate governance and Listing Rule requirements.
- Approving appointments to the Board and ensuring sufficient succession plans are in place, including having regard to the Board Diversity Policy.
- Determining the remuneration framework for Executives having regard to wider workforce remuneration arrangements.
- Overseeing of environmental, social and governance matters including approval of the Group's priorities, plans and targets in respect of ESG and climate, and a review of performance in conjunction with the Risk and Sustainability Committee.

In addition to the formal Board meetings held throughout the year, the Chair met with the Non-Executive Directors without the presence of Executive Directors. Also, during the year, the Senior Independent Director held a meeting of Non-Executive Directors without the presence of the Chair to discuss his performance.

### Independence

The Board is committed to ensuring that it continues to comprise a majority of Independent Non-Executive Directors who objectively challenge management. The Nomination Committee has carried out its annual assessment of the independence of each of the Non-Executive Directors, taking into account the circumstances set out in the Code, especially whether the Directors are independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgement.

Until October 2019, Richard Flint held the position of Executive Chair of Sky Betting & Gaming. Richard also had in place a consultancy agreement for the provision of consultancy services which ended on 31 May 2022. The fee for these consultancy services was £250,000 per annum. Further details are set out in Note 30 to the financial statements.

The Board has determined that for this reason Richard Flint did not meet the independence criteria as set out in the Code for the year ended 31 December 2022. The Board is satisfied that all other Non-Executive Directors remain independent for the purposes of the Code.

The Board considers all Directors are independent in character and judgement and exercise independence of thought.

 Read more on Directors' biographies on pages 108 to 111

### 2022 Board meetings attendance

	Meetings <sup>1</sup> attended/ eligible to attend	% of meetings attended
Gary McGann	7/7	100%
Peter Jackson	7/7	100%
Jonathan Hill	7/7	100%
Zillah Byng-Thorne <sup>2</sup>	7/7	100%
Michael Cawley <sup>3</sup>	3/3	100%
Nancy Cruickshank	7/7	100%
Nancy Dubuc	7/7	100%
Richard Flint	7/7	100%
Andrew Higginson <sup>4</sup>	5/7	71%
Alfred F. Hurley, Jr	7/7	100%
Holly Keller Koeppel	7/7	100%
David Lazzarato	7/7	100%
Carolan Lennon <sup>5</sup>	3/3	100%
Atif Rafiq	7/7	100%
Mary Turner	7/7	100%

1. Comprises scheduled and unscheduled meetings.
2. Resigned with effect from 31 January 2023.
3. Resigned with effect from 28 April 2022.
4. Resigned with effect from 31 December 2022.
5. Appointed on 1 July 2022.

### Conflicts of interest

Formal procedures are in place for managing conflicts of interest, which include a bi-annual confirmation by all Directors. Directors must give advance notice of any actual or potential conflicts of interest to the Company Secretary and the Board should they arise. In the case of a conflict, the relevant Director would be excluded from discussions on the matter related to the conflict and cannot vote in respect of any matters in which they have an interest. These are formally considered on an annual basis by the Board alongside any other appointments held by Directors.

Before accepting any external appointments, Directors must discuss the time commitment and their ability to continue to effectively contribute to the Board with the Chair, who will consider any additional commitments, prior to reporting to all Board members.

# Composition, succession and evaluation

Making sure the Board and its Committees have the necessary skills and experience and are diverse and appropriately balanced.

## Board composition

We aim to have a Board that is well balanced and has the appropriate skills, knowledge, experience and diversity for the current and future needs of the business. While the tenure of individual Directors is taken into account, we are keen to strike a balance between continuity and succession for the Board as a whole. Longer-serving Directors bring valuable experience, and working in conjunction with newer appointees, the Board believes that it is progressing towards an appropriate balance, is diverse and continues to operate effectively.

Following nine years of service each, both Michael Cawley and Zillah Byng-Thorne stepped down from the Board on 28 April 2022 and 31 January 2023 respectively. Michael joined the Board, then-called Paddy Power plc, in 2013 and during his time with Flutter and its legacy boards, chaired the Audit Committee. Zillah joined the Board in 2016 following the Betfair Group plc and Paddy Power plc merger and prior to this was a Non-Executive Director of Betfair Group plc from 2013. During her time on the Board and its legacy boards, Zillah chaired the Risk and Sustainability Committee. Further Andrew Higginson also stepped down from the Board on 31 December 2022 having served as the Senior Independent Director and Chair of the Remuneration Committee and previously having served as Chair of the Nomination Committee.

Holly Keller Koeppel replaced Michael Cawley as Chair of the Audit Committee on 28 April 2022, Dave Lazzarato replaced Zillah Byng-Thorne as Chair of the Risk and Sustainability Committee on 28 April 2022, Alfred F. Hurley, Jr replaced Andrew Higginson as Chair of the Remuneration Committee on 1 September 2022. Holly Keller Koeppel replaced Andrew Higginson as the Senior Independent Director on 1 January 2023.

Carolan Lennon joined the Board as an Independent Non-Executive Director on 1 July 2022.

We believe the current size and composition of the Board, including the number of Non-Executive Directors, to be close to a range which is appropriate for the Group given its size and complexity.

An effective Board requires the right mix of skills and experience. The Board maintains a matrix of key skills and experience identified by the Board as particularly valuable to the effective oversight of the Company which continues to grow in size, scale and breadth and the execution of our strategy.

Board composition is kept under constant review with regard to the skills and experience relevant to the Board as a whole.

The Board also considers tenure and independence, complies with the recommendations of the FTSE Women Leaders Review on female representation and the Parker Review on ethnic diversity. A summary of the process followed for the assessment of Director independence is set out on page 126 and an overview of key skills and experience relevant to the Board is set out on page 108.

[Read more on Board diversity on pages 133 to 136](#)

## Ongoing training and development and advice

The Chair and Company Secretary review the knowledge of each Director, their understanding of the Group, key risks and uncertainties, and the evolving regulatory environment within which the Group operates, to fulfil their roles on the Board and its Committees. All Directors are encouraged to request further information and any support they need to fulfil their role. As part of ongoing development, legal and regulatory updates are provided as necessary to the Board and each Committee by internal and external advisers. Our Directors have a diverse range of experience, and we encourage them to take on continual professional development through attending external seminars in areas such as remuneration, ESG and cyber security and briefings that will assist them individually, particularly in the case of Committee Chairs. Additional knowledge is also gained through updates and briefings covering relevant areas for the business and the Group.

The aim of ongoing training and development is to continually refresh and expand the Board's knowledge and skills enabling Directors to contribute to discussions on technical and regulatory matters more effectively.

Throughout 2022, the Board received training and development briefings on Market Abuse, the UK Gambling Act Review, legal and regulatory landscape, product development, TCFD and Environmental, and various cyber security workshops. A crisis simulation exercise involving members of the Board and Executive Committee took place in January 2023.

Each Director may get independent professional advice at the Company's expense in the furtherance of their duties as a Director. Each Committee is supported by the Company Secretary and his Deputy. In addition, each Committee may seek independent professional advice, if appropriate.

## Statement of corporate governance continued

### Non-Executive Director induction

On joining the Board, Non-Executive Directors undertake a comprehensive induction programme. The primary purpose of the programme is to familiarise new Directors with the Group's operations and business, the regulatory environment, our stakeholders, as well as Directors' duties and our governance practices.

Non-Executive Directors are encouraged to visit our international offices to gain a first-hand understanding of the culture. While there is an overall induction programme in place, this is tailored to take into account a Director's previous experience, their responsibilities and specific Committee responsibilities. This is then discussed with the Director themselves.



**Carolan Lennon**  
Non-Executive Director



My appointment to the Board was announced at the 2022 AGM, and I was invited to attend the AGM as a guest and introduce myself to shareholders. I gladly accepted this invite which provided me with a great first opportunity to see the head office in Dublin in action, meet all the Board Directors together in person and give me an insight into how the Board engages with its shareholders at an AGM.

It was clear that the AGM was taken very seriously and seen as an important platform for shareholders to receive an update on the business and ask the Board questions in relation to their investment. This was the first AGM to be held in person following the lifting of the Covid-19 restrictions and I was encouraged to see shareholders attending and asking questions.

My induction started with a meeting with the Company Secretary, Edward Traynor and the Chair, Gary McGann in May to discuss my tailored induction programme. The programme included a full schedule of meetings which was introduced by Edward and Gary who also explained the governance arrangements and regulatory framework the Group operates in, the current Board and Committee composition, my duties as a Director of a FTSE 100 company and other key governance information. Both Edward and Gary followed up continuously in relation to my induction to ensure it was going well and met my expectations.

Over the course of several months, my induction included over 20 sessions with various Board members, divisional and functional leads and key stakeholders who regularly engage with the Board.

I am very happy with the induction and time and access I have been afforded from everyone and this has left me with a very good first impression of the business, the people and the culture.

In summary, I am confident that the induction I received has given me a great platform to work off from day one of my appointment and I am motivated and looking forward to contributing to the Board in my capacity as a Non-Executive Director.

### Typical induction included the following key areas to Flutter:

#### Divisions and brands

- **UK&I:** Sky Betting & Gaming, Paddy Power, Betfair, tombola.
- **International:** Sisal, PokerStars, Jungle Games, Adjarabet, Singular, Betfair.
- **Australia:** Sportsbet.
- **US:** FanDuel, Pokerstars, FOX Bet, TVG.

#### Legal, risk and regulatory

- Overview of Chief Legal Officer and Group Commercial Director function, comprising legal and company secretarial, regulatory (including safer gambling), compliance, reputation and integrity.
- Divisional risk model.
- Anti-bribery and corruption.
- Material litigation and legal matters.
- Regulatory and licensing.
- Sustainability.
- Safer gambling framework.

#### Culture, people and reward

- Remuneration Policy and reward structures.
- HR operating model.
- People strategy.
- Leadership.
- Performance and engagement.
- Diversity and culture.
- Talent attraction and retention.

#### Governance and internal control framework

- Corporate governance.
- Internal controls function.
- Internal Audit.
- External Audit.

#### Technology

- Technology footprint.
- Global operating model.
- Cross-divisional technology projects.
- Technology transformation programme.
- Cyber security.

#### Strategy

- Corporate strategy.
- Sustainability strategy, Positive Impact Plan, including the Play Well safer gambling strategy.

### Election/re-election of Directors

When recommending the election/annual re-election of individual Directors to shareholders, the skills and experience each Director brings, as well as their time commitment, tenure and independence, are considered by the Nomination Committee. The Board performance review and evaluation also feed into this process.

Following the review by and recommendation of the Nomination Committee, the Board will recommend the election of Carolan Lennon and Paul Edgecliffe-Johnson, and the re-election of all other current Directors to shareholders at our upcoming 2023 AGM other than Jonathan Hill who is retiring from the Board and will not put himself forward for re-election at the 2023 AGM.

### Effectiveness of the Board

In line with best practice and in accordance with the UK Code and the FRC Guidance on Board Effectiveness, we annually evaluate the performance of the Board and its Committees to assess their effectiveness. Led by the Chair and supported by the Senior Independent Director, the performance evaluation considers the balance of skills, experience and independence of the Board with regard to the Board Diversity Policy.

The annual performance evaluation is externally facilitated every three years. An internal evaluation was undertaken during 2021 and an update on progress of the actions arising from this review is set out on page 131. The 2022 performance evaluation was externally facilitated by Russell Reynolds Associates (the "External Facilitator") and below we have set out the process we followed and the resulting action plan. In addition to external board evaluation services, the External Facilitator provides services to the Board in relation to recruitment of Non-Executive Directors.

As well as the formal performance evaluation process set out across the page, the Chair kept under review the performance of all Non-Executive Directors, having individual meetings and providing feedback as appropriate.

### 2022 Board and Committee evaluation

As mentioned above, the performance evaluation to assess the performance of the Board, its Committees and Directors for 2022 was carried out externally and the purpose, process and action plan arising from it is set out on page 130.

#### Purpose

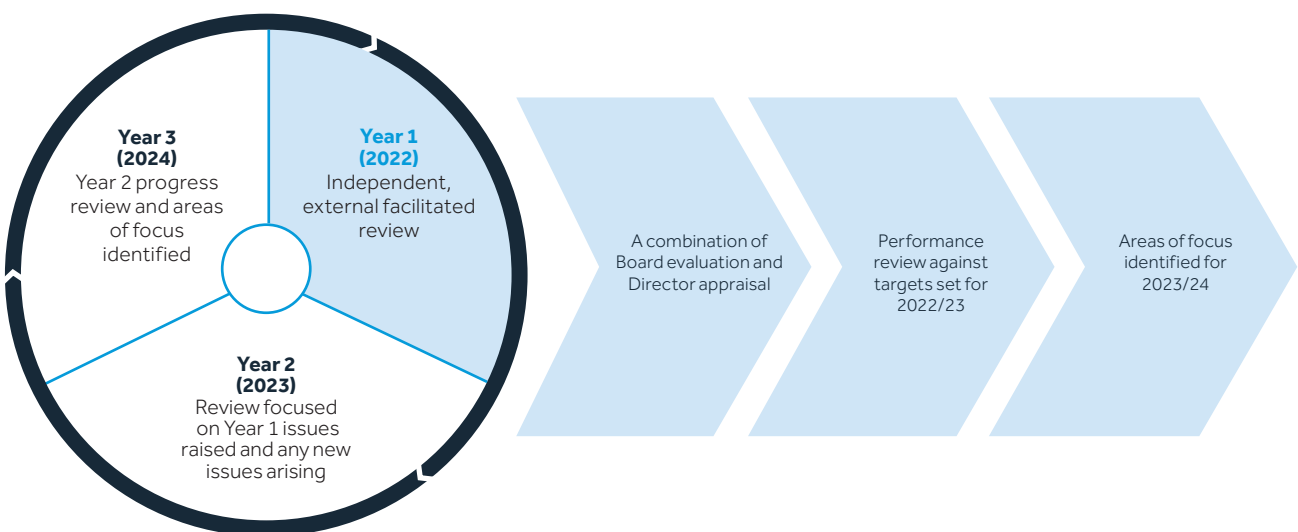
The purpose of the evaluation was to further enhance and develop the Board performance in the context of the future opportunities and challenges which the Group is facing and maximise the Board's positive impact on the Group's results and future trajectory.

#### Process

The evaluation was externally and independently facilitated by the External Facilitator and considered the below key themes:

- purpose, strategy, risk and ESG alignment;
- Board processes and structure including Board size, balance and committee balance;
- Board and Committee leadership;
- Board and management culture; and
- Board composition and individual Director assessment in the light of Flutter's long-term vision and strategy in a sensitive and professional manner.

### Board evaluation cycle process





## 2022 External Board evaluation process

### 1 Step 1

#### Appointment of independent adviser:

Appointment of Russell Reynolds Associates as independent adviser and discussions with Board Chair as to how they would approach the external evaluation exercise.

### 2 Step 2

#### Design of review:

Our Nomination Committee commenced the process at their Committee meeting on 13 October 2022 and agreed the scope of exercise, timeline and process to start the evaluation with the External Facilitator.

### 3 Step 3

#### Board survey:

The External Facilitator developed a tailored Board survey with our Chair and Senior Independent Director covering five key themes and sent these online to all Board members.

### 4 Step 4

#### In-depth interviews:

The External Facilitator developed a customised interview guide with our Chair, building on both the survey results and the 2019 external Board evaluation results which the External Facilitator also facilitated. This drove the conversations to uncover important themes and potential areas for development. Interviews were based around the previously stated key themes and typically took 60 minutes with each Board Director and were all were conducted in person.

### 5 Step 5

#### Observed a Board meeting:

The External Facilitator attended the Board meeting in December to observe meeting procedures and Board Director dynamics.

### 6 Step 6

#### Analysis, Presentations and discussions:

The results of the Board survey, interviews and Board meeting observation were analysed and reviewed with the Chair. During a Board meeting held in February where the External Facilitator presented a report on the outcome of the 2022 performance evaluation which summarised the findings and recommendations for consideration. This was discussed with the Chair of the Board and Senior Independent Director prior to being presented to the Board.

### 7 Step 7

#### Actions:

An agreed action plan and progress against these will be monitored by the Nomination Committee throughout 2023.

## Action plan

### Board Composition

Review Board composition, taking into account the optimal size of the Board, independence and tenure, the current and future skills requirements, taking into consideration gender and ethnic diversity and geographical representation requirements.

### Board Culture

Continue to further strengthen Board culture as Board composition continues to evolve, including ensuring opportunities to meet outside of meetings takes place. Elevate discussions in Board meetings to ensure constructive challenge and contribution to strategy discussions.

### Long-term vision and strategy

Ensure sufficient discussions on the Group's long-term vision and strategy take place and take into account robust capital allocation discussions. More time during meetings should be focused on strategy matters.

### High quality succession planning

Allocate more time to succession planning discussions, ensuring the Board has a strong proximity to the personality, leadership capabilities and potential of candidates. A review of Board Committee leadership should be incorporated into the Board succession planning process.

## 2021 evaluation opportunities identified and progress made during 2022

	Opportunities	Actions
<b>Board awareness of the Group's business</b>	Develop Board travel plans for 2022 to incorporate key site visits. These visits should take account of the purpose of the Workforce Engagement Committee to monitor culture and listen to the views and concerns of the workforce.	The Board visited key sites in Georgia, the US, the UK, Ireland and Australia, which provided the Board with opportunities to interact with local colleagues and included listening sessions through the Workforce Engagement Committee. See more information on pages 137 to 141.
<b>Ongoing training and awareness</b>	To develop plans for the Board's ongoing training and awareness. Make use of external presenters and site visits to assist with this.	The Board undertook training sessions on its obligations with respect to climate-based disclosures, including those recommended by the Task Force on Climate-related Financial Disclosures, Market Abuse, and legal and regulatory updates. See more information on the Board's training on page 127.
<b>Workforce Engagement Committee ("WEC")</b>	Continue to monitor the remit of the recently established Workforce Engagement Committee.	The WEC held "listening groups" directly with colleagues in the following areas: FanDuel in the US, Trading & Risk team in Dublin, Adjarabet in Georgia, UK&I division in Dublin, UK&I division in Leeds and Sportsbet in Australia. See further information on these listening groups and how these factored into Board decisions on page 140.  Following the appointment of a new Group Chief People Officer in 2022, the remit and responsibility and terms of reference of the WEC were updated to ensure they were reflective of achieving its purpose; to understand the views, interests and concerns of the workforce; and oversight of management's workforce engagement activities. This included the WEC receiving updates on the Global People Strategy at its Committee meetings. The WEC Report provides further information on pages 137 to 141.
<b>Risk and Sustainability Committee</b>	Continue to monitor the remit of the repurposed Risk and Sustainability Committee.	This was reviewed as part of the 2022 external Board evaluation.
<b>Executive succession planning</b>	To enhance succession plans for the Executive team so that the quality of the appointments reflects the changes to the business's scale and size.	A CEO Adviser was appointed on February 2022, who throughout the year, continually updated the Nomination Committee on the work underway on succession plans for critical roles. This helped the Nomination Committee monitor internal development and potential external hires for these critical roles across the business and helped oversee succession plans for Executive Directors and Executive Committee members.
<b>DE&amp;I strategy</b>	To monitor progress on implementation of the Group's DE&I strategy below Board-level.	In April, the Work Better pillar of the Positive Impact Plan strategy was presented to the Risk & Sustainability Committee. In July, the Workforce Engagement Committee received an update on the recently launched Global Advocacy Programme which is a process whereby Executive Committee members become advocates for diversity groups. In October, a diversity, equity and inclusion progress report was presented to the Workforce Engagement Committee to enable them to have oversight of progress of the DE&I strategy.  See more details of our Positive Impact Plan on page 48 and the Workforce Engagement Committee on pages 137 to 141.
<b>Oversight of Board strategy</b>	The Board to review the implementation of the corporate strategy and progress on new innovation.	The Board held a two-day strategy offsite, where extensive strategy discussions were held with all divisional and Group functional heads and other presenters. These sessions helped monitor and evolve the ongoing strategy rolled out in 2021 and in addition there were forward-looking sessions delivered to the Board on risk appetite for future acquisitions and the Group's strategy and future opportunities.
<b>Financial systems integration and finance teams</b>	Continue to drive synergies across the Group, develop the Finance team and lead the financial systems integration programme. Opportunity to leverage skills and experience of the Finance team in the HR transformation programme.	The Chief Financial Officer provided a Finance people update to the Audit Committee in April and a finance transformation update in July. The Finance team supported the implementation of the HR transformation programme.
<b>Board dynamics and culture</b>	Continue to lead Board dynamics and culture as the Board meets in person more frequently.	All Board meetings from April onwards were held in person after the lifting of the Covid-19 restrictions with six out of eight meetings being held in person. The Board site visits have provided additional opportunities for Board members to meet informally outside of Board cycles.

# Group CFO Transition

In October 2022, we announced that Jonathan Hill would establish a new Group COO function and transition to the role of Chief Operating Officer. Following a competitive internal and external search using Spencer Stuart<sup>1</sup>, the Board recommended the appointment of Paul Edgecliffe-Johnson as Group Chief Financial Officer. The effective date of these changes is 20 March 2023. On appointment, Paul will join the Board as an Executive Director and member of the Executive Committee. Jonathan will step down from the Board at the conclusion of the AGM on 27 April 2023 and will continue to be a member of the Executive Committee.

Prior to joining Flutter, Paul was Chief Financial Officer & Group Head of Strategy for Intercontinental Hotels Group plc ("IHG"), having previously held several senior-level finance positions.

He also acted as Chief Financial Officer and Interim Chief Executive Officer of IHG's Europe, Middle East and Africa division. Before this, he was a Senior Manager for Private Equity Tax Structuring at PricewaterhouseCoopers and previously worked in Corporate Finance at HSBC Investment Bank where he advised a wide range of multinational companies on equity and debt fundraisings, mergers and acquisitions and joint ventures.

Paul is a Non-Executive Director of Schroders plc. He is a qualified Chartered Accountant, a member of the Association of Corporate Treasurers and has a law degree from the University of Southampton.

1. Spencer Stuart provides executive search services and have no other relationship with the Group.



# Evaluating Board composition to ensure our governance is effective



The Committee supports the Board in ensuring that effective governance structures are in place and that the Board and its Committees have an appropriate balance of skills and experience.

**Gary McGann**  
Nomination Committee Chair

## Highlights

- Oversaw changes in composition of the Board
- Monitored the progress of ongoing Board succession plans
- Oversaw the external Board evaluation process and implementation of action plans
- Considered succession plans for senior management
- Approved the Board Diversity Policy

## Key focus for next year

- Further progress on broad Board diversity
- Support progress on the diversity, equity and inclusion strategy and ensure progress is made on achieving 40% female diversity in senior leadership positions by 2026 and that diversity, equity and inclusion continues to be embedded within our culture
- Continue to review and enhance succession planning at both Board and senior management level
- Continued implementation of the recommendations arising from the 2022 external Board performance evaluation
- Oversee Chief Financial Officer and Chief Operating Officer transitions

## 2022 meeting attendance

Committee members <sup>1</sup>	Date appointed	Attended/ eligible to attend
Gary McGann (Chair) <sup>2</sup>	Jul 2015	5/5
Nancy Cruickshank	May 2019	5/5
Nancy Dubuc	Jun 2021	5/5
Andrew Higginson <sup>3</sup>	Feb 2020	2/5
Alfred F. Hurley, Jr	May 2020	5/5
Holly Keller Koepfel <sup>4</sup>	Jun 2021	4/5
Carolan Lennon	Sept 2022	2/2

1. All members of the Committee are Independent Non-Executive Directors and the Chair of the Board was independent on appointment to that role.
2. Appointed Chair of the Committee with effect from 29 April 2021.
3. Resigned with effect from 31 December 2022.
4. Unfortunately, due to adverse weather, Holly Keller Koepfel was unable to attend the meeting on 13 December 2022.



# Nomination Committee report continued

## Key Committee meetings during 2022

### February

- Review of internal 2021 Board and Committee effectiveness review findings.
- Independence and election/re-election of Directors.
- Approval of external reporting disclosures.
- Review of Board Committee composition.

### July

- Reviewed Board succession planning and Committee composition.
- Reviewed succession plans for key senior management positions.
- Reviewed progress on 2021 internal Board evaluation action plan.

### October

- Approved the updated Board Diversity Policy.
- Consideration of Board diversity in respect of FTSE Women in Leaders and Parker Reviews.
- Reviewed Executive Director and Executive Committee succession plans.

### December

- Considered the process for the 2022 Board and Committee effectiveness review.
- Review of Board succession planning.
- Approved governance matters.

## Key responsibilities

The Nomination Committee looks at the structure, size and composition of the Board and its Committees, advising on orderly succession planning for senior executives and making recommendations so that the Board retains the right mix of skills, experience, knowledge and diversity, in line with the current and future needs of the Board.

Read the Nomination Committee Terms of Reference at: [www.flutter.com/about-us/corporate-governance](http://www.flutter.com/about-us/corporate-governance)

Read Directors' biographies on pages 108 to 111

## Diversity, equity and inclusion

We are building a workforce which is representative of the communities we serve, in all aspects of diversity. Our diversity, equity and inclusion initiatives are set out in the Work Better section on pages 58 and 63. Responsibility for our DE&I agenda falls within the remit of the WEC and further details are set out on pages 137 to 141.

## Board Diversity Policy

The Board Diversity Policy sets out our approach to diversity on the Board. We aim to have a Board that is well balanced and has the appropriate skills, knowledge, experience and diversity for the needs of the business. The Board Diversity Policy incorporates the requirements of the Code, together with the recommendations of the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnicity for FTSE 100 companies. We think about diversity in the broadest sense including diversity of thought, age, gender, nationality, independence, professional background, social and ethnic backgrounds, business and geographic experience, and cognitive and personal strengths. These differences are considered in determining the optimum composition of the Board and, when possible, should be appropriately balanced.

The Board Diversity Policy is available on our website at: [www.flutter.com](http://www.flutter.com)

## Objectives of the Board Diversity Policy

The Nomination Committee reviews all measurable objectives for achieving diversity on the Board and recommends them for Board adoption. At any given time, the Board may pursue one or more aspects of its Diversity Policy and measure progress accordingly.

The Board wants to continue to improve diversity on the Board and as of 31 December 2022 has met the recommendation of the FTSE Women Leaders Review of 40% female representation on the Board. From 1 January 2023, the Board also met the requirement to have at least one senior board position, being the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director position to be held by a woman. It is recognised that there may be periods of change on the Board when (exceptionally) this number may be smaller while the Board is refreshed. However, it is the Board's longer-term intention to at least maintain this balance.

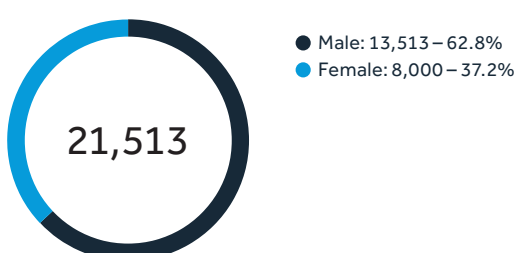
The Board supports the recommendations set out in the Parker Review on ethnic diversity and is committed to improving its representation of diverse social and ethnic backgrounds. During 2022, the Board met the recommendation to have at least one Director from an ethnic minority on the Board.

Although we are not required to report against the diversity targets set out in the updated UK Listing Rules until the financial year ending 31 December 2023, we have chosen to voluntarily comply with the reporting requirements set out under UK LR 9.8.6(9), (10) and (11), see page 135.

## Board diversity targets

As at 31 December 2022, the Board has met two of three diversity targets set out in UK LR 9.8.6(9)(a), with over 40% of the Board women and one Board member being from a minority ethnic background. Holly Keller Koeppel assumed the role of Senior Independent Director on 1 January 2023 and therefore the minimum target of one senior Board position to be held by a woman has been met since then. There have been no changes since 31 December 2022 that have affected our ability to meet the targets set out in UK LR 9.8.6(9)(a). However, it is recognised that there may be periods of change on the Board when female representation may go below 40% while the Board is refreshed. It is the Board's longer-term intention to at least maintain this balance.

## All employees<sup>1</sup>



1. Based on gender demographics as at December 2022.

## Board and executive management diversity

The following tables set out the information required to be included in the Annual Report under the UK Listing Rule 9.8.6R(10), as set out in Annex 2 to UKLR 9, as at 31 December 2022.

The information included in the below tables, and to support the statement made in relation to the targets set on the previous page, has been collected by self-disclosure directly from the individuals concerned, using a questionnaire requesting the individual to select their gender identity and ethnicity from a list of options of equal prominence.

For the purposes of the below tables, executive management is as defined in the UK Listing Rules, being the executive committee or most senior executive or managerial management body below the board (or where there is no such formal committee or body, the most senior level of managers reporting to the chief executive), including the company secretary but excluding administrative and support staff. For Flutter, this is the members of our Executive Committee and the Company Secretary.

## Gender identity

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)*	Number in executive management	Percentage of executive management
Men	8	57.1%	4	10	90.9%
Women	6	42.9%	—	1	9.1%
Other categories**					
Not specified/prefer not to say	—	—	—	—	—

\* From 1 January 2023, the Board also met the requirement to have at least one senior board position, being the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director position to be held by a woman.

\*\* In collecting data on gender identity, we also included additional categories including gender fluid, intersex, non-binary, transgender, or other gender.

## Ethnic background

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	13	92.9%	4	11	100%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	1	7.1%	—	—	—
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group (including Arab)	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

## Senior managers

Senior managers are defined in legislation as including both persons responsible for planning directly or controlling the activities of the Company (or strategically part of the Company), and any other Directors of undertakings including in the consolidated accounts. For reporting purposes, as at 31 December 2022, there were 101 Group subsidiary entity Board Directors, comprising 9 female and 92 male.

## Implementation of the Board Diversity Policy during 2022

All appointments to the Board are based on merit, in the context of the balance and mix of appropriate skills and experience the Board as a whole requires in order to be effective.

Diversity in the Board is a key factor for consideration as part of the Board renewal process, and the Nomination Committee takes into account the following criteria when considering Non-Executive Director roles:

- skills, knowledge and experience in areas relevant to the operation of the Board, including professional background, international experience and having regard to Board skills gaps;

- diversity in all respects, including age, nationality, gender, social and ethnic backgrounds, and cognitive and personal strengths; and
- the need for an appropriately sized Board.

During the process of ongoing Board renewal, each or a combination of these criteria can take priority.

As part of the annual performance evaluation of the effectiveness of the Board, its Committees and individual Directors, the Nomination Committee considers the size of the Board, balance of skills, experience, independence and knowledge on the Board and the current and future diversity representation of the Board. It also focuses on overseeing orderly succession to the Board.

The Nomination Committee and the Company intend to only engage with search firms which are accredited under the Enhanced Voluntary Code of Conduct for Executive Search Firms in Board appointments. When we go out to the market to look for Non-Executive Directors, we require longlists of potential candidates to comprise at least 50% female candidates and the inclusion of other candidates from groups that are traditionally under-represented at board level. It also focuses on achieving orderly succession to the Board.

## Nomination Committee report continued

### 2022 Board diversity progress

As at 31 December 2022, we achieved our target of having at least one Director from an ethnic minority on the Board. We also achieved our target for female Board representation, with 47.7% of our Directors being female. From 1 January 2023, we have also achieved the FTSE Women Leaders Review recommendation of having at least one senior Board position held by a woman. We continue to work towards further enhancing our gender diversity on the Board. Russell Reynolds Associates, the external search agency used during the recruitment process for the appointments of Carolan Lennon, and Spencer Stuart used during the recruitment process for Paul Edgecliffe-Johnson are accredited under the Enhanced Voluntary Code of Conduct for Executive Search Firms.

The recruitment processes for the appointment of Carolan Lennon as a Non-Executive Director considered candidates from a wide pool of experience and both longlists and shortlists of potential candidates were comprised wholly (100%) of female candidates in order to further enhance our female representation on the Board.

### 2023 Board diversity priorities

The Board is committed to having a diverse Board and to ensuring an open and fair recruitment and selection process for all Board appointments. The Board has exceeded its target of 40% female representation and has met its target on ethnic diversity on the Board. The Board has also achieved its target of having one senior Board position held by a woman. The Board intends to maintain or improve its current levels of female and ethnic diversity on the Board for the year ending 31 December 2023.

Recognising the benefits of wider experience, Non-Executive Director candidates from a wide variety of backgrounds have been taken into account when considering Non-Executive Director appointments.

The recruitment and selection process for Non-Executive Directors ensures that longlists of potential candidates comprise at least 50% female candidates.

During 2023, the Nomination Committee and the Board will continue to promote our Board Diversity Policy and its implementation to ensure it continues to implement an inclusive and diverse Board. It will also include Board exposure to advances in best practice in this area to help reset our diversity ambitions.

[Read Directors' biographies on pages 108 to 111](#)

### Succession planning

The Board's succession plan is a continuous process and is reviewed formally once a year and addresses Board size, Committee structure and composition, skills on the Board, tenure, independence, diversity, including gender and ethnicity, Board roles, and succession plans for key Board and Committee positions. In addition to our regular review of Non-Executive Director succession plans, the Committee continued to review the succession plans of key senior leaders to ensure sufficient strength of pipeline of future leaders.

Succession plans include contingency strategies for unexpected departures, medium-term plans for orderly replacement of current Board members and long-term plans linking strategy with the skills needed on the Board in the future.

### Skills and experience

For balanced and effective decision making, it is important the Board has a broad range of skills and experience. The Committee maintains a skills matrix of the Board to identify areas for enhancement and allows for the mapping of the Board's skills as a whole against the evolving needs of the business, and ensures that any future search for Non-Executive Directors is focused. This assists in defining the attributes required as part of the search for new Non-Executive Directors.

[Read more on our skills matrix on page 108](#)

### Effectiveness of the Committee

The operation, performance and effectiveness of the Committee is monitored by me throughout the year and was also specifically reviewed as part of the external Board and Committee evaluation process. I am pleased to confirm that it was considered that the Committee was operating effectively and focusing on the key areas within its remit.

[Read more on our Board evaluation on pages 129 and 131](#)

**Gary McGann**  
Nomination Committee Chair  
1 March 2023



# Committed to engaging with our global workforce



Our Workforce Engagement Committee focused this year on listening to colleagues face-to-face in sessions held during Board visits to office locations, and digitally through our employee feedback tools.

**Mary Turner**

Workforce Engagement Committee Chair

## Highlights

- The Committee commenced listening sessions with the workforce to hear directly from colleagues on their views and concerns. These listening sessions covered a diverse range of locations, businesses and skills, including FanDuel, Adjarabet, Sportsbet, UK&I and the Group Trading and Risk teams
- Reviewed and supported the new global people strategy
- Learnt about emerging global workforce issues, specifically those matters affecting the Group

## Key focus for next year

- Evaluate feedback received from employee engagement tools and face-to-face listening sessions from workforce engagement initiatives and monitor the effectiveness of engagement mechanisms, workforce communication and feedback channels
- Continue to engage with management on oversight of the four priorities of the Global People Strategy
- Oversee any Group or Divisional people risk that is of sufficient scale to potentially impact the performance, sustainability or reputation of the Group

## 2022 meeting attendance

Committee members <sup>1</sup>	Date appointed	Attended/ eligible to attend
Mary Turner (Chair)	Jun 2021	4/4
Nancy Cruickshank	Jun 2021	4/4
Nancy Dubuc <sup>2</sup>	Jun 2021	2/2
Carolan Lennon <sup>3</sup>	Jul 2022	2/2
Richard Flint	Jun 2021	3/4
Atif Rafiq <sup>4</sup>	Jun 2022	2/2

1. All members are Independent Non-Executive Directors.
2. Nancy Dubuc stepped down as a member of the Committee on 1 July 2022.
3. Carolan Lennon was appointed as a member of the Committee on 1 July 2022.
4. Atif Rafiq was appointed as a member of the Committee on 1 July 2022.



## Workforce Engagement Committee Report continued



### Membership and operation of the Committee

The Committee met four times during the year and held six listening group sessions. These listening group sessions were held in various locations the Board visited during the year including in FanDuel in New York, Adjarabet in Tbilisi, Group Risk & Trading in Dublin, UK&I Retail in Dublin, UK&I in Leeds, and Sportsbet in Melbourne.

In addition to members of the Committee, regular attendees by invitation include the Group Chair, Group Chief Executive Officer, Group Chief Financial Officer, Group Chief People Officer, Group Director of Diversity and Inclusion, divisional Chief Executive Officers and divisional CPOs. The Company Secretary, or his Deputy, acts as secretary to the Committee and provides support as required.

[Read more on Directors' biographies on pages 108 to 111](#)

As Chair of the Committee, I report to the Board on the key outcomes from each meeting and on how the Committee has discharged its duties. The minutes of all Committee meetings are circulated to the Board for information.

### Key responsibilities

The main responsibilities and primary role of the Committee, as set out in its Terms of Reference (available at: [www.flutter.com](http://www.flutter.com)) are to assist the Board in fulfilling its oversight of workforce engagement as set out in the Code and ensuring the views and concerns of the workforce are taken into account during Board decision making.

### Workforce engagement mechanisms

The Code introduced a requirement for UK listed company boards to have in place a mechanism for appropriate workforce engagement to ensure that colleagues are considered by boards as key stakeholders, that board members would be exposed to the concerns and views of the workforce, and that the employee voice is considered by the board in their decision making. The Board reviewed its mechanism for workforce engagement and established the Committee in June 2021. The Code requires boards to keep engagement mechanisms under review so that they continue to remain effective. The views and concerns of our workforce are important to be taken into

consideration during Board deliberations. The Board considered the workforce engagement mechanisms in place and believed that a Board level Committee with responsibility for workforce engagement is appropriate given the size and scale of the Group, the differing cultures within each division, and the sub-cultures that exist within our brands. Travel restrictions imposed during Covid-19 meant the Board were unable to meet with colleagues during 2021. The Board believe it is important to meet with the workforce to hear directly from them on their views and concerns. These travel restrictions began to be lifted in early 2022, and as a result, the Committee established listening groups with colleagues to hear directly from the workforce on their views and concerns. The Committee held six such listening group sessions, two of which were attended by the whole Board. The aim of the Workforce Engagement Committee is to monitor and facilitate workforce engagement within the Group to ensure a meaningful dialogue exists between the Board and employees. Through the work of the Committee, the Board aims to enhance its awareness of employee matters in the context of the Board's decision-making process.

The Workforce Engagement Committee's duties include:

- listening to the workforce to better understand their views and their degree of engagement with their local brand and/or division or function and the wider Group. This listening will help inform the Board's thinking, and guidance to management in workforce engagement matters;

Oversee progress against the Global People Strategy, including:

- as to whether they are appropriate in the context of the Business Strategies and input they have received from the listening activities they have undertaken;
- receiving written and verbal updates from management;
- receiving metrics and analysis on progress of the implementation and outcomes of the People Strategies;
- providing guidance through questions, commentary and challenge where appropriate; and
- any group or divisional people risk that is of sufficient scale to potentially impact the performance, sustainability or reputation of the Group.

The Committee's clearly defined purpose and governance structure acts like reverse mentoring; Directors are learning from the workforce, and this enhances the Board's effectiveness and decision making. The Board will continue to monitor the operation and development of the Committee during 2023.

### Committee activities during 2022

The Committee received updates on four priorities, described on page 139, of the Global People Strategy throughout the year. Further updates included monitoring diversity, equity and inclusion to include discussions on both the UK and Irish Gender Pay Gap reports, the launch of the Global Advocacy Programme, management's plans to address operations and shared services such as the implementation of a new global HR platform. The Committee also reviewed material People risks that could potentially impact the performance, sustainability or reputation of the Group.

## Key Committee meetings during 2022

### April

- Reviewed updates on nurturing our critical skills
- Received updates on simplification through the lens of HR transformation
- Held listening group session with Group Risk & Trading team

### July

- Considered the Global People strategy
- Reviewed progress of DE&I strategy
- Received updates on simplification engagement data

### October

- Received update on engagement and belonging
- Reviewed progress on making everyday experiences easier
- Reviewed People risks

## Engagement mechanisms

Purpose	Listening approaches
<b>Listen to the workforce to better understand their views and their degree of engagement with their local brand, division or function and the wider Group</b>	<p>Making the Board more accessible to the workforce through a programme of informal engagement mechanisms so they can hear directly from the workforce. Examples include:</p> <ol style="list-style-type: none"> <li>1. meetings with cross-sections of the workforce during Board site visits;</li> <li>2. meetings with senior leaders and high-potential individuals;</li> <li>3. focus groups on specific topics attended by the Committee or teams responsible for delivery of specific projects; and</li> <li>4. employee engagement surveys</li> </ol>
<b>Oversee progress against the Group People Strategy</b>	<p>This will involve oversight of management activities on workforce engagement to ensure that effective mechanisms are currently in place or will be implemented in the future. Examples include:</p> <ol style="list-style-type: none"> <li>1. reporting on metrics or targets;</li> <li>2. review of strategic and culture risks;</li> <li>3. DE&amp;I progress; and</li> <li>5. workforce initiatives implemented as part of the Global People Strategy and their progress.</li> </ol>

## Global people strategy: Our five priorities

Our global people strategy and plan focuses on five key priorities that will enable us to build on our scale as a leader, go beyond our industry and gain a reputation as the best company in the world to work for.

Setting the pace for positive change focuses on our DE&I strategy and associated action plans such as the Global Advocacy Programme as detailed on page 59. Nurturing critical skills supports us in developing a workforce strategy and building a global community for the skills that matter most. Making everyday experiences easier seeks to simplify and share technology across divisions and locations to enable our businesses to move at pace and to create collaboration. Working smarter focuses on increasing efficiency and leveraging the opportunities of Group's scale. Our priority of developing and diversifying our top talent is reviewed and discussed at the Nomination Committee.



Setting the pace for positive change



Nurturing critical skills



Making everyday experiences easier



Working smarter



Developing and diversifying our top talent



The Committee used the feedback, concerns and insight from workforce listening sessions to challenge and support the Executive team in the development and evolution of both the Global and Divisional People Strategies.

**Mary Turner**

Workforce Engagement Committee Chair



## Listening groups

The Committee held six listening group sessions through 2022, which provided the Committee with an opportunity to meet with a breadth of colleagues across the Group. The Committee appreciated the dialogue with colleagues to understand the various cultures across the multiple brands. The key themes from these listening sessions and the impact and outcome of these insights is set out below.

Insights from listening sessions	Impact and outcome of engagement
<ul style="list-style-type: none"> <li>Challenges associated with remote working arrangements during Covid-19 restrictions and post Covid-19 transition, particularly for onboarding new colleagues.</li> <li>The benefits of face-to-face interaction for innovation and collaboration and the need for social interactions.</li> <li>Challenges associated with being part of a large global group, particularly in understanding the Corporate Strategy and receiving Group updates.</li> <li>Global mobility opportunities enable growth and development within the Group, this supports development of future leaders.</li> </ul>	<ul style="list-style-type: none"> <li>Considered Remuneration proposals and Gender Pay Gap reporting.</li> <li>Learnt about emerging issues impacting colleagues more quickly, Management's actions and the importance of being flexible in addressing matters locally.</li> <li>Learnt about progress in DE&amp;I, in particular, how the Global Advocacy Programme was being lived in various locations, enthusiasm for colleagues to become involved in such important initiatives, and how they are allowing colleagues to be themselves at work every day.</li> <li>Enabled the Board to assess whether the right people strategy was in place, whether the people priorities were appropriate and progress across each of these priorities.</li> </ul>

## Case study – Culture in Action: Amigoness

During the Board's site visit to Adjarabet offices in Tbilisi, three listening group sessions were held with a cross section of Adjarabet colleagues. These listening groups were each focused on Adjarabet's unique values of "Up", "Amigoness", and "Fair Play". Up encourages colleagues to not be afraid of new challenges, to be determined and always be ready for development. Fair Play supports a workplace of unity of free and diverse people, where all colleagues are treated equal and fair in their dealings with others and are provided with equal opportunities to develop. It also encourages respect for colleagues from all backgrounds. Amigoness is a value that encourages colleagues to win together. Colleagues do this by showing a sincere and friendly attitude towards colleagues and are always ready to help others.

The Board were particularly interested to learn about these values, and how colleagues in Adjarabet select which value they feel most connected to and create an avatar for themselves based on that value. The Amigoness value is unique to Adjarabet, and the Board enjoyed listening to how colleagues enjoy the collaborative and friendly culture.





### Culture

A healthy corporate culture is one in which our values, behaviours and people promise are understood by our stakeholders, where compliance, ethics and integrity are embedded, and an operating environment that is inclusive, diverse and engaging. Together, these aspects encourage colleagues to make positive differences for stakeholders, in which values guide decisions and actions and in which attitudes and behaviours are consistent with high standards of conduct and doing the right thing.

The role of the Board in relation to purpose, vision, strategy, which underpins our long-term goals and stakeholder engagement, is key in supporting a healthy culture across the Group, as is reinforcing the agreed cultural tone through the:

- substance of the decisions it takes;
- way in which those decisions are taken; and
- visibility, transparency and communication of those decisions.

We operate within a federated model with a widely diverse colleague base and multiple cultures across our brands and divisions. The uniqueness of our diverse cultures is a strength to the global nature of the Group yet localised by putting the customer at the heart of each brand. We empower colleagues by putting decisions as close to the customer as possible.

To understand more fully how culture manifests in employee beliefs and actions, the Committee monitors the development of tools to allow culture to be assessed on objective evidence. In working towards this, further enhancements have been made within employee engagement surveys. All of this supports the objective of identifying shortcomings and taking corrective action should it be required. The Board and this Committee recognise that this will continue to be an evolving area.

### Effectiveness of the Committee

The operation, performance and effectiveness of the Committee is monitored by me throughout the year and was also specifically reviewed as part of the external evaluation process. All feedback received is used to improve the Committee's effectiveness. I am pleased to confirm that notwithstanding the relatively recent establishment of the Committee, it operates effectively.

[Read more on our skills matrix on page 108](#)

[Read more on our Board evaluation on pages 129 and 131](#)

### Mary Turner

Workforce Engagement Committee Chair  
1 March 2023



### Our People insights

**21,513**  
employees

**>80**  
nationalities

**6**  
Listening group sessions held

**26**  
countries

**6**  
Site visits

**150**  
of colleagues participated in listening sessions

**86%**  
aggregated participation rate for digital listening mechanisms

**79%**  
Employee engagement for Flutter overall (excluding Sisal)

### Case study – Global Advocacy Programme – driving positive change



The Committee received updates on the launch of a Global Advocacy Programme which aims to enhance and amplify the work of Diversity, Equity & Inclusion ("DE&I") and to provide a platform to drive change on DE&I opportunities globally. The Global Advocacy Programme focuses on four global workstreams of Gender, Multicultural (Inclusive of Race, Ethnicity, Faith & Nationality), LGBTQIA+ and Accessibility, to make a collective impact and strive for positive change that scales across the Group. The Committee will continue to monitor progress of the Global Advocacy Programme throughout 2023.



# Monitoring the integrity of our system of internal controls



The Audit Committee provides oversight of the financial reporting and disclosure process, ensuring quality of our audit process and integrity of our system of internal controls.

**Holly Keller Koeppe**  
Audit Committee Chair

## Highlights

- Oversaw a competitive tender process for the appointment of a new external auditor for FY2024
- Reviewed the significant financial judgements made during the year
- Conducted a review of the Annual Report and financial statements to confirm that it was fair, balanced and capable of being understood by shareholders
- Conducted a review of our external auditor and proposed the reappointment of KPMG for the year ending 31 December 2023
- Approved the Group's 2023 Internal Audit Plan and oversight of the Group Internal Audit function
- Approved the updated Group Treasury Policy
- Oversight of the Internal Controls team, a second line function with responsibility for financial controls

## Key focus for next year

- Continue to provide oversight of integration of financial reporting systems across the Group
- Support the delivery of a comprehensive internal audit programme
- Provide continued monitoring of the closure of management actions
- Monitor changes in regulatory reporting requirements
- Oversee the transition of the external auditor

## 2022 meeting attendance

Committee members <sup>1</sup>	Date appointed	Attended/ eligible to attend
Holly Keller Koeppe <sup>2</sup> (Chair) (Member: Jun 2021)	April 2022	6/6
Michael Cawley <sup>3</sup>	Jul 2013	3/3
Zillah Byng-Thorne <sup>4</sup>	Feb 2016	6/6
Carolan Lennon <sup>5</sup>	July 2022	3/3
David Lazzarato	May 2020	6/6
Mary Turner	May 2020	6/6

1. All members were Independent Non-Executive Directors. Attendance schedule excludes annual joint Audit and Risk and Sustainability Committees meeting on 12 December 2022.
2. Appointed Committee Chair on 28 April 2022.
3. Resigned as a Director following the conclusion of the 2022 AGM with effect from 28 April 2022.
4. Resigned as a Director with effect from 31 January 2023.
5. Appointed as a member of the Committee with effect from 1 July 2022.

On behalf of the Board, I am pleased to present my first Audit Committee Report as Chair, having taken on the role from 28 April 2022. I would like to start by thanking my predecessor, Michael Cawley, for his service to the Committee and support in the transition.

### Key responsibilities

The main role of the Committee, as set out in its Terms of Reference (available at: [www.flutter.com](http://www.flutter.com)) is to assist the Board in its oversight responsibilities by monitoring the integrity of the financial statements of the Group and other financial information before publication, and reviewing significant financial reporting judgements contained in them. In addition, the Committee also reviews:

- the system of internal financial and operational controls on a continuing basis (the Risk and Sustainability Committee reviews the internal control and risk management systems); and
- the accounting and financial reporting processes, along with the roles and effectiveness of both the Group Internal Audit function and the external auditor.

### Membership and operation of the Committee

The Committee met six times in 2022. The annual joint Audit and Risk and Sustainability Committees meeting was held in December.

In addition to members of the Committee, regular attendees who attend meetings by invitation included the Chief Executive Officer, the Chief Financial Officer, the Group Director of Internal Audit and the Group Director of Finance and Treasury. The external auditor, KPMG, also attends Committee meetings and has direct access to the Chair of the Committee. The Company Secretary, or his Deputy, acts as secretary to the Committee and provides support as required.

The Board is satisfied that David Lazzarato, Mary Turner, Carolan Lennon and I all have "recent and relevant financial experience" as required under the Code. All members of the Committee were Independent Non-Executive Directors during their appointment to the Committee with financial and commercial experience relevant to either the digital and/or consumer industry and the broader commercial environment within which we operate. Therefore, the Committee, the Nomination Committee and the Board are satisfied that the Committee, as a whole, has competence relevant to the sector in which the Group operates.

**Read more on our Directors' biographies on pages 108 to 111**

To work effectively, the Committee has unrestricted access to the Group's external auditor, KPMG, and the Internal Audit function, which it meets throughout the year with, and without, management, as appropriate. These meetings ensure there are no restrictions on the scope of their audits and allow discussion of any matter that the internal or external auditor might not wish to raise in the presence of management. The Committee may obtain, at the Group's expense, outside legal or other professional advice needed to perform its duties.

As Chair of the Committee, I report to the Board on the key outcomes from each meeting and on how the Committee has discharged its duties. The minutes of all Committee meetings are circulated to the Board for information.

### Significant activities undertaken during the year

#### Significant financial judgements

Our review of the significant financial judgements made during the year and any key financial reporting issues are described on page 145 of this report. In addition to routine consideration of potential fraud and error in revenue recognition and management override of controls, the Committee considered acquisition accounting for the acquisition of Sisal.

#### Internal audit

We work closely with our Internal Audit function and in particular, the Group Director of Internal Audit. During 2022, we monitored and reviewed the effectiveness of the Group's Internal Audit function. This included consideration of the results of internal audits undertaken and challenges of management's responses to the findings, including updates on actions identified; approving any changes to the Internal Audit Plan for 2022 and approval of the Internal Audit Plan for 2023; and reviewing and approving amendments to the Internal Audit Charter.

#### Internal controls over financial reporting

We reviewed the work undertaken by the Group Internal Controls team. It presented its programme for "second line of defence" assurance work over the design adequacy and operational effectiveness of the financial controls designed to mitigate the risks of financial misstatement. We reviewed its plan, which involved the regular review and testing of a tailored suite of internal financial controls.

#### Financial and business reporting

During the year, we monitored the integrity of the financial statements and the formal announcements relating to the Group's financial performance and considered the report of the external auditor on the financial statements and the year-end audit. We assessed the Group's viability in line with the Code requirements and the appropriateness of the going concern basis and maintained oversight of compliance with relevant regulations for financial reporting and the Code.

#### Reporting and governance

On behalf of the Board, we undertook a review of whether the Annual Report and financial statements, taken as a whole, was fair, balanced and understandable and provides the necessary information to shareholders to assess the Group's position and performance, business model and strategy. Our review of the Annual Report and financial statements is described on page 144.

The Committee undertook a review of the Committee's Terms of Reference and schedule of proposed meetings in December.

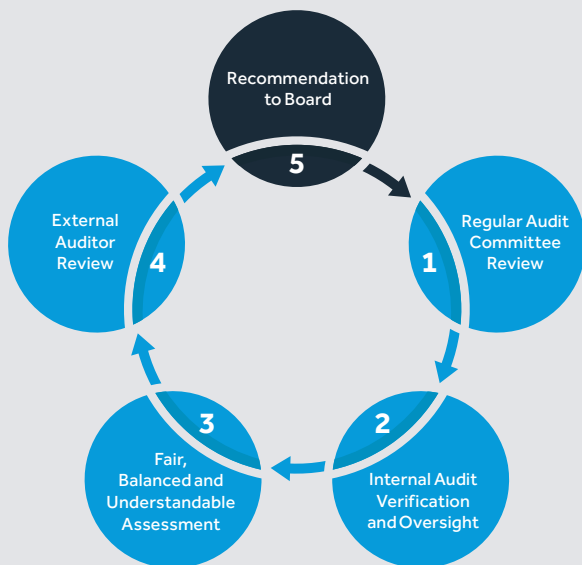
#### Risk management and internal control

The Committee assessed the appropriateness of the Group's overall risk management and internal control framework. Throughout the year, the Committee had responsibility for ensuring there is a robust process in place to monitor and evaluate the principal risks to which the Group is exposed, including those that would threaten its business model, future performance, solvency or liquidity.

We also reviewed the processes for detecting fraud, misconduct and control weaknesses and considering responses to any such occurrence.

Following these reviews, the Committee concluded that the Company's systems of risk management and internal control were effective and appropriate in the context of the Group.

## Fair, balanced and understandable



At the request of the Board, the Committee considered whether, in its opinion, the 2022 Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and whether it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

### How do we define "fair, balanced and understandable"?

In justifying this statement, we considered the robust process in place to create the Annual Report and financial statements, including:

- reviewed a draft of the whole Annual Report and financial statements at a meeting in advance of giving its final opinion and ahead of final approval by the Board. The Committee was provided with all relevant information, received briefings from management on how specific issues are managed and challenged management as required;
- received confirmation that each Committee had signed off on each of its respective Committee reports and reviewed other sections for which it has responsibility under its Terms of Reference;
- was provided with a confirmation by management that it was not aware of any material misstatements in the financial statements made intentionally to achieve a particular presentation; and
- was provided with findings from KPMG that it had found no material audit misstatements that would impact the unqualified audit opinion during the course of its work. The Committee confirms that it is satisfied that KPMG, as the external auditor, has fulfilled its responsibilities with diligence and professional scepticism. After reviewing the presentations and reporting from management and consulting where necessary with KPMG, the Committee is satisfied that the Annual Report and financial statements appropriately addresses the critical judgements and key estimates, both in respect of the amounts reported and the disclosures.

### Is the report fair?

- Is the whole story presented and has any sensitive material been omitted that should have been included?
- Is the reporting on the business performance in the narrative reporting consistent with that used for the financial reporting in the financial statements?
- Are the key messages in the narrative reflected in the financial reporting?
- Are the KPIs disclosed at an appropriate level based on the financial reporting?

### Is the report balanced?

- Is there a good level of consistency between the narrative reporting in the front and the financial reporting in the back of the report, and does the messaging presented within each remain consistent when one is read independently of the other?
- Is the Annual Report an appropriate document for shareholders?
- Are the statutory and adjusted measures explained clearly with appropriate prominence?
- Are the key judgements referred to in the narrative reporting and the significant issues reported in this Audit Committee Report consistent with the disclosures of key estimation uncertainties and critical judgements set out in the financial statements?
- How do the significant issues identified compare with the risks that KPMG plans to include in its report?

### Is the report understandable?

- Is there a clear and understandable framework to the report?
- Are the important messages highlighted appropriately throughout the document?
- Is the layout clear with good linkage throughout in a manner that reflects the whole story?

### Conclusion

Following its review, we believe that the 2022 Annual Report and financial statements is representative of the year and presents a fair, balanced and understandable overview, providing the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

## Key Committee meetings\*

### February

- Assessment of external auditor independence and recommendation for reappointment.
- Review of internal controls and risk management systems.
- Review of key accounting judgements.
- Reviewing of internal controls year-end attestation.
- Consideration of fair, balanced and understandable.
- Assessment of viability statements and going concern basis of preparation.
- Recommendation of 2021 Annual Report and financial statements and results announcement.
- Consideration of external auditor effectiveness review.

- Approval of non-audit services and Policy review.
- Meeting with external auditor without management present.
- Received an update on the external auditor tender process.

### April

- Review of 2022 external audit.
- Review of internal controls over financial reporting.
- Approval of Internal Audit Charter.
- Approval of Group tax strategy.
- Received an update on the external audit tender process.
- Review resourcing within the Finance teams.

### July

- Review and recommendation of approval of 2022 Interim Results.
- Consideration of going concern basis of preparation.
- Review of interim internal controls update.
- Review of External Audit Plan update.
- Received an update on the Finance transformation programme.

### October

- Review of external audit scope of work
- Review of tax risks update.
- Approval of Group Treasury Policy.
- Review of Q3 trading update.
- Review of divisional financial controls over reporting.
- Approval of External Audit Plan and Strategy.

\* Internal audit update and external auditor update were standing agenda items at each Committee meeting.

## Financial reporting and significant financial issues

The Committee monitors the integrity of the financial statements at half year and at year end, as well as formal announcements relating to the Group's financial performance. We considered whether accounting standards are consistently applied across the Group and whether disclosures in the financial statements are appropriate and sufficient. Following discussions with management and KPMG, the Committee has determined that the key risks of misstatement of the Group's Financial Statements are in relation to the following:

### Matter considered

#### Revenue recognition

The Group has a number of income streams across its online operations with a high prevalence of cash and card payment transactions. The accuracy and completeness of the Group's revenue recognition are highly dependent on the Group IT systems. Effective operational and fraud-related controls from both an IT systems and financial control perspective help us ensure the accuracy and completeness of these income streams.

### Action

We gained comfort over this area through discussion with the Chief Financial Officer and the Group Director of Finance and Treasury in relation to the operation of key financial controls such as cash and revenue reconciliations.

The Group Treasurer presented to the Committee on treasury and banking controls in operation, which ensure the accuracy and integrity of funds held in the Group's bank accounts and client funds accounts.

We also gained an understanding of, and challenged, the work performed by KPMG, including its assessment of the key IT controls in operation in relation to the Group's IT systems.

As a result of the above, the Committee is satisfied that there are appropriate controls and processes in place across the Group to ensure the completeness and accuracy of reported revenue.

#### Acquisition accounting

As a result of the acquisition of Sisal, it was necessary, in accordance with accounting rules, to perform a purchase price allocation exercise to fair value the assets and liabilities arising from the transaction and to consider the treatment of contingent liabilities. Acquisition accounting involves subjective judgement to arrive at fair values of assets and liabilities on the date of acquisition. Inappropriate assumptions may result in business combinations being accounted for incorrectly. The fair value exercise resulted in the identification of significant intangible assets and the recognition of material goodwill.

Group Finance presented the key judgements and fair value adjustments in respect of the identification and valuation of intangible assets and the treatment of contingent liabilities since completion of the acquisition of Sisal. The Group also used external third-party specialists in respect of the valuation of these intangible assets. KPMG reported to the Committee on results of its procedures which are designed to obtain sufficient appropriate audit evidence regarding the identification, potential recognition and disclosure of assets and liabilities arising from the acquisition of Sisal. As a result of the above, the Committee is satisfied that the recognition of valuation of intangible assets and goodwill of this acquisition accounting were appropriate.



# Audit Committee Report continued

## External auditor

We reviewed and made a recommendation to the Board in relation to the continued appointment of KPMG as the external auditor and, as a Committee, approved KPMG's remuneration and terms of engagement for the 2022 financial year. During the year, the Committee reviewed and approved the External Audit Plan for 2022 presented by KPMG, including consideration of its key areas of risk and the audit approach applied by KPMG, the proposed areas of coverage of KPMG's audit and any changes thereto during the year. The Committee considered KPMG's updates during 2022 in relation to the External Audit Plan, related actions and evaluated the performance of KPMG, including its independence and objectivity, and monitored any non-audit services provided by KPMG. The Committee also reviewed the Group's Non-Audit Services Policy (the "Non-Audit Services Policy") and, in advance, approved any non-audit services and related fees to be provided by KPMG during 2022.

## Internal audit

Internal Audit is an independent assurance function for the Group whose remit is to provide independent and objective assurance that the key risks to the Group are appropriately identified and managed and that key controls are operating as expected. It reports directly into the Committee. The Committee annually approves the Internal Audit Charter.

The Group Director of Internal Audit or her deputy attends and reports at every Committee meeting and has direct access to all Committee members, and the Committee Chair also met with the Group Director of Internal Audit outside of Committee meetings throughout 2022. The Committee approved the 2022 Internal Audit Plan in December 2021 and this was assessed by the Committee to ensure it provided adequate coverage across the Group and was risk-based in its approach.

Progress against the Internal Audit Plan was reported to the Committee throughout 2022 and was considered in detail at the half year and after the year end. We also reviewed the specifics of audit findings and the progress of the business in addressing audit recommendations. Internal Audit regularly reported to the Committee on risk profiles across the divisions, methodology enhancements and the overall risk management frameworks in the business.

After taking all of this into consideration, the Committee and I are satisfied as to the Internal Audit function's performance.

## Risk management

In accordance with the Code, the Board must describe the principal risks to which the business is exposed, and the activities undertaken to mitigate against them. The Board must also confirm that it has carried out a robust assessment of the principal risks facing the Group, including those that would threaten the business model, future performance, solvency or liquidity of the business.

We must explain how we assessed the prospects of the Group, over what period we have done so, why this period is considered appropriate and whether the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, drawing attention to any qualifications or assumptions as necessary. The Board has reported on these requirements on page 100.

This Committee and the Risk and Sustainability Committee together support the Board in relation to monitoring the adequacy and effectiveness of the risk management systems. During 2022, this Committee reviewed the output of the Internal Audit function as well as the management of financial risks. The Committee also reviewed the reports presented by the external auditor, KPMG, and reports from the Internal Control function. The Risk and Sustainability Committee reviewed the work of the second line functions and ongoing operational risk management. To ensure that there is a full review of the risk management process as a whole, I am a member of the Risk and Sustainability Committee and the Chair of the Risk and Sustainability Committee, David Lazzarato, is a member of this Committee. We also have an annual joint meeting of the Audit and Risk and Sustainability Committee at which a review of the risk management process, as a whole, is undertaken, for its appropriateness and effectiveness in identifying the principal risks and reviewing how those risks are being managed and mitigated. The Committees also rely on the work of internal and external audit to ensure that appropriate measures are taken to address risks as they are identified or as their risk profile changes.

As part of the overall risk management framework, management maintains divisional risk registers. This Committee and the Risk and Sustainability Committee, together, at their annual joint meeting, formally consider these and the appropriateness of management's risk appetite.

 [Read more on understanding and managing our principal risks on pages 92 to 99](#)

 [Read more in the Risk and Sustainability Committee Report on pages 150 to 153](#)

## External auditor: KPMG

There are a number of areas which the Committee considers in relation to KPMG as the external auditor; its performance, reappointment and length of service, effectiveness of the external audit process, independence and the provision of non-audit services, objectivity and remuneration.

## Performance

In October, KPMG presented its Audit Plan and strategy to the Committee. It provided detail on the proposed audit approach and methodology and the materiality level intended to be used during the audit, and highlighted the areas considered as having a higher risk due to the level of judgement involved and the potential impact of a misstatement on the Group financial statements.

The areas of highest risk were considered to be the acquisition accounting for Sisal and revenue recognition. In addition, KPMG highlighted that, as required by auditing standards, management override of controls was also included as a significant audit risk. The Committee reviewed and appropriately challenged the conclusions reached by KPMG before agreeing its proposed Audit Plan's scope and approach.

The Committee provided appropriate challenge to the work performed, assumptions made and conclusions drawn, particularly in relation to the higher-risk areas identified above. The Committee meets privately with KPMG at least once a year without any members of management or the Executive Directors being present.

### Reappointment and length of service

The Committee makes recommendations on the appointment, reappointment and removal of the external auditor to the Board. It also reviews whether the external auditor is, and remains, objective and independent. KPMG Ireland was appointed as the Group’s auditor in 2002. Prior to the tender carried out in 2022 and detailed below, the audit was last tendered in 2011 for the year ended 31 December 2011. Post the merger with Betfair, KPMG LLP, the UK member firm of KPMG International, was the Group’s auditor for the years ended 31 December 2016 and 2017. The Committee reviewed the performance

and effectiveness of KPMG and concluded that it continues to provide an effective audit service and that there are no compelling reasons for change for 2023. The Committee is mindful of the requirements of the EU Directive on audit reform. Under the Directive’s transitional arrangements, KPMG can continue to act as the Group’s external auditor for the period up to 31 December 2023. Accordingly, the Committee recommended the reappointment of KPMG to the Board (which was accepted) for the 2023 financial year. Ryan McCarthy is the current lead audit partner and 2021 was his first year in this role.

### Auditor rotation timeline



### Case study – External audit tender process

During 2022, the Committee oversaw a competitive tender process and Deloitte Ireland were selected to replace KPMG from 1 January 2024. A series of reports and updates were provided to the Committee in preparation for and to monitor the tender progress. The firms invited to tender were chosen having given proper regard to the complexity of the Group, the geographic locations it operates in, the industry and size and scale of the Group, with the tender completed by highly capable and experienced audit firms with strong track records and technical expertise. In compliance with mandatory auditor rotation requirements, KPMG were not invited to tender having been the Group’s auditor since 2011.

Following evaluation of each of the tender proposals received and based on an assessment of corporate fit, audit quality and experience criteria, the Committee recommended to the Board that Deloitte Ireland be appointed as the statutory auditor with effect from the financial year commencing 1 January 2024. The Board accepted this recommendation.

#### Audit transitional plans

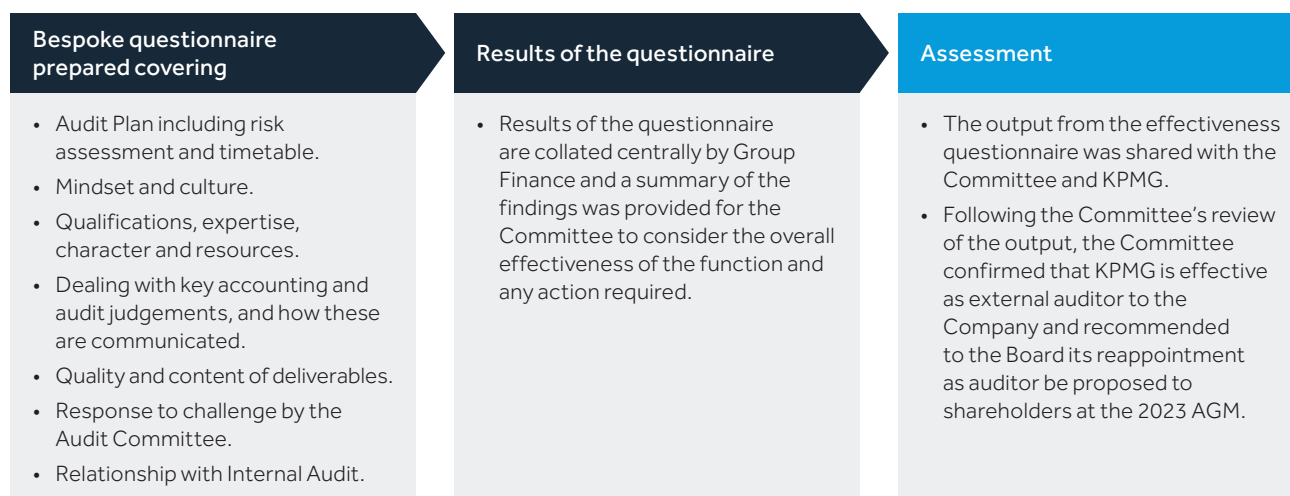
The proposed external auditor, Deloitte, is currently undertaking activity in preparation for the external audit for the 2024 audit cycle. This will aid a smooth transition and allow Deloitte to embark on the 2024 audit as well prepared as possible.

This activity includes:

- a review of its non-audit services provided to the Group and its subsidiaries and the necessary steps to ensure auditor independence;
- liaising with KPMG during the 2023 audit cycle, including shadowing at key audit meetings;
- meetings with key members of the senior management team at Group and divisional level;
- Deloitte will complete the review of the half-year results and audit for the full year ending 31 December 2024; and
- the Committee will monitor the transition of the auditor throughout the year to ensure the effectiveness and independence of Deloitte.

# Audit Committee Report continued

## Effectiveness of the external audit process



### Independence and the provision of non-audit services

The Committee implements appropriate safeguards when the external auditor also provides non-audit services to the Group. The perceived independence and objectivity of the external auditor may be compromised where it receives fees for non-audit services, so we operated a Non-Audit Services Policy during 2022. This formalised the process to be followed when considering whether to engage the external auditor for non-audit services. Any engagement of the external auditor for non-audit work must satisfy applicable rules and legislation, including under the Companies Act 2014 and the IAASA Ethical Standard for Auditors (Ireland).

KPMG cannot engage in non-audit services that would compromise its independence, would violate any laws or regulations affecting its appointment as the external auditor, or would lead a reasonable third party to regard the objectives of the proposed non-audit service as being inconsistent with the external audit. The Non-Audit Services Policy specifically calls out services that the external auditor cannot provide to the Group. No approval is given by the Committee for the provision of prohibited services. Beyond this all engagements of KPMG are formally approved by the Committee in advance.

The Group's policy is that the total fees for non-audit services to the Group shall be limited to no more than 70% of the average of the fees paid for the last three consecutive years for audit-related services to KPMG Ireland and overseas offices. During 2022, KPMG Ireland was engaged to perform agreed upon procedures on responding to third parties, the half-year review and other non-audit services. The Audit Committee specifically considered the impact of this on KPMG's independence as auditor and was satisfied that it was appropriate to engage KPMG, having taken into account the potential impact to the auditor's independence and the procedures put in place to reduce them to an acceptable level. During 2022, the Committee monitored the extent to which KPMG was engaged to provide non-audit services and considered and approved the engagement as required under the Non-Audit Services Policy. An analysis of the non-audit fees provided by KPMG during 2022 is set out in Note 9 to the consolidated financial statements on page 228. For 2022, the KPMG Ireland non-audit fees as a percentage of audit fees was 5% (2021: 4%) and at a Group level non-audit fees as a percentage of audit fees was 14% (2021: 6%).

The Committee and I are satisfied that the non-audit services provided and fees paid in relation to these do not impair KPMG's independence and objectivity and there are sufficient safeguards in place in respect of this.

**Independence, objectivity and hiring of former employees of the external auditor**

The Committee is also responsible for implementing appropriate safeguards to ensure the independence and objectivity of the external auditor, KPMG. Under these safeguards, any offer of employment to a former employee of the external audit firm, within two years of the employee leaving the external audit firm, must be pre-approved by the Committee where the offer is made in respect of a senior executive position. Key audit partners will not be offered employment by the Group within two years of undertaking any role on the audit. Other key team members will not be offered employment by the Group within six months of undertaking any role on the audit. Other employees of the external auditor who accept employment by the Group must cease any activity on the Group’s audit immediately when they tender their resignation to KPMG. In order to ensure objectivity, any partner previously involved in the audit of the Group’s Parent Company or its subsidiaries shall not be recruited in the Group Finance function.

During the year the Committee reviewed KPMG’s annual confirmation of independence within the meaning of the

applicable regulations and professional standards and compliance against the above internal safeguards.

We are satisfied with the independence, objectivity and effectiveness of KPMG as the external auditor, and with the external audit process as a whole.

**Effectiveness of the Committee**

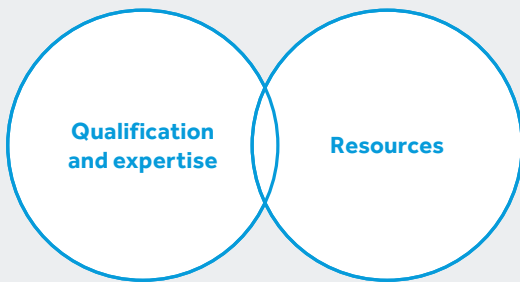
The operation, performance and effectiveness of the Committee is monitored by me throughout the year and was also specifically reviewed as part of the external evaluation process. All feedback received is used to improve the Committee’s effectiveness. I am pleased to confirm that the Committee continues to operate effectively.

[Read more on our skills matrix on page 108](#)

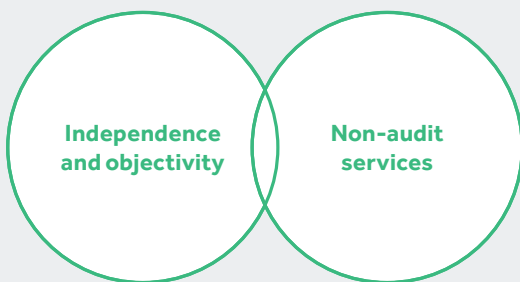
[Read more on our Board evaluation on pages 129 and 131](#)

**Holly Keller Koeppel**  
**Audit Committee Chair**  
**1 March 2023**

**External auditor effectiveness review**



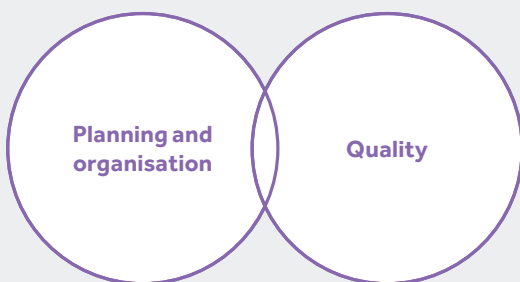
We considered whether the external auditor had appropriate resources and expertise to conduct the audit, including the competence with which KPMG handled key accounting and audit judgements and the manner in which it communicated the same.



We spoke to the Chief Financial Officer and management about the objectivity of the auditor.

Non-audit services provided by KPMG were reviewed and, as described on page 148, are not considered to have affected the auditor’s independence.

The Committee was satisfied that KPMG complied with relevant ethical and professional guidance on the rotation of audit partners.



We looked at the effectiveness and organisation of the planning process for the audit, including progress against the agreed Audit Plan, and communication of any changes to the plan in respect of matters such as emerging risks and post-audit evaluation.

The Committee was satisfied with the quality of reporting from the external auditor and its recommendations.

We also took into account the outcome from an internal management review of its performance.



# Overseeing management of material risks impacting the Group



Safer gambling is fundamental to every element of the Group's strategy and brand sustainability.

**David Lazzarato**  
Risk and Sustainability Committee Chair

## Highlights

- Reviewed the management of material risks, oversaw implementation of the risk management framework and risk strategy, reviewed the Group's divisional risk registers, and monitored Group risk appetite
- Oversaw sustainability matters including progress against our Positive Impact Plan pillars, reviewed climate-related disclosure requirements, data protection, approval of Modern Slavery Statement
- Oversaw the Group's safer gambling strategy
- Monitored regulatory landscape including UK Gambling Act Review and Irish Gambling Bill
- Oversaw the International and Australian division's regulatory developments
- Monitored cyber security threats, oversaw implementation of Group cyber security strategy and policy and deep dive cyber security workshops
- Monitored compliance activities, including anti-money laundering and counter terrorist financing, sanctions, anti-bribery and corruption policies, whistleblowing arrangements and Code of Ethics
- Reviewed and monitored bookmaking risks and trading limits
- Monitored material litigation and legal matters

## 2022 meeting attendance

Committee members <sup>1</sup>	Date appointed	Attended/ eligible to attend
David Lazzarato <sup>2</sup> (Chair)	May 2020	5/5
Zillah Byng-Thorne <sup>3</sup>	Jan 2018	5/5
Michael Cawley <sup>4</sup>	Feb 2016	2/2
Nancy Cruickshank	May 2019	5/5
Richard Flint	May 2020	5/5
Holly Keller Koeppel	Jun 2021	5/5
Atif Rafiq	Dec 2021	5/5

- All members are Independent Non-Executive Directors. Attendance schedule excludes annual joint Audit and Risk and Sustainability Committee meeting held on 9 December 2021.
- Appointed Chair of Committee with effect from 28 April 2022.
- Rotated off Committee Chair with effect from 28 April 2022.
- Resigned from the Board with effect from 28 April 2022.

On behalf of the Board, I am pleased to present my first Risk and Sustainability Committee Report as Chair, having taken on the role from 28 April 2022. I would like to start by thanking my predecessor, Zillah Byng-Thorne, for her service to the Committee and support in the transition.

### Key responsibilities

The main role of the Committee, as set out in its Terms of Reference (available at: [www.flutter.com](http://www.flutter.com)) is to:

- advise the Board on the Group's overall risk appetite, tolerance and strategy, including advising on principle and emerging risks;
- oversee and monitor the material risks and opportunities facing the Group and the processes in place to manage them; and
- oversee and monitor the development, implementation and execution of the Group's ESG strategy and objectives as well as the measurement of ESG goals and metrics.

### Key focus for 2023

- Oversee progress of our Positive Impact Plan
- Oversee progression of safer gambling strategy and continue to sponsor the promotion of safer gambling standards across the Group and industry
- Review the outcomes of the UK Gambling Act Review and establishment of an Irish gambling regulator
- Oversee strategic risks and risk appetite of material risks of the Group
- Oversee crisis management plans and simulation exercises
- Monitor and mitigate cyber security threats and data protection risks
- Monitor external regulatory environment and licensing requirements
- Monitor key third-party suppliers
- Monitor bookmaking risks and trading limits

### Key activities undertaken in 2022

#### Sustainability

Our new sustainability strategy, our Positive Impact Plan, was launched in February 2022. As part of its regular risk assessment, the Committee takes account of the significance of sustainability matters to the business of the Group. We stay updated on the Group's objectives and strategy in respect of sustainability and progress in the delivery of agreed actions. As detailed in the Strategic Report, our Positive Impact Plan addresses safer gambling, diversity, equality and inclusion, environment and climate, and community engagement and corporate social responsibility initiatives.

[Read more on sustainability on pages 46 to 77](#)

#### Compliance

The Committee regularly received updates in relation to the Group's ongoing compliance with its regulatory licences and legal obligations. We are kept up to date about any important communications with regulators and management of such relationships. The Committee was updated on the Group's Code of Ethics, which sets out the standard of conduct and behaviour expected of our colleagues throughout the organisation.

The Committee considered the processes in place to manage and mitigate the risks related to relevant operational matters, related standards and policies and how these are communicated to all colleagues, including mandatory training. These included anti-money laundering, anti-bribery, sanctions, whistleblowing, marketing compliance and data protection and privacy.

Our policies, procedures, management systems and internal controls are there to prevent issues such as bribery and corruption occurring.

The formalised Whistleblowing Policy and procedures help colleagues to raise issues regarding possible improprieties or wrongdoing on a confidential basis. The Committee monitored its effectiveness and was advised of notifications made. We are satisfied that the whistleblowing process is working appropriately.

[Read more on the Group Code of Ethics on page 76](#)

The Risk and Sustainability Committee strengthens our governance arrangements for oversight of sustainability matters, whilst continuing to monitor the material risks that impact our reputation.

[Read more on the Group Code of Ethics on page 76](#)

### Risk management framework

During 2022, we monitored key areas of risk, regulatory and legal, risk strategy and Group risk management governance framework as well as how embedded our three lines of defence model is.

[Read more on risk management on page 92](#)

### Bookmaking risks and trading limits

We reviewed and approved the performance of the Group's policies in respect of bookmaking risks. During 2022, the Committee received presentations from the Chief Trading Officer, as well as presentations from management, on the adequacy and effectiveness of the Group's Bookmaking and Risk Management functions. We also reviewed the Group's bookmaking risk and pay-out limits.

### Risk management, including identification of emerging risks

We support the Board in monitoring the Group's risk management processes for their appropriateness and effectiveness in identifying the emerging and principal risks facing the Group. As part of the overall risk management framework, management maintains individual divisional risk registers for each division. These detail the significant risks facing the business and the potential likelihood and impact of these risks materialising once the existence of controls and mitigating factors are considered.

The Committee also reviews how our risks are being managed and mitigated and has oversight of key second line functions such as Risk Management, Compliance and Information Security. During 2022, as part of its procedures to identify emerging risks as well as to monitor established risks, we met with, and received, detailed presentations from various key functions to talk about how we manage our main operational risks, including specific updates in relation to the International division, as well as updates on cyber security related risks, commercial risks and strategic risks among others. The Audit Committee has oversight of the third-line function.

[Read more on the Audit Committee on pages 142 to 149](#)

## Governance in action

### Cyber Security Toolkit for Boards

Cyber threats are a very real risk of operating digital businesses and the Board recognises this. Therefore, we dedicated time in 2022 to discussing and monitoring cyber risks and security, and the progress in mitigating these risks and preventing any possible attacks or related material adverse incidents, including:

- approval of the Global Cyber Security Policy which sets out the cyber security requirements across the Group;
- regular review of access controls;
- review of security standards such as ISO 27001:2013, PCI and NIST held across the Group;
- approach to testing products and services in the same way that hackers would;
- defensive measures, procedures and teams in place to protect from malicious distributed denial of service (“DDOS”) attacks;
- processes in place to ensure security is built into product development;
- tools and processes in place to ensure the Group is protected against insider threat including data leakage; and
- an emphasis on employee awareness, education and testing.

To further strengthen the Board’s knowledge and expertise on cyber security, a collective series of workshops were held during the year which provided one-to-one mentoring for members of the Committee focused on identity access management, cyber threat and intelligence and third-party security assurance. In addition to these workshops, the Committee received advisory sessions based on the UK National Cyber Security Centre (“NCSC”) Cyber Security Toolkit for Boards.

We’ll continue to monitor the effectiveness of the cyber security strategy throughout 2023.



## Key Committee meetings

### February

- Legal and regulatory including material litigation update
- ESG Strategy update
- Bookmaking risk and trading update
- Crisis management planning
- Third-party procurement framework
- Review of external reporting disclosures
- Money Laundering Reporting Officer Report
- Data Protection Officer Report
- Risk Assessment of Eastern Europe

### July

- Safer gambling update
- Legal and regulatory update
- FanDuel bookmaking risk and trading update
- International divisional update including Technology transformation update
- Review of biannual litigation log
- UK&I divisional update
- People risk update
- Group risk management update
- M&A playbook
- Whistleblowing update
- Financial Crime Policy updates

### December

- Legal and regulatory updates
- Group financial crime annual review
- Compliance policy reviews including anti-money laundering and counter terrorist financing, anti-bribery and corruption, sanctions, data protection, group code of ethics
- Cyber security, disaster recovery, technology and operation stability
- Crisis management update
- FanDuel divisional update
- Third-party suppliers update
- Modern slavery update
- Committee Governance Matters
- Annual Modern Slavery Statement
- Regulatory Markets Risk Appetite

## Risk management, including identification of emerging risks continued

To ensure that there is a full review of the risk management process as a whole, I am a member of the Audit Committee, Holly Keller Koepfel (Audit Committee Chair) is a member of this Committee. In addition, updates are provided by each Committee Chair at each Board meeting. We also hold at least one joint meeting of the Audit and Risk and Sustainability Committees annually at which we specifically review the risk management process as a whole, for its appropriateness and effectiveness in identifying the emerging and principal risks and how those risks are being managed and mitigated, the Group's risk registers, and the appropriateness of management's risk appetite. This is then reported to the Board for its assessment and approval.

[Read more in the Audit Committee Report on pages 142 to 149](#)

## Joint Audit and Risk Committee meeting

The Committee held a joint meeting with the Audit Committee in December. The purpose of the joint meeting is to consider key matters relevant to both Committees. Key updates included cyber security, ESG oversight, review of the risk profile and aligned assurance, report on whistleblowing and review of the Directors' Compliance Policy Statement.

## Risk tolerance

Given the operating environment and industry in which we operate, we continuously face risks and uncertainties. An overview of the Group's risk profile is set out in Understanding and Managing Our Risks on pages 92 to 99. The Group's risk tolerance is set by the Board as well as the level of risk we will accept to achieve our strategic objectives.

Our overall risk tolerance is low and is contained in our Risk Appetite Statement. This tolerance, alongside our culture, shows colleagues how to respond to risk. Our divisional risk teams, with support from Group Risk, continue to monitor potential risks or breaches of our risk tolerance and report to the Committee.

[Read more on strategy on page 24 to 29](#)

## Safer gambling

Safer gambling is fundamental to every element of the Group's strategy and brand sustainability. The Board considers preventing gambling-related harm to be an essential part of behaving responsibly as a business and we continue to enhance wide-ranging policies and tools and support mechanisms to help our customers manage their gambling. We are actively engaging with the UK's Gambling Act Review, proposals to establish a gambling regulator in Ireland, as well as safer gambling initiatives across the Group. Safer gambling continues to be a very high priority area for the Board.

In addition to safer gambling being a standing agenda item as part of the Chief Executive Officer's update at Board meetings, the Committee spends considerable time reviewing the strategic objectives and priorities for the Group and the progress being made in relation to agreed actions and work streams, as well as the monitoring of risks. Related presentations provide the opportunity to receive updates on the progress being made, for example on safer gambling operating controls and the continual improvements being made in relation to interactions with customers. The Committee continued to monitor the implementation of our enhanced safer gambling strategy throughout 2022 and held detailed safer gambling sub-committee meetings to receive divisional updates.

[Read more on safer gambling on pages 51 to 57](#)

## Effectiveness of the Committee

This is monitored by me and was also specifically reviewed as part of the external Board and Committee evaluation process. All feedback received will improve the Committee's effectiveness particularly as the scope and remit of the Committee evolves in a very dynamic market. I am pleased to confirm that the Committee continues to operate effectively.

[Read more on our Board evaluation on page 129 to 131](#)

## David Lazzarato

Risk and Sustainability Committee Chair  
1 March 2023

## Case study – Safer Gambling Play Well

The Group's sustainability strategy, our Positive Impact Plan launched in 2022, included a Play Well strategy setting out a clear commitment to safer gambling. A safer gambling sub-committee of the Risk and Sustainability Committee was established to have oversight of the Play Well strategy. The safer gambling sub-committee received updates on progress of the Play Well strategy from the divisions, deep dives on under 25s and discussed the importance of leading the industry on protecting potential gambling related harm. For more information on the Group's approach to safer gambling on pages 51 to 57.





# Remuneration Committee Chair's Statement



## Committee focus in the year

- Discussed appropriateness of the new Executive Director Remuneration Policy
- Consulted with shareholders on proposed new Remuneration Policy
- Discussed and approved remuneration arrangements for new Executive Director and Executive Committee joiners and leavers
- Reviewed the Company's response to increased cost of living pressures for wider workforce
- Reviewed and approved relevant annual bonus outturn and LTIP vesting levels
- Reviewed and approved LTIP awards across Flutter, below Executive Director level

## Priorities for 2023

- Continue to keep abreast UK corporate governance changes and market practice
- Monitor the outcome of the UK Gambling Act Review and its impact upon Flutter's remuneration arrangements
- Ensure that remuneration opportunities remain appropriate to attract and retain key talent
- Monitor workforce pay in the context of ongoing global economic challenges, ensuring that pay practices across Flutter continue to be appropriate to attract and retain talent
- Continue strong shareholder engagement
- Consider and set incentive plan targets that are appropriately stretching

The Committee's Terms of Reference are reviewed annually and are available at: [www.flutter.com/investors](http://www.flutter.com/investors)

## How this Directors' Remuneration Report is structured

As an Irish-incorporated company, Flutter Entertainment plc is not subject to the UK's remuneration reporting requirements; however, our preference is for our remuneration policies, practices and reporting to reflect best practice corporate governance for a FTSE 100 company. Accordingly, the Committee complies with the reporting regulations on a voluntary basis.

- This [Remuneration Committee Chair's Statement](#) on pages 154 to 159 provides context for the decisions made by the Committee in the year, summarising, in particular, the proposed new Remuneration Policy and setting out the background and context for this. It also sets out the remuneration outcomes for Executive Directors. A "Remuneration at a Glance" page is included after this section.
- The new [Remuneration Policy](#), which is being put to a shareholder vote at the 2023 AGM, is shown on pages 161 to 170. It sets out details of our proposed new Long Term Incentive Plan ("LTIP") together with a number of other minor changes.
- The [Annual Report on Remuneration](#) section, which runs from pages 171 to 181, details the remuneration arrangements and outcomes for the year under review, and how the Committee intends to implement the proposed new Remuneration Policy in 2023.

For clarity, remuneration is reported in pound sterling, in line with the Group's reporting currency. Where relevant, remuneration is converted to pound sterling from euros, to simplify reporting.

## 2022 meeting attendance

Committee members <sup>1</sup>	Date appointed	Attended/ eligible to attend
Andrew Higginson (Chair until 1 September)	Feb 2020 (Chair: Apr 2022)	7/9
Alfred F. Hurley, Jr (Chair from 1 September)	May 2020 (Chair: Sept 2022)	9/9
Nancy Dubuc	June 2021	8/9
Gary McGann	Jul 2015	9/9
Mary Turner	May 2020	9/9

1. All members are Independent Non-Executive Directors, and the Chair of the Board was independent on appointment to that role.

## Other attendees

The Chief Executive Officer, Chief Financial Officer, Chief People Officer, Group General Counsel and Company Secretary, Group DE&I and Reward Director, Group Reward Director, Head of Executive Compensation and PricewaterhouseCoopers ("PwC"), our remuneration advisers, attended some or all of the meetings by invitation but are not members. Individuals are not present when their own remuneration is discussed.

The Deputy Company Secretary & Head of Governance acts as secretary to the Committee.

On behalf of the Board, I am pleased to present my first Directors' Remuneration Report as Chair, having taken on the role from 1 September 2022. I would like to start by thanking my predecessor, Andrew Higginson, for his service to the Committee and support in the transition.

Having served on the Board, and this Committee, since 2020, I have seen first-hand how the business has grown and evolved into the global market leading gaming and sports betting company.

The Company has performed exceptionally well over a difficult period in which the management team has completed a game-changing merger which brought us market leading brands such as Sky Betting & Gaming and PokerStars, whilst navigating a global pandemic. At the same time, focus has been squarely kept on winning in the US and ensuring that safer gambling remains at the heart of everything we do through the roll out of our Positive Impact Plan. The strategy developed by our management team has ensured that we continue to grow our presence on a global scale through value-accretive acquisitions such as Jungle Games, tombola and, most recently, Sisal. As such, the size and scale of Flutter today is very different to when the current Remuneration Policy was put in place. Since 2017:

- the market value of the business has trebled from £7.4bn to c.£22bn currently;
- revenues have increased significantly from £1.7bn in 2017 to £7.7bn; and
- The number of Flutter colleagues has trebled from c.7,500 in 2017 to almost 22,000 today.

Flutter is a materially different business since the previous Policy was adopted; it is now a leading global digital business with increased international, and particularly US, focus.

In this context, we have developed a new Remuneration Policy for our Executive Directors. We are proposing some significant changes to our Long Term Incentive Plan ("LTIP"). Below I summarise the discussions we have had with shareholders in developing the new Policy.

## 2023 Remuneration Policy

### Context

During 2021 and early 2022, we consulted extensively with Flutter's largest shareholders on behalf of the Remuneration Committee on proposed changes to our Executive Director remuneration structure. These proposed changes were prompted by Flutter's significant exposure to the highly competitive talent markets in the digital space, as well as the increased size and scale of Flutter.

We were pleased that most of the shareholders with whom we consulted recognised the issues we face and endorsed the need for action. As part of these discussions, the Committee developed a new Remuneration Policy, which included a new consolidated LTIP. It was our intention to implement this Remuneration Policy from 2022.

Around the start of 2022, as with other technology stocks, Flutter's share price declined meaningfully from when we started our consultations, primarily due to:

- market turbulence around events in Ukraine, which saw funds flow out of equity markets to safe haven securities and commodities;
- inflationary pressures giving rise to concerns regarding the levels of disposable income for consumers; and
- increased regulatory uncertainty, particularly within the UK&I market.

This relatively rapid decline created considerable challenges with respect to setting the appropriate targets for the new LTIP, which was then proposed to be based on absolute TSR performance. Therefore, we determined that it was prudent to delay our plans to make structural changes to the LTIP.

We did, however, implement part of our proposal under the existing Remuneration Policy; we increased the CEO's total salary to £1,170,000 (26% increase) and CFO's total salary to £715,000 (20% increase), effective from 1 March 2022. In making these changes to bring the salary levels within the market competitive range, we noted that they would only partly address the issue of competitive remuneration.

The Remuneration Report was passed with 67.55% of votes in favour at the 2022 AGM. We understand that most shareholders that voted against did so in response to the salary increases. The majority of those we consulted with understood the need to ensure that the quantum offered to Executives was competitive. Some suggested that the increases be phased rather than making a single, one-off increase but others urged us to make an immediate and meaningful adjustment. We took the range of views into account when making our decision on the level of adjustment and confirming that making a one-off increase was the most appropriate course of action. We continued to consult with our largest shareholders regularly throughout the year and to take on board their views, as I have detailed below. We also noted that, in relation to the 2022 AGM vote, the voting instructions of certain institutional investors were not correctly reflected in the voting outcome. Had they had been reflected correctly then the overall vote in favour of the resolution would have been significantly above 70%.

# Directors' Remuneration Report 2022 continued

## 2023 Remuneration Policy continued

### Context continued

As we now approach the 2023 AGM, we are proposing to enact the new consolidated LTIP and are required to seek approval to either renew our current Policy or submit a new one to a shareholder vote. Whilst the reasons for the market volatility that caused us to pause in March remain, we continue to believe that both an increase to quantum and a consolidated LTIP is a critical factor in enabling us to recruit and retain highly talented senior executives with the global digital talent marketplace. We are therefore seeking shareholder support for our proposal, a summary of which is set out below. These proposed changes to the Remuneration Policy will be presented for shareholder approval at our 2023 AGM.

### Proposed changes to LTIP

We are proposing to make the following changes to our LTIP:

- **Increasing the annual LTIP opportunity** to 400% of salary for the CEO and 300% of salary for the CFO (from 180% and 150% of salary currently) in order to improve positioning relative to the market. Whilst this is a significant increase to the current opportunity, a combination of the award structure and the proposed stretch performance targets (as detailed below) will ensure that earnings are appropriate when considered in the context of the value created for shareholders.
- **Combining four annual LTIP awards.** We will move away from the conventional approach of making annual grants and instead make a one-off award comprising four LTIP awards with a maximum consolidated opportunity of 1,600% of salary for the CEO and 1,200% of salary for the CFO. This enables the Executive Director reward to be more directly aligned to shareholder experience over the same period; the value of the award will rise or fall with the level of value created for shareholders over the next six years.

Subject to changes to the Executive team, where specific consideration may be required, it is our expectation that the next long-term incentive award will not be made until 2027.

- **Performance periods.** The performance of each of the four tranches will still be assessed over the usual three-year performance period as follows:
  - Tranche 1: January 2023 – December 2025
  - Tranche 2: January 2024 – December 2026
  - Tranche 3: January 2025 – December 2027
  - Tranche 4: January 2026 – December 2028

The use of four three-year performance periods also ensures that performance is required to be sustained consistently over six years for the maximum total awards to vest. The award will therefore reward strong, consistent value-accretive growth for our shareholders, rather than reward volatility.

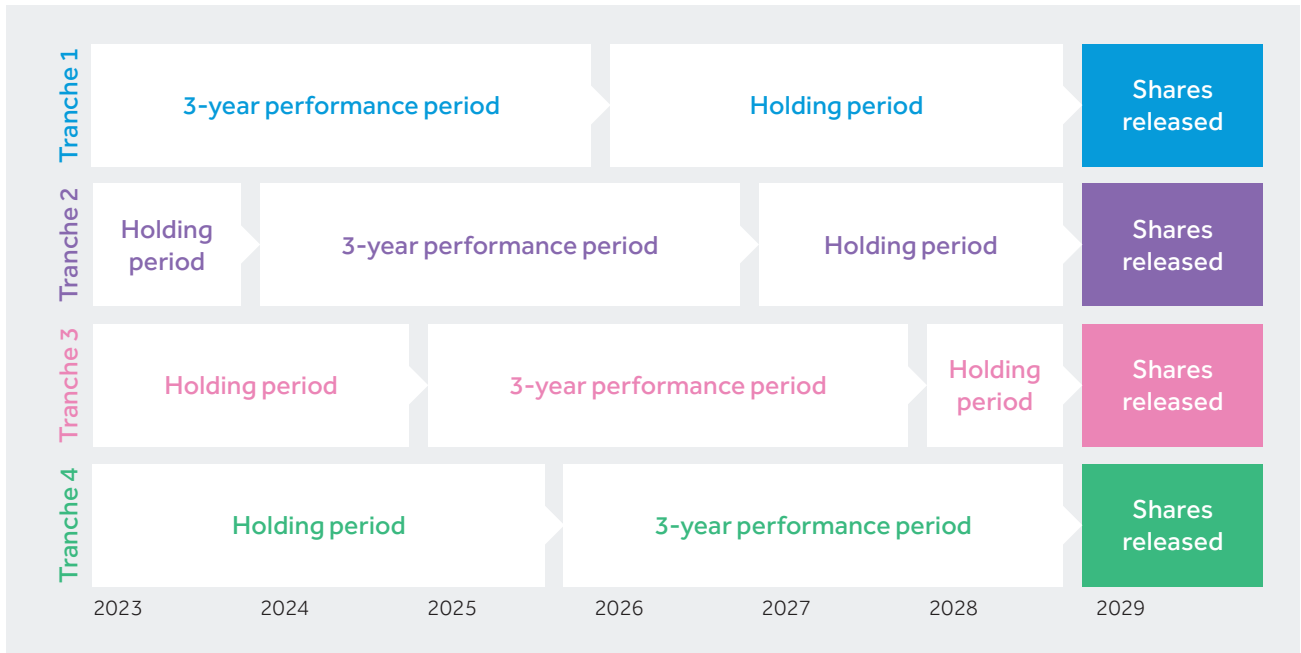
- **Holding periods** will apply to the end of each performance period as appropriate to ensure a total plan lifecycle of six years i.e., no shares would be released to participants under any of the tranches until the sixth anniversary from grant.
- **Performance measures.** Performance will be assessed against a Relative TSR measure over each of the four tranches. Median performance relative to the peer group will result in threshold vesting. This will be set at 12.5% of the maximum opportunity. This is a reduction from 25% vesting under the current LTIP, but results in no increase to the value paid currently for achieving threshold performance, with maximum vesting being achieved for upper quartile performance relative to the peer group, calculated on a straight-line basis. The Committee believes these targets to be stretching. In order for the award to vest at maximum, Flutter needs to outperform the peer group not just over one performance cycle but over every performance cycle. Only one company in the FTSE 100 has performed in the upper quartile against this peer group over the equivalent four most recent performance cycles.

As a matter of good practice, the Committee considers the wider performance of the Company prior to approving the vesting of any incentive plan. Following discussions with shareholders, we agreed to strengthen this approach by formulaically recognising this in the LTIP. As such, vesting of the plan will be subject to an additional underpin which will require that the Remuneration Committee is satisfied that the formulaic outcome appropriately reflects the Company's underlying performance and that it has been achieved with regard to the Company's Positive Impact Plan objectives including, in particular, measures to promote safer gambling.

- **Leaver treatment.** We have sought to retain the stringent leaver treatment of the current LTIP. As such, bad leavers would forfeit all unvested awards. For good leavers, the following treatment would apply:
  - Any tranches that have already vested would be retained in full.
  - Any in-flight tranches would be subject to both time and performance pro-rating, as is the case under the current LTIP. However, in order to ensure that the plan is not overly generous, the time pro-ration would be over the performance period of each in-flight tranche rather than the vesting period.
  - Any tranches whose performance periods have not yet begun will lapse in full.
  - Any vested awards will be released at the original time i.e., at the end of the six-year period, except in the case of death.

The shares will be granted to Executive Directors on the day following the 2023 AGM, subject to shareholder approval of the new Remuneration Policy.

The diagram below illustrates how this will work in practice.



**Other policy changes**

We have taken this opportunity to significantly strengthen our clawback and malus provisions, the full detail of which is set out on page 170.

Additionally, we have aligned our shareholding requirements with current best practice and the upper quartile of the FTSE 30, requiring the CEO to hold shares equivalent to 500% of total salary, and the CFO to hold shares equivalent to 400% of total salary (increased from 300% of total salary and 200% of total salary respectively).

As a reminder, from 1 January 2023, we reduced our Executive Director pension opportunity from 15% of total salary to the wider UK workforce level, currently 9% of total salary.

**Shareholder consultation**

As noted above we initially consulted with shareholders with a view to implementing a new Policy at the 2022 AGM. However, whilst we received mainly positive feedback, we decided not to proceed with the new Policy at that time due to sudden and significant market changes.

We had initially intended to use an Absolute TSR measure in the LTIP and made some changes to the targets following shareholder discussions. However, following the market changes at the start of 2022, we reflected on this and decided that it was more prudent, while equity markets remain more volatile than normal, to retain the Relative TSR measure used in our current LTIP. As part of the shareholder meetings, a number of shareholders suggested a preference for Relative TSR instead of Absolute TSR and this was one of the key factors that helped the Committee make its decision. This approach will ensure that awards vest only where there is strong performance relative to the market.

During the discussions following the decision to retain Relative TSR, we heard divergent opinions on the constitution of the TSR comparator group. Some investors preferred a FTSE group whilst others were keen to see a group of companies in our sector that was also more international, although they appreciated that this would be a small group. Our analysis showed that not only would such a group be small, but the differences in the behaviour of shares from various international equity markets resulted in a less robust comparison of performance than using a general UK index. Therefore, after a thorough review of potential comparator groups and the relative performance correlation studies, we decided that the most appropriate Relative TSR comparator group at the current time is the FTSE 100 (excluding real estate investment trusts and investment trusts).

As noted above, our initial proposals did not initially include an additional underpin. However, following guidance from some of our largest shareholders we decided to include a satisfactory performance underpin in the LTIP.

We always appreciate the opportunity to consult with our key shareholders and institutional investor bodies and greatly value their guidance and advice. We recognise that our proposed LTIP is not a conventional one but believe that consultation and discussion has helped to strengthen and sharpen the proposals. We are grateful for the time and consideration that our key shareholders have given to us over the past two years as we developed these proposals.



# Directors' Remuneration Report 2022 continued

## 2022 performance outcomes

### Business context

We delivered a strong 2022 performance with excellent progress against our strategic objectives. In the US we extended our leadership position and, elsewhere, the benefit of the acquisition of Sisal and growth in our International "Consolidate and Invest" markets more than offset regulatory impacts and the unwind of Covid benefits.

We continued to lead and innovate in respect of our safer gambling and wider ESG agenda. This included the launch of our Positive Impact Plan in early 2022, clearly articulating our ongoing commitment to make a positive difference in the communities and markets in which we operate. We have made good progress in all areas of the Positive Impact Plan, particularly in relation to our Play Well pillar, where notable achievements included achieving the highest level of accreditation with GamCare in the UK&I for our proactive customer protections, as well as a number of strategy events.

### Annual bonus

The 2022 bonus plan was based on Group EBIT (excluding US) (60%), FanDuel's net revenue from existing states (30%), and safer gambling (10%), with stretching targets set for all three measures.

Whilst overall Company performance was strong, we faced a number of challenges, in particular against our highly stretching EBIT target where, despite positive growth in AMPs, performance in parts of the UK&I and Sportsbet was more challenging, resulting in an overall Group bonus outcome below threshold performance. On the other hand, US net revenue was very strong, with an above target performance outturn, and we continued to perform well in our safer gambling metrics with an aggregated outcome of 84% of maximum under this measure. As a result, the overall outturn for the 2022 annual bonus is 34.5% of the maximum opportunity (2021: 99.9%).

Whilst the overall Company performance was strong, the below-target pay-out level reflects the exceptionally stretching performance targets set by the Committee. Half of each Executive Director's resulting pay-out will be deferred into the Deferred Share Incentive Plan ("DSIP") with half of the deferral released after a period of three and half after a period of four years. Further details are set out on pages 173 to 174.

### 2020 LTIP

The 2020 LTIP was assessed against relative TSR performance, measured against a FTSE 100 comparator group. Flutter's continued strong performance over the period has resulted in a TSR growth of 42.0% over the three-year period to 31 December 2022, relative to a market upper quartile of 22.3%. This has resulted in an overall vesting for the 2020 LTIP of 100% of the award. Further details are set out on page 174.

Prior to approving this level of vesting, the Committee considered the Group's wider achievements over the three-year performance period to objectively determine that full vesting was warranted. The Committee was also mindful of investors' guidance on the potential for 'windfall gains' in respect of share awards made following widespread share price falls in 2020 as a result of the Covid-19 pandemic. We reviewed the pattern of Flutter's share price movement and noted that our awards were granted in early March 2020, before shares prices (including our own) declined sharply. We were therefore comfortable that no benefit resulted from the timing of the award, and the value of shares vesting under this LTIP cycle is a result wholly of strong underlying share price and TSR performance.

In light of the Company performance, the Committee was satisfied that the Remuneration Policy had operated as intended, and the outcomes for both the 2022 annual bonus and 2020 LTIP were appropriate in the context of Company performance.

### Wider workforce pay

The Committee has maintained active oversight of the pay arrangements for the wider workforce, particularly given the cost of living crisis and the impact of this on our colleagues.

In line with our business model, decisions are made close to the operating businesses and our people and, as such, the decisions around how best to support our colleagues through the cost of living crisis were devolved within each business division. The crisis has affected different parts of the world differently, and taking this approach has allowed us to tailor our response accordingly. For example, we chose to make a one-off payment primarily to our retail shop colleagues to support them with the increases in cost of living, whilst we adjusted pay levels within our multi-divisional Cluj-Napoca and Porto technology hubs to ensure that pay remains highly competitive within the local market. Across all parts of the Company, we continue to offer a wide range of Company benefits, and we ensured that colleagues were aware of the benefits on offer to them, and how these can be used to support them given the broader economic environment and the impact that this has on the cost of living. We also continue to provide ongoing financial education to colleagues to assist them in managing their finances, as well as offering flexible working initiatives.

As a Committee, we will continue to monitor the pay and conditions of our workforce around the globe. The Workforce Engagement Committee also plays an important role in specifically gathering the views of our workforce, and feeds in to the Committee as appropriate.

### Board changes and CFO transition

On 21 October 2022, we announced that Jonathan Hill would transition from his role as Chief Financial Officer (“CFO”) to leave the Board and take up the newly created Executive Committee role of Group Chief Operating Officer (“COO”). Jonathan will continue in his role as CFO until Paul Edgecliffe-Johnson takes up the role on 20 March 2023. Jonathan will leave the Board following the 2023 AGM. Given Jonathan’s expertise, knowledge of the business, and role in shaping Flutter’s strategy, he is uniquely placed to set up the new Group COO function for success.

Paul Edgecliffe-Johnson will join the business as Chief Financial Officer on 20 March 2023. The Committee determined that he should receive a salary on joining of £750,000, reflecting his extensive experience in senior executive roles in finance and international business in a major, successful FTSE company. Paul will participate in the annual bonus and LTIP in line with the proposed Remuneration Policy for 2023, subject to shareholder approval being obtained. Further details of Paul Edgecliffe-Johnson’s remuneration arrangements, including joining awards, are set out on pages 177 to 178.

Arrangements for Paul Edgecliffe-Johnson and Jonathan Hill, for the time for which he will serve as an Executive Director, are in line with our approved Remuneration Policy.

### How we capture ESG in our remuneration arrangements

The Committee regularly reviews how our remuneration arrangements incentivise the delivery of Flutter’s environmental, social and governance (“ESG”) policy. As a business, we feel that safer gambling is a key area of the ESG agenda where we can make a significant societal difference, and that this should therefore be a major focus in incorporating ESG into incentives for Executive Directors. We have used a safer gambling performance measure in our annual bonus plan for a number of years and, for 2023, its weighting within the plan will double, from 10% to 20% of the overall bonus. This reflects not only its importance to us as a business but also our greater ability to set meaningful and robust performance targets across the Group and to ensure that we continue to drive towards the Positive Impact Plan goals that we have set ourselves. We have spent a significant amount of time over the past few years in determining ways to reliably measure and track our safer gambling measures across all parts of the business and are pleased that we are now able to not only disclose all outturns retrospectively (as on page 173) but also disclose targets prospectively (as on page 175). These measures are fully aligned with Flutter’s Positive Impact Plan ambition, as detailed on page 48.

During the year, the Committee asked for an external review of our use of ESG within our remuneration arrangements from a subject area expert. The review was both detailed and wide-ranging; it considered whether any additional ESG measures might be appropriate, whether we should include any ESG measures in our LTIP specifically, and whether the weighting of ESG within our incentive plans was appropriate. Whilst it was noted that there are other important ESG measures such as DE&I, we believe that the current use of ESG measures within our remuneration framework remains appropriate, particularly given the steps made in recent years in the robustness of the SG targets and the increase in the weighting of the measure this year. However, the Committee will keep this under review. We maintain strong focus within the Risk and Sustainability Committee on several other ESG measures through our Positive Impact Plan targets and reporting.

### Effectiveness of the Committee

The operation, performance and effectiveness of the Committee is monitored throughout the year and is also specifically reviewed as part of the external evaluation process. All feedback received is used to improve the Committee’s effectiveness. I am pleased to confirm that the Committee continues to operate effectively. Read more on our Board evaluation on pages 129 to 130.

### Looking ahead

I strongly believe that the proposed changes to the Executive Directors’ remuneration arrangements will be vital in incentivising the management team to lead the business through the next phase of our growth. The new Remuneration Policy is therefore a critical part of enabling the future continued success of the business and the realisation of our strategic objectives, which will create long-term sustainable value for our shareholders. We look forward to receiving shareholders’ support at the 2023 AGM.

### Alfred F. Hurley Jr

Remuneration Committee Chair

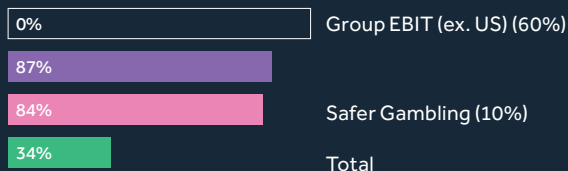
1 March 2023

# Directors' Remuneration Report 2022 continued

## Remuneration at a glance

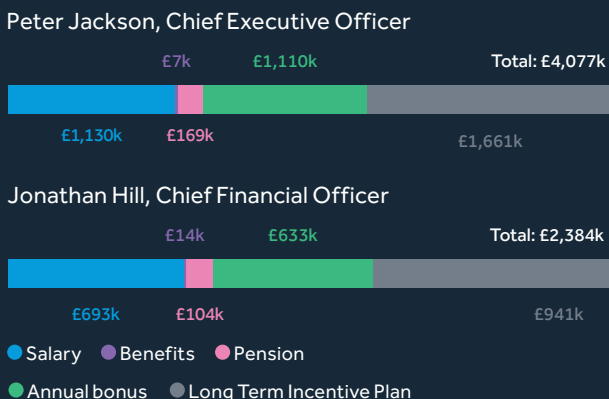
### 2022 outturns

#### 2022 annual bonus outcome



Overall, the bonus outturn for the CEO is 98.2% of salary and for the CFO is 91.3% of salary. Half of this will be deferred under the DSIP.

#### 2022 single total remuneration figures



### Performance measures for the 2023 annual bonus



### Proposed changes to Remuneration Policy for 2023

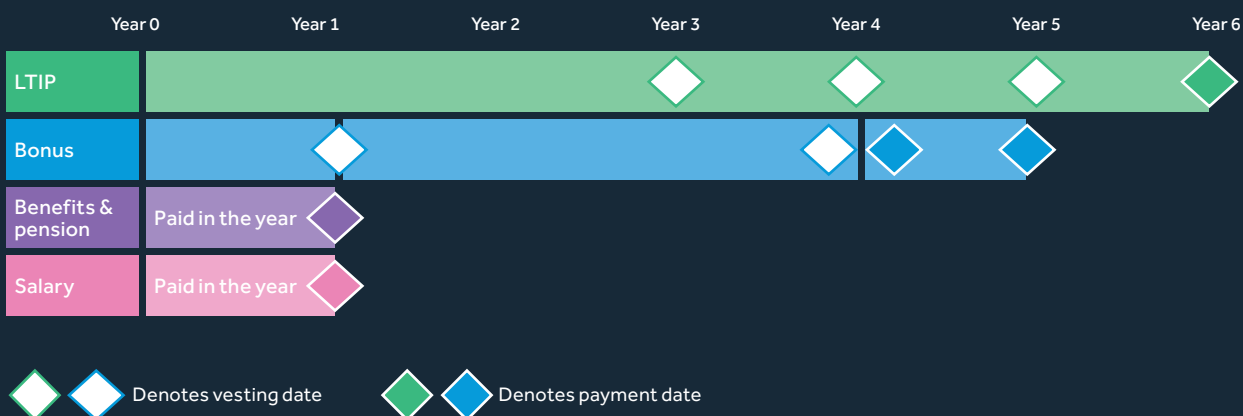
#### Changes to the LTIP

- Increase LTIP award level to 400% of salary for the CEO and 300% of salary for the CFO
- Make a consolidated LTIP grant, with four upfront tranches awarded in 2023
- The performance of each tranche will still be assessed over the usual three-year performance period based on TSR performance, and an additional performance underpin has been included for 2023
- All awards to be released on the 6th anniversary of the grant date
- Reduce vesting for threshold performance (12.5% of the maximum opportunity compared to 25% currently)

#### Other changes

- Increase shareholding guidelines to 500% of salary for the CEO and 400% of salary for the CFO
- Update the malus and clawback provisions to align them with best practice

The diagram below sets out how Executive Director pay is structured:



## Remuneration Policy

Shareholders approved the current Remuneration Policy at the 2020 AGM, and it took effect from that time. The Remuneration Policy set out below is due to take effect from the date of the 2023 AGM. The current policy will continue to apply until this date.

### Remuneration Policy table

Element	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Total salary	To attract and retain high-calibre talent in the labour market in which the Executive Director is employed.	<p>Generally reviewed annually but may be reviewed at other times of the year in exceptional circumstances.</p> <p>Total salaries (inclusive of any Director fees) are set with reference to individual skills, experience, responsibilities, Company performance and performance in role. Independent benchmarking is conducted on a periodic basis against companies of a similar size and complexity, as well as those operating in the same or similar sectors, although this information is used only as part of a broader review.</p>	<p>Increases (as a percentage of total salary) will generally be in line with salary inflation and limited to those offered to the wider workforce.</p> <p>Higher increases may be appropriate in certain circumstances including, but not limited to:</p> <ul style="list-style-type: none"> <li>• where an individual changes role;</li> <li>• where there is a material change in the responsibilities or scope of the role;</li> <li>• where an individual is appointed on a below-market salary, with the expectation that this salary will increase with experience and performance;</li> <li>• where there is a need for retention;</li> <li>• where salaries, in the opinion of the Committee, have fallen materially below the relevant market rates; and</li> <li>• where the size of the Group increases in a material way.</li> </ul>
Benefits	To provide market competitive, cost-effective benefits.	Employment-related benefits may include (but are not limited to) private medical insurance, wellbeing benefits, life assurance, income protection, relocation, travel and accommodation assistance related to fulfilment of duties, tax equalisation and/or other related expenses as required. Where expenses are necessary for the ordinary conduct of business, the Company may meet the cost of tax on benefits.	The value of benefits may vary from year to year in line with variances in third-party supplier costs, business requirements and other changes made to wider workforce benefits.
Pension	To provide retirement benefits that are appropriately competitive within the relevant labour market.	Paid as a defined contribution and/or cash supplement.	Contribution (or an equivalent cash payment in lieu) in line with the wider workforce level in the country in which the Executive Director is based. The current Executive Directors are based in the UK where the median of the wider workforce is 9% of salary. This level may change in the future in line with any changes to the workforce pension levels.



## Directors' Remuneration Report 2022 continued

### Remuneration Policy continued

Element	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
Annual bonus and DSIP	To incentivise and reward the successful delivery of annual performance targets. The DSIP also provides a link to long-term value creation.	<p>The Committee reviews the annual bonus every year, to ensure that the opportunity, performance measures, targets and weightings are appropriate and in line with the business strategy at the time.</p> <p>Performance is determined by the Committee on an annual basis by reference to Group financial or strategic measures, or personal objectives, although the financial element will always account for at least 50% of the bonus in any year.</p> <p>At least 50% of any annual bonus will be deferred under the DSIP, with the remaining balance paid in cash. Any deferred element is released 50% after three years and 50% after four years from the date of grant. The Committee may determine that the element deferred under the DSIP may be subject to a further underpin; for 2023 this will be a revenue underpin.</p> <p>Malus provisions apply to the annual bonus and DSIP both prior to vesting and clawback applies for a period of two years post-vesting, in the circumstances detailed on page 170. Dividends (or equivalent) accrue and are paid on any DSIP awards that vest.</p>	<p>Threshold performance will result in an annual bonus pay-out of 25% of the maximum opportunity.</p> <p>For target performance, the annual bonus earned is two-thirds of the maximum opportunity.</p> <p>Maximum annual opportunity of 285% of total salary for the CEO and 265% of total salary for other Executive Directors.</p>
LTIP	To attract, retain and incentivise Executive Directors to deliver the Group's long-term strategy while providing strong alignment with shareholder interests.	<p>Our underlying structure is a traditional long-term incentive plan with a three-year performance period and a requirement to hold shares for at least five years from the date of grant.</p> <p>In 2023, a consolidated one-off grant of performance-based shares or nil-cost options will be granted to Peter Jackson and Paul Edgecliffe-Johnson. The award will consist of four tranches, each of which will have successive three-year performance periods and appropriate holding periods either side such that the overall vesting and holding period for each tranche will be six years from the date of grant, with release in 2029. Tranche 1 will vest in 2026, Tranche 2 in 2027, Tranche 3 in 2028 and Tranche 4 in 2029. It is currently expected that the vesting of all four tranches for the 2023 award will be based on a Relative TSR measure, with an additional underlying performance underpin.</p> <p>Any new Executive Directors will be able to participate in any tranches whose performance periods have not yet begun or which begin in the year of joining, or a new full award will be granted following appointment.</p> <p>Malus and clawback provisions apply to the LTIP, which allow the Company to reduce or claw back awards in the circumstances detailed on page 170. Dividends (or equivalent) accrue and are paid on LTIP awards that vest.</p>	<p>The normal annual maximum opportunity is 400% of total salary for the CEO and 300% of total salary for other Executive Directors. However, we propose to make a single grant covering four years' awards in 2023 and therefore a total grant of 1,600% of total salary for the CEO and 1,200% of total salary for the CFO will be made in 2023.</p> <p>Threshold performance will result in vesting at 12.5% of the maximum opportunity.</p>

Element	Purpose and link to strategy	Operation and performance measures	Maximum opportunity
SAYE	To facilitate share ownership and provide alignment with shareholders.	The Company operates Save As You Earn share plans for all employees (in the UK this is an HMRC-approved plan); the Executive Directors may participate in the plan on the same basis as other employees.  Participants are invited to save up to the monthly limit over a three-year period and use these savings to buy shares in the Company at up to the maximum discount allowable in the relevant jurisdiction.	Maximum opportunity is in line with plan limits, which are currently £500 per month in the UK.  Maximum opportunity for employees in other countries is €500 per month or local equivalent.
Shareholding guidelines	To create alignment between the interests of Executive Directors and shareholders.	Executive Directors must build up and maintain a holding of shares in the Company equivalent to a minimum of 500% of total salary for the CEO and 400% of total salary for other Executive Directors.  Executives have five years from appointment to the Board or any new Policy coming into effect in which to build up their holding, and must retain half of any post-tax vested awards until the guidelines are met. Shareholding guidelines may be met through both beneficially owned shares and vested but unexercised options on a notional net of tax basis.  Executives are required to hold the lower of their respective shareholding guideline and the actual shareholding immediately prior to departure for two years post-departure.	n/a

The Committee is satisfied that the above Remuneration Policy is in the best interests of shareholders and does not promote excessive risk-taking. Contractual provisions may require the Committee to make payments to a Director that falls outside of the Policy set out above. This would be limited to situations where the terms of the payment were agreed at a time when the individual concerned was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company. Any awards granted under the previous Remuneration Policy will continue to vest in line with those terms.

### Notes to the Remuneration Policy table

In relation to incentive plans, the Committee retains the right to exercise discretion to ensure that the level of award payable is appropriate and fair in the context of the Director's individual performance and the Group's underlying performance. Such discretion is important to ensure that outcomes are fair to both shareholders and participants. Where used, the rationale for this discretion will be fully disclosed to shareholders in the relevant Directors' Remuneration Report.

This includes the discretion to amend a performance condition that the Committee no longer deems appropriate, which will only be exercised if reasonable in the circumstances, and the revised condition is neither materially more nor less difficult to satisfy than was originally intended. In particular, the Committee has discretion to adjust the performance conditions to take account of significant changes to the regulatory environment in which the Group operates, e.g. material new and increased taxes and product fees specific to the gambling and/or gaming industry. The Committee has discretion to make adjustments in other special circumstances, including but not limited to rights issues, M&A that materially impact the business, corporate restructuring and special dividends.

# Directors' Remuneration Report 2022 continued

## Remuneration Policy continued

### Changes to the Remuneration Policy

We are proposing to make the following changes to our Remuneration Policy:

- Increase to the maximum annual LTIP opportunity from 180% of total salary to 400% of total salary for the CEO, and from 150% of total salary to 300% of total salary for the CFO.
- The level of vesting at threshold will reduce from 25% to 12.5%.
- Rather than making an annual LTIP grant, to make a one-off award comprising four upfront LTIP awards with no further grants until 2027.
- Introduce a performance underpin whereby the Committee must be satisfied that the formulaic outcome appropriately reflects the Company's underlying performance and that it has been achieved with regard to the Company's sustainability objectives.
- Significantly increase our shareholding guidelines from 300% of salary to 500% of salary for the CEO, and from 200% of salary to 400% of salary for the CFO, to align with the upper quartile of the FTSE 30.
- Strengthen our malus and clawback provisions to be in line with best practice in the UK listed market.
- Due to the design of the new LTIP, the leaver provisions have been updated to ensure they are consistent with the approach under the previous Remuneration Policy and in line with market practice.
- No changes to other elements of remuneration are proposed.

We believe that the combination of these changes will ensure that the Executive Director packages are market competitive and that Executive Director pay will be more closely aligned to shareholder value creation.

### Legacy awards

In-flight awards made before the adoption of this Policy will continue in line with the approved policy under which they were granted. Further details of these awards can be found within the Remuneration Policy approved at the 2020 AGM and included within the 2019 Annual Report and Accounts.

### How we select performance measures and set targets

Below, we set out the measures we use in our incentive plans, and why these have been chosen. We believe that our mix of bonus and LTIP measures provides management with flexibility and agility in a fast-changing market, while ensuring strong alignment to shareholder returns over the longer term.

Prior to setting bonus and LTIP targets, each year the Committee carefully considers both internal projections (budget and long-term plan) as well as external analyst forecasts. In addition, the Group's strategic priorities and the wider economic environment in which the Group operates are taken into consideration. Targets are set at a level which is considered to be stretching yet achievable, and maximum outcomes are only paid for the achievement of outstanding performance.

### Annual bonus

The performance measures used in the annual bonus are selected annually, and reflect the Group's strategic objectives, future business strategy and key performance indicators. The 2023 annual bonus plan is based on a mix of financial and strategic measures: Group Net Revenue (30%), Group EBIT (25%), US EBITDA (25%) and Safer Gambling (20%). For 2023, the element of bonus deferred under the DSIP will also be subject to a Group revenue underpin of 2% per annum growth.

We would not be able to achieve our strategic objectives without strong and sustained revenue and EBIT growth. The use of these two measures ensures that there is a sufficient tension between growth and profitability within the overall annual bonus structure.

Given that the US opportunity is so vast and transformative for Flutter, we believe that it is important to include a measure which focuses solely on US performance, and 25% of the bonus is therefore based on US EBITDA.

The safer gambling measure is a critical element of our business strategy, and for the sustainability of our industry. Including a safer gambling measure will ensure that management is incentivised to achieve clear objectives on the safer gambling agenda and continue to lead the industry in this regard. Safer gambling measures have been included in our bonus plan since 2020 with all four divisions represented since 2022. The measures for the 2023 bonus plan are detailed on page 175 to 177.

### LTIP

The unpredictable and fast-moving nature of our sector makes it extremely difficult to set financial targets over the long term. We believe that TSR is the best all-encompassing indicator of how management is executing against strategy and continues to be the best possible measure from a long-term target-setting perspective. TSR provides a focus for management on ensuring that the strategy and its implementation lead to long-term comparative returns to shareholders and ensures direct alignment between the remuneration outcomes of Executive Directors and the gains made by shareholders. A number of shareholders expressed a preference for measuring TSR on a Relative rather than Absolute basis. Taking this feedback into account and in light of the continuing market volatility, the Committee determined that a Relative TSR measure be the most practical solution in the broader environmental context.

We believe that it is important to ensure that we grow our business in a sustainable way, and therefore have also included an underpin whereby vesting will also be subject to the Committee being satisfied that the formulaic outcome appropriately reflects the Company's underlying performance and that it has been achieved with regard to the Company's sustainability objectives, including measures to promote safer gambling.

### How we consider the views of our shareholders

The Committee is committed to ongoing dialogue with both shareholders and UK institutional investor bodies. As noted in the Committee Chair's statement, we have had extensive discussions with our shareholders during the year. In developing the proposed Remuneration Policy we engaged with our major shareholders to understand their views during both 2021 and 2022. In finalising the proposals, the Committee gave due regard to the feedback received during these meetings, making a number of amendments to the original proposal, for example including an additional underpin on the proposed new LTIP, using relative rather than absolute TSR and considering in detail the appropriate TSR peer group.

We strongly believe that discussion and dialogue with shareholders serve to strengthen our remuneration structures and, as such, we will continue to speak to our key investors every year and take on board their views on our Executive remuneration structures.

### How we consider pay and conditions of employees in the Group

The Committee considers the pay and employment conditions across the Group when determining Executive Director pay, and the Company seeks to promote good relationships with employee representative bodies as part of its employee engagement strategy. However, we do not consider it appropriate to consult specifically with employees on the Directors' Remuneration Policy.

Our Workforce Engagement Committee provides the Board with the opportunity to gather the view of the workforce. Following the easing of travel restrictions caused by the Covid-19 pandemic, the Committee commenced listening sessions with the workforce to hear directly from colleagues. These listening sessions covered a diverse range of locations, businesses and skills, including FanDuel, Adjarabet, Sportsbet, UK&I and the Group Trading and Risk teams. The Committee comprises five Non-Executive Directors, including one Remuneration Committee member. See pages 137 to 141 for further information on the Workforce Engagement Committee.

The Board reviews and acts upon the outcome of our reward employee engagement surveys, and the Remuneration Committee considers the CEO to wider workforce pay ratio and relevant internal pay gaps and metrics on an annual basis.

### Our remuneration policy for the wider workforce

Below Board level, employees receive a remuneration package that is reflective of their role and responsibilities, set by reference to internal relativities and external market data where applicable. Employees at the Executive level will typically have a greater emphasis on performance-related and long-term pay compared with those below this level. Details are given in the table below:

Element	Approach
Salary	<p>When reviewing salary levels, consideration is given to the level of responsibility, skill, experience and salary levels in comparable companies. Remuneration surveys are referenced, where appropriate, to establish market rates.</p> <p>Although increases may vary, Executive Director increases are generally aligned with the typical increases awarded across the rest of the workforce in the relevant market under normal circumstances.</p>
Pension and benefits	Benefits and pension arrangements are tailored to local market conditions for all of our employees across the Group.
Annual bonus	The majority of our employees are eligible to participate in an annual bonus plan, with award sizes varying by organisational level and location. Performance measures are tailored to be suitable to the strategic priorities of the division, and the geographic location. Some employees, for example those in our retail shops, have different incentive structures in place.
Incentive plans	<p>The Executive Committee and other members of senior management are eligible to participate in Flutter share incentive plans, which vest based on continued employment and, in some cases, are also subject to performance conditions. We also offer incentive awards to critical talent.</p> <p>We have a number of division- or brand-specific Long Term Incentive Plans in place to incentivise employees in specific parts of the business aligned to delivering strategic priorities.</p> <p>All of our workforce is eligible to participate in the employee sharesave plan, with the basis of participation varying depending on the specific regulatory requirements of each geographic location.</p>
Shareholding guidelines	Shareholding guidelines are in place for Executive Directors and Executive Committee members.

Under its Terms of Reference, the Committee holds responsibility for the remuneration of the Group's Executive Committee and the Group General Counsel and Company Secretary. The Committee's Terms of Reference are reviewed annually by the Committee and the Board and the Committee will keep under review its role in relation to employees below the Board in the context of any legislative changes or revisions to the 2018 UK Code.



## Directors' Remuneration Report 2022 continued

### Remuneration Policy continued

#### Recruitment remuneration

The Committee's policy is to set pay for new Executive Directors within the existing Remuneration Policy in order to provide internal consistency. The Committee aims to ensure that the Company pays no more than is appropriate to appoint individuals in the context of the market.

Element	Approach	Maximum opportunity
Total salary	The total salary (inclusive of any Director fees) will be set taking into account the skills and experience of the individual, internal relativities and the market rate for the role as identified by any relevant benchmarking of companies of a comparable size and complexity. If it is considered appropriate to set the total salary for a new Executive Director at a level which is below market (for example, to reflect their experience in the role) their total salary may be increased to achieve the desired market positioning by way of a series of phased above-inflation increases in subsequent years.	n/a
Benefits	New appointees will be eligible to receive benefits on the same terms as other Executive Directors. Additionally in the case of any Executive Director being recruited overseas, or being recruited by the Company to relocate overseas to perform his duties, the Committee may also approve the payment of one-off relocation-related expenses and legal fees incurred by the individual in connection with the appointment.	n/a
Pension	New appointees will be eligible to receive pension benefits (or an equivalent cash payment in lieu) in line with the wider workforce level in the country in which the Executive Director is based.	In line with the wider workforce level in the country in which the Executive Director is based.
Annual bonus and DSIP	The plan as described in the Remuneration Policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of the year employed. The Committee retains flexibility to use different performance measures and targets in the first year, depending on the timing and nature of the appointment.	285% of salary for a CEO and 265% of salary for other Executive Directors.
LTIP	Where possible we will look to bring new Executives into the existing plan pro-rated for time in role i.e. if they were to join after one year of the consolidated plan, they would participate in the remaining three performance period cycles, however the Committee retains the flexibility to either grant a new award of four years or to grant a non-consolidated LTIP award if that is considered most appropriate at the time.	Typically 400% of total salary for a CEO or 300% of total salary for other Executive Directors on a per annum basis.
SAYE	New appointees will be eligible to participate in the SAYE plan on the same terms as other employees.	n/a
Shareholding guidelines	Shareholding guidelines will apply on the same basis as for current Executive Directors.	n/a

The Committee may also make an award in respect of a new appointment to buy-out remuneration forfeited on leaving a previous employer and may exercise the discretion available under the relevant Listing Rules to facilitate this, i.e. in the event that a different structure to those included above would be required. In doing so, the Committee will ensure that buy-out awards have a fair value no higher than that of the awards or remuneration forfeited, and would consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met, the delivery mechanism, and the remaining vesting period of these awards. For clarity, the maximum opportunity levels set out above do not apply to buy-out awards.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its original terms stipulated on grant or adjusted as considered desirable to reflect the new role, even if it is not consistent with the Remuneration Policy for Executive Directors.

In the case of the appointment of a new Non-Executive Director, fees would be paid in line with the Non-Executive Director fee policy outlined on page 178.

## Policy on payments for loss of office

When considering termination payments under incentive plans, the Committee reviews all potential incentive outcomes to ensure that they are fair to both shareholders and participants. The table below summarises how the annual bonus, DSIP and LTIP awards are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion.

Plan	Scenario	Timing of payment/ vesting	Calculation of payment/ vesting
Annual bonus	Ill health or disability, redundancy, retirement (with agreement from the Company), or any other reason the Committee may determine.	Normal payment date, although the Committee has discretion to accelerate payment on a case-by-case basis in its discretion. Half the bonus will normally be deferred into the DSIP.	The Committee will determine the annual bonus outcome based on circumstances and the date of leaving. Performance against targets is typically assessed immediately (in case of death) or at the end of the year in the normal way and any resulting bonus will be pro-rated for time served during the year.
	Death	Immediately, in cash.	
	Change of control	Immediately or as determined by the Committee.	The bonus payment will be pro-rated for time (based on the proportion of bonus period elapsed) and performance up to the point of the change of control. The Committee retains discretion to dis-apply pro-rating (in whole or in part) or pay the bonus fully in cash in exceptional circumstances.  Alternatively, the Committee may determine that the bonus does not pay out on change of control and continues under the terms of the acquiring entity.
	All other reasons	No bonus is paid.	n/a
DSIP	Ill health or disability, redundancy, retirement (with agreement from the Company), or any other reason the Committee may determine.	The later of the date of the normal vest date and the expiry of any post-restrictive covenants, although the Committee has discretion to accelerate on a case-by-case basis. Any post-vesting holding periods would continue to apply.	Any underpins continue to apply.
	Death	Immediately	Underpins and holding periods may be removed.
	Change of control	Immediately	Awards may alternatively be exchanged for new equivalent awards in the acquirer where the Committee deems it appropriate.
	All other reasons	Awards lapse	n/a
LTIP	Ill health or disability, redundancy, retirement (with agreement from the Company), or any other reason the Committee may determine.	The later of the normal vest date and the expiry of any post-restrictive covenants, although the Committee has discretion to accelerate on a case-by-case basis.	Any tranches whose performance periods have finished will vest in full, subject to the achievement of the performance conditions. Any tranches whose performance periods are in-flight will normally be pro-rated for time (based on the proportion of performance period elapsed); performance will be measured at the end of the performance period. Any other tranches will lapse in full. The Committee retains discretion to dis-apply pro-rating or accelerate testing of performance conditions for in-flight tranches in exceptional circumstances.
	Death	Immediately	As above, but with performance being measured (and awards released) immediately. Underpins and holding periods may be removed.
	Change of control	Immediately or as determined by the Committee	As above, with performance being assessed (where relevant) up to the point of the change of control. The Committee retains discretion to disapply pro-rating (in whole or in part) in exceptional circumstances.  Alternatively, the Committee may decide to exchange award for new equivalent awards in the acquirer where appropriate.
	All other reasons	Awards lapse	n/a

We reserve the right to make additional exit payments if we need to discharge an existing legal obligation (or pay damages for breaching an obligation). We also reserve the right to make an exit payment by way of settlement or compromise of any claim arising in connection with terminating a Director's office or employment.

# Directors' Remuneration Report 2022 continued

## Remuneration Policy continued

### Service agreements, change-of-control provisions and loss of office policy

Our policy is for service agreements to contain the following terms:

- Agreements are terminable on 12 months' notice given by either party.
- Agreements contain a provision entitling the employer to terminate their employment by payment of a cash sum in lieu of notice equal to the total salary, contractual benefits and pension contributions that would have been payable during the notice period.
- The payment in lieu of notice can be paid, at the employer's discretion, as a lump sum or in monthly instalments over the notice period. There is a mechanism to reduce the payment in lieu of notice if they commence alternative employment while any instalments remain payable from which they receive an annual salary of at least £50,000.
- Executive Directors may also be entitled to a pro-rata bonus for the year in which termination occurs at the discretion of the Committee. All of the share option and incentive plans which are operated by the Company contain provisions relating to termination of employment, and any share awards held by an Executive Director on termination will be governed by the rules of the relevant plan.
- Executive Directors are subject to a confidentiality undertaking without limitation in time and to non-competition, non-solicitation and non-hiring restrictive covenants for a period of 12 months after the termination of their employment.

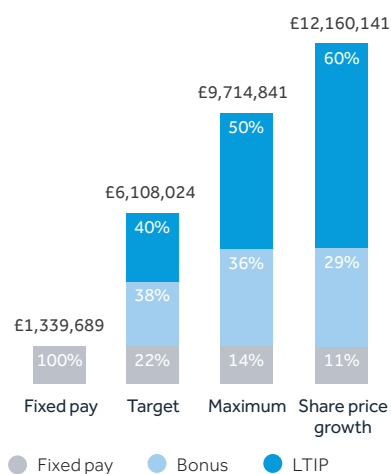
Peter Jackson and Jonathan Hill's individual service agreements are currently in line with the above policy. Paul Edgecliffe-Johnson is set to be appointed on 20 March 2023 and his individual service agreement will also be in line with the above policy.

The service contract of any new appointment would be based on similar terms. In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement, confidentiality, outplacement services, restrictive covenants and/or consultancy arrangements. These will be used sparingly and entered into only where the Committee believes that it is in the best interests of the Company and its shareholders to do so.

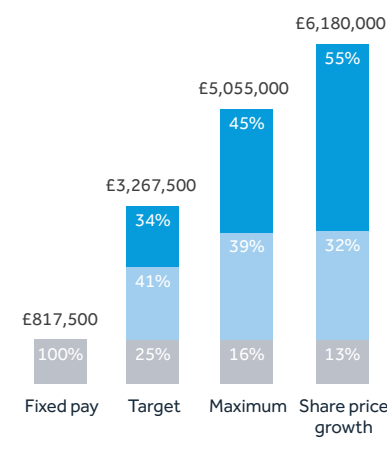
### Pay for performance: scenario analysis

The following charts provide an estimate of the potential future reward opportunities for Peter Jackson and Paul Edgecliffe-Johnson, and the potential split between the different elements of pay under four different performance scenarios: Minimum, Target, Maximum and 50% share price increase. Potential reward opportunities are based on the new Remuneration Policy, applied to 2023 salaries. As he will step down from the Board following the 2023 AGM, a chart has not been provided for Jonathan Hill.

Chief Executive Officer



Chief Financial Officer



The scenarios in the graph above for both Peter Jackson and Paul Edgecliffe-Johnson are based on the following assumptions:

- The minimum scenario comprises: (i) total salary as at 1 March 2023 for the CEO (£1,222,650) and as at 20 March 2023 for the CFO (£750,000); (ii) current pension opportunity (9% of salary); and (iii) value; benefits as disclosed in the 2022 Single Figure of Total Remuneration for Executive Directors table. As such, for Paul Edgecliffe-Johnson, this is nil.
- The Target scenario comprises: minimum plus (i) 67% pay-out of maximum bonus opportunity; and (ii) 50% vesting of annualised LTIP (400% of salary for the CEO and 300% of salary for the CFO). No share price growth is assumed.
- The Maximum scenario comprises: minimum plus (i) maximum bonus pay-out; and (ii) maximum annualised LTIP vesting (400% of total salary for the CEO and 300% of total salary for the CFO). No share price growth is assumed.
- The Share price growth scenario is as per Maximum, except that 50% share price growth is assumed on LTIP awards.

## Chair and Non-Executive Directors

The services of the Non-Executive Directors, including the Chair, are provided for under the terms of a letter of appointment with the Company. Continuation of the Non-Executive Directors' appointments is contingent on satisfactory performance and annual re-election at the AGM of the Company, unless terminated earlier upon written notice by either the Non-Executive Director or the Company. The Non-Executive Directors' appointments will terminate automatically if they are removed from office by a resolution of the shareholders of the Company or are not re-elected. The appointment letters for the Non-Executive Directors provide that on termination, only fees accrued, and expenses incurred up to the date of termination are payable.

Non-Executive Director	Start of current term <sup>1</sup>
Zillah Byng-Thorne	5 September 2013
Nancy Cruickshank	15 May 2019
Nancy Dubuc	29 April 2021
Richard Flint	5 May 2020
Alfred F. Hurley, Jr	28 June 2016
Holly Keller Koeppel	13 May 2021
David Lazzarato	28 June 2016
Carolan Lennon	1 July 2022
Gary McGann	24 November 2014
Atif Rafiq	10 December 2021
Mary Turner	21 June 2017

1. Dates of original appointment to Paddy Power plc, Betfair Group plc or The Stars Group Inc., as applicable.

Details of the policy on Non-Executive Directors' fees are set out in the table below. Any future recruitment for a Chair or a Non-Executive Director would be on the basis of the below.

Purpose and link to strategy	Operation and performance measures	Maximum opportunity
To attract and retain Non-Executive Directors of the highest calibre with experience relevant to the Company	<p>Remuneration for Non-Executive Directors, other than the Chair, is determined by the Board, on the recommendation of the Executive Directors in consultation with the Chair. The Chair's fee is determined and recommended to the Board by the Remuneration Committee.</p> <p>Fees are reviewed from time to time and the Committee retains the ability to introduce fees for additional duties, as required.</p> <p>Remuneration for Non-Executive Directors, other than the Chair, comprises a base annual fee for acting as a Non-Executive Director of the Company. Additional fees are paid for carrying out additional duties such as acting as the Senior Independent Director or Chairing a Board Committee.</p>	<p>The current aggregate annual fee for all Non-Executive Directors, including the Chair, is €2.2m.</p> <p>The maximum aggregate annual fee for all Non-Executive Directors, including the Chairman, is governed by the Company's Articles of Association.</p> <p>Fee increases will normally be set at a level no higher (in percentage terms) than those for our colleagues as a whole. However, on occasion, it may be appropriate to make higher increases, reflecting that they may only be offered on a periodic basis or reflect additional responsibilities and/or time commitments.</p> <p>Current fee levels are disclosed in the Annual Report on Remuneration.</p>

1. The aggregate limit on Non-Executive Directors' remuneration provided for is an absolute upper limit. Anticipated increases in Non-Executive Directors' fees would be in line with independent market benchmarking.

Copies of Directors' service contracts or letters of appointment (as applicable) are available for inspection at the Company's Registered Office during normal business hours and at the AGM at least 15 minutes prior to its commencement until its conclusion.

## Executive Directors' external directorships

The Board acknowledges that Executive Directors may be invited to become non-executive directors of other companies which have no business relationship with the Group and that these duties can broaden their experience and knowledge to the benefit of the Group. Executive Directors are permitted to accept a maximum of one other external non-executive directorship (but not a chairship) of a large publicly listed company (or its equivalent), with the prior approval of the Chair of the Board. Fees paid for external appointments may be retained by the individual concerned. Details of external directorships are set out on pages 108 to 109.



# Directors' Remuneration Report 2022 continued

## Remuneration Policy continued

### Our malus and clawback provisions

Malus and clawback provisions apply to the Company's incentive plans. Under these provisions, the Committee may apply malus and/or clawback provisions within two years of the vest or payment date of an award (or exercisable date in the case of options) other than Tranche 1 of the proposed new LTIP, where clawback provisions apply for three years of the vest date.

Malus and clawback provisions would apply in the following circumstances:

- discovery of a material misstatement resulting in an adjustment in the historical audited accounts of the Company;
- the discovery that any information used to determine the number of shares subject to an award was based on error, or inaccurate or misleading information;
- the assessment of any performance target or condition in respect of an award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud or gross misconduct;
- events or the behaviour of a participant have led to the censure of the Company by a regulatory authority or have had a significant detrimental impact on the reputation of the Company, as determined by the Board, provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them;
- a material failure of risk management; or
- corporate failure.

Should a trigger event be identified, the Remuneration Committee may require some or all of an employee's outstanding awards to be forfeited or for clawback to be applied.

These trigger events have been strengthened since the previous Remuneration Policy.

### Considerations of the UK Corporate Governance Code principles

Our Remuneration Policy has been designed taking into account the following principles of the UK Corporate Governance Code.

<b>Clarity</b>	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The annual bonus is based on measures that are linked to our key strategic priorities for the year, ensuring that there is clarity to all stakeholders on the relationship between the Company's strategy and remuneration. TSR is used as our LTIP performance measure, and requires no adjustments to be made and outturns are therefore clear for all participants.
<b>Simplicity</b>	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	We believe that the current structure can be easily understood and articulated. A single upfront LTIP grant will ensure we do not need to make grants each year.
<b>Risk</b>	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	We have appropriate safeguards in place, such as deferral and holding periods, malus and clawback provisions and performance underpins on both annual bonus and LTIP.
<b>Predictability</b>	The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy.	The Remuneration Policy clearly sets out the maximum opportunity available to Executive Directors. The scenario charts set out expected remuneration outcomes for these maximums across a wide range of potential performance outcomes.
<b>Proportionality</b>	The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The Policy enables meaningful and appropriate targets to be set with a significant proportion of remuneration linked to the creation of long-term shareholder value. We believe that incentive plan outcomes will reflect the successful execution of our strategy.
<b>Alignment to culture</b>	Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The measures used in our incentive structure are aligned with our business strategy and values. For example, the inclusion of an SG measure demonstrates our commitment to the Play Well pillar of our Positive Impact Plan.

## Annual Report on Remuneration

This section provides details of remuneration outcomes for the financial year ended 31 December 2022 for Executive Directors and Non-Executive Directors who served during 2022, and how the approved Remuneration Policy will be implemented in 2023. The Committee believes that the Remuneration Policy operated as intended during 2022.

### The Remuneration Committee's responsibilities

Set out below is a summary of the Committee's key responsibilities:

- setting the Remuneration Policy for the Executive Directors;
- engaging with our major shareholders in respect of the Remuneration Policy for Executive Directors and its implementation as appropriate;
- ultimate responsibility for approving all share-based incentive plan awards across the Group;
- reviewing the wider workforce remuneration and related policies, the alignment of incentives and rewards with culture and taking these into account when setting the policy for Executive Director remuneration;
- supporting the Board in determining whether reward-related employee policies and practices are in line with the Group's culture, strategy and values;
- ensuring that the Remuneration Policy and reward decisions incentivise and retain talent, and support the delivery of our long-term strategy;
- considering the appropriateness of the Remuneration Policy when reviewed against the rest of the organisation;
- ensuring that the remuneration framework remains effective in attracting and retaining colleagues;
- determining the terms of employment for Executive Directors, members of the Executive Committee and the Group General Counsel and Company Secretary, including remuneration, recruitment and termination arrangements;
- approving the measures and targets for incentive plans for Executive Directors, the Executive Committee and the Group General Counsel and Company Secretary; and
- assessing the appropriateness of and achievement against performance targets relating to incentive plans.

 The Directors' biographies of the current members of the Committee are given on pages 108 to 111

### The Remuneration Committee's focus in 2022

<b>Overall remuneration</b>	<ul style="list-style-type: none"> <li>• Reviewing and approving total remuneration of the Executive Directors and members of the Executive Committee</li> <li>• Receiving an update on the reward strategy and its application across the Flutter Group</li> <li>• Reviewing and considering the proposed response to the cost of living challenges faced by our colleagues across the Group</li> </ul>
<b>2023 Remuneration Policy</b>	<ul style="list-style-type: none"> <li>• Reviewing the Remuneration Policy approved by shareholders in 2020 in the context of the current business and extensively discussing the proposed changes for 2023</li> <li>• Discussing the feedback received from shareholders on the new Remuneration Policy proposal and adjusting proposals accordingly</li> </ul>
<b>Total salary</b>	<ul style="list-style-type: none"> <li>• Reviewing current total salary levels in the context of both the current size and scope of the business, as well as their impact on total pay for the Executive Directors</li> <li>• Reviewing and approving changes to salary levels for the Executive Committee and Group General Counsel and Company Secretary</li> </ul>
<b>Annual bonus</b>	<ul style="list-style-type: none"> <li>• Determining and approving bonus outcomes in respect of 2021 performance</li> <li>• Reviewing and approving performance measures and targets for 2022 bonus</li> <li>• Reviewing forecasted 2022 bonus outcome</li> <li>• Reviewing, considering and approving the 2023 annual bonus structure and performance measures and targets</li> </ul>
<b>Long-term incentives</b>	<ul style="list-style-type: none"> <li>• Reviewing the TSR performance measure and targets for the 2022 LTIP awards</li> <li>• Approving 2022 incentive plan grants for Executive Directors, the Executive Committee and Group General Counsel and Company Secretary</li> <li>• Approving overall quantum of awards for 2022 share incentives for all employees</li> <li>• Receiving updates on the performance of Long Term Incentive Plans in place across the Group</li> <li>• Approving the vesting of the 2019 LTIP</li> <li>• Reviewing and approving the structure of other division and business-specific incentive plans and share award grants, including for Executive Committee members</li> <li>• Approving incentive plan grants for senior hires across the Group</li> <li>• Reviewing and approving the rules of a new share plan for use below Board level</li> </ul>

# Directors' Remuneration Report 2022 continued

## Annual Report on Remuneration continued

### The Remuneration Committee's focus in 2022 continued

<b>Governance</b>	<ul style="list-style-type: none"><li>• Reviewing the 2021 Directors' Remuneration Report, including the proposed new Remuneration Policy which the Committee decided not to proceed with, although the exceptional increases to total salary were approved</li><li>• Approving the final version of the 2021 Directors' Remuneration Report</li><li>• Reviewing the proposed new Remuneration Policy for inclusion in the 2022 Directors' Remuneration Report</li><li>• Reviewing the annual Remuneration Committee calendar</li><li>• Reviewing and updating the Committee's Terms of Reference</li><li>• Considering an exhaustive and thorough report by an external ESG specialist on the link between ESG and pay across the Group</li><li>• Assessing dilution from share plans against recommended limits and use of Employee Benefit Trust</li><li>• Reviewing the Flutter gender pay gap and CEO pay ratio disclosures</li><li>• Approving the 2022 Sharesave plan</li></ul>
<b>Changes to the Executive Committee</b>	<ul style="list-style-type: none"><li>• Reviewing and approving the terms for the Group CFO's transition to the new COO role</li><li>• Reviewing and approving the remuneration package and employment terms for the incoming Group CFO</li><li>• Reviewing and approving the leaver terms for the outgoing Group CPO and the remuneration package for the incoming Interim Head of HR, as well as the package for his transition to permanent Group CPO</li><li>• Reviewing and approving the leaver terms for the outgoing CEO, UK&amp;I and the remuneration package for the incoming CEO, UK&amp;I</li><li>• Reviewing and approving the transition arrangements for the Group CIO</li></ul>
<b>Shareholder consultation</b>	<ul style="list-style-type: none"><li>• Extensive engagement with shareholders on proposed changes to the Remuneration Policy</li></ul>

### External advisers

PwC are the Committee's remuneration advisers. They were appointed by the Committee in 2017, following a competitive tender process. They provide independent commentary and advice, together with updates on legislative requirements, best practice and market practice to assist with its decision making.

PwC report directly to the Committee, and are signatory to, and abide by the Code of Conduct for Remuneration Consultants (which can be found at: [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com)). The Committee undertakes due diligence periodically to ensure that the remuneration advisers remain independent of the Group and that the advice provided is impartial and objective. The Committee is satisfied that any conflicts are appropriately managed.

The fees paid to PwC in respect of work carried out for the Committee in 2022 totalled £234,363 and are based on an agreed fee for business-as-usual support (with additional work charged on a time and materials basis). PwC advised on TCFD reporting requirements and also provided tax advice to the Group during 2022.

The Committee also seeks internal advice and support from the Group Chief People Officer, Global Director of Reward and Benefits, Group Reward and Benefits Director, Head of Executive Compensation, Group General Counsel and Company Secretary and Deputy Company Secretary and Head of Governance, as appropriate.

### Shareholder voting at shareholder meetings

The following shows the results of the advisory votes on the Annual Statement and Annual Report on Remuneration and the Remuneration Policy at the 2020 and 2022 AGMs:

	For	Against	Total votes cast	Votes withheld
Annual Report on Remuneration (AGM 2022)	76,077,899 (67.55%)	36,541,611 (32.45%)	122,854,091	10,234,581
Remuneration Policy (AGM 2020)	53,240,152 (94.64%)	3,012,332 (5.36%)	56,254,924	2,440

Details of our engagement with shareholders over the relevant year are provided in each year's Annual Report and Accounts.

## Single figure of total remuneration for Executive Directors (audited)

The table below sets out the single figures of total remuneration received by each Executive Director during the year ended 31 December 2022 and the prior year. Remuneration relates to the period during which each Executive Director was a member of the Board in this capacity. Please refer to notes below the table and additional disclosure for full details of how the figures are calculated.

	Peter Jackson		Jonathan Hill <sup>1</sup>	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Salary <sup>2</sup>	1,130	923	693	594
Benefits <sup>3</sup>	7	7	14	14
Pension <sup>4</sup>	169	138	104	89
<b>Fixed pay</b>	<b>1,306</b>	<b>1,068</b>	<b>810</b>	<b>697</b>
Annual bonus	1,110	2,626	633	1,572
Long-term incentives <sup>5</sup>	1,661	3,567	941	1,912
Other <sup>6</sup>	—	4	—	—
<b>Variable pay</b>	<b>2,771</b>	<b>6,198</b>	<b>1,574</b>	<b>3,485</b>
<b>Total</b>	<b>4,077</b>	<b>7,265</b>	<b>2,384</b>	<b>4,181</b>

- For 2022, Jonathan was paid in euros up to 1 March 2022 and in pound sterling from that time. For the purpose of the single figure table, where relevant, his pay has been converted into pound sterling using the EUR:GBP exchange rate over the period 1 January 2022 – 28 February 2022 (€1 = €1.1952). For 2021, values are converted from euros to pound sterling using the 12-month average exchange rate of €1 = €1.1630.
- Salary: represents the total amount earned for the relevant financial year. Peter Jackson's salary at the start of the year was €927,000. This was increased to €1,170,000 on 1 March 2022. Jonathan Hill's salary at the start of the year was €694,220. This was increased to €715,000 on 1 March 2022.
- Relates to the cost of benefits including BUPA and private medical insurance.
- Pension: the pension for both Executive Directors is the value of the cash paid to them in lieu of contributions. Neither of the Executive Directors has a prospective entitlement to a defined benefit pension.
- For the 2020 LTIP, dividends are added at the time of vesting and will be included when this figure is updated in next year's report. For the 2019 LTIP, these have been included. For Peter Jackson, €0.4m of the 2020 LTIP (or 27%) is attributable to share price growth, whilst for Jonathan Hill €0.3m of this (or 27%) is attributable to share price growth. For Peter Jackson, €1.3m of the 2019 LTIP is attributable to share price growth, whilst for Jonathan Hill €0.7m of this is attributable to share price growth. The TSR element of the 2019 LTIP vested in March 2022 and the US Value measure will vest in July 2023. The performance outcome of the US Value measure has been estimated at maximum, based on the valuation reached in December 2020 to increase Flutter's stake in FanDuel. The outcome will be retested in July 2023 when the award vests, as previously communicated.
- Other includes the value of Peter Jackson's SAYE award on the date of the grant.

## 2022 annual bonus (audited)

The maximum annual bonus opportunity for Executive Directors in 2022 was 285% and 265% of salary for the CEO and CFO respectively. Target bonus was two-thirds of the relevant maximum. The 2022 annual bonus was based on Group EBIT (excluding US business performance), FanDuel: Net revenue in existing states and a safer gambling measure. The table below shows the outcome for each element, relative to the extremely stretching targets set at the start of the year:

	Weighting	Performance targets <sup>1</sup>			Actual performance	Bonus outcome (% of max)	Bonus outcome (% of target)	Bonus outcome	
		Threshold	Target	Maximum				Peter Jackson	Jonathan Hill <sup>2</sup>
EBIT ex. US	60%	£1,102m	£1,146m	£1,205m	£1,003m	0%	0%		
FanDuel: Net revenue from all verticals in existing states	30%	\$1,798m	\$2,116m	\$2,433m	\$2,307m	26%	39%		
Safer gambling <sup>3</sup> :	10%								
UK&I	2.5%	1%	2%	4%	6.7%	2.5%	3.8%		
Sportsbet	2.5%	13.5%	15.0%	16.5%	15.2%	1.8%	2.6%		
International	2.5%	33.5%	36.5%	39.6%	45.1%	2.5%	3.8%		
FanDuel	2.5%	Various measures, as detailed below			Target	1.7%	2.5%		
<b>Total</b>						<b>34.5%</b>	<b>51.7%</b>	<b>£1,109,615</b>	<b>£632,697</b>

- Awards pay out on a straight-line basis between the points shown.
- Jonathan was paid in euros up to 1 March 2022 and in pound sterling from that time. As such, he will be paid €105,690 through the Irish payroll and £544,267 through the UK payroll.
- This year we were able to include all divisions in our SG measure. As our divisions operate within different regulatory and societal contexts, with varying levels of maturity with regards to being able to measure safer gambling, we took the approach of considering safer gambling on a divisional basis for the purposes of setting bonus targets. This allowed us to set targets which are meaningful, linked to divisional strategy, and which could really drive change, tailored to helping to keep our customers safe in the context in which those customers operate. Details of each divisional measure are shown below:
  - UK&I: Transactional Risk Indicator Score, or TRI, which measured the % of revenues from customers who self-exclude (either directly with a Flutter brand or via GamStop) in the year as a proportion of total revenue for that year (target is a reduction year on year on a like-for-like basis). The maximum target was exceeded.
  - Sportsbet: % of net revenue from customers with a deposit limit. This measure measured at just above target.
  - International: % of customers applying a deposit limit, cooling-off period or stake limit. The maximum target was exceeded.
  - FanDuel: As our most nascent market in terms of SG adoption. For the 2022 annual bonus plan, we used a basket of measures as the table below shows:

Measure	Threshold	Target	Maximum	Outturn
Employee training completion (20%)	95%	98%	100%	98.17%
New customer first impressions (40%)	31 Dec 22	8 Sept 22 (NFL kick-off)	1 July 2022	August 22
RG first impressions for all customers aged 21-25 (40%)	31 Dec 22	8 Sept 22 (NFL kick-off)	1 July 2022	August 22



# Directors' Remuneration Report 2022 continued

## Annual Report on Remuneration continued

### 2022 annual bonus (audited) continued

In line with market practice and as with previous years, the bonus targets have been adjusted for exchange rate movements over the period ensuring that bonus is measured on a constant currency basis. An adjustment has also been made in respect of the Sisal acquisition in the year.

Prior to approving the annual bonus outcomes, the Committee discussed whether or not the proposed outcome was considered to be fair and reasonable in the context of the Company's overall business performance over the year, as well as the current social and economic environment. Following discussion, whilst the Committee considered the outturn to be low relative to Company performance, it was satisfied that it was appropriate and fair given the wider socio-economic environment.

In line with the Remuneration Policy, half of any bonus earned is deferred into shares under the DSIP, vesting 50% on the third anniversary of the grant and 50% on the fourth anniversary. A revenue underpin of 2% per annum growth will apply. Malus and clawback provisions apply to the annual bonus and DSIP both prior to vesting and for a period of two years post-vesting.

### 2020 LTIP (audited)

The tables below set out a summary of performance relative to the 2020 LTIP targets, and the outturn for each Executive Director.

Performance measure	Targets		Outcome		
	Threshold 25% of award vests	Maximum 100% of award vests	Actual performance	% of maximum achieved	% of award eligible for vesting
Relative TSR <sup>1</sup>	Growth in line with median (1.3%)	Growth in line with upper quartile (22.3%)	42.0%	100%	100%
<b>Total vesting (% of max)</b>					<b>100%</b>

1. TSR compared with the FTSE 100 (excluding housebuilders, real estate investment trusts and natural resources companies).

Executive Director	Award type	Date of grant	Number of shares awarded	% of total award vesting	Number of shares vesting <sup>1</sup>	Value at vesting <sup>2</sup>
Peter Jackson	Nil-cost options	03/03/2020	14,663	100%	14,663	£1,661,318
Jonathan Hill	Nil-cost options	03/03/2020	8,305	100%	8,305	£940,957

1. Dividend equivalent shares will be added to reflect dividends accrued during the vesting period, as appropriate.

2. As the award vests after the publication of this report, the value is based on the average share price over three months to 31 December 2022 of £113.30. For Peter Jackson, £445k of this is attributable to share price growth, whilst for Jonathan Hill £252k of this is attributable to share price growth.

### 2019 LTIP update (audited)

In last year's Report, we estimated the value of the 2019 LTIP using the three-month average share price to 31 December 2021. We have now updated the values using the actual share price at the date of vesting. Note that the US Value measure will vest in July 2023. The performance outcome of this measure has been estimated at maximum, based on the valuation reached in December 2020 to increase Flutter's stake in FanDuel. The outcome will be retested in July 2023 when the award vests. We have also included dividends, where relevant, which were only calculated at the time of vesting.

Executive Director	Number of shares	3-month average share price to 31 December 2021	Estimated value of LTIP 2019 awards	Dividends	Share price on vesting	Actual value of LTIP 2019 awards
Peter Jackson	37,983	£123.90	£4,706,212	1,875	£89.50	£3,567,291
Jonathan Hill	20,361	£123.90	£2,522,792	1,005	£89.50	£1,912,257

### Incentive plan interests awarded in the year (audited)

On 4 March 2022 awards were granted to the Executive Directors under the DSIP and on 8 March 2022 awards were granted to the Executive Directors under the LTIP. Details of these awards are set out in the following table:

	Type of interest in shares	Face value (%)	Face value (£) <sup>1</sup>	Number of shares	Vesting at threshold	End of performance period	Vesting date
<b>Peter Jackson</b>							
LTIP	Nil-cost options	180% of salary	£2,105,971	25,180	25%	31 December 2024	8 March 2025 <sup>2</sup>
DSIP	Nil-cost options	50% of net bonus	£1,312,935	14,162	n/a	n/a <sup>3</sup>	50%: 4 March 2023 50%: 4 March 2023
<b>Jonathan Hill</b>							
LTIP	Nil-cost options	150% of salary	£1,072,473	12,823	25%	31 December 2024	8 March 2025 <sup>2</sup>
DSIP	Nil-cost options	50% of net bonus	£760,579	8,204	n/a	n/a <sup>3</sup>	50%: 4 March 2023 50%: 4 March 2024

1. Three-day average share price prior to the date of grant, which was £92.71 for the DSIP and £83.64 for the LTIP.

2. A further two-year holding period applies following the vesting date. Both the LTIP and DSIP are subject to a post-employment holding period of two years.

3. The DSIP is subject to a revenue underpin over the vesting period which requires Revenue growth of at least 2% per annum over the deferral period as well as continued employment.

The 2022 LTIP awards will vest subject to the achievement of TSR performance, as per the vesting schedule below:

	Below threshold (nil vesting)	Threshold (25% vesting) <sup>1</sup>	Maximum (100% vesting) <sup>1</sup>
Relative TSR <sup>2</sup>	Below median growth	Growth in line with median	Growth in line with upper quartile

1. Awards vest on a straight-line basis between the points shown.

2. TSR relative to the FTSE 100 (excluding housebuilders, real estate investment trusts and natural resources companies).

# Our commitment to safer gambling

At Flutter, we believe that play should always be as safe and sustainable as it is thrilling and enjoyable. It is vital for our business and our industry that we do the right thing by our customers, our people and the planet. We are proud that we have led the market on this; since 2020, our annual bonus plan has included a safer gambling component in it. We started with including the parts of our business in which we were able to set meaningful and robust targets. In 2021, we challenged all divisions to determine suitable bonus metrics for safer gambling and we were pleased that they were all able to identify, refine and test these over the year. As such, the 2022 bonus plan measured safer gambling across all of our divisions for the first time. These measures and targets were disclosed prospectively in last year's Annual Remuneration Report, and the outturns are shown on page 173.

For 2023 we have continued to evolve our safer gambling measures in line with the Play Well pillar of our Positive Impact Plan,

which we launched last year. In determining the bonus measures for 2023, we have ensured a focus across all divisions on promoting tool usage, which we believe to be a core driver of positive plan, whilst enabling some degree of flexibility to account for the fact that each division operated within a different regulatory and societal context. The majority of divisions now have the global Play Well tool metric as the measure (in whole or in part) for their safer gambling bonus measure. The global Play Well tool metric is the percentage of Average Monthly Players ("AMPs") using one of our safer gambling tools (e.g. deposit limits, stake limits, time outs etc) on a monthly rolling average basis. More details about our global measure are shown in the Play Well section, on page 51. To underline our commitment to safer gambling, we have increased the weighting of the SG metric from 10% to 20% of the overall bonus. The measures and targets for each division are shown below.

## UK&I

**Measure:** 33% is based on the global metric, and 67% based on Transactional Risk Indicator ("TRI") reduction versus 2022.

**Rationale:** Moving towards alignment with the global Play Well metric whilst ensuring continuation from 2022 by retaining TRI (which measures "at risk" revenue generated by customers who self-exclude as a proportion of total revenue).

**Targets:**

Measure (weighting)	Threshold	Target	Maximum
% of AMPs using SG tools (33%)	50%	50.5%	51.0%
TRI reduction versus 2022 (67%)	4% reduction	8% reduction	12% reduction

## Sportsbet

**Measure:** % of net revenue from customers with a deposit limit.

**Rationale:** Consistency with the measure used in 2022 is considered key in making progress on tackling safer gambling; whilst the actual measure is different to the global metric, it places emphasis on tool usage and proactive interventions.

**Targets:**

Threshold	Target	Maximum
15.2%	19.0%	22.8%

## International

**Measure:** Global Play Well metric: percentage of AMPs using Safer Gambling tools.

**Rationale:** Fully aligned with the global Play Well metric. Whilst the targets comprise separate targets for each of the individual brands, for ease, only the overall, consolidated targets are shown here.

**Targets:**

Threshold	Target	Maximum
57.8%	59.1%	60.4%

## FanDuel

**Measure:** Global Play Well metric: percentage of AMPs using Safer Gambling tools.

**Rationale:** Fully aligned with the global Play Well metric.

**Targets:**

Threshold	Target	Maximum
8%	10%	12%

# Directors' Remuneration Report 2022 continued

## Annual Report on Remuneration continued

### Single figure of total remuneration for Non-Executive Directors (audited)

The table below sets out the single figures of total remuneration received by each Non-Executive Director who served during the year ended 31 December 2022:

Non-Executive Director	Board Committee membership	Fees (£'000) <sup>1</sup>	
		2022	2021
Zillah Byng-Thorne <sup>2</sup>	Audit, Risk and Sustainability (Chair)	132	112
Michael Cawley <sup>3</sup>	Audit (Chair), Risk and Sustainability	41	114
Nancy Cruickshank	Nomination, Risk and Sustainability, Workforce Engagement	107	90
Nancy Dubuc <sup>4</sup>	Nomination, Remuneration, Workforce Engagement	107	65
Richard Flint <sup>5</sup>	Risk and Sustainability, Workforce Engagement	211	340
Andrew Higginson <sup>6</sup>	Nomination, Remuneration (Chair)	149	134
Alfred F. Hurley, Jr <sup>7</sup>	Nomination, Remuneration (Chair)	115	90
Holly Keller Koepfel <sup>8</sup>	Audit (Chair), Nomination, Risk and Sustainability	124	62
David Lazzarato <sup>9</sup>	Audit, Risk and Sustainability (Chair)	124	90
Carolan Lennon <sup>10</sup>	Audit, Nomination, Workforce Engagement	58	—
Gary McGann <sup>11</sup>	Nomination (Chair), Remuneration, Chair of the Board	537	477
Atif Rafiq	Risk and Sustainability, Workforce Engagement	113	6
Mary Turner	Audit, Remuneration, Workforce Engagement (Chair)	129	99

- Fees for Non-Executive Directors are pro-rated according to their appointment date or date of role change where appropriate. Fees are paid in euros, but have been shown here in pound sterling for consistency.
- Zillah Byng-Thorne stepped down as Chair of the Risk and Sustainability Committee following the 2022 AGM on 28 April 2022, and from the Board on 31 January 2023.
- Michael Cawley stepped down from the Board and as Chair of the Audit Committee following the 2022 AGM on 28 April 2022.
- Nancy Dubuc stepped down from the Workforce Engagement Committee on 1 July 2022.
- Richard Flint provided advisory services to the CEO until 31 May 2022.
- Andrew Higginson stepped down as Chair of the Remuneration Committee on 1 September 2022 and from the Board on 31 December 2022.
- Alfred F. Hurley, Jr was appointed Chair of the Remuneration Committee on 1 September 2022.
- Holly Keller Koepfel was appointed Senior Independent Director on 1 January 2023 and Chair of the Audit Committee following the 2022 AGM on 28 April 2022.
- David Lazzarato was appointed Chair of the Risk and Sustainability Committee following the 2022 AGM on 28 April 2022.
- Carolan Lennon was appointed to the Board and as a member of the Audit and Workforce Engagement Committees on 1 July 2022, and the Nomination Committee on 1 September 2022.
- No fees were paid to the Board Chair for chairing the Nomination Committee.

## Implementation of Remuneration Policy for 2023

### Total salary

The Committee reviewed the total salaries for the CEO and CFO and determined to award a 4.5% increase for 2023. This takes the Peter Jackson's total salary to £1,222,650, and the Jonathan Hill's total salary to £747,175. In making this decision the Committee took into consideration the levels of increases being awarded to colleagues throughout the organisation and, whilst the Company considers the level of increase as a whole to be commercially sensitive, we can confirm that the total salary increase for the Executive Directors is materially below that of the wider workforce. The following increases will be effective from 1 March 2023.

	1 March 2022	1 March 2023	% increase
Peter Jackson	£1,170,000	£1,222,650	4.5%
Jonathan Hill	£715,000	£747,175	4.5%

Paul Edgecliffe-Johnson's total salary will be set at £750,000 on appointment as CFO, effective 20 March 2023.

### Pension and benefits

From 1 January 2023, the current Executive Directors received a cash supplement in lieu of pension contribution of 9% of total salary in 2023 in line with the wider workforce level in the UK, where they are based. They will also receive benefits in line with the Remuneration Policy.

Upon joining, Paul Edgecliffe-Johnson will have the opportunity to participate in the pension plan or receive a cash payment in lieu and receive benefits on the same basis as other Executive Directors.

### Annual bonus

The maximum annual bonus opportunity will remain at 285% of total salary for the CEO, and at 265% of total salary for other Executive Directors. As in previous years, the Committee has determined that financial performance targets will not be disclosed on a prospective basis for reasons of commercial sensitivity but will be disclosed retrospectively in next year's Annual Report on Remuneration.

Each year, the Committee reviews the performance measures to ensure that they are aligned to the business's priorities for the coming year; for 2023, we have brought Group Net Revenue back into the plan ensuring that revenue growth across the Group remains a strong focus. The changes also reflect the growing maturity of the US business, as well as the continued importance of this market to the Group. Finally, we have increased the weighting on Safer Gambling, reflecting the importance of continuing to grow a sustainable business.

The performance measures for the 2023 bonus are as follows:

	Weighting
Group Net Revenue	30%
Group EBIT	25%
US EBITDA	25%
Safer Gambling	20%

The Committee may adjust the targets if changes in legislation in any US state(s) occurs, which is unexpected or occurs sooner than expected, and leads to unanticipated revenue streams and/or necessitates additional investment.

Half of any bonus earned will be paid in cash, with the remaining half deferred into shares under the DSIP, vesting 50% after three years and 50% after four years from grant, subject to continued employment and an underpin. For 2023 a revenue underpin of 2% growth per annum will also apply. Awards are eligible to receive dividend equivalents. Malus and clawback provisions apply to the annual bonus and DSIP both prior to vesting and for a period of two years post-vesting.

### LTIP

As noted in the Remuneration Committee Chair's Statement, we will grant a consolidated LTIP award comprising four years worth of grants, on 28 April 2023, the day following the 2023 AGM, subject to shareholder approval. The LTIP grant levels are as set out in the table below:

Executive Director	Face value at date of award (£)	Annualised face value	Face value at date of award (% of total salary)	Annualised face value (% of total salary)
Peter Jackson	£19,562,400	£4,890,600	1,600%	400%
Paul Edgecliffe-Johnson	£9,000,000	£2,250,000	1,200%	300%

The first tranche of the awards will vest based on the following Relative TSR targets. An underpin will also apply, whereby the Committee will need to be satisfied that the formulaic outcome appropriately reflects the Company's underlying performance and that it has been achieved with regard to the Company's sustainability objectives, including measures to promote safer gambling. Note that the Committee will review the targets on an annual basis to ensure they are appropriate for the following performance cycle in the context of the business at that time. At this time, relative TSR is expected to be used for future tranches.

	Below threshold (0% vesting)	Threshold (12.5% vesting)	Maximum (100% vesting)
Relative TSR <sup>1</sup>	Below median growth	Growth in line with median	Growth in line with upper quartile
Straight-line vesting between the points shown			

1. TSR relative to the FTSE 100 (excluding real estate investment trusts and investment trusts).

### Save As You Earn ("SAYE")

Executive Directors are eligible to participate in the plan with the same terms as all other UK employees if an invitation to enter a savings contract is offered during the year.

### Jonathan Hill transition to Chief Operating Officer role

On 20 March 2023, Jonathan will step down from his role as CFO following the appointment of Paul Edgecliffe-Johnson and transition to the role of COO. He will then step down as an Executive Director following the 2023 AGM, and become a member of the Executive Committee.

Jonathan will receive a total salary, benefits and pension allowance as normal up until the end of his appointment as an Executive Director. His bonus arrangements will also continue unchanged over that period.

Upon his transition to COO, as a member of the Executive Committee, Jonathan's remuneration structure will be consistent with other Executive Committee members who are not Executive Directors. Jonathan will not participate in the new consolidated LTIP award for 2023.

### Appointment of Paul Edgecliffe-Johnson

On 21 October 2022, we announced the appointment of Paul Edgecliffe-Johnson, who will join Flutter as CFO on 20 March 2023. The Committee determined Paul's remuneration taking account the vast skills and experience he brings, as well as market price for the role. His remuneration has been set within the parameters of the approved Policy, and consists of:

- a total salary of £750,000;
- a standard Company benefits package including (but not limited to) private medical insurance, life assurance and income protection;
- a cash supplement in lieu of pension contribution of 9% of total salary;
- a maximum annual bonus of 265% of total salary; and
- consolidated LTIP award of 1,200% of total salary (subject to the approval of the Remuneration Policy).

Paul will also be required to comply with the Company's shareholding guidelines. As such, he will be required to build and hold a shareholding to the value of 400% of total salary within five years of his appointment. He will be required to hold the lower of this or his actual shareholding at the time of his departure, for a two-year period post-cessation.



# Directors' Remuneration Report 2022 continued

## Annual Report on Remuneration continued

### Implementation of Remuneration Policy for 2023 continued

#### Appointment of Paul Edgecliffe-Johnson continued

In accordance with our policy for new joiners, the Committee has agreed to grant Paul nil-cost options over Flutter shares to compensate him for the value of the awards forfeited by him on leaving his previous employment. These are the Annual Performance Plan 2021 deferred shares, Annual Performance Plan 2022 deferred shares, Annual Performance Plan 2023 cash and deferred shares, 2021 LTIP and 2022 LTIP.

In line with our policy and with best practice guidelines, the value of the buy-out awards is equivalent to the awards being forfeited. In calculating their value, the Committee has taken into consideration all relevant factors including any performance conditions attached to the awards, the likelihood of those conditions being met, the delivery mechanism and the vesting schedule of these awards.

In calculating the value of the replacement LTIP awards, we have used a robust testing process to assess the likely vesting outcome based on the disclosed performance targets, with the assistance of our external Remuneration Committee advisers. Each replacement award vests at the date it would normally have vested.

For those awards whose values we have been able to do so already, share awards have been calculated on three-day average share prices over the first three days following the announcement of the CFO transition in which Flutter shares were not subject to a closed period. Full details of these awards are set out in the table below:

IHG award being replaced	Vesting date	Flutter shares granted	Face value of awards <sup>1</sup>	% of salary
Annual Performance Plan 2021 <sup>2</sup>	29 February 2025	5,055	£592,952	79%
2021 LTIP <sup>3</sup>	10 March 2024	6,910	£810,543	108%
2022 LTIP <sup>3</sup>	10 March 2025	9,818	£1,151,652	154%
<b>Total</b>		<b>21,783</b>	<b>£2,555,146</b>	<b>341%</b>

1. Based on the three-day average Flutter share price to 9 November 2022 (being the first three dealing days immediately following the end of the Flutter Closed Period since the announcement) of £117.30.

2. Awards replace non-performance, deferred bonus share awards which vest based on continued service only.

3. These are based on previous employer's performance, for which the performance periods are partially completed. They will vest subject to continued service.

In addition, we will compensate Paul for the following awards, for which the number of shares has not yet been confirmed:

- Annual Performance Plan 2022: we will replace the forfeited deferred share award which would have been granted under the IHG APP 2023. We will calculate the number of Flutter shares following confirmation of the IHG 2022 bonus outturn as published in the 2022 Annual Report, and they will vest on 10 March 2026.
- Annual Performance Plan 2023: The value of this award has been pro-rated from 1 January 2023 to 20 March 2023, and has been reduced to reflect average performance. As such, a total payment of £207,392 will be made. In line with the IHG plan, 50% of this will be payable in cash in March 2024 and 50% will be granted in Flutter shares in March 2024 and will vest on 10 March 2027.

#### Chair and Non-Executive Director fees

During the year, we reviewed both Non-Executive Director and Chair fees. It was recognised that the level of base fees was out of line with the market and that the demands on all Non-Executive Directors' time had escalated significantly with the increased scale of the Group, its broader international footprint and the pace of strategic development and transaction activity. It was therefore determined that an increase should be made to the base fee. Additional fees for committee chairs were considered to be broadly appropriate and therefore no change was made to these other than for the Workforce Engagement Committee Chair. There was also no change to the fee paid to the Board Chair.

The previous and current fees, which took effect from 1 September 2022, are set out in the table below:

	1 September 2022	1 January 2022
<b>Base fee</b>		
Chair	€630,000	€630,000
Base Non-Executive Director fee	€145,000	€115,000
<b>Additional fees</b>		
Senior Independent Director	€30,000	€30,000
Audit Committee Chair	€30,000	€30,000
Remuneration Committee Chair	€30,000	€30,000
Risk Committee Chair	€30,000	€30,000
Nomination Committee Chair <sup>1</sup>	€20,000	€20,000
Workforce Engagement Committee Chair	€30,000	€20,000

1. If the Board Chair holds the position of Nomination Committee Chair, no additional fee will be paid for the Nomination Committee role.

### Percentage change in Directors' remuneration compared with other employees

The table below shows the percentage change in the Chief Executive Officer's remuneration from the prior year compared with the average percentage change in remuneration for all other employees. To provide a relevant comparison, the analysis includes only salaried corporate office UK employees and is based on a consistent set of employees. The Committee considers this to be the most appropriate comparator group.

	Percentage change in 2022 compared with 2021			Percentage change in 2021 compared with 2020			Percentage change in 2020 compared with 2019		
	Total salary/ base fee	Taxable benefits	Annual bonus	Total salary/ base fee	Taxable benefits	Annual bonus	Total salary/ base fee	Taxable benefits	Annual bonus
Peter Jackson	26.2%	3.5%	-57.7%	3.0%	-32.8%	11.5%	21.6%	39.4%	141.9%
Jonathan Hill	20.8%	0.0%	-59.7%	3.0%	-8.6%	6.0%	21.6%	-78.3%	131.9%
Zillah Byng-Thorne	19%	—	—	19%	—	—	-3%	—	—
Michael Cawley <sup>1</sup>	-64%	—	—	15%	—	—	0%	—	—
Nancy Cruickshank	20%	—	—	16%	—	—	59%	—	—
Nancy Dubuc	66%	—	—	—	—	—	—	—	—
Richard Flint	20%	—	—	77%	—	—	—	—	—
Andrew Higginson	12%	—	—	39%	—	—	397%	—	—
Alfred F. Hurley, Jr	20%	—	—	77%	—	—	—	—	—
Holly Keller Koepfel	103%	—	—	—	—	—	—	—	—
David Lazzarato	39%	—	—	77%	—	—	—	—	—
Carolan Lennon	—	—	—	—	—	—	—	—	—
Gary McGann	14%	—	—	23%	—	—	0%	—	—
Atif Rafiq	1,766%	—	—	—	—	—	—	—	—
Mary Turner	31%	—	—	96%	—	—	—	—	—
Corporate office									
UK employees	10.6%	0.2%	-25.7%	12.7%	-0.6%	7.9%	10.8%	20.2%	56.3%

1. Michael Cawley stepped down from the Board in April 2021.

### Relative importance of spend on pay

The table below shows the percentage change in total employee pay expenditure and shareholder distributions (i.e. dividends and return of capital) from the financial year ended 31 December 2021 to the financial year ended 31 December 2022.

	2022 (£m)	2021 (£m)	% change
Dividends	—	—	—
Share buy-backs	—	—	—
Total shareholder distributions	—	—	—
Employee remuneration	£1,401.9	£1,049.1	33.6%

### CEO pay ratio disclosure

The pay ratios of our CEO relative to UK employees in respect of 2022 and previous years are as follows:

Financial year	Calculation method	CEO pay £'000	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	A	4,077	153:1	102:1	57:1
2021	A	8,404	346:1	214:1	122:1
2020	A	7,522	340:1	198:1	114:1
2019	A	2,099	107:1	89:1	54:1
2018	A	1,664	113:1	92:1	54:1

The total pay and benefits of each employee at the 25th, 50th and 75th percentile is as follows:

	25th percentile	Median pay	75th percentile
Total pay	£26,720	£39,993	£71,133
Salary only	£22,716	£31,608	£55,168

The total pay of employees has been calculated in line with the single total figure of remuneration methodology, which includes salary, bonus, pension, benefits, share incentives and any other payments made in the year. We have used calculation method A as it is the most comprehensive. As such, we have used actual pay and benefits from 1 January to 31 December 2022 for any employee who was employed as at 1 October 2022. Joiners, leavers and part-time employees' earnings have been annualised on a full-time equivalent ("FTE") basis, with FTE calculations based on 40 hours per week. For annual bonus payments, bonuses calculated for the 2022 year and to be paid in 2023 have been used with, where possible, actual numbers. Benefits included in the calculation are employer pension/or cash in lieu received and the benefit in kind/P11D value of any taxable benefits.

The ratio has more than halved across all quartiles since last year, which is largely a result of a lower annual bonus outturn. As the CEO has a larger proportion of his overall package weighted towards annual bonus, this has meant a larger relative decrease in his total pay than for the wider workforce. This, along with changes in executives, has been the main driver in the changes in the median pay ratio over time. Both salary and total pay and benefits for the wider workforce have increased by 1.7% since last year. Excluding tombola, which was not included in last year's numbers, the like-for-like increase is 12.5% for salary and 8.7% for total pay. The Committee believes that the ratio is consistent with the pay, reward and progression policies for our UK colleagues as a whole.

# Directors' Remuneration Report 2022 continued

## Annual Report on Remuneration continued

### Implementation of Remuneration Policy for 2022 continued

#### Directors' shareholdings (audited)

We believe it is important that Executive Directors build up a significant holding in Flutter Entertainment plc shares, in order to align their interests with those of our shareholders. As part of our approved Remuneration Policy, the holdings that the CEO and CFO are required to build and maintain are 300% of salary and 200% of salary respectively over a period of five years from appointment. Shareholding requirements may be met through both beneficially owned shares and vested but unexercised options net of notional tax. Those subject to continued employment or performance assessment are not included.

Post-employment holding periods apply on LTIP awards (from 2020 onwards) and DSIP awards (from 2021 onwards). As such, Executive Directors are required to hold the higher of their actual shareholding at the time of departure and the applicable shareholding requirement for two years post-departure.

The table below shows the shareholding of each Director against their respective shareholding requirement (where relevant) as at 31 December 2022. Since this time, Nancy Cruickshank, Andrew Higginson and Gary McGann each bought Flutter shares (1,255, 3,343, and 2,200 respectively). Peter Jackson and Jonathan Hill both sold some shares (2,285 and 1,727 shares respectively). This included Peter Jackson's SAYE share options. In addition, both Peter Jackson and Jonathan had nil-cost options vest in respect of their LTIP and DSIP awards, and both were granted nil-cost options in respect of their 2022 DSIP and LTIP awards.

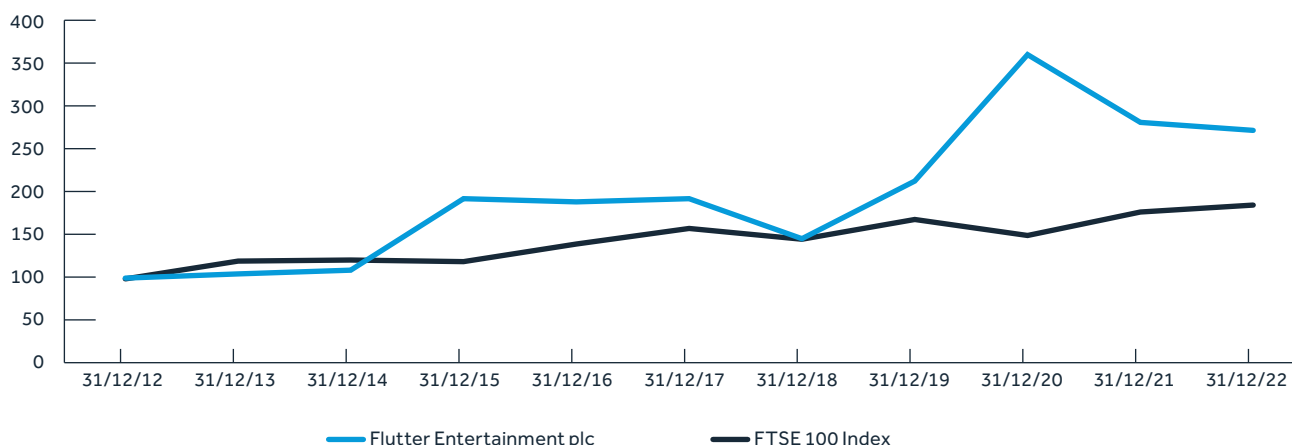
	Beneficially owned <sup>1</sup>	Share options subject to performance	Share options vested but unexercised	Share options subject to continued employment only	Share options exercised in the year	Shareholding requirement (% of salary)	Current shareholding (% of salary) <sup>2</sup>	Requirement met?
Peter Jackson	7,561	49,812	72,473	17,834	1,956	300%	409%	Yes
Jonathan Hill	—	26,465	42,914	10,591	—	200%	353%	Yes
Zillah Byng-Thorne	1,287	—	—	—	—	—	—	—
Michael Cawley	3,660	—	—	—	—	—	—	—
Nancy Cruickshank	1,255	—	—	—	—	—	—	—
Nancy Dubuc	—	—	—	—	—	—	—	—
Richard Flint	24,134	—	—	—	—	—	—	—
Andrew Higginson	3,343	—	—	—	—	—	—	—
Alfred F. Hurley, Jr	2,960	—	14,078	—	—	—	—	—
Holly Keller Koeppel	—	—	—	—	—	—	—	—
David Lazzarato	2,708	—	8,291	—	—	—	—	—
Carolan Lennon	376	—	—	—	—	—	—	—
Gary McGann	5,514	—	—	—	—	—	—	—
Atif Rafiq	1,917	—	—	—	—	—	—	—
Mary Turner	4,269	—	7,096	—	—	—	—	—

1. Includes shares held by the individual and those held by persons closely associated with them.

2. Based on beneficially owned shares and vested but unexercised options net of notional tax, a share price of £112.90 and salaries as at 31 December 2022.

## Pay for performance

The graph below shows the TSR performance (share price plus dividends paid) of Flutter Entertainment plc<sup>1</sup> compared with the performance of the FTSE 100 Index over the 10-year period to 31 December 2022, assuming a nominal €100 investment in Paddy Power plc<sup>1</sup> and the FTSE 100 Index at the start of the timeframe. This index has been selected because the Company believes that the FTSE 100 provides a relevant and appropriate broad market comparator index for the combined entity and includes companies of a similar size.



1. Paddy Power plc changed its name to Paddy Power Betfair plc on completion of the merger of Paddy Power plc and Betfair Group plc on 2 February 2016. In 2019, Paddy Power Betfair plc was renamed Flutter Entertainment plc.

## Change in Chief Executive Officer's single total figure of remuneration

	2013	2014	2015	2016		2017	2018		2019	2020	2021	2022
	Patrick Kennedy	Patrick Kennedy	Andy McCue	Andy McCue	Breon Corcoran	Breon Corcoran	Breon Corcoran	Peter Jackson	Peter Jackson	Peter Jackson	Peter Jackson	Peter Jackson
CEO single figure of remuneration <sup>1</sup> (£'000)	6,752	6,450	2,701	2,109	1,557	3,233	295	1,664	2,099	7,522	7,265	4,077
Annual bonus outcome (% of maximum)	55%	67%	77%	0% <sup>5</sup>	67%	60%	0% <sup>6</sup>	49%	73%	98%	99%	34%
LTIP vesting <sup>2</sup> (% of maximum)	95% <sup>3</sup>	83% <sup>4</sup>	100%	100%	100%	100%	64%	n/a <sup>7</sup>	n/a <sup>7</sup>	100%	100%	100%

1. Remuneration is converted from euros to pounds sterling as appropriate, using the 12-month average exchange rate over the financial year. Patrick Kennedy and Andy McCue were paid in euros. Breon Corcoran was paid in pound sterling, as is Peter Jackson.

2. Before retesting – note, there is no provision for retesting in respect of LTIP awards made from 2013 onwards.

3. Retesting was applied to the unvested portion of the 2011 LTIP based on performance to 31 December 2014, and as a result an additional 4.9% of the award vested in March 2015.

4. Retesting was applied to the unvested portion of the 2012 LTIP based on performance to 31 December 2015, and as a result an additional 4.0% of the award vested in March 2016.

5. Andy McCue was not eligible for a bonus in 2016 in line with his payment for loss of office.

6. Breon Corcoran was not eligible for a bonus in 2018 in line with his payment for loss of office.

7. Peter Jackson has no LTIPs vesting in these years.



# Directors' report

The Directors' Report for the year ended 31 December 2022 should be read in conjunction with the other sections of this Annual Report and Financial Statements. The following sections of this Annual Report and financial statements are incorporated into this Directors' Report by reference for the purposes of sections 325 and 1373 of the Companies Act 2014, Regulation 21 of the European Communities (Takeover

Bids Directive (2004/25/EC)) Regulations 2006 (SI 255/2006), the Transparency (Directive 2004/109/EC) Regulations 2007 (SI 277/2007), the European Union (Disclosure of Non-Financial and Diversity Information by Certain Large Undertakings and Groups) Regulations 2017 (SI 360/2017) and the Disclosure and Transparency Rules of the UK Financial Conduct Authority as applicable:

Statutory, regulatory and other information	
Matter	Location
The Strategic Report, which includes a review of the development and performance of the Group, the external environment, key strategic aims, the business model and certain financial and non-financial disclosure requirements arising from EU and Irish legislation	Pages 2 to 101
The non-financial information statement	Page 188 of this Directors' Report
Information on colleagues	Pages 58 to 63
The Corporate Governance Report	Pages 102 to 189
Information on the Company's diversity initiatives and Board Diversity Policy	Pages 58 to 63 and 133 to 136
The Directors' Remuneration Report, which includes information on the annual bonus, the LTIP, share options, Directors' service contracts and Directors' remuneration	Pages 154 to 181
Details of the Audit Committee	Pages 142 to 149
Details of share capital and reserves	Note 24 to the consolidated financial statements on pages 251 to 253
Details of earnings per share	Note 11 to the consolidated financial statements on page 229
Details of derivative financial instruments	Note 23 to the consolidated financial statements on pages 248 to 251
The Treasury Policy and objectives of the Group	Note 26 to the consolidated financial statements on pages 258 to 259

### Principal activities

The Group is a global sports betting and gaming operator whose headquarters are in Dublin, Ireland, employing almost 22,000 people worldwide. During 2022, the Group operated across the following four divisions:

- UK&I: includes 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 Jungle operating in multiple jurisdictions around the world offering a diverse range of sportsbook, exchange and gaming services.
- US: includes FanDuel, TVG, 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.

### 2023 outlook

The 2023 outlook set out in the Operating and Financial Review on pages 78 to 91 is deemed to be incorporated in this part of the Directors' Report.

### Research and development

The Group performs research and development activities to ensure that it continues to be a recognised innovator in the betting and gaming industry. These activities support the introduction of new products, the creation of new betting markets, improved online customer experience and the development of better processes and systems. Continued research and development contributes to the Group's future growth and profitability. Further details of our research and development activities are set out in the Strategic Report on pages 2 to 101.

## Results

The Group's EBITDA for 2022 of £918m reflects an increase of 27% on the 2021 EBITDA of £723m. Overall Group operating loss for 2022 amounted to £60m compared to an operating loss of £63m for 2021. Further information is set out in the consolidated financial statements on pages 198 to 203. Basic loss per share amounted to £1.71 compared with basic loss per share of £2.37 in the previous year. The financial results for 2022 are set out in the Consolidated Income Statement on page 198. Total equity attributable to the Company's equity holders at 31 December 2022 amounted £10.2bn (2021: £10.3bn).

## Business review and key performance indicators

The Strategic Report on pages 2 to 101, which includes the Chair's Statement and the Chief Executive Officer's Review, contains a review of the performance and developments of the Group during the year, including the analysis of the key performance indicators.

## Principal risks and uncertainties

Pursuant to section 327(1)(b) of the Companies Act 2014, Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007 and Rule 9 of the Central Bank (Investment Market Conduct) Rules 2019, the principal risks and uncertainties facing the Group are set out on pages 92 to 99 and are deemed to be incorporated in this part of the Directors' Report.

## Annual General Meeting ("AGM") 2023

The Notice convening the AGM to be held on 27 April 2023 will be sent to shareholders together with this Annual Report and financial statements. The Notice contains full details of the resolutions that will be put to shareholders at the AGM. It is also available on our corporate website: [www.flutter.com/investors/shareholder-information/agm](http://www.flutter.com/investors/shareholder-information/agm).

## Changes to the Board of Directors

Carolann Lennon joined the Board as a Non-Executive Director effective from 1 July 2022. Michael Cawley, Andrew Higginson and Zillah Byng-Thorne all stepped down as Non-Executive Directors of the Board effective 28 April 2022, 31 December 2022 and 31 January 2023 respectively.

Holly Keller Koeppel replaced Andrew Higginson as Senior Independent Director effective 1 January 2023.

In accordance with the provisions of the 2018 UK Corporate Governance Code (the "Code"), all Directors eligible for re-election should retire at each AGM and offer themselves for election or re-election (as appropriate). Accordingly, all Directors, except Jonathan Hill, who will not be seeking re-election as outlined above, will retire and seek election or re-election at the AGM to be held on 27 April 2023. The Board believes that all Directors offering themselves for election or re-election continue to be effective and demonstrate commitment to the role. The names and biographies of our current Directors can be found on pages 108 to 111 and are deemed to be incorporated into this Directors' Report.

## Directors' and officers' liability insurance

Throughout 2022, the Group had in place appropriate directors' and officers' liability insurance, which covered all Directors and officers.

## Directors' and Company Secretary's shareholdings

The Company has in place share ownership guidelines for Executive Directors to ensure that their interests are aligned with those of shareholders. For detailed information, see the Directors' Remuneration Report on pages 154 to 181.

As at 21 February 2023 (being the latest practicable date before publication of this Annual Report and financial statements), the current Directors and the Company Secretary held the same number of beneficial interests in shares as at 31 December 2022 as set out in the table below. These shareholdings include all beneficial interests and those held by persons closely associated with them. This does not include their share awards under the Company's share schemes. The interests of the Executive Directors in the Company's share schemes as at 31 December 2022 are set out on page 180. The Company Secretary has no interest in the Company's share schemes that requires disclosure.

	Number of ordinary shares of €0.09 each	
	31 December 2022 (or date of resignation, if earlier)	31 December 2021 (or date of appointment to the Company if later)
Zillah Byng-Thorne <sup>1</sup>	1,287	1,287
Michael Cawley <sup>2</sup>	3,660	3,660
Nancy Cruickshank	1,255	—
Nancy Dubuc	—	—
Richard Flint	24,134	24,134
Andrew Higginson <sup>3</sup>	3,343	—
Alfred F. Hurley, Jr	2,960	2,960
Jonathan Hill	—	1,728
Peter Jackson	7,561	7,561
Holly Keller Koeppel	—	—
David Lazzarato	2,708	2,708
Carolann Lennon <sup>4</sup>	376	—
Gary McGann	5,514	3,314
Atif Rafiq	1,917	—
Mary Turner	4,269	4,269

1. Resigned with effect from 31 January 2023.
2. Resigned with effect from 28 April 2022.
3. Resigned with effect from 31 December 2022.
4. Appointed with effect from 1 July 2022.

None of the Directors nor the Company Secretary had an interest in the shares of any subsidiary undertaking of the Company or in any significant contracts of the Group.

## Remuneration Report

The Remuneration Report required to be included in this Directors' Report pursuant to section 325(f) of the Companies Act 2014 is contained on pages 154 to 181 of this Annual Report and financial statements and is deemed to be incorporated into this Directors' Report.

# Directors' Report continued

## Shares

### Substantial shareholdings

As at 31 December 2022 and 21 February 2023 (being the latest practicable date before publication of this Annual Report and financial statements), the Company had been notified of the following details of interests of over 3% in the Company's ordinary share capital (excluding treasury shares):

Substantial shareholdings	Notified holding 31 December 2022	Notified holding 21 February 2023	Notified % holding 21 February 2023
The Capital Group Companies, Inc. <sup>1</sup>	14.56%	25,598,796	14.56%
Caledonia (Private) Investments Pty Limited	9.99%	17,580,478	9.99%
Parvus Asset Management Europe Limited	7.20%	12,663,614	7.20%
BlackRock Inc.	6.62%	10,836,815	6.15%

1. As notified by The Capital Group Companies, Inc. ("CGC"), CGC is the parent company of Capital Research and Management Company ("CRMC") and Capital Bank & Trust Company ("CB&T"). Neither CGC nor any of its affiliates owns shares of Flutter Entertainment plc for its own account. Rather, CGC has advised Flutter that the shares reported on the notification provided by CGC to the Company are owned by accounts under the discretionary investment management of one or more of the investment management companies described above.

### Corporate governance

For the purposes of section 1373 of the Companies Act 2014 and Rule 7.2 of the Disclosure and Transparency Rules of the UK Financial Conduct Authority, the Corporate Governance Report on pages 102 to 189 is deemed to be incorporated into this Directors' Report and forms part of the corporate governance statement required by section 1373 of the Companies Act 2017 and Rule 7.2 of the Disclosure and Transparency Rules of the UK Financial Conduct Authority.

### Share capital, rights and obligations

As at 31 December 2022, the Company's total issued share capital was €15,848,271.18, comprising 176,091,902 ordinary shares in issue, each with a nominal value of €0.09, all of which are of the same class and carry the same rights and obligations. As at 31 December 2022, no ordinary shares were held as treasury shares either directly by the Company or through Group companies or nominees.

Accordingly, as at 21 February 2023 (being the latest practicable date before publication of this Annual Report and financial statements), the Company's total issued share capital was €15,853,303.8, comprising 176,147,820 ordinary shares and no ordinary shares were held as treasury shares either directly by the Company or through Group companies or nominees.

### Rights attaching to ordinary shares

Ordinary shares carry the right to dividends declared by the Company from its profits available for distribution and to the return of capital on the winding up of the Company. Subject to the provisions of Flutter's Constitution, ordinary shares carry the right to attend and speak at general meetings of the Company and each share has the right to one vote on any matter presented for a vote of shareholders at a general meeting of the Company. With regard to the Company's ordinary shares:

- (i) there are no restrictions on their transfer;
- (ii) no person holds shares carrying special rights with regard to the control of the Company;
- (iii) there are no shares to which a Company share scheme relates carrying rights with regard to the control of the Company;

- (iv) there are no restrictions on the voting rights attaching to the Company's shares; and
- (v) there are no agreements between shareholders that are known to the Company that may result in restrictions on the transfer of securities or on voting rights.

### Controlling shareholders

As far as known to the Directors, the Company is not directly or indirectly owned or controlled by another company or any government. Further information on the Company's share capital is set out in Note 24 to the consolidated financial statements on pages 251 to 253.

### Authority to allot new shares

At the Company's AGM on 28 April 2022, shareholders authorised the Directors, by way of ordinary resolution, to allot new equity securities:

- (a) up to a maximum aggregate value of €5,271,357.51 (representing 58,570,639 ordinary shares), being approximately 33.33% of the issued share capital of the Company (excluding treasury shares) as at 15 March 2022; and
- (b) up to a maximum aggregate value of €10,542,15.02 (representing 117,141,278 ordinary shares), being approximately 66.66% of the issued share capital of the Company (excluding treasury shares) as at 15 March 2022, provided the allotment is made in connection with a rights issue or other pre-emptive issue in favour of holders of equity securities and less any amounts allotted pursuant to paragraph (a) above.

The authority conferred at the 2022 AGM will expire at the close of the Company's AGM in 2023 or the close of business on 28 July 2023 (whichever is earlier).

At the 2023 AGM, shareholders will be requested to renew this authority. Save for the allotment of shares in respect of the Group's employee share schemes, the Directors have no current intention to exercise this authority.

### Disapplication of pre-emption rights

At the Company's AGM on 28 April 2022, shareholders authorised the Directors, by way of special resolution, to allot new equity securities:

- (a) up to a maximum aggregate value of €790,703.55 (representing 8,785,595 ordinary shares), being approximately 5% of the issued share capital of the Company (excluding treasury shares) as at 15 March 2022; and
- (b) up to an additional maximum aggregate value of €790,703.55 (representing 8,785,595 ordinary shares), being approximately 5% of the issued share capital of the Company (excluding treasury shares), as at 15 March 2022, provided the proceeds of any such allotment are to be used only for the purposes of financing (or refinancing) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights.

In each case, for cash and without first being required to offer them to existing shareholders of the Company.

The authorities conferred at the 2022 AGM will expire at the close of the Company's AGM in 2023 or the close of business on 28 July 2023 (whichever is earlier).

At the 2023 AGM, shareholders will be requested to renew this authority. Save for the allotment of shares in respect of the Group's employee share schemes, the Directors have no current intention to exercise this authority.

### Purchase of own shares

At the Company's AGM on 28 April 2022, shareholders authorised the Company and/or any of its subsidiaries, by way of special resolution, to make market purchases of a maximum of 17,571,191 of the Company's ordinary shares (being 10% of the issued share capital of the Company (excluding treasury shares)) as at 15 March 2022 at certain minimum and maximum prices specified in the resolution.

The authority conferred at the 2022 AGM will expire at the close of the Company's AGM in 2023 or the close of business on 28 July 2023 (whichever is earlier).

At the 2023 AGM, shareholders will be requested to renew this authority. The Board of Directors will only exercise the power to purchase shares in the future at price levels at which it considers purchases to be in the best interests of the shareholders generally after taking account of the Group's overall financial position. The Directors have no current intention to exercise this authority.

### Shareholder consultation on the optimal listing structure for Flutter shares

On 14 February 2023, the Group announced that the Board had reached a preliminary view that an additional US listing of the Company's ordinary shares would yield a number of long-term strategic and capital market benefits, including enhancing the Group's profile in the US, better enabling the recruitment and retention of US talent, giving the Group access to much deeper capital markets and new US domestic investors, providing greater overall liquidity in the Company's shares and the optionality to pursue a primary US listing as a second step which is one of the criteria for access to important US indices. The Board announced its intention to consult with stakeholders

extensively before deciding whether to put forward a formal resolution for approval by shareholders, and noted that, in the event that there is broad shareholder support for an additional US listing, this would take precedence over any plans to list a small shareholding in FanDuel.

### Dematerialisation of Flutter shares

Under the EU Central Securities Depositories Regulation (EU) 909/2014 ("CSDR"), there is a requirement for all securities in Irish issuers that are admitted to trading or traded on trading venues in the European Economic Area to be represented in book-entry form by 1 January 2025. "Book-entry form" means an electronic record of ownership without the need for any further document (e.g. a share certificate) to be issued to a shareholder to evidence their ownership of shares. In accordance with CSDR, from 1 January 2023 all new issues of shares in the Company must be held in book entry form, with all remaining shares to be held in book-entry form by 1 January 2025. Share certificates for shareholders who currently hold their shares in certificated form will remain valid until 1 January 2025, and further updates about the switch to book-entry form will be provided in due course.

### Shareholders' meetings

The Company is incorporated under the Companies Act 2014 of Ireland. Under the Companies Act 2014, the Company is required to hold a general meeting of shareholders each calendar year as its Annual General Meeting ("AGM"). Any other general meeting of shareholders held in that year is classified as an Extraordinary General Meeting ("EGM"). Not more than 15 months may elapse between the date of one AGM and the next. EGMs are convened when considered appropriate by the Board and may also be convened at the request of members holding not less than 5% of the issued share capital of the Company which carries voting rights. A member or a group of members holding at least 3% of the issued share capital of the Company which carries voting rights has the right to put an item on the agenda of an AGM, provided the member(s) exercise(s) that right within the prescribed time period, or to table a draft resolution for an item on the agenda of a general meeting.

No business may be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Under Flutter's Constitution, two persons entitled to vote upon the business to be transacted, present in person or by proxy or as a duly authorised representative of a corporate member, constitute a quorum. Only those shareholders registered on the Company's register of members at the prescribed record date, being a date specified by the Board in relation to the relevant general meeting, are entitled to attend and vote at a general meeting.

Notice of an AGM, the Form of Proxy and the Annual Report are sent to shareholders at least 20 working days before the AGM in line with the recommendations of the Code. The notice period for an EGM to consider any special resolution is 21 clear days. Subject to the approval of shareholders at the immediately preceding AGM, the Directors may also convene an EGM to consider any ordinary resolution on 14 clear days' notice. As a matter of policy, 14 clear days' notice will only be utilised to convene an EGM where the Directors believe that it is merited by the business of the meeting and the circumstances surrounding such business.



## Directors' Report continued

### Shareholders' meetings continued

While the Company's Constitution provides that resolutions may be voted on by a show of hands or on a poll, Flutter's practice is that all resolutions are voted on a poll. After each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the numbers for, against and withheld. On a poll, the votes of shareholders present and voting at the meeting are added to the proxy votes received in advance of the meeting and the total number of votes for, against and withheld for each resolution are announced following the conclusion of the meeting. Ordinary resolutions may be passed by a simple majority of votes cast in favour, while special resolutions require a 75% majority of votes cast in favour. Any shareholder who is entitled to attend, speak and vote at a general meeting is entitled to appoint one or more proxies to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company.

The business of the Company is managed by the Directors who may do all such acts and things and exercise all the powers of the Company save for those powers required to be exercised by the Company in general meeting. Matters reserved to shareholders in general meetings include the election of Directors, the declaration of final Dividends on the recommendation of the Directors, the fixing of the remuneration of the external auditor, amendments to the Constitution, measures to increase or reduce the ordinary share capital and the authority to issue shares.

### Own shares held

During 2022, the Paddy Power Betfair plc Employee Benefit Trust ("EBT") transferred 55,537 (2021: 1,372,056) ordinary shares to employees under the Company's share schemes. At 31 December 2022, the EBT held 1,396 (2021: 33,158) ordinary shares in the Company, representing 0.0008% (2021: 0.019%) of the total issued share capital of the Company as at that date. 23,775 shares were purchased into the EBT during the year ended 31 December 2022 (2021: 1,337,894). Further information is set out in Note 25 to the Consolidated financial statements on pages 253 to 257.

### Outstanding options

2,260,137 (2021: 980,835) awards or grants over shares were made during 2022 that would be dilutive of the Company's issued share capital. We settle outstanding awards or grants under the Company's share schemes with shares purchased in the market or through issuing new shares. The Board continues to review this as appropriate. As at 31 December 2022, there were 3,534,458 (2021: 2,090,603) options outstanding.

### Dividends

The Board's capital management policy for the Group remains to target a leverage ratio of 1.0x to 2.0x over the medium term. The Board will continue to monitor the Group's anticipated deleveraging and balance sheet position, and will decide when it is an appropriate time to reinstate a dividend.

Having done so at its meeting on 28 February 2023, the Board did not recommend an interim Dividend for 2022 (2021: £nil) or a final Dividend for the year ended 31 December 2022 (2021: £nil).

### Employees

Information on employee matters is contained on pages 58 to 63 and is deemed to be incorporated in this Directors' Report. Details of the Group's policy on the granting of options and awards under its employee share schemes and other long-term incentive schemes is contained in the Remuneration Report and on pages 154 to 181 and is deemed to be incorporated in this Directors' Report.

### Events after the reporting date

Details of events after the reporting period are set out in Note 32 on page 269 of the consolidated financial statements.

### Other

#### Political donations

No political donations were made by the Company during 2022 that require disclosure in accordance with the Electoral Acts 1997 to 2002 and the Electoral (Amendment) Political Funding Act 2012.

#### Audit Committee

The Company has established an Audit Committee, the details of which are set out on pages 142 to 149.

#### Articles of Association

The Company's Articles of Association may only be amended by way of a special resolution of the shareholders. They were last amended, effective as of 19 January 2021, by way of a special resolution passed at the EGM held on that date.

#### Significant agreements – change of control provisions

Other than as detailed below, there are no significant agreements which contain provisions entitling other parties to exercise termination or other rights in the event of a change in control of the Company. The rules of certain Company share schemes include provisions which apply in the event of a takeover or reconstruction.

The Company is party to two credit agreements as follows:

- a Term Loan A and Revolving Credit Facility Agreement originally dated 11 March 2020 between, among others, the Company and Lloyds Bank plc as agent and security agent as amended and/or restated from time to time including by way of amendment and restatement agreements dated 10 December 2021 and 23 September 2022 (the "TLA Agreement"); and
- a Term Loan B agreement originally dated 10 July 2018 between, among others, Stars Group Holdings B.V., Flutter Financing B.V. and Deutsche Bank AG New York Branch acting as administrative agent and collateral agent as amended and/or restated from time to time including by way of amendment agreements dated 15 June 2020, 21 July 2021 and 29 July 2022 (the "TLB Agreement").

Both the TLA Agreement and the TLB Agreement contain provisions entitling other parties to exercise certain rights to, among other things, demand prepayment of the relevant outstanding amounts in the event of a "Change of Control" (as set out and as defined in the TLA Agreement) and a "Change in Control" (as set out and as defined in the TLB Agreement).

### Contractual arrangements

The Group has contractual arrangements with numerous third parties in support of its business activities. In that context, disclosure in this Annual Report and financial statements of information about any of those third parties is not considered necessary for an understanding of the development, performance or position of the Group's businesses.

### Related party transactions

Internal controls are in place to ensure that any related party transactions involving Directors or their connected persons are carried out on an arm's length basis and are disclosed in the Consolidated financial statements. Transactions with Directors and parties related to them have been disclosed in Note 30 to the Consolidated financial statements on page 267.

### Funding and liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity from available cash and borrowing facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. With regard to available cash, the Group's Treasury Policy sets conservative credit rating and tenor-based limits for exposures to financial counterparties. The Group performs regular cash flow projections to ensure that it has sufficient headroom available from cash and borrowing facilities to meet expected obligations over the forecasted period.

The TLA Agreement comprises a GBP Term Loan A and multi-currency Revolving Credit Facility, with a maturity date of 5 May 2025. The GBP Term Loan A amounts to £1,018m and the entire principal is due at maturity. The Revolving Credit Facility amounts to £749m following an upsize in October 2022 from £482m. In September 2022 the Group raised additional Term Loan A under an amendment and restatement of the existing TLA Agreement. The additional Term Loan A facility has a USD outstanding principal balance of \$200m and a EUR outstanding principal balance of €549m, both with a maturity date of 31 July 2026. There is no amortisation on the USD or EUR Term Loan A facilities and the principal is due at maturity.

The TLB Agreement comprises a USD first lien term loan with an outstanding principal balance of approximately \$2.9bn (the "USD First Lien Term Loan B") and a EUR first lien term loan with an outstanding principal balance of approximately €507m (the "EUR First Lien Term Loan B"), each with a maturity date of 25 July 2026. The USD First Lien Term Loan B requires scheduled quarterly principal payments in amounts equal to 0.25% of the initial aggregate principal amount of the USD First Lien Term Loan B of US\$2,938m, with the balance due at maturity. There is no amortisation on the EUR First Lien Term Loan B and the principal is due at maturity. In September 2022 the Group raised additional Term Loan B an amendment and restatement of the existing TLB Agreement. The additional Term Loan B facility has a USD outstanding principal balance of \$1.25bn, with a maturity date of 22 July 2028. The additional USD Term Loan B requires scheduled quarterly principal payments in amounts equal to 0.25% of the initial aggregate principal amount with the balance due at maturity.

At 31 December 2022, total borrowings were approximately £5.6bn (2021: £3.6bn). During the 12 months ended 31 December 2022, the Group complied with all covenants related to its borrowings under all facilities. Further details are set out in Note 22 of the consolidated financial statements on pages 245 to 247.

### Viability statement

The viability statement, as set out on pages 100 and 101, is deemed to be incorporated in this section of the Directors' Report.

### Going concern, responsibilities and disclosure

The Group reported EBITDA of £917.6m and a loss after tax of £304.9m for the year ended 31 December 2022. This includes £976.4m of depreciation and amortisation charged against profit in the year. The net cash generated from operating activities during the year ended 31 December 2022 was £1,297m. The balance sheet at 31 December 2022 reported a net current liability position of £416.3m. During the 12 months ended 31 December 2022, the Group has been in compliance with all covenants related to its lending arrangements.

The Directors have considered the available financial resources which include, at 31 December 2022, £2,091.1m of cash and cash equivalents of which £797.9m is available for corporate use and a £749m Revolving Credit Facility with undrawn capacity of £675m. Whilst there are certain contractual loan repayments due within the next 12 months of £35.6m, the Group's lending facilities primarily fall due in 2025 and 2026 as set out in more detail in Note 22. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. See Managing and understanding our principal risks on pages 92 to 99 of this Annual Report and financial statements for more detail on the principal risks and uncertainties affecting the Group and the steps taken to mitigate these risks.

The Group's forecasts for the 12 months from 1 March 2023 and beyond indicate that it will continue to have significant financial resources, continue to settle its debts as they fall due and operate well within its banking covenants as outlined in Note 22 for at least a period of 12 months from the date of these consolidated financial statements. 12 months from the date of these consolidated financial statements was selected as the going concern period as it represents the period in which the Group has prepared detailed forecasts for the majority of the period and it also reduces the degree of judgement and estimation uncertainty involved in both the forecasts and the downside scenarios.

Various downside scenarios over and above those already included in the base case model on the potential impact of further reductions to cash flows due to reduced customer discretionary income, changes in the legal, regulatory and licensing landscape and the Group's cyber and IT resilience have been considered in respect of these forecasts. The impact of these items involves judgement and estimation uncertainty.

## Directors' Report continued

### Other continued

#### Going concern, responsibilities and disclosure continued

In the event that it were necessary to draw down additional debt funding, the Directors have a reasonable expectation that this could be achieved within the confines of its existing debt facilities and financial covenant requirements.

Having given regard to the above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these consolidated financial statements, and therefore they continue to adopt the going concern basis in its consolidated financial statements.

#### Risk management and internal control

The Directors confirm that, in addition to the monitoring carried out by the Risk and Sustainability and Audit Committees under their respective terms of reference, they have reviewed the effectiveness of the Group's risk management and internal control systems as at the date of approval of the financial statements. This review had regard to all material controls, including financial, operational and compliance controls that could affect the Group's business. Further details are set out on pages 142 to 153.

#### Compliance policy statement

It is the policy of the Directors of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with its relevant obligations. The Directors have drawn up a compliance policy statement (as defined in section 225(3)(a) of the Companies Act 2014) and arrangements and structures are in place that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. The Directors confirm that these arrangements and structures were reviewed during the financial year. In discharging their responsibilities under section 225, the Directors relied on the advice both of persons employed by the Company and of persons retained by the Company under contracts for services, who they believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

#### Non-financial reporting

In compliance with the non-financial reporting requirements set out in the Companies Act 2014, the European Union (Disclosure of Non-Financial and Diversity Information by Certain Large Undertakings and Groups) Regulations 2017 (SI 360/2017) and the EU Taxonomy Regulation (Regulation (EU) 2020/852), the following table sets out where certain non-financial information has been included in this Annual Report and financial statements to provide investors and other stakeholders with an understanding of the Group's development, performance, position and impact of its activity.

Non-financial reporting			
Reporting requirement	Relevant policies and additional information	Location of information <sup>1</sup>	Page
Environmental and climate matters	Sustainability and environment	Sustainability	46 to 77
Social and employee matters	Code of Ethics; Global Health and Safety DE&I Strategy Framework	Safer Gambling Sustainability Business Integrity	46 to 77
Human rights	Code of Ethics; Modern Slavery Statement <sup>2</sup>	Business Integrity	76 and 77
Anti-bribery and corruption	Code of Ethics; Anti-Bribery and Corruption Policy	Business Integrity	76 and 77
Business model	—	Business Model	36 and 37
Non-financial KPIs	—	Measuring Our Progress	32 and 33
Principal risks	—	Understanding and Managing Our Principal Risks	92 to 99
Environmentally sustainable activities (Regulation (EU) 2020/852)	—	Sustainability ESG supplementary information	69 to 75 and 287 to 297

1. The referenced sections are deemed to be incorporated within this Directors' Report.

2. Available on Flutter's website: [www.flutter.com](http://www.flutter.com).

#### Task Force on Climate-related Financial Disclosures ("TCFD")

In accordance with LR 9.8.6R(8), the Company is required to include a statement in this Annual Report and financial statements setting out whether the Company has included climate-related financial disclosures consistently with the recommendations of the TCFD. During the year we have made progress in identifying relevant climate-related risks and opportunities ("CROs"), allowing us to partially meet the disclosure requirements of Strategy (a). For the remaining disclosures, we have disclosed consistently with the TCFD recommendations except for disclosing the actual and potential impact of CROs on our businesses, strategy and financial planning as well as details around our transition plans (strategy pillar), and disclosing the metrics and targets used to assess and manage relevant CROs (metrics and targets pillar).

Further information is set out in the Sustainability section of the Strategic Report on pages 46 to 77.

### Greenhouse gas emissions

Disclosures relating to the Group's greenhouse gas emissions are contained in the Sustainability section of the Strategic Report on pages 46 to 77.

### Provision 38 of the UK Corporate Governance Code

At the time of the introduction of provision 38 of the UK Corporate Governance Code on pensions, the Company had already signed a contract with the Chief Executive Officer and Chief Financial Officer that entitled them to an annual pension contribution equivalent to 15% of their annual total salary. This is higher than the pension contribution levels of the wider workforce which, in the UK, is currently 9% of annual salary. As a result, the Company was non-compliant with provision 38 since its introduction. Despite the contractual obligations, the Remuneration Committee agreed with the Chief Executive Officer and Chief Financial Officer that, from 1 January 2023, their pension contribution entitlements will reduce to the wider workforce level. The Remuneration Committee engaged with shareholders on this matter at the time and explained the reasons why the Company had not been able to comply with provision 38 up to 31 December 2022 and assured shareholders that the Company will be fully compliant with provision 38 by 1 January 2023 which we confirm is now the case.

### Auditor

KPMG, Chartered Accountants, was appointed statutory auditor on 18 May 2018 and has been reappointed annually since that date, and pursuant to section 383(2) of the Companies Act 2014 will continue in office. Prior to 18 May 2018, KPMG LLP, the UK member firm of KPMG International, was the auditor to Flutter Entertainment plc, having served as auditor for the two financial years ended 31 December 2017. KPMG in Ireland previously served as auditor to Paddy Power plc (subsequently renamed to Flutter Entertainment plc) for 15 uninterrupted financial years.

During 2022, the Group conducted an audit tender process to select a new statutory auditor for the financial year commencing 1 January 2024. In line with the EU Directive on audit reform, given its length of tenure as the Company's statutory auditor, KPMG was not eligible to tender. Following a transparent and competitive tender process, which included discussions with management and presentations from candidate firms, the Audit Committee evaluated each of the proposals received and, based on an assessment of cultural fit, corporate fit, audit quality and experience criteria, recommended to the Board that Deloitte Ireland be appointed as statutory auditor of the Company with effect from the financial year commencing 1 January 2024. The Board accepted this recommendation. As resigning auditor, KPMG will continue as the Company's statutory auditor until completion of its audit for the financial year ending 31 December 2023.

In accordance with section 381(1)(b) of the Companies Act 2014, a resolution authorising the Directors to fix the remuneration of the auditor will be proposed at the 2023 AGM.

### Disclosure of information to the external auditor

Each of the Directors who held office at the date of approval of this Directors' Report confirms that:

- (i) so far as they are aware, there is no relevant audit information of which the external auditor is unaware; and
- (ii) they have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit

information and to establish that the external auditor is aware of that information.

### Books of account

The measures which the Directors have taken to ensure that adequate accounting records are kept with the requirements of sections 281 to 285 of the Companies Act 2014 are:

- (i) the appointment of suitably qualified personnel;
- (ii) the adoption of suitable policies for recording transactions, assets and liabilities; and
- (iii) the appropriate use of computers and documentary systems.

The Group and Company accounting records are kept at the Company's headquarters at Belfield Office Park, Beech Hill Road, Clonskeagh, Dublin 4, Ireland.

### Listing Rule 9.8.4C

In its Q3 2022 trading update, the Company published the following guidance in respect of the financial year ending 31 December 2022.

### Outlook

- 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.

The above statements relating to adjusted EBITDA represented a profit forecast for the purpose of LR 9.2.18R and replaced the Company's previous guidance as outlined in the statement. For the purposes of compliance with LR 9.8.4R (2), the Company confirms that 2022 US revenue was \$3.2bn (£2.6bn), within the range indicated, whilst the 2022 adjusted EBITDA loss in the US was \$313m (£250m), also within the indicated range. 2022 adjusted EBITDA for the Group excluding the US was £1,295m, within the range indicated.

For the purposes of compliance with LR 9.8.4R (4) details of any long-term incentive schemes are included in the Directors' Remuneration Report on pages 154 to 181 and are deemed incorporated into this Directors' Report.

For the purposes of compliance with LR 9.8.4R (12) and (13) – Waivers of Dividend Disclosure – the Trustee of the Employee Benefit Trust has elected to waive dividends in respect of certain holdings of Flutter shares, details of which are set out on page 253 of the financial statements and are deemed incorporated into this Directors' Report.

The remaining LR 9.8.4R sections are not applicable.

On behalf of the Board of Directors

**Peter Jackson**  
Chief Executive Officer  
1 March 2023

**Jonathan Hill**  
Chief Financial Officer  
1 March 2023

Flutter Entertainment plc, registered in Ireland  
Company number 16956



# Statement of Directors' Responsibilities

In respect of the Annual Report and the Consolidated Financial Statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law, the directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and applicable law including Article 4 of the IAS Regulation. The directors have elected to prepare the Company financial statements in accordance with FRS 101 Reduced Disclosure Framework as applied in accordance with the provisions of Companies Act 2014.

Under company law the directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year.

In preparing the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014 including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Company's website ([www.flutter.com](http://www.flutter.com)). Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility statement of the directors in respect of the annual financial report

Each of the Directors, whose names and functions are listed on pages 108 to 111 of this annual report, confirm that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face. We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

On behalf of the Board

**Peter Jackson**  
Chief Executive Officer  
1 March 2023

**Jonathan Hill**  
Chief Financial Officer

# Independent Auditor's Report

to the members of Flutter Entertainment plc

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Flutter Entertainment plc ("the Company") and its consolidated undertakings ("the Group") for the year ended December 31, 2022 set out on pages 198 to 284 contained within the reporting package 635400EG4YIJLJMZJ782-2022-12-31-en.zip, which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Financial Position, the Company Statement of Changes in Equity and related notes, including the summary of significant accounting policies set out in note 3.

The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish Law including the Commission Delegated Regulation 2019/815 regarding the single electronic reporting format ("ESEF") and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Company financial statements, Irish Law and FRS 101 Reduced Disclosure Framework issued in the United Kingdom by the Financial Reporting Council.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Company as at December 31, 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework issued by the UK's Financial Reporting Council; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were reappointed as auditor to the Company by the Directors on 18 May 2018. The period of total uninterrupted engagement is the five financial years ended 31 December 2022. Prior to 18 May 2018, KPMG LLP, the UK member firm of KPMG International, was the auditor to the Company having served as auditor for the two financial years ended 31 December 2017. KPMG Ireland previously served as auditor to Paddy Power plc (subsequently renamed to Flutter Entertainment plc) for 14 uninterrupted financial years. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Director's assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included considering the inherent risks to the Group and Company's business model and analysing how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

The sensitivity we considered most likely to adversely affect the Group and Company over this period is changes to regulatory environments in key markets which could result in a reduction in recurring income levels or an exit from certain markets. We considered various downside scenarios over the level of available financial resources indicated by the Group's financial forecasts. No breach of covenants is indicated by the various downside scenarios. As such we assessed this risk to the assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting as being remote. There were no other risks identified that we considered were likely to have a material adverse effect on the Group's and Company's available financial resources over this period.

We further note that both the Group and Company are in a net current liability position. As part of our assessment, we have considered the financial resources available to the Group and Company, and in particular the availability of the undrawn portion (£675m) of the revolving credit facility for the Group, the 2023 budget for the Group, the Group's longer term viability assessment and the fact that the Company's position arises largely from intra-group balances.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

In relation to the Group and the Company's reporting on how they have applied the UK Corporate Governance Code and the Irish Corporate Governance Annex, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

# Independent Auditor's Report continued

to the members of Flutter Entertainment plc

## Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the Directors. In addition, our risk assessment procedures included:

- Inquiring with the Directors and other management as to the Group's policies and procedures regarding compliance with laws and regulations, identifying, evaluating and accounting for litigation and claims, as well as whether they have knowledge of non-compliance or instances of litigation or claims;
- Inquiring of Directors, the audit committee, internal audit and inspection of policy documentation as to the Group's policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Inquiring of Directors, the audit committee, internal audit regarding their assessment of the risk that the financial statements may be materially misstated due to irregularities, including fraud;
- Inspecting the Group's regulatory and legal correspondence;
- Reading Board and committee minutes;
- Considering remuneration incentive schemes and performance targets for management; and
- Performing planning analytical procedures to identify any usual or unexpected relationships.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team. This included communication from the Group audit team to full scope component audit teams of relevant laws and regulations and any fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's licence to operate. We identified the following areas as those most likely to have such an effect:

- gambling regulations in the jurisdictions in which the Group operates; and
- anti-money laundering regulations in the jurisdictions in which the Group operates.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. We identified a fraud risk in relation to revenue which could occur through management recording journals to revenue outside of the normal revenue procedures.

In response to the fraud risks, we also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation;
- Evaluating the business purpose of significant unusual transactions;
- Assessing significant accounting estimates for bias; and
- Assessing the disclosures in the financial statements.

As the Group is regulated, our assessment of risks involved obtaining an understanding of the legal and regulatory framework that the Group operates and gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sisal acquisition accounting is a new Key Audit Matter in the current year due to the significance of the acquisition to the Group and the level of management and auditor attention focused on this matter during the year.

The Kentucky litigation was fully settled in the 2021 and did not require management and auditor attention in 2022 so is not identified as a Key Audit Matter in the current year.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

### Group key audit matters

#### Online revenue recognition (Group key audit matter)

Refer to pages 207 to 208 (accounting policy) and pages 221 to 224 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
<p>The Group has a number of income streams across its online operations.</p> <p>These revenue streams are calculated and recorded on highly complex IT systems, which process a high volume of low value transactions across a large variety of different sporting events and games wagered on. The accuracy and completeness of the Group's revenue recognition are highly dependent on the Group IT systems; particularly there is a significant risk that systems do not interface correctly from the customer-facing systems through to the financial information systems.</p> <p>The key audit matter is applicable for each of the following online revenue streams: sportsbook, poker, gaming and exchange.</p>	<p>Our procedures in relation to the IT systems included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• We obtained and documented our understanding of key online revenue processes and specifically how transactions from each online revenue stream were initiated, processed and recorded from transaction initiation through to recording in the Financial Statements.</li> <li>• We evaluated the design and implementation of key controls, both automated and manual, in these processes. We also identified the key IT environments supporting these processes.</li> <li>• We tested key controls relevant to supporting our audit approach to online revenue. These included logical access controls, including user access management; user access recertification; appropriateness of privileged users from the perspective of user access management, change management and job scheduling; and user authentication.</li> <li>• As part of our evaluation of IT change management procedures we tested controls over authorisation and testing of changes and developments to the systems and controls over job processing and scheduling (automated IT processing for interfaces and batch processing).</li> <li>• We tested the operating effectiveness of controls over customer account set-up, cash deposits and withdrawals from customer accounts.</li> <li>• We tested the operating effectiveness of controls over the capturing of initial bets, their allocation between different products and their processing through the system to recognition as revenue or in the appropriate customer account.</li> </ul> <p>In addition to our procedures over the IT systems, other procedures we performed which provided relevant evidence included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• We tested key interfaces and reconciliation controls between transaction recording systems and the General Ledger.</li> <li>• We traced a selection of sportsbook stakes, commission on exchange and poker and gaming transactions placed on live-betting environments from the customer-facing systems to the data warehouses and then from the data warehouses to the financial information systems to assess whether that information is passed appropriately from one system to another.</li> <li>• We tested a selection of sportsbook bets to verify the pay-out was correctly calculated based on the stake placed and odds offered on the individual bet.</li> <li>• We obtained a selection of external confirmation and/or third-party statements of the client funds held in the client trust accounts (i.e. not held by the Group) and reconciled the bank balance confirmation/third-party statement to the customers' betting accounts.</li> <li>• We assessed the appropriateness of cash transferred from the client trust accounts to corporate cash by reconciling the total revenue amounts reported by key IT systems to the amounts transferred from the client funds to corporate cash. We tested a sample of these transfers by agreeing the amounts to the relevant bank information.</li> </ul>



# Independent Auditor's Report continued

to the members of Flutter Entertainment plc

## Key audit matters: our assessment of risks of material misstatement continued

### Group key audit matters continued

#### Online revenue recognition (Group key audit matter) continued

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"><li>• We recalculated commission for a sample of customers and validated, for one customer, across the year that commission rates were charged as described in the terms and conditions for exchange transactions.</li><li>• We recalculated premium charges for a sample of customers during the year, confirming such charges were applied as described in the terms and conditions for exchange transactions.</li><li>• We performed substantive procedures over online revenue streams, which included reconciling cash receipts to revenue and tested the inclusion of revenue in the appropriate period.</li><li>• We tested a selection of bets placed around year end for events which had occurred, ensuring the revenue was appropriately recorded in the correct period. We also tested a selection of open bets at year end ensuring the event had not yet occurred and ensured the bet was correctly recorded as an open bet at year end.</li></ul> <p>Our testing identified no significant weaknesses in the design of IT general controls relating to interface of information from customer-facing systems to financial reporting systems.</p> <p>Through our additional testing we identified no errors in the recording of revenue transactions for the online businesses.</p>

#### Sisal acquisition accounting (Group key audit matter)

Refer to page 210 (accounting policy) and pages 235 to 236 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
<p>On 4 August 2022, the Group completed the acquisition of Sisal for consideration of £1.7bn. The Group recognised £1bn of Goodwill and £1.1bn of intangibles as part of the acquisition.</p> <p>Acquisition accounting involves subjective judgements to arrive at fair values of assets and liabilities on the date of acquisition. Inappropriate assumptions may result in business combinations being accounted for incorrectly.</p> <p>We have identified a Key Audit Matter in relation to the valuation of intangible assets which involves significant judgement by management. We determined that certain assumptions relating to pre-tax royalty rates, terminal growth rates, churn rates and discount rates gave rise to the significant risk of error.</p>	<p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"><li>• We evaluated management's assessment as to the treatment of the transaction as a business combination through assessing the requirements in IFRS 3.</li><li>• We reviewed the accounting policies in place in the acquired entity, to assess consistency with the Group's policies.</li><li>• We obtained and documented our understanding of the acquisition accounting process and evaluated the design and implementation of key controls therein.</li><li>• We assessed the recognition of goodwill and intangible assets and the basis of fair value adjustments.</li><li>• With the assistance of our valuation specialists, we considered the appropriateness of the valuation methods used by comparing the methods used to the methods most commonly used in valuing similar assets.</li><li>• With the assistance of our valuation specialists, we compared the pre-tax royalty rates, terminal growth rates, churn rates and discount rates used in the valuation of the intangible assets to independent sources when available and challenged management on these assumptions.</li><li>• We evaluated management's assessment on the recognition of certain additional provisions for any contingent liabilities of Sisal.</li><li>• We inquired with management and the Group's legal team where appropriate to obtain evidence on the appropriateness of any liabilities recognised.</li><li>• We evaluated the completeness and adequacy of the disclosures in the financial statements surrounding the acquisition to ensure that they are in compliance with IFRS 3.</li></ul> <p>Based on evidence obtained, we found management's judgements, as set out in the description of the Key Audit Matter, in the valuation of intangible assets to be appropriate.</p>

## Key audit matters: our assessment of risks of material misstatement continued

### Carrying value of the investments in subsidiary companies (Company only Key audit matter) – £16,619m (2021: £16,682m)

Refer to page 274 (accounting policy) and page 281 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
<p>The Company balance sheet includes a £16.6bn financial asset relating to its investment in subsidiary companies.</p> <p>During the year, an internal reorganisation in the Group led to a reallocation of net assets between the Company's investments. Management conducted an impairment assessment at year end and determined that a number of the Company's subsidiaries no longer supported their carrying value on the Company's balance sheet. The value of these investments was impaired to their recoverable value.</p> <p>The assessment of the recoverability of the remaining investments does not involve significant judgements due to the significant value of the underlying businesses. However, we consider this a key audit matter due to the significance of the investments based on their magnitude to the Company.</p>	<p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• We obtained and documented our understanding of the process around management's assessment of the recoverability of the carrying value of investments in subsidiary companies.</li> <li>• We vouched a sample of the movements in the carrying value of investments in subsidiaries during the year to supporting evidence.</li> <li>• We evaluated management's impairment assessment over the carrying value of the investments in subsidiaries.</li> <li>• We assessed the adequacy of disclosures in the Company's Financial Statements.</li> </ul> <p>Based on evidence obtained, we found that management's judgements were appropriate in assessing the carrying value of individual investments and were supported by the market capitalisation at year end.</p>

### Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £55m (2021: £45m), determined with reference to a benchmark of Group revenues (of which it represents 0.71% (2021: 0.75%). The increase in Group materiality primarily arose due to the acquisitions in the year along with growth in revenues across the Group in the year, primarily in the US division.

Performance materiality for the Group financial statements as a whole was set at £41.25m (2021: £33.75m).

We have used Group revenues as the benchmark to set our materiality for the current year which is consistent with the prior year. For 2022 and the prior year there has been a significant amount of volatility in the Group's profit before tax result due to losses in the Group's US segment arising from ongoing investment in the business, the amortisation charge on intangibles recognised through acquisitions and other transaction-related expenditure. As a result we believe Group revenues to be the most representative benchmark for the financial performance of the Group for 2022.

Materiality for the Company financial statements was set at £41.25m (2021: £33.75m), determined with reference to a benchmark of total assets and chosen to be lower than materiality for the Group Financial Statements as a whole. It represents 0.2% of total assets (2021: 0.2%). The increase in Group materiality primarily arose due to the acquisitions in the year and the growth in the US business.

Performance materiality for the Company financial statements was set at £30.9m (2021: £25.3m).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding £2.75m (2021: £2.25m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

In planning the audit, we applied materiality to determine that, of the Group's seven reporting components, we would subject six to full scope audits for Group purposes, this is consistent with the approach in 2021 with the addition of Sisal as a full scope audit component. The components subject to full scope audits accounted for 94% of Group revenues (2021: 96%), 97% of Group total assets (2021: 99%) and 93% of Group profit before taxation (2021: 96%). For the residual part of the Group not subject to full scope audit, we performed analysis at an aggregated Group level and reconfirmed our assessment that it contained no significant risks of material misstatement.

We applied materiality to assist us determine what risks were significant risks and the Group team instructed component auditors as to the significant areas to be covered by them, including the relevant risks detailed above and the information to be reported back.

The Group team approved the materiality of each component, which ranged from £15m to £30m, having regard to the mix of size and risk profile of the Group across the components. The work on four of the six in-scope components was performed by component auditors in the UK, Italy, Australia and the US and the remaining two components and the audit of the Company, was performed by the Group team. All audit work was performed by KPMG network firms, with the exception of the Italian component.

The Group team held videoconference meetings with the components to assess the audit risk and strategy. Further videoconference meetings were held throughout the audit and at the conclusion of their fieldwork to discuss the findings reported to the Group team. The Group team also attended the videoconference closing meetings for all components. The Group team also carried out a detailed inspection of the component audit workpapers, and we applied materiality to determine the scope and extent of that inspection.

# Independent Auditor's Report continued

to the members of Flutter Entertainment plc

## Our application of materiality and an overview of the scope of our audit continued

### Other information

The Directors are responsible for the preparation of the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Strategic Report, the Corporate Governance section, the Directors' Report and the Non-Financial Statement.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information undertaken during the course of the audit we report that, in those parts of the Directors' report specified for our consideration:

- we have not identified material misstatements in the Directors' report;
- in our opinion, the information given in the Directors' report is consistent with the financial statements; and
- in our opinion, the Directors' report has been prepared in accordance with the Companies Act 2014.

### Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability, that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review by the Listing Rules of Euronext Dublin and the UK Listing Authority.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 187 to 188;
- Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 100;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 187 to 188;
- Directors' statement on fair, balanced and understandable and the information necessary for shareholders to assess

the Group's position and performance, business model and strategy set out on page 144;

- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated set out on page 188;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 143; and
- Section describing the work of the audit committee set out on page 142 to 149.

The Listing Rules of Euronext Dublin also requires us to review certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

We have nothing to report in this regard.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 102 to 189, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Corporate Governance Statement contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, the information required by the Act is contained in the Corporate Governance Statement.

### Directors' Remuneration Report

In addition to our audit of the Financial Statements, the Directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the Directors have voluntarily decided to prepare as if the Company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006. In our opinion the part of the Directors' Remuneration Report which we were engaged to audit has been properly prepared in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the UK Companies Act 2006, as if those requirements were to apply to the Company.

### **Our opinions on other matters prescribed by the Companies Act 2014 are unmodified.**

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

### **We have nothing to report on other matters on which we are required to report by exception.**

The Companies Act 2014 requires us to report to you if, in our opinion:

- the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made;
- the Company has not provided the information required by Section 1110N in relation to its remuneration report for the financial year 31 December 2021; or
- the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 December 2021 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

We have nothing to report in this regard.

### **Respective responsibilities and restrictions on use Responsibilities of Directors for the financial statements**

As explained more fully in the Directors' responsibilities statement set out on page 190, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

### **The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Ryan McCarthy**  
for and on behalf of KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
1 March 2023



# Consolidated Income Statement

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
<b>Continuing operations</b>			
Revenue	5	7,693.2	6,036.2
Cost of sales		(3,146.3)	(2,309.5)
<b>Gross profit</b>		<b>4,546.9</b>	<b>3,726.7</b>
Operating costs excluding depreciation, amortisation and (loss)/gain on disposal		(3,629.3)	(3,003.4)
<b>EBITDA<sup>1</sup></b>		<b>917.6</b>	<b>723.3</b>
Amortisation of acquisition-related intangible assets	6	(607.8)	(543.3)
Depreciation and amortisation of other assets	12/13	(368.6)	(254.4)
(Loss)/gain on disposal		(1.0)	11.9
<b>Operating loss</b>		<b>(59.8)</b>	<b>(62.5)</b>
Financial income	8	22.1	3.2
Financial expense	8	(237.1)	(229.1)
<b>Loss before tax</b>		<b>(274.8)</b>	<b>(288.4)</b>
Tax expense	10	(30.1)	(123.5)
<b>Loss for the year</b>		<b>(304.9)</b>	<b>(411.9)</b>
<b>Attributable to:</b>			
Equity holders of the Company		(302.0)	(415.8)
Non-controlling interest		(2.9)	3.9
		<b>(304.9)</b>	<b>(411.9)</b>
<b>Earnings per share</b>			
Basic	11	(£1.708)	(£2.365)
Diluted	11	(£1.708)	(£2.365)

1. EBITDA is defined as profit for the period before depreciation, amortisation, impairment, loss/gain on disposal, financial income, financial expense and tax expense. It is considered by the Directors to be a key measure of the Group's financial performance.

Notes 1 to 32 on pages 204 to 269 form an integral part of these consolidated financial statements.

# Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
<b>Loss for the year</b>		<b>(304.9)</b>	<b>(411.9)</b>
<b>Other comprehensive income/(loss):</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges	8	210.7	61.4
Fair value of cash flow hedges transferred to the income statement	8	(182.7)	(28.4)
Foreign exchange (loss)/gain on net investment hedges, net of tax <sup>1</sup>	8	(113.7)	68.2
Foreign exchange gain/(loss) on translation of the net assets of foreign currency denominated entities	8	371.4	(309.6)
Debt instruments at FVOCI	8	(2.6)	(1.3)
<b>Other comprehensive income/(loss)</b>		<b>283.1</b>	<b>(209.7)</b>
<b>Total comprehensive loss for the year</b>		<b>(21.8)</b>	<b>(621.6)</b>
<b>Attributable to:</b>			
Equity holders of the Company		(22.1)	(627.9)
Non-controlling interest		0.3	6.3
<b>Total comprehensive loss for the year</b>		<b>(21.8)</b>	<b>(621.6)</b>

1. Foreign exchange (loss)/gain on net investment hedges is presented including an income tax charge of £4.9m (year ended 31 December 2021 : £17.2m) which relates to the tax effect of the Group's hedging activities.

Notes 1 to 32 on pages 204 to 269 form an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 £m	31 December 2021 Restated (See Note 2) £m
<b>Assets</b>			
Property, plant and equipment	12	702.2	451.4
Intangible assets	13	5,879.9	4,875.6
Goodwill	14	10,860.0	9,346.8
Deferred tax assets	18	67.2	8.2
Non-current tax receivable		13.0	21.5
Investments	16	9.2	5.5
Derivative financial assets	23	—	68.0
Financial assets – restricted cash	17	13.0	7.4
Other receivables	16	38.5	29.3
<b>Total non-current assets</b>		<b>17,583.0</b>	<b>14,813.7</b>
Trade and other receivables	16	345.0	203.9
Derivative financial assets	23	279.6	—
Cash and cash equivalents – customer balances	17	1,293.2	677.6
Cash and cash equivalents – available for corporate use	17	797.9	951.7
Current investments at FVOCI – customer deposits	17	138.0	83.0
Current tax receivable		45.5	45.6
<b>Total current assets</b>		<b>2,899.2</b>	<b>1,961.8</b>
<b>Total assets</b>		<b>20,482.2</b>	<b>16,775.5</b>
<b>Equity</b>			
Issued share capital and share premium	24	484.6	477.6
Shares held by Employee Benefit Trust	24	(0.2)	(4.0)
Cash flow hedge reserve	24	50.7	22.7
Other reserves	24	300.2	(61.7)
Retained earnings	24	9,373.3	9,816.3
<b>Total equity attributable to equity holders of the Parent</b>		<b>10,208.6</b>	<b>10,250.9</b>
Non-controlling interest	24	128.3	37.5
<b>Total equity</b>		<b>10,336.9</b>	<b>10,288.4</b>
<b>Liabilities</b>			
Trade and other payables	19	1,533.1	1,096.4
Customer balances	26	1,394.6	721.0
Derivative financial liabilities	23	144.7	74.0
Provisions	20	46.7	71.3
Current tax payable		75.4	42.3
Lease liability	21	85.4	47.0
Borrowings	22	35.6	22.1
<b>Total current liabilities</b>		<b>3,315.5</b>	<b>2,074.1</b>
Trade and other payables	19	50.8	19.8
Derivative financial liabilities	23	73.7	55.1
Provisions	20	67.5	47.8
Deferred tax liabilities	18	760.1	498.0
Non-current tax payable		15.0	25.2
Lease liability	21	320.8	217.4
Borrowings	22	5,541.9	3,549.7
<b>Total non-current liabilities</b>		<b>6,829.8</b>	<b>4,413.0</b>
<b>Total liabilities</b>		<b>10,145.3</b>	<b>6,487.1</b>
<b>Total equity and liabilities</b>		<b>20,482.2</b>	<b>16,775.5</b>

Notes 1 to 32 on pages 204 to 269 form an integral part of these consolidated financial statements.

On behalf of the Board

**Peter Jackson**  
Chief Executive Officer  
1 March 2023

**Jonathan Hill**  
Chief Financial Officer

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 £m	2021 Restated (See Note 2) £m
<b>Cash flows from operating activities</b>			
Loss for the year		(304.9)	(411.9)
Tax expense	10	30.1	123.5
Financial income	8	(22.1)	(3.2)
Financial expense	8	237.1	229.1
Amortisation of acquisition related intangible assets	6	607.8	543.3
Depreciation and amortisation of other assets	12/13	368.6	254.4
Loss/(gain) on disposal		1.0	(11.9)
Separately disclosed items included within EBITDA	6	127.4	277.7
Employee equity-settled share-based payments expense	25	123.2	79.1
Foreign currency exchange (gain)/loss		(18.4)	15.7
<b>Cash from operations before changes in working capital</b>		<b>1,149.8</b>	<b>1,095.8</b>
Increase in trade and other receivables		(42.6)	(40.5)
Increase in trade, other payables and provisions		160.1	64.0
Movement in cash and cash equivalents – customer balances		311.4	89.3
<b>Cash generated from operating activities</b>		<b>1,578.7</b>	<b>1,208.6</b>
Taxes paid		(163.4)	(138.5)
<b>Cash generated from operations, net of taxes paid</b>		<b>1,415.3</b>	<b>1,070.1</b>
Transaction fees, restructuring and integration costs paid	6	(117.9)	(61.2)
Amounts paid in respect of Kentucky litigation	6	—	(234.1)
<b>Net cash from operating activities</b>		<b>1,297.4</b>	<b>774.8</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	12	(101.5)	(89.3)
Purchase of intangible assets	13	(85.2)	(62.4)
Capitalised internal development expenditure	13	(201.5)	(142.3)
Purchase of businesses net of cash acquired	15	(1,675.9)	(50.7)
Payment of contingent deferred consideration	15	(15.3)	(21.6)
Acquisition of further interest in subsidiary	15	(204.1)	—
Net proceeds from disposal of subsidiary	15	—	127.1
Interest received	8	6.2	1.5
Other		5.0	(0.8)
<b>Net cash used in investing activities</b>		<b>(2,272.3)</b>	<b>(238.5)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from the issue of shares on exercise of employee options	24	7.0	13.2
Dividend paid to non-controlling interest	24	(5.4)	(16.7)
Payment of lease liabilities	21	(72.2)	(47.9)
Payment of lease interest	21	(12.6)	(8.4)
Lease incentive received	21	4.6	7.3
Proceeds from borrowings	22	4,020.5	1,167.7
Repayment of borrowings	22	(2,314.9)	(751.2)
Interest paid	22	(142.5)	(141.9)
Settlement of derivatives		—	(67.9)
Financing fees paid in respect of borrowing facilities	22	(74.6)	(56.7)
Ordinary shares of the Company acquired by the Employee Benefit Trust	25	(2.8)	(180.7)
<b>Net cash from/(used in) financing activities</b>		<b>1,407.1</b>	<b>(83.2)</b>
<b>Net increase in cash and cash equivalents</b>		<b>432.2</b>	<b>453.1</b>
Cash and cash equivalents at start of year	17	1,629.3	1,191.3
Foreign currency exchange gain/(loss) on cash and cash equivalents		29.6	(15.1)
<b>Cash and cash equivalents at end of year</b>	<b>17</b>	<b>2,091.1</b>	<b>1,629.3</b>
<b>Presented on the Statement of Financial Position within:</b>			
Cash and cash equivalents – customer balances		1,293.2	677.6
Cash and cash equivalents – available for corporate use		797.9	951.7
		<b>2,091.1</b>	<b>1,629.3</b>

Notes 1 to 32 on page 204 to 269 form an integral part of these consolidated financial statements.



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Number of ordinary shares in issue m	Issued share capital and share premium £m	Shares held by Employee Benefit Trust £m	Cash flow hedge reserve £m	Fair value reserve <sup>1</sup> £m	Foreign exchange translation reserve <sup>1</sup> £m	Other reserves <sup>1</sup> £m	Share-based payment reserve <sup>1</sup> £m	Retained earnings £m	Total equity attributable to shareholders of the Company £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2022	175.6	477.6	(4.0)	22.7	(1.7)	(194.2)	2.5	131.7	9,816.3	10,250.9	37.5	10,288.4
<b>Total comprehensive income/ (loss) for the year</b>												
Loss for the year	—	—	—	—	—	—	—	—	(302.0)	(302.0)	(2.9)	(304.9)
Foreign exchange translation including net investment hedges	—	—	—	—	—	259.4	—	—	—	259.4	3.2	262.6
Effective portion of changes in fair value of cash flow hedges (Note 8)	—	—	—	210.7	—	—	—	—	—	210.7	—	210.7
Fair value of cash flow hedges transferred to the income statement (Note 8)	—	—	—	(182.7)	—	—	—	—	—	(182.7)	—	(182.7)
Financial assets at FVOCI (Note 8)	—	—	—	—	(2.6)	—	—	—	—	(2.6)	—	(2.6)
Tax on foreign exchange hedging (Note 10)	—	—	—	—	—	(4.9)	—	—	—	(4.9)	—	(4.9)
<b>Total comprehensive income/ (loss) for the year</b>	—	—	—	28.0	(2.6)	254.5	—	—	(302.0)	(22.1)	0.3	(21.8)
<b>Transactions with owners of the Company, recognised directly in equity</b>												
Shares issued on exercise of employee share options (Note 25)	0.5	7.0	—	—	—	—	—	—	—	7.0	—	7.0
Acquisition of non-controlling interest in Adjarabet (Note 15)	—	—	—	—	—	—	—	—	(169.9)	(169.9)	(34.2)	(204.1)
Business combinations (Note 15)	—	—	—	—	—	—	—	—	(12.3)	(12.3)	130.1	117.8
Ordinary shares of the Company acquired by the Employee Benefit Trust (Note 25)	—	—	(2.8)	—	—	—	—	—	—	(2.8)	—	(2.8)
Equity-settled transactions – expense recorded in the income statement (Note 25)	—	—	—	—	—	—	—	153.4	—	153.4	—	153.4
Equity-settled transactions – vesting (Note 25)	—	—	6.6	—	—	—	—	—	(6.6)	—	—	—
Tax on share-based payments (Note 24)	—	—	—	—	—	—	—	—	4.4	4.4	—	4.4
Transfer to retained earnings on exercise of share options and vesting of share awards	—	—	—	—	—	—	—	(43.4)	43.4	—	—	—
Dividend paid to non-controlling interest (Note 24)	—	—	—	—	—	—	—	—	—	—	(5.4)	(5.4)
<b>Total contributions by and distributions to owners of the Company</b>	0.5	7.0	3.8	—	—	—	—	110.0	(141.0)	(20.2)	90.5	70.3
<b>Balance at 31 December 2022</b>	<b>176.1</b>	<b>484.6</b>	<b>(0.2)</b>	<b>50.7</b>	<b>(4.3)</b>	<b>60.3</b>	<b>2.5</b>	<b>241.7</b>	<b>9,373.3</b>	<b>10,208.6</b>	<b>128.3</b>	<b>10,336.9</b>

1. Included in other reserves in the Statement of Financial Position.

Notes 1 to 32 on pages 204 to 269 form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Number of ordinary shares in issue m	Issued share capital and share premium £m	Merger reserve £m	Treasury shares £m	Shares held by Employee Benefit Trust £m	Cash flow hedge reserve £m	Fair value reserve <sup>1</sup> £m	Foreign exchange translation reserve <sup>1</sup> £m	Other reserves <sup>1</sup> £m	Share-based payment reserve <sup>1</sup> £m	Retained earnings £m	Total equity attributable to shareholders of the Company £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2021	177.0	2,481.7	7,982.9	(40.7)	(5.8)	(10.3)	(0.4)	49.6	2.3	100.8	405.0	10,965.1	30.8	10,995.9
<b>Total comprehensive income/(loss) for the year</b>														
Loss for the year	—	—	—	—	—	—	—	—	—	—	(415.8)	(415.8)	3.9	(411.9)
Foreign exchange translation including net investment hedges	—	—	—	—	—	—	—	(226.6)	—	—	—	(226.6)	2.4	(224.2)
Tax on foreign exchange hedging	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	61.4	—	—	—	—	—	61.4	—	61.4
Fair value of cash flow hedges transferred to the income statement	—	—	—	—	—	(28.4)	—	—	—	—	—	(28.4)	—	(28.4)
Financial assets at FVOCI	—	—	—	—	—	—	(1.3)	—	—	—	—	(1.3)	—	(1.3)
Tax on foreign exchange hedging	—	—	—	—	—	—	—	(17.2)	—	—	—	(17.2)	—	(17.2)
<b>Total comprehensive income/(loss) for the year</b>	—	—	—	—	—	33.0	(1.3)	(243.8)	—	—	(415.8)	(627.9)	6.3	(621.6)
<b>Transactions with owners of the Company, recognised directly in equity</b>														
Shares issued on exercise of employee share options (Note 25)	0.6	13.2	—	—	—	—	—	—	—	—	—	13.2	—	13.2
Business combinations (Note 15)	—	—	—	—	—	—	—	—	—	—	—	—	17.1	17.1
Cancellation of Treasury shares (Note 24)	(2.0)	(0.2)	—	40.7	—	—	—	—	0.2	—	(40.7)	—	—	—
Merger reserve capitalisation (Note 24)	—	7,982.9	(7,982.9)	—	—	—	—	—	—	—	—	—	—	—
Reduction of capital (Note 24)	—	(10,000.0)	—	—	—	—	—	—	—	—	10,000.0	—	—	—
Ordinary shares of the Company acquired by the Employee Benefit Trust (Note 25)	—	—	—	—	(180.7)	—	—	—	—	—	—	(180.7)	—	(180.7)
Equity-settled transactions														
– expense recorded in income statement	—	—	—	—	—	—	—	—	—	80.5	—	80.5	—	80.5
Equity-settled transactions – vesting	—	—	—	—	182.5	—	—	—	—	—	(182.5)	—	—	—
Tax on share-based payments	—	—	—	—	—	—	—	—	—	—	0.7	0.7	—	0.7
Exercise of share awards	—	—	—	—	—	—	—	—	—	(49.6)	49.6	—	—	—
Dividend paid to non-controlling interest (Note 24)	—	—	—	—	—	—	—	—	—	—	—	—	(16.7)	(16.7)
<b>Total contributions by and distributions to owners of the Company</b>	<b>(1.4)</b>	<b>(2,004.1)</b>	<b>(7,982.9)</b>	<b>40.7</b>	<b>1.8</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.2</b>	<b>30.9</b>	<b>9,827.1</b>	<b>(86.3)</b>	<b>0.4</b>	<b>(85.9)</b>
Balance at 31 December 2021	175.6	477.6	—	—	(4.0)	22.7	(1.7)	(194.2)	2.5	131.7	9,816.3	10,250.9	37.5	10,288.4

1. Included in other reserves in the Statement of Financial Position.

Notes 1 to 32 on pages 204 to 269 form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1. General information

Flutter Entertainment plc (the “Company”) and its subsidiaries (together referred to as the “Group”) is a global sports betting and gaming group, whose headquarters are in Dublin, Ireland. The Group’s four reportable segments are (i) UK and Ireland (“UK&I”), which includes Sky Betting & Gaming, Paddy Power (both online and retail), tombola and Betfair’s operations in the UK and Ireland; (ii) Australia, comprising Sportsbet, the market leader in the Australian online betting market; (iii) International which includes online poker, gaming, betting, lottery, rummy and daily fantasy sport product offerings under the Sisal, PokerStars, Betfair International, Adjarabet and Junglee games brands; and (iv) US, which includes sports betting, daily fantasy sports, poker and gaming services under the FanDuel, TVG, FOX Bet, Stardust and PokerStars brands.

The Company is a public limited company incorporated and domiciled in the Republic of Ireland and has its primary listing on the London Stock Exchange under the symbol FLTR and a secondary listing on the Irish Stock Exchange under the symbol FLTR.IR. The address of its registered office is set out on page 299 of this Annual Report.

The consolidated financial statements of the Group for the year ended 31 December 2022 comprise the financial statements of the Company and its subsidiary undertakings and were approved for issue by the Board of Directors on 1 March 2023.

## 2. Recent accounting pronouncements

### Adoption of new accounting standards

The IASB issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 31 December 2022:

- Amendments to IAS 37: Onerous contracts – Cost of Fulfilling a Contract;
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 1, IFRS 9 and IAS 41: Annual Improvements to IFRS Standards 2018–2020; and
- Amendments to IFRS 3: Reference to the Conceptual Framework.

The adoption of the new standards and interpretations did not have a significant impact on the Group’s consolidated financial statements.

### Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flow)

In April 2022, the IFRS Interpretations Committee issued an agenda decision clarifying the definition of cash and cash equivalents in the statement of cash flows stating that cash amounts that are only restricted by an obligation to a third party meet the definition of cash under IAS 7 Statement of Cash Flows. The title of the agenda decision is Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flow).

Prior to this clarification, the Group had not treated cash amounts that were restricted due to, for example gaming regulatory requirements to hold cash to match customer liabilities, as cash and cash equivalents in the statement of cash flows and had instead classified these balances as financial assets – restricted cash.

The Group considers these cash balances to not be available to the Group and will disaggregate these cash balances from the cash balances that are available to the Group, for general corporate purposes in accordance with IAS 1 paragraph 55.

In accordance with this clarification, the Group has made a change in accounting policy and has presented cash and cash equivalents for the purpose of its cash flow including these restricted balances and has restated the prior period accordingly as follows.

	31 December 2021 Originally reported	31 December 2021 Reclassification	31 December 2021 Restated	31 December 2020 Originally reported	31 December 2020 Reclassification	31 December 2020 Restated
<b>Current assets</b>						
Financial asset – restricted cash	677.6	(677.6)	—	587.9	(587.9)	—
Cash and cash equivalents – customer balances	—	677.6	677.6	—	587.9	587.9
Cash and cash equivalents – available for corporate use	951.7	—	951.7	603.4	—	603.4
<b>Cash and cash equivalents</b>	<b>951.7</b>	<b>677.6</b>	<b>1,629.3</b>	<b>603.4</b>	<b>587.9</b>	<b>1,191.3</b>

The change in the classification for the purpose of statement of cash flows did not impact the Statement of Financial Position other than to rename the captions. The Group acknowledges that in accordance with this agenda decision that a change in accounting policy gives rise to the requirement to present a third Statement of Financial Position. In the context of the limited impact this change in accounting policy has had on the Group’s Statement of Financial Position, and the fact that the full impact on the Group’s Statements of Financial Position as at 31 December 2021 and 2020 is set out above, the Group has concluded that a third Statement of Financial Position would not give the users of these financial statements any further information and on this basis, a third Statement of Financial Position has not been presented.

## 2. Recent accounting pronouncements continued

### IFRS standards issued not yet effective

The following IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the Group's consolidated financial statements:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective 1 January 2023);
- IFRS 17 Insurance Contracts and amendments to Insurance Contracts (effective date 1 January 2023);
- IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies; (effective date 1 January 2023);
- Amendments to IAS 8: Definition of Accounting Estimates (effective date 1 January 2023);
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date 1 January 2023);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date to be confirmed);
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17) (effective date 1 January 2023); and
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective date 1 January 2024).

### IBOR reform

The Company has considered the impact of interest rate benchmark reform ("IBOR reform") on its loan accounting and hedge accounting. The Company has adopted the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39 and IFRS 7 issued in August 2020 ("Phase 2 relief"). Adopting these amendments provides temporary relief from applying specific loan accounting and hedge accounting requirements for hedging relationships directly affected by IBOR reform.

For loan accounting, the reliefs have the effect that the Company can update its effective interest rate for the change to the new risk-free rate without recognising an immediate gain or loss. For hedge accounting, the reliefs have the effect that IBOR reform should not generally cause hedge accounting to cease and updates to hedge documentation relating to IBOR reform will not result in a de-designation event for existing hedge relationships. However, any hedge ineffectiveness should continue to be recorded in the income statement. Qualifying for the reliefs is contingent on the Company's transition, i.e. the new risk-free rate plus credit adjustment spread, being economically equivalent to the previous LIBOR basis.

On 5 March 2021, the UK's Financial Conduct Authority ("FCA") formally announced the cessation of all GBP London Interbank Offered Rate ("LIBOR") benchmark settings currently published by ICE Benchmark Administration ("IBA") immediately after 31 December 2021. In response, the Company has entered into agreements with its lenders that amended the benchmark rate referenced in the Term Loan A agreement from GBP LIBOR to GBP SONIA for the interest periods commencing after 1 January 2022. In accordance with the Phase 2 amendments to IFRS 9, the Company has adjusted the effective interest rate on its borrowings resulting in no immediate impact on profit or loss.

The Group's USD First Lien Term Loan B, and certain of its cross-currency interest rate swaps are indexed to USD-LIBOR. See Notes 22 and 23 for details of the borrowings and hedging derivatives notional amounts. The Group is monitoring and evaluating the related risks, which include interest payments on its borrowings, and amounts received on certain of its cross-currency interest rate swaps. These risks arise in connection with transitioning contracts to an alternative rate, including any resulting value transfer that may occur. Additional risk exists as the method of transitioning to an alternative reference rate may be challenging and requires agreement with the respective counterparty about how to make the transition.

The table below indicates the nominal amount and carrying amount of financial instruments that will be affected by IBOR reform which are yet to transition to alternative benchmark rates. The Company has adopted the Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 issued in September 2019 ("Phase 1 relief") in relation to its derivatives in hedge relationships. Adopting these amendments provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Current Benchmark Rate	Non-Derivative Financial Liability Nominal Amount	Derivative Instruments Nominal Amount
USD Libor	\$2,901.7m	\$2,901.7m

The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness will continue to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

As illustrated above, the Company has a significant exposure to changes in the USD IBOR benchmark. At 31 December 2022 the Company has term loan of USD \$2,901.7m and cross-currency interest rate swaps with a notional amount of USD \$2,901.7m, which are indexed to USD LIBOR. The cross-currency interest rate swaps are designated in a cash flow hedge relationship hedging the USD LIBOR term loan. In assessing whether the hedges are expected to be highly effective on a forward-looking basis, the Company has assumed that the USD LIBOR interest rate on which the cash flows of its interest rate swaps and its hedged floating rate loans are based are not altered by IBOR reform.



# Notes to the Consolidated Financial Statements continued

## 2. Recent accounting pronouncements continued

### IBOR reform continued

The Company anticipates that USD LIBOR will transition to SOFR and has considered an IBOR transition plan to be implemented in 2023. The 2028 Term Loan raised for the Sisal acquisition in 2022 uses SOFR + CSA as the underlying reference rate. At the time of this financing, the loan agreements for the existing 2026 Term Loan B were updated to ensure consistent treatment on transition to SOFR. The transition project will include changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications. The Company currently anticipates that the areas of greatest change will be amendments to the contractual terms of its LIBOR referenced floating-rate swaps and updating its hedge designation. None of the Group's cross-currency interest rate swaps relating to the term loan of USD \$2,901.7m have interest rate reset dates which occur after 30 June 2023, the date on which USD LIBOR is expected to be discontinued. The Group expects the EURIBOR will continue to exist as a benchmark rate for the foreseeable future.

The Group will continue to apply the amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed to ends. The Group has assumed that this uncertainty will not end until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment.

## 3. Basis of preparation and accounting policies

The consolidated financial statements are prepared on the historical cost basis except for derivative financial instruments (which include betting transactions), equity securities, certain financial assets which have been designated as fair value through Profit and Loss (FVTPL), fair value through Other Comprehensive Income (FVOCI), contingent deferred consideration and share-based payments, all of which are stated at fair value (grant date fair value in the case of share-based payments). The consolidated financial statements are presented in pounds sterling and are rounded to the nearest 0.1 million.

Further to IAS Regulation (EC1606/2002, 'Accounting standards adopted for use in the EU'), EU law requires that the annual consolidated financial statements of the Group be prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union ("EU"). These consolidated financial statements have been prepared on the basis of IFRS adopted by the EU and effective for accounting periods ending on or after 1 January 2022.

The accounting policies applied in the preparation of these consolidated financial statements have been applied consistently during the year and prior year, except as noted above and in Note 2 'Recent accounting pronouncements'.

### Going concern

The Group reported EBITDA of £917.6m and a loss after tax of £304.9m for the year ended 31 December 2022. This includes £976.4m of depreciation and amortisation charged against profit in the year. The net cash generated from operating activities during the year ended 31 December 2022 was £1,297.4m. The balance sheet at 31 December 2022 reported a net current liability position of £416.3m. During the 12 months ended 31 December 2022, the Group has been in compliance with all covenants related to its lending arrangements.

The Directors have considered the available financial resources which include, at 31 December 2022, £2,091.1m of cash and cash equivalents of which £797.9m is available for corporate use and a £749m Revolving Credit Facility with undrawn capacity of £675m. Whilst there are certain contractual loan repayments due within the next 12 months of £35.6m, the Group's lending facilities primarily fall due in 2025 and 2026 as set out in more detail in Note 22. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. See 'Managing and understanding our principal risks' on pages 92 to 99 of this Annual Report and Financial Statements for more detail on the principal risks and uncertainties affecting the Group and the steps taken to mitigate these risks.

The Group's forecasts for the 12 months from 1 March 2023 and beyond indicate that it will continue to have significant financial resources, continue to settle its debts as they fall due and operate well within its banking covenants as outlined in Note 22 for at least a period of 12 months from the date of these consolidated financial statements. 12 months from the date of these consolidated financial statements was selected as the going concern period as it represents the period in which the Group has prepared detailed forecasts for the majority of the period and it also reduces the degree of judgement and estimation uncertainty involved in both the forecasts and the downside scenarios.

Various downside scenarios over and above those already included in the base case model on the potential impact of further reductions to cash flows due to reduced customer discretionary income, changes in the legal, regulatory and licencing landscape and the Group's cyber and IT resilience have been considered in respect of these forecasts. The impact of these items involves judgement and estimation uncertainty.

In the event that it were necessary to draw down additional debt funding, the Directors have a reasonable expectation that this could be achieved within the confines of its existing debt facilities and financial covenant requirements.

Having given regard to the above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these consolidated financial statements, and therefore they continue to adopt the going concern basis in its consolidated financial statements.

### 3. Basis of preparation and accounting policies continued

#### Basis of consolidation

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group's consolidated financial statements include the accounts of the Company and its subsidiary undertakings. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated on consolidation except to the extent that unrealised losses provide evidence of impairment.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The non-controlling interests represent ownership interests entitling their holders to a proportionate share of net assets upon liquidation of the subsidiary, and may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the subsidiary's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Non-controlling interests are initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the subsidiary's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. "Total comprehensive income" is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon the loss of control of a subsidiary, the Group's profit or loss on disposal is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Upon the Group's acquisition of further interest in a subsidiary, the non-controlling interest is reduced by the proportionate interest acquired, with the balance between the consideration paid and interest acquired being recognised in equity.

When a put option is held by a non-controlling interest in a subsidiary whereby that party can require the Group to acquire the non-controlling interest's shareholding in the subsidiary at a future date and the non-controlling interest retains present access to the results of the subsidiary, the Group applies the present access method of accounting to the arrangement, the existing shares held by the non-controlling interest are presented as a separate component of equity and the option is classified as a derivative and is recognised as a financial instrument on inception with fair value movements recognised through profit and loss.

When the Group has a call option over the shares held by a non-controlling interest in a subsidiary whereby the Group can require the non-controlling interest to sell its shareholding in the subsidiary at a future date, the option is classified as a derivative and is recognised as a financial instrument on inception with fair value movements recognised through profit and loss.

When the settlement of a put option in cash cannot be wholly avoided, a financial liability is recognised at the present value of the amounts payable upon exercise of the option. On initial recognition, the corresponding debit relating to the financial liability is booked to equity attributable to the Company within the category "Retained Earnings". Subsequent changes in the carrying amount of the financial liability that result from the remeasurement of the present value of the amount payable upon exercise of the non-controlling interest option are recognised in equity.

#### Revenue

The services provided by the Group comprise sports betting (sportsbook, the exchange sports betting product, daily fantasy sports products and pari-mutuel betting products), fixed odds games betting, online games and casino, lottery, peer-to-peer games including online poker, online bingo and online rummy and business-to-business services. Revenue is stated exclusive of value-added tax ("VAT").

Revenue from contracts with customers is recognised when control of the Group's services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has concluded that it is the principal in its revenue arrangements because it controls the services before transferring them to the customer except for the newly acquired lottery business as described below where it operates as the agent.

Information about the nature and timing of the satisfaction of performance obligations pertaining to the Group's main sources of revenue are outlined below:

#### Sportsbook revenue

The Group's sportsbook betting revenues are classified as derivative financial instruments, with the exception of:

- a. exchange sports betting product and pari-mutuel betting products on which commission income is earned;
- b. peer-to-peer games on which commission income and tournament fees are earned (including daily fantasy sports); and
- c. business-to-business services on which fees are earned.

Revenue from sportsbook betting activities represents the net gain or loss from betting activities in the year and is recognised upon the occurrence of the event plus the gain or loss on the revaluation of open positions at year end and is stated net of the cost of customer promotions and bonuses incurred in the year. These derivatives are recognised initially at fair value and subsequently at fair value through profit or loss, within the revenue line as this represents the Group's principal activity. Customer promotions (including free bets) and bonuses are deducted from sportsbook betting revenue.

# Notes to the Consolidated Financial Statements continued

## 3. Basis of preparation and accounting policies continued

### Revenue continued

Revenue from the exchange sports betting product represents commission earned on betting activity and is recognised on the date the outcome for an event is settled.

Revenue from pari-mutuel betting products represents a percentage of stake and is recognised on settlement of the event, and is stated net of customer promotions and bonuses in the year.

Revenue from business-to-business services represents fees charged for the services provided in the year.

Revenue from conversion margins is the revenue earned on the processing of real-money deposits and cash outs in specified currencies. Revenue from customer cross-currency deposits and withdrawals is recognised when the transaction is complete at a point in time. Revenue is recognised with reference to the underlying arrangement and agreement with the players and represents a single performance obligation and is recorded within the applicable line of operations.

Revenue from daily fantasy sports products represents entry fees less prizes paid and player acquisition and retention incentives. Prizes are generally paid in cash or an entry fee into specific contests or tournaments.

The Group earns service fees from offering fantasy sports contests ("Contests") and fantasy sports tournaments ("Tournaments") to users. Contests are generally completed in a single day or up to one week. Tournaments are generally completed in one week or up to several months over two to three rounds. For Contests, revenue is recognised when the contest is settled. For Tournaments, revenue is recognised over the period of the tournament as each round is completed and there is no longer a service obligation to each user that participated in the tournament.

### Gaming revenue

Revenue from fixed odds games and the online casinos represents net winnings ("customer drop"), being amounts staked net of customer winnings, and is stated net of customer promotions and bonuses incurred in the year.

Revenue from peer-to-peer games represents commission income ("rake") and tournament fees earned from games completed by the year end, and is stated net of the cost of customer promotions and bonuses incurred in the year.

The Group's performance obligations are satisfied upon the outcome of the game with the net win/loss determined and recognised at that time.

### Lottery revenue

Lottery revenues are recorded net of tax, winnings and retailer network fees. Sisal operates as an agent in relation to the NTNG (National Totalizator Numeric Gaming) concession in Italy where the nature of the transaction is the arrangement of services to be provided acting as an intermediary, with no control obtained by Sisal prior to the transfer of the services. The unclaimed prizes remain in liabilities with corresponding cash-backing until they are ultimately paid over to the State after a mandated period of time. Immediately after the draw period is closed (according to the gaming rules 60 or 90 days), all the unclaimed prizes will be paid to the State directly from its bank accounts. At this point, there is a reduction of the related liability and a reduction of the cash balance.

Revenue from draw based games is recognised upon the execution of the draw. The amount recognised represents commission income per the agreement with the licensor and is stated net of the cost of customer promotions and bonuses incurred in the year.

Revenue from instant lottery games such as scratch cards is recognised on sale. The amount recognised represents commission income per the agreement with the licensor and is stated net of the cost of customer promotions and bonuses incurred in the year.

### Service charge income

This relates to a contractual agreement for a facility fee charged to the affiliated NTNG PoS Network. This is a fee for a portfolio of different services which includes insurance coverage, marketing services and technical support.

### Play-money gaming revenue

Customers can participate in online poker tournaments and social casino games using play-money, or virtual currency. Customers can purchase additional play-money chips online to participate in the poker tournaments and social casino games. The revenue is recognised at a point in time when the customer has purchased such chips as control has been transferred to the customer and no further performance obligations exist. Once a customer has purchased such chips, they are non-refundable and non-cancellable.

### Other

The Group sponsors certain live poker tours and events, uses its industry expertise to provide consultancy and support services to the casinos that operate the events, and has marketing arrangements for branded poker rooms at various locations around the world. The Group also provides customers with access to odds comparisons, tips and other information to assist with betting, and provides other media and advertising services, and limited content development services with revenue generated by way of affiliate commissions, revenue share arrangements and advertising income as applicable. Revenue is recognised upon satisfying the applicable performance obligations, at a point in time or over time as applicable.

Revenue from sponsorships represents advertising campaigns for customers who become a presenting sponsor at events. Customers are generally billed prior to the campaign launch and revenue is earned over the period of the event.

### 3. Basis of preparation and accounting policies continued

#### Cost of sales

Cost of sales includes direct costs incurred by the Group associated with revenue generation activities and principally comprises betting and gaming taxes, goods and services tax in Australia, software supplier costs, customer payment transaction fees, sporting levies and other data rights charges.

#### Research and development

Expenditure on research activities is recognised in the income statement as an expense in the year in which it is incurred. Expenditure on development activities is recognised in profit or loss as an expense in the year in which it is incurred, except in cases where necessary criteria for capitalisation are met. Such criteria include demonstrating the technical feasibility of the product and having sufficient certainty over future revenue or cost savings that will be generated from the product. The qualifying expenditure capitalised represents costs directly attributable to the development of the asset. This expenditure is capitalised from the date when it first meets the recognition criteria and until the date at which the asset is available for use. Capitalised development expenditure assets are amortised on a straight-line basis from the date they are available for use over their useful economic life.

The amortisation method and the life of the commercial production are assessed annually, and the assets are tested for impairment whenever an indication exists that an asset might be impaired.

#### Financial income

Interest income is recognised on an accruals basis by reference to the principal outstanding and the effective rate of interest. Financial income includes positive changes in the fair value of embedded derivatives, positive changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains on financing instruments associated with financing activities, ineffectiveness of cash flow hedges and positive changes in the fair value of deferred contingent consideration.

#### Financial expense

Financial expense comprises interest expense on borrowings (except in respect of borrowing costs relating to qualifying assets), lease interest, interest on guarantee contracts entered into with third parties, the unwinding of the discount on provisions and other non-current liabilities, financing-related fees not eligible for capitalisation, foreign exchange losses on financing instruments associated with financing activities, negative changes in the fair value of embedded derivatives, negative changes in the fair value of financial assets at fair value through profit or loss, ineffectiveness of cash flow hedges and negative changes in the fair value of deferred contingent consideration.

#### Bank and credit card charges

Bank and credit card charges and fees that are considered integral to the operations of the Group's business are recognised in 'cost of sales' in the consolidated income statement. Bank charges and fees that are related to the Group's financing activities are recognised in 'financial expense' in the consolidated income statement.

#### Operating segment reporting

Operating segments are distinguishable components of the Group that have been established based on the internal reports and other information (including internal regulatory reports and acquisition approval papers) regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") in order to assess each segment's performance and to allocate resources to them. The Group determined that it is the Chief Executive Officer and Chief Financial Officer jointly who are performing the function of CODM.

Geographical segments provide services within a particular economic environment that are subject to risks and rewards that are different from those components operating in alternative economic environments.

For further information on operating segments see Note 5.

#### Functional and presentation currency

IFRS requires entities to consider primary and secondary indicators when determining functional currency. Primary indicators are closely linked to the primary economic environment in which the entity operates and are given more weight. Secondary indicators provide supporting evidence to determine an entity's functional currency. Once the functional currency of an entity is determined, it should be used consistently, unless significant changes in economic factors, events and conditions indicate that the functional currency has changed.

A change in functional currency is accounted for prospectively from the date of the change by translating all items into the new functional currency using the exchange rate at the date of the change.

Based on an analysis of the primary and secondary indicators, the Company has determined its and its subsidiaries' functional currencies. The Company's functional currency is pound sterling.

The pound sterling represents the primary currency for transactions and as such the Group has chosen to present its financial statements in pound sterling. Items included in the financial statements of each of the Group's entities are measured using their respective functional currencies, which are primarily the pound sterling ("GBP"), euro ("EUR"), Australian dollar ("AUD") and US dollar ("USD").



# Notes to the Consolidated Financial Statements continued

## 3. Basis of preparation and accounting policies continued

### Foreign currency transactions

Transactions in foreign currencies are translated at the relevant foreign exchange rate ruling at the date of the transaction.

Non-monetary assets that are carried at historical cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to functional currencies at the foreign exchange rates ruling at that date.

Foreign exchange differences arising on translation are recognised in the income statement.

Gains and losses arising on the retranslation of cash and cash equivalent balances are included within 'operating costs excluding depreciation, amortisation and impairment' in the income statement rather than as financial income or expense, as the Directors consider that the gains or losses arising relate to operations, as the Group broadly matches its foreign currency denominated assets and liabilities to ensure that foreign exchange gains and losses are minimised. Gains and losses on retranslation of non-cash assets and liabilities with the exception of balances related to the Group's financing arrangements are also dealt with as operating items. Gains and losses on retranslation of balances relating to the Group financing activities are dealt with as financing items. Gains and losses on foreign currency retranslation are separately analysed into their components in the statement of cash flows.

For a review of the hedge accounting policies adopted by the Group, see Hedging Activities below.

### Foreign currency translation of foreign operations

To the extent that the Group's foreign operations are considered to have functional currencies which are different from the Group's presentation currency, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation and long-term intra-group loans that are part of the net investment because repayment is not planned or foreseen, are translated to GBP at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of these foreign operations are translated to GBP at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in the consolidated statement of other comprehensive income and presented in the foreign currency translation reserve within equity.

### Income tax

Income tax in the income statement comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to the tax payable in respect of the previous year.

Where uncertain tax treatments exist, the Group assesses whether it is probable that a tax authority will accept the uncertain tax treatment applied or proposed to be applied in its income tax filings. The Group assesses for each uncertain tax treatment whether it should be considered independently or whether some tax treatments should be considered together based on what the Group believes provides a better prediction of the resolution of the uncertainty. The Group considers whether it is probable that the relevant authority will accept each uncertain tax treatment, or group of uncertain tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on laws that have been enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting period and are adjusted to reflect the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset to the extent that they relate to income taxes levied by the same taxation authority where there is a legally enforceable right to set-off in each jurisdiction.

### Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The value of an acquisition is measured at the date that control passes and represents the aggregate of the fair values of assets given, liabilities incurred or assumed and any equity instruments issued by the Group in exchange for control of the acquiree and fair value of previously held equity interests. The identifiable assets and liabilities of the acquiree are recognised at their fair values at the date of acquisition.

Goodwill recognised subsequent to 1 January 2004, representing the excess of purchase consideration over the fair value of net identifiable assets acquired defined in accordance with IFRS 3 Business Combinations, is capitalised. Goodwill is initially recognised as an asset at cost and is thereafter measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment annually. Any impairment in the value of goodwill is recognised in the income statement in the year in which it arises. Goodwill is recognised only when control of the acquiree is initially achieved. Following the acquisition of control, no goodwill is recognised on subsequent purchases of equity interests in the acquiree and instead the difference between the cost of such acquisitions is recognised through retained earnings. An adjustment is also made to non-controlling interests and the foreign exchange translation reserve through retained earnings to reflect the reduced non-controlling interest. Costs relating to the acquisition of businesses that occurred since 1 January 2010 are expensed to the income statement when incurred. Costs related to the acquisition of non-controlling interests are recognised directly in retained earnings.

### 3. Basis of preparation and accounting policies continued

#### Business combinations continued

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders percentage interest in the net fair value of the assets, liabilities and contingent liabilities recognised under the proportionate interest method. Subsequently the non-controlling interests are allocated their share of results recognised in the income statement and the statement of comprehensive income.

Amounts payable in respect of deferred contingent consideration are recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in the income statement within financial expense or income.

#### Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing items and restoring the sites on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net in the income statement.

Depreciation is calculated to write-off the cost less estimated residual value of property, plant and equipment on a straight-line basis over their useful lives, as follows:

Land	Not depreciated
Buildings: Freehold	25 – 50 years
Buildings: Leasehold improvements	Unexpired term of the lease, except for leases with an initial term of 10 or less years, which are depreciated over the unexpired term of the lease plus the renewal length of the lease if there is an unconditional right of renewal
Fixtures and fittings	3 – 10 years
Equipment	1 – 10 years
Right-of-use asset	Shorter of term of lease and useful life of the asset, as defined under IFRS 16

Assets in the process of construction are stated at cost less impairment losses. Depreciation of these assets begins when the assets are ready for their intended use.

The residual value of property, plant and equipment, if not insignificant, is reassessed annually. Depreciation methods and useful lives are reviewed by the Group annually.

Equipment includes computer equipment, screens and gaming machines.

#### Intangible assets

Intangible assets, principally comprising brands, customer relations, computer software, technology and patents, development expenditure, licences (including US market access and Sisal concessions), contractual network and broadcasting and wagering rights are capitalised and amortised over their estimated useful economic lives on a straight-line basis, with the exception of customer relations which is amortised on a reducing balance basis.

Brands represent the fair value of brands and trade-mark assets acquired in business combinations.

Customer relations represent the fair value of customer relations acquired in business combinations.

Computer software, technology and patents includes the costs incurred in acquiring and bringing specific software programs into use and the fair value of software and technology acquired in business combinations.

Maintenance costs relating to computer software programs are expensed to the income statement when incurred.

Development expenditure represents internally generated costs incurred on development activities. These costs have been capitalised in accordance with the requirements of IAS 38 Intangible Assets.

Licences comprise the costs of acquiring gambling licences including US market access payments across a number of jurisdictions globally, retail bookmaking licences, the rents incurred in respect of the year prior to each shop opening for business (as the existence of a premises is a pre-requisite for obtaining such licences) and licences for electronic point-of-sale (“EPOS”) system software. Following the acquisition of Sisal, this also includes amounts in respect of Gaming and Lottery concessions whereby licences are awarded for the right to distribute gaming and lottery products.

# Notes to the Consolidated Financial Statements continued

## 3. Basis of preparation and accounting policies continued

### Intangible assets continued

Contractual Network represents the fair value of the contractual network acquired as part of the Sisal business combination.

Broadcasting and wagering rights represent assets acquired as part of the all-share merger with Betfair Group plc in 2016 and in particular relates to the US segment. This is now fully amortised.

The estimated useful economic lives of intangible assets, according to which amortisation is calculated, are as follows:

Brands	8 – 20 years
Customer relations	4 – 20 years in reducing balance, based on estimated customer lifecycle
Computer software, technology and patents	2 – 5 years
Development expenditure	3 – 5 years
Licences	2 – 20 years
Contractual network	15 – 20 years
Broadcasting and wagering rights	6 years

The licences intangible assets recognised on the acquisition of the D McGranaghan Limited business in 2008, the acquisition of an additional betting shop in Northern Ireland in 2011 and the brands intangible assets recognised on the acquisition of Sportsbet Pty Limited and International All Sports Limited (“IAS”) in 2009, are considered indefinite life intangibles (see Note 13) and are therefore not amortised but rather are tested for impairment annually. For additional details regarding these assets and impairments, see Note 13.

### Financial instruments

#### Financial assets

##### Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at FVTPL (as defined below), transaction costs that are directly attributable to the acquisition of the financial asset. The Group classifies financial assets into one of the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss (“FVTPL”);
- Those to be measured subsequently through other comprehensive income (“FVOCI”); or
- Those to be measured at amortised cost.

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows. Except in very limited circumstances, the classification may not be changed subsequent to initial recognition. The Group only reclassifies debt instruments when its business model for managing those assets changes.

##### Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of that asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost:** debt instruments are measured at amortised cost if they are held within a business model with the objective of collecting the contractual cash flows and those cash flows solely represent payments of principal and interest. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the debt instrument is derecognised or impaired. Interest income from these debt instruments is recognised using the effective interest rate method. Cash, restricted cash and accounts receivable are classified as amortised cost.
- FVOCI:** debt instruments are measured at FVOCI if they are held within a business model with the objective of either collecting the contractual cash flows or of selling the debt instrument, and those cash flows solely represent payments of principal and interest. Movements in the carrying amount are recorded in other comprehensive income, with impairment gains or losses, interest income and foreign exchange gains or losses recognised in profit or loss. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Bonds recorded within current investments are classified as FVOCI.
- FVTPL:** debt instruments that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated income statement.

### 3. Basis of preparation and accounting policies continued

#### Financial instruments continued

##### Impairment of financial assets (including receivables)

The Group recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured at 12-month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full or the financial asset is significantly past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

##### Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

##### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- a. significant financial difficulty of the third party;
- b. a breach of contract such as a default;
- c. the restructuring of a balance by the Group on terms that the Group would not consider otherwise; or
- d. it is probable that the third party will enter bankruptcy or other financial reorganisation.

##### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. See Note 26 for further detail.

##### Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

#### Financial liabilities

##### Recognition and measurement

Financial liabilities are classified, at initial recognition, as either financial liabilities at FVTPL or other financial liabilities.

- **FVTPL:** Financial liabilities are classified as FVTPL if they are held for trading or are designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or the financial liability is managed and its performance is evaluated on a fair value basis. Any gains or losses arising on remeasurement are recognised in the consolidated income statement. Derivative instruments and certain other level 3 liabilities (see Note 28) are classified as FVTPL.
- **Other financial liabilities:** Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability (or a shorter period where appropriate) to the net carrying amount on initial recognition. Long-term debt is classified within other financial liabilities and is measured at amortised cost.



# Notes to the Consolidated Financial Statements continued

## 3. Basis of preparation and accounting policies continued

### Financial instruments continued

#### Debt modifications

The Group may pursue amendments to its credit agreements based on, among other things, prevailing market conditions. Such amendments, when completed, are considered by the Group to be either debt modifications or re-estimation of cash flows.

The accounting treatment of debt modifications depends upon whether the modified terms are substantially different than the previous terms. The terms of an amended debt agreement are considered substantially different when either: (i) the discounted present value of the cash flows under the new terms, discounted using the original effective interest rate, are at least 10% different from the discounted present value of the remaining cash flows of the original debt; or (ii) management determines that other changes to the terms of the amended agreement, such as a change in the environment in which a floating interest rate is determined, are substantially different. If the modification is considered to be substantially different, the transaction is accounted for as an extinguishment of the original debt instrument, which is derecognised and replaced by the amended debt instrument, with any unamortised costs or fees incurred on the original debt instrument recognised as part of the gain or loss on extinguishment. If the modification is not considered to be substantially different, an adjustment to the carrying amount of the original debt instrument is recorded, which is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate with the difference recognised in financial expense in the consolidated income statement.

#### Re-estimation of cash flows

Where an original contract facilitates a repricing of a fixed component of an interest rate and where the terms enable an option to prepay without significant penalty the Group will apply the policy of revising the original effective interest rate of the financial contract based on the new term that aligns the interest rates to market rates, to reflect changes in cash flow for calculation of the modification gain or loss resulting in a re-estimation of cash flows.

#### Transaction costs

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities that are classified as FVTPL) are added to or deducted from, as applicable, the fair value of the financial instrument on initial recognition. These costs are expensed to financial expenses in the consolidated income statement over the term of the related interest-bearing financial asset or financial liability using the effective interest method. When a debt facility is retired by the Group, any remaining balance of related debt transaction costs is expensed to financial expenses in the period that the debt facility is retired. Transaction costs related to financial instruments at FVTPL are expensed when incurred.

Where new transaction fees are incurred as result of the re-estimation of cash flows under the existing contract (rather than a modification of contractual terms), then any transaction fees or lender costs incurred at time of revision are included in profit or loss immediately unless the lender costs incurred form part of the market interest rate in which case they alter the effective interest rate. Any existing unamortised original lender costs that do not need to be included in the measurement of the liability such that it reflects current market rates are also taken to profit or loss immediately on re-estimation of the cash flows.

### Non-derivative financial instruments

Other non-derivative financial instruments comprise cash and cash equivalents, restricted cash, deposits, investments, trade and other receivables and trade and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

*Cash and cash equivalents – available for corporate use* for the purpose of the statement of cash flows comprise cash and call deposits with an original maturity of three months or less, money market funds, and bank overdrafts, repayable on demand, that are integral to the Group's cash management. Cash and cash equivalents - available for corporate use are classified as amortised cost.

*Cash and cash equivalents – customer balances* represents cash held by the Group but which is ring-fenced, or used as security for specific arrangements (such as cash held on the balance sheet in designated client fund accounts where certain jurisdictions require the Group to do so). It includes funds held to cover monies owed to customers, as per the terms of our bookmaking and gaming licences in various jurisdictions. Cash and cash equivalents – customer balances is classified as amortised cost.

*Financial assets – restricted cash* represents cash used as collateral for a bank guarantees. It includes cash to which the Group has restricted access for a period of time. Restricted cash is classified as amortised cost and is further classified as current or non-current depending on when the restriction first ends.

Neither cash and cash equivalents nor restricted cash include certain customer funds deposited in a stakeholder account held by The Sporting Exchange (Clients) Limited, a wholly-owned subsidiary of the Group, on the basis that they are held on trust for customers and do not belong to and are not at the disposal of the Group.

Subsequent to initial recognition, cash and cash equivalents, financial assets – restricted cash, and trade and other payables are measured at amortised cost.

### 3. Basis of preparation and accounting policies continued

#### Non-derivative financial instruments continued

*Trade and other receivables* are stated at their nominal value as reduced by appropriate allowances for expected credit losses.

*Investments* are measured at fair value and changes therein, are recognised in the consolidated income statement unless the irrevocable option at initial recognition to present changes in fair value in Other Comprehensive Income ("OCI") is chosen. This designation is made on an instrument by instrument basis. Fair value is determined using a discounted cash flow which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and discounts for lack of marketability and lack of control that pertains to the minority stake.

Financial assets are derecognised if the Group's contractual right to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

#### Derivatives

As permitted by IFRS 9, the Group continues to apply the hedge accounting requirements of IAS 39 rather than the requirements of IFRS 9 and complies with the annual hedge accounting disclosures as required by IFRS 7.

The Group uses derivative instruments for risk management purposes and does not use derivative instruments for speculative trading purposes (except for derivatives with respect to the Group's sportsbook line of operations, which are transactions within the scope of IFRS 9 but reported as revenue as discussed above). All derivatives are recorded at fair value in the consolidated statements of financial position. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For derivatives not designated as hedging instruments, the re-measurement of those derivatives each year is recognised in the consolidated income statement.

Derivatives may be embedded in other financial liabilities and non-financial instruments (i.e. the host instrument). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined instrument (i.e. the embedded derivative plus the host instrument) is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognised in the consolidated income statement.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately under IFRS 9. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

#### Sports betting open positions

Amounts received from customers on sportsbook events that have not occurred by the year end are derivative financial instruments and have been designated by the Group on initial recognition as financial liabilities at fair value through profit or loss.

#### Hedge accounting

The Group designates certain derivatives as either:

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group formally documents how the hedging relationship meets the hedge accounting criteria. It also records the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

#### Cash flow hedges

The Group accounts for certain derivatives as cash flow hedges. The effective portion of the change in fair value of the hedging instrument is recorded in other comprehensive income and accumulated in the cash flow hedging reserve, while the ineffective portion is recognised immediately in the consolidated income statement. Gains and losses on cash flow hedges accumulated in other comprehensive income/(loss) are reclassified to the consolidated income statement in the same year the hedged item affects the consolidated income statement. If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to the consolidated income statement.

#### Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging item relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading foreign exchange translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. Gains and losses accumulated in other comprehensive income are reclassified to the consolidated income statement when the foreign operation is partially disposed of or sold.

# Notes to the Consolidated Financial Statements continued

## 3. Basis of preparation and accounting policies continued

### Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Significant unobservable inputs and valuation adjustments are monitored on an on-going basis.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement of the lease, and any initial costs. They are then subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset, and are tested for impairment in accordance with IAS 36, Impairment of Assets ("IAS 36").

The lease liability is initially measured at the present value of the future lease payments, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate at the lease commencement date. The Group subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Interest on the lease liability is recognised in financial expenses within the income statement. The total amount of cash payments in relation to lease payments is separated into a principal portion and interest, presented within financing activities in the consolidated statement of cash flows.

Lease payments included in the measurement of the lease liability include:

- a. fixed lease payments (including in-substance fixed payments), less any lease incentives;
- b. variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date;
- c. amount expected to be payable by the lessee under residual value guarantees;
- d. the exercise price of purchase options or the term of extension options if the lessee is reasonably certain to exercise the options; and
- e. payments of penalties for terminating the lease if the lease includes an option to terminate the lease.

The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- a. the lease term has changed or there is a change in the assessment of exercise of a purchase or an extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- b. the lease payments change due to changes in an index or rate or change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- c. a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability or right-of-use asset. The related payments are recognised as an expense in the year in which the event or condition that triggers such payments occurs.

As a practical expedient, IFRS 16 permits a lessee to account for any lease and associated non-lease components as a single arrangement instead of separating the non-lease components. The Group has applied this practical expedient.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, such as personal computers and office furniture, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

### 3. Basis of preparation and accounting policies continued

#### Leases continued

##### The Group as a lessor

The Group has a small number of properties that are sublet.

At inception of a contract, the Group determines whether each lease is a finance lease or an operating lease, by reference to the transfer of all risks and rewards in connection to ownership of the underlying asset. In the case of a finance lease, the Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

When the Group is an intermediate lessor the sub leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Under operating leases, the Group recognises the income generated by the lease on an accrual basis over the life of the contract.

#### Provisions

Provisions represent liabilities of the Group for which the amount or timing of payment is uncertain. A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is considered probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provisions due to the passage of time is recognised within financial expense on the consolidated income statement.

#### Long service leave

The provision for long service leave (that arises under the provisions of Australian state legislation) is measured per the requirements of IAS 19 Employee Benefits. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

#### Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract by the Group are less than the unavoidable costs of meeting its obligations under the terms of the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

#### Gaming tax

Gaming tax provisions relate to amounts provided for taxes in certain jurisdictions where the interpretation of tax legislation is uncertain. When the Group disagrees with the application of unclear tax legislation, for example when it is applied retrospectively and/or results in a one-off disproportionate tax equivalent to many times the profit derived by the Group from its historic activities in that jurisdiction, the Group continues to challenge these interpretations.

Whilst the maximum potential obligation for all ongoing cases could be greater than the recognised provision, and the outcomes may not be known for some time, a liability has been recorded for the Directors' best estimate of the cash outflows that will ultimately be required in respect of each claim. Management has not provided a sensitivity for this provision as the range is not considered to be material.

#### Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives (such as certain licences and brands) or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash generating unit ("CGU") is the higher of fair value less costs to sell or its 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit", or "CGU"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



# Notes to the Consolidated Financial Statements continued

## 3. Basis of preparation and accounting policies continued

### Employee benefits

#### Pensions

Defined contribution: The Group operates a number of defined contribution schemes under which the Group pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions are recognised as an expense in the income statement as the service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

Defined benefit plans: As a result of the acquisition of Sisal, the Group now has a defined benefit plan, which also includes the severance indemnity due to employees pursuant to article 2120 of the Civil Code (TFR) in Italy, the amount of the benefit to be paid to the employee can only be quantified when the employment relationship ceases, and is linked to one or more factors such as age, years of service and salary. The charge is recognised in the statement of comprehensive income based on actuarial calculations. This amount is insignificant for 2022. Liabilities recognised in the financial statements for defined benefit plans correspond to the current value of the obligation as of the reporting date. Defined benefit plan obligations are determined annually by an independent actuary, using the projected unit credit method.

The current value of defined benefit plans is determined by discounting future cash flows at an interest rate equal to that for high-quality corporate bonds issued in Euros and takes into account the duration of the relative pension plan. The liability at 31 December 2022 is immaterial and therefore has not been separately disclosed, it is included within employee benefits in Note 19.

#### Long-term incentive bonus plans

The Group accounts for obligations relating to long-term incentive bonus plans for employees at the present value of the benefit obligation at the reporting date. The service cost relating to such plans is allocated to the financial years over which service under the plan is rendered by the employee. The income statement expense represents the increase in the present value of the benefit obligation resulting from employee service in the current year, in addition to any associated finance costs where material.

#### Share-based payments

The Group operates equity-settled long-term and medium-term incentive plans for selected senior executives and other key management under which they are conditionally awarded shares or options over Company shares which vest upon the achievement of predetermined targets and/or future service periods. The fair value is measured at the award or option grant date and is spread over the period during which the employees become unconditionally entitled to the shares or options with a corresponding increase in the share-based payment reserve in equity. The fair value of the shares conditionally granted is measured using the market price of the shares at the time of grant or in the case of shares with a non-market condition measured using either a binomial or Monte Carlo valuation model.

The Group also currently operates a Deferred Share Incentive Plan ("DSIP") whereby one-third of any annual incentive payment (determined under the Annual Cash Incentive Plan) may be paid in deferred shares. Any such deferred element granted under the DSIP will vest 50% after 1 year and 50% after 2 years from the grant date and will be fair valued using the same methodology as other long and medium-term incentive plans. The two-thirds cash portion is measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under this cash portion if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group operates an equity-settled Share Save scheme ("SAYE") for employees under which employees acquire options over Company shares at a discounted price subject to the completion of a savings contract. The fair value of share options granted is recognised as an employee cost with a corresponding increase in the share-based payment reserve in equity.

The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes model, taking into account the terms and conditions, other than non-market performance conditions, upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest for only non-market vesting and service conditions.

For the FOX equity option which is treated as a contingent cash-settled share-based payment, management has made certain judgements in the recognition and measurement of liabilities in relation to this commercial agreement and associated right of FOX Sports to acquire equity, including its judgement as to the probable method of settlement. The right has been valued using a discounted cash flow model and, as it represents a contingently cash-settled share-based payment, will be recorded at fair value at each reporting period.

### 3. Basis of preparation and accounting policies continued

#### Share capital

##### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects within retained earnings.

##### Shares held by Employee Benefit Trust

The costs of purchases of the Company's shares by the Employee Benefit Trust, which have been conditionally awarded to employees under the terms of the share award schemes, are shown separately as deductions from equity in the consolidated statement of financial position.

##### Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. The repurchased shares are classified as treasury shares and are presented as a deduction from total equity. Transaction costs relating to the purchase by the Company of its own shares are recognised directly in retained earnings. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is recognised in share premium.

Where the Company purchases its own shares and subsequently cancels those shares, the cost of the shares cancelled is written off directly to retained earnings. The nominal value of the shares cancelled is transferred from share capital to undenominated capital.

##### Dividends

Dividends on ordinary shares are recognised in equity in the year in which they are approved by the Company's shareholders, or, in the case of the interim dividend, when it has been approved by the Board of Directors and paid.

##### Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which include awards under share award schemes and share options granted to employees.

##### Separately disclosed items

Separately disclosed items are those that in management's judgement need to be disclosed by virtue of their size, incidence or if not part of the Group's normal trading activities. The separate reporting of these items helps provide a better understanding of the Group's underlying performance.

Such items may include the amortisation of acquisition-related intangibles, significant restructuring and integration costs, material fees in respect of acquisitions, significant litigation items, significant impairment of property, plant and equipment and intangible assets, disposal of subsidiaries and also significant movement in the fair value of contingent consideration. Following the acquisition of TSG in 2020, and the significant change in the Group's debt and derivatives portfolio, the Group considers items such as the gain/loss on embedded derivatives, the gain/loss on accelerated debt repayments and settlements, foreign exchange gain/losses on financial instruments associated with financing activities, and the write-off and expensing of one-off fees that do not meet the criteria for capitalisation as items that should be separately disclosed. The Group also considers significant transactions that have a material and distorting impact on the Group's effective tax rate in a given year as items that require separate disclosure.

In the majority of cases, it is the material impact that these items have on the financial statements that determines whether they should be separately disclosed. Materiality is determined by assessing whether disclosing such items separately would present a reader with a better understanding of the performance of the Group. If such items were deemed to be less than material, they would not be separately disclosed.

These items, usually due to their size and nature tend to be non-recurring items and would not arise on an annual basis. However, in other cases, items such as, for example, the amortisation of acquisition-related intangibles, may occur over several years but are disclosed separately due to their finite life and the significantly changing amortisation profile of the assets in question in the related years. Other items such as the foreign exchange gains/losses associated with financing activities would also arise on a regular basis and can be separately disclosed due to their volatile nature.

The separate disclosure of such items helps the reader better understand underlying business performance.

The tax-related impact of such items is also disclosed separately.

# Notes to the Consolidated Financial Statements continued

## 4. Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

### Judgements

In preparing these Consolidated Financial Statements, the significant judgements in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2021 and are detailed below:

#### Valuation of tax assets and liabilities

Whilst we maintain good communication with key tax authorities, given the global nature of our business and the complex international tax landscape, there remain areas of tax uncertainty and therefore there is a level of uncertainty with regards to the measurement of our tax assets and liabilities. Uncertainties have been measured using the best estimate of the likely outcome. This assessment relies on estimates and assumptions and may involve a series of judgements about future events.

Where uncertain tax treatments exist, the Group assesses whether it is probable that a tax authority will accept the uncertain tax treatment applied or proposed to be applied in its tax filings. The Group assesses each uncertain tax treatment as to whether it should be considered independently or whether some tax treatments should be considered collectively based on what the Group believes provides a better estimate of the resolution of the uncertainty. The Group considers whether it is probable that the relevant authority will accept each uncertain tax treatment, or group of uncertain tax treatments, assuming that the taxation authority will have full knowledge of all relevant information when doing so.

The key areas of judgement are in relation to intercompany transactions, including internally generated intangible asset transfers, and the recognition of deferred tax, particularly in respect to US business. Whilst we have strong profitability forecasts in respect to the US business, and we are confident the US business will be profitable in the foreseeable future, the Group recognises that the US business remains loss making during the current period and has not been profitable to date, taking this into account, the Group has partially recognised losses.

Recognition of deferred tax assets requires consideration of the value of those assets and the likelihood that those assets will be utilised in the foreseeable future. The recognition relies on the availability of sound and relatively detailed forecast information regarding the future performance of the business which has the legal right to utilise the deferred tax assets. The Group performed its assessment of the recovery of deferred tax assets at 31 December 2022, taking into account the Group's actual and historic performance, the impact of tax legislation enacted at the reporting date and the detailed financial forecasts and budgets for the business covering the periods over which the assets are expected to be utilised.

New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax assets and liabilities; such changes to tax assets and liabilities will impact the income tax in the period in which such a determination is made. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks and the Group believes that the position for all tax assets and liabilities at 31 December 2022 is adequate based on its assessment of the range of factors outlined above but given the inherent uncertainty, it is possible that resolution of tax uncertainties may differ from the amounts provided for.

## 4. Judgements and estimates continued

### Estimates

Determining the fair value of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting year. The following discussion sets forth key sources of estimation uncertainty at the end of the reporting year that management believes have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Acquisition accounting and value of acquired assets and liabilities

The acquisition method of accounting is used to account for all business combinations. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The acquisition of Sisal (see Note 15) during the year resulted in significant judgement and estimation in particular in relation to the identification and valuation of separable intangible assets, future cashflows, appropriate discount rates and determining appropriate useful economic lives for these assets. The discount rates used ranged from 8.8% to 14.9% and the terminal growth rates were between 0% and 5.0%. If the purchase consideration exceeds the fair value of the net assets acquired, then the difference is recognised as goodwill. The Group has one year from the acquisition date to re-measure the fair values of the acquired assets and liabilities and the resulting goodwill if new information is obtained relating to conditions that existed at the acquisition date. Acquisition related costs are expensed as incurred. The business combinations entered into during the year are disclosed in Note 15.

### Measurement of the recoverable amounts of cash generating units containing goodwill, indefinite life licences and intangible assets

The Group reviews the carrying value of goodwill for impairment annually (or more frequently if there are indications that the value of goodwill may be impaired) by comparing the carrying values of these cash generating units with their recoverable amounts (being the higher of value in use and fair value less costs to sell). The impairment review is performed on a "value-in-use" basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. Certain of these estimates and assumptions are subjective in nature.

## 5. Operating segments

### Reportable business segment information

The Group's four reportable segments are:

- UK & Ireland;
- Australia;
- International; and
- US.

#### UK & Ireland

The UK & Ireland ("UK&I") segment is comprised of the operations of Sky Betting & Gaming, Paddy Power, Betfair and from January 2022, tombola (see Note 15). Revenues are earned primarily from sports betting (sportsbook and the exchange sports betting product) and gaming services (games, casino, bingo and poker). Until August 2021, this segment also included the results of Oddschecker (odds comparison website) at which point the business was disposed. Services are provided primarily via the internet but also through licensed bookmaking shop estates.

#### Australia

The Australia segment is comprised of the operations of the Sportsbet brand and earns its revenues from sports betting services provided to Australian customers primarily online.

#### International

The International segment is comprised of PokerStars, Betfair International, Adjarabet, Jungle Games and from August 2022, Sisal (see Note 15). The International segment earns most of its revenues from poker, casino, rummy, lottery and sports betting through various brands. Services are provided primarily via the internet but also through licensed retail outlets mainly in Italy following the acquisition of Sisal.

#### US

The US segment is comprised of the FanDuel, TVG, FOX Bet, Stardust and PokerStars brands' and earns its revenues from sports betting, daily fantasy sports and gaming services (casino and poker) provided to customers, using primarily the internet, with a proportion of US sports betting services also provided through a small number of retail outlets.



## Notes to the Consolidated Financial Statements continued

### 5. Operating segments continued

#### Corporate

Corporate administrative costs (Board, Finance, Legal, Internal Audit, HR, Property and other central functions) cannot be readily allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions. These are shown in the reconciliation of reportable segments to Group totals.

The accounting policies in respect of operating segments reporting are the same as those described in the basis of preparation and summary of significant accounting policies set out in the Company's last annual financial statements in respect of the year ended 31 December 2021.

The Group does not allocate income tax expense or financing income and expenses to reportable segments. Treasury management is centralised for the UK&I, Australia, International and US segments.

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

#### Seasonality

The Group's sportsbook revenue is driven by a combination of the timing of sporting and other events and the Group's results derived from those events. The Covid pandemic caused some postponement and cancellation of sporting events across the world and skewed results for the comparative year in particular. Gaming and other revenue is not as dependent on the sporting calendar.

Reportable business segment information for the year ended 31 December 2022:

	UK&I £m	Australia £m	International £m	US £m	Corporate £m	Total £m
Revenue from external customers	2,143.7	1,263.0	1,682.5	2,604.0	—	7,693.2
Cost of sales before separately disclosed items	(653.3)	(635.4)	(569.7)	(1,305.6)	—	(3,164.0)
<b>Gross profit before separately disclosed items</b>	<b>1,490.4</b>	<b>627.6</b>	<b>1,112.8</b>	<b>1,298.4</b>	<b>—</b>	<b>4,529.2</b>
Operating costs excluding depreciation and amortisation before separately disclosed items	(836.1)	(237.4)	(755.2)	(1,548.1)	(107.4)	(3,484.2)
<b>Adjusted EBITDA<sup>1</sup> before separately disclosed items</b>	<b>654.3</b>	<b>390.2</b>	<b>357.6</b>	<b>(249.7)</b>	<b>(107.4)</b>	<b>1,045.0</b>
Depreciation and amortisation before separately disclosed items	(133.0)	(29.4)	(121.4)	(79.4)	(5.4)	(368.6)
(Loss)/profit on disposal before separately disclosed items	(2.6)	—	0.5	1.1	—	(1.0)
<b>Reportable segment profit/(loss) before separately disclosed items</b>	<b>518.7</b>	<b>360.8</b>	<b>236.7</b>	<b>(328.0)</b>	<b>(112.8)</b>	<b>675.4</b>
Legal provision releases	—	17.7	20.6	—	—	38.3
Amortisation of acquisition-related intangible assets (Note 6)	(261.1)	(23.2)	(305.6)	(17.9)	—	(607.8)
<b>Reportable segment profit/(loss) after amortisation of acquisition-related intangibles</b>	<b>257.6</b>	<b>355.3</b>	<b>(48.3)</b>	<b>(345.9)</b>	<b>(112.8)</b>	<b>105.9</b>
Transaction fees and associated costs <sup>2</sup>						(35.0)
Restructuring and integration costs <sup>2</sup>						(130.7)
<b>Operating loss</b>						<b>(59.8)</b>

## 5. Operating segments continued

Reportable business segment information for the year ended 31 December 2021:

	UK&I £m	Australia £m	International £m	US £m	Corporate £m	Total £m
Revenue from external customers	2,062.9	1,293.5	1,288.4	1,391.4	—	6,036.2
Cost of sales before separately disclosed items	(621.2)	(635.8)	(391.6)	(613.6)	—	(2,262.2)
<b>Gross profit before separately disclosed items</b>	<b>1,441.7</b>	<b>657.7</b>	<b>896.8</b>	<b>777.8</b>	<b>—</b>	<b>3,774.0</b>
Operating costs excluding depreciation and amortisation before separately disclosed items	(825.8)	(221.2)	(604.6)	(1,020.7)	(100.7)	(2,773.0)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>615.9</b>	<b>436.5</b>	<b>292.2</b>	<b>(242.9)</b>	<b>(100.7)</b>	<b>1,001.0</b>
Depreciation and amortisation before separately disclosed items	(125.7)	(25.6)	(51.8)	(46.5)	(4.8)	(254.4)
Loss on disposal before separately disclosed items	—	—	—	—	(0.3)	(0.3)
<b>Reportable segment profit/(loss) before separately disclosed items</b>	<b>490.2</b>	<b>410.9</b>	<b>240.4</b>	<b>(289.4)</b>	<b>(105.8)</b>	<b>746.3</b>
Germany and Greece tax expense	—	—	(47.3)	—	—	(47.3)
Kentucky settlement and associated legal costs	—	—	(163.1)	—	—	(163.1)
Gain on disposal	12.2	—	—	—	—	12.2
Amortisation of acquisition-related intangible assets (Note 6)	(225.9)	(20.9)	(276.4)	(20.1)	—	(543.3)
<b>Reportable segment profit/(loss) after amortisation of acquisition-related intangibles</b>	<b>276.5</b>	<b>390.0</b>	<b>(246.4)</b>	<b>(309.5)</b>	<b>(105.8)</b>	<b>4.8</b>
Transaction fees and associated costs <sup>2</sup>						(22.1)
Restructuring and integration costs <sup>2</sup>						(45.2)
<b>Operating loss</b>						<b>(62.5)</b>

1. Adjusted EBITDA which is a non-GAAP measure in the above segment note is defined as profit for the year before separately disclosed items, depreciation, amortisation, impairment, (loss)/gain on disposal, financial income, financial expense and tax expense/credit. It is considered by the Directors to be a key measure of the Group's financial performance.

2. The Group does not allocate transaction fees and restructuring and integration costs to reportable segments.

### Reconciliation of reportable segment pre-Separately disclosed items information to Group totals:

	2022			2021		
	Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m
<b>Gross profit</b>	<b>4,529.2</b>	<b>17.7</b>	<b>4,546.9</b>	<b>3,774.0</b>	<b>(47.3)</b>	<b>3,726.7</b>
Operating costs excluding depreciation, amortisation and (loss)/gain on disposal	(3,484.2)	(145.1)	(3,629.3)	(2,773.0)	(230.4)	(3,003.4)
<b>EBITDA<sup>1</sup></b>	<b>1,045.0</b>	<b>(127.4)</b>	<b>917.6</b>	<b>1,001.0</b>	<b>(277.7)</b>	<b>723.3</b>
Depreciation and amortisation	(368.6)	(607.8)	(976.4)	(254.4)	(543.3)	(797.7)
(Loss)/gain on disposal	(1.0)	—	(1.0)	(0.3)	12.2	11.9
<b>Operating loss</b>	<b>675.4</b>	<b>(735.2)</b>	<b>(59.8)</b>	<b>746.3</b>	<b>(808.8)</b>	<b>(62.5)</b>
Net finance costs	(157.8)	(57.2)	(215.0)	(126.0)	(99.9)	(225.9)
<b>Profit/(loss) before tax</b>	<b>517.6</b>	<b>(792.4)</b>	<b>(274.8)</b>	<b>620.3</b>	<b>(908.7)</b>	<b>(288.4)</b>
Tax expense	(181.9)	151.8	(30.1)	(166.3)	42.8	(123.5)
<b>Profit/(loss) for the period</b>	<b>335.7</b>	<b>(640.6)</b>	<b>(304.9)</b>	<b>454.0</b>	<b>(865.9)</b>	<b>(411.9)</b>

1. EBITDA is defined as profit for the year before depreciation, amortisation, impairment, (loss)/gain on disposal, financial income, financial expense and tax expense/credit. It is considered by the Directors to be a key measure of the Group's financial performance.

See Note 6 for further detail on separately disclosed items.

# Notes to the Consolidated Financial Statements continued

## 5. Operating segments continued

### Disaggregation of revenue under IFRS 15:

Group revenue disaggregated by product line for the year ended 31 December 2022:

	UK&I £m	Australia £m	International £m	US £m	Total £m
Sports revenue <sup>1</sup>	1,180.9	1,263.0	358.3	1,985.4	4,787.6
Gaming revenue <sup>2</sup>	962.8	—	1,324.2	618.6	2,905.6
<b>Total Group revenue</b>	<b>2,143.7</b>	<b>1,263.0</b>	<b>1,682.5</b>	<b>2,604.0</b>	<b>7,693.2</b>

Group revenue disaggregated by product line for the year ended 31 December 2021:

	UK&I £m	Australia £m	International £m	US £m	Total £m
Sports revenue <sup>1</sup>	1,281.8	1,293.5	220.2	978.3	3,773.8
Gaming revenue <sup>2</sup>	781.1	—	1,068.2	413.1	2,262.4
<b>Total Group revenue</b>	<b>2,062.9</b>	<b>1,293.5</b>	<b>1,288.4</b>	<b>1,391.4</b>	<b>6,036.2</b>

1. Sports revenue comprises sportsbook, exchange sports betting, daily fantasy sports and pari-mutuel betting.

2. Gaming revenue includes Games, Poker, Casino, Lottery, Rummy and Bingo.

### Geographical information

Group revenue disaggregated by geographical market for the year ended 31 December 2022:

	UK&I £m	Australia £m	International £m	US £m	Total £m
US	—	—	—	2,594.3	2,594.3
UK	1,869.3	—	59.4	—	1,928.7
Australia	—	1,263.0	—	—	1,263.0
Rest of World <sup>1</sup>	3.2	—	702.6	9.7	715.5
EU (excl. Ireland) <sup>2</sup>	47.9	—	915.5	—	963.4
Ireland	223.3	—	5.0	—	228.3
<b>Total Group revenue</b>	<b>2,143.7</b>	<b>1,263.0</b>	<b>1,682.5</b>	<b>2,604.0</b>	<b>7,693.2</b>

1. The Rest of World category includes multiple countries, that individually represent less than 1% of total Group revenue.

2. The EU (excl. Ireland) category includes multiple countries, the largest of which is Italy, that individually represent less than 7% of total Group revenue.

Group revenue disaggregated by geographical market for the year ended 31 December 2021:

	UK&I £m	Australia £m	International £m	US £m	Total £m
US	—	—	—	1,391.4	1,391.4
UK	1,860.1	—	73.7	—	1,933.8
Australia	—	1,293.5	—	—	1,293.5
Rest of World <sup>1</sup>	8.7	—	551.9	—	560.6
EU (excl. Ireland) <sup>2</sup>	—	—	656.4	—	656.4
Ireland	194.1	—	6.4	—	200.5
<b>Total Group revenue</b>	<b>2,062.9</b>	<b>1,293.5</b>	<b>1,288.4</b>	<b>1,391.4</b>	<b>6,036.2</b>

1. The Rest of World category includes multiple countries that individually represent less than 2% of total Group revenue.

2. The EU (excl. Ireland) category includes multiple countries that individually represent less than 4% of total Group revenue.

Revenues are attributable to geographical location on the basis of the customers location.

### Non-current assets

Non-current assets (property, plant and equipment, intangible assets and goodwill) by geographical area are as follows:

	31 December 2022 £m	31 December 2021 £m
UK	8,855.7	8,492.3
Ireland	151.9	159.9
Australia	667.1	645.6
US	1,037.6	868.5
Italy <sup>2</sup>	2,053.4	—
Rest of World <sup>1</sup>	4,676.4	4,507.5
<b>Total</b>	<b>17,442.1</b>	<b>14,673.8</b>

1. This relates mainly to goodwill and fair value adjustments on acquisition intangibles such as brand and customer relationships pertaining to PokerStars worldwide operations (reported within the International segment) not otherwise allocated to any specific country or region.

2. This relates to the acquisition of Sisal in 2022. See Note 15 for more details.

## 6. Separately disclosed items

The separately disclosed items noted in Note 5 are comprised as follows:

	2022 £m	2021 £m
Transaction fees and associated costs	(35.0)	(22.1)
Restructuring and integration costs	(130.7)	(45.2)
Legal provision releases	38.3	—
Kentucky settlement and associated legal costs	—	(163.1)
Germany and Greece tax expense	—	(47.3)
EBITDA impact of separately disclosed items	(127.4)	(277.7)
Amortisation of acquisition-related intangible assets	(607.8)	(543.3)
Disposal of Oddschecker Global Media	—	12.2
Operating loss impact of separately disclosed items	(735.2)	(808.8)
Financial income	11.0	—
Financial expense	(68.2)	(99.9)
Loss before tax impact of separately disclosed items	(792.4)	(908.7)
Tax credit on separately disclosed items	151.8	42.8
Total separately disclosed items	(640.6)	(865.9)
Attributable to:		
Equity holders of the Company	(636.2)	(860.0)
Non-controlling interest	(4.4)	(5.9)
	(640.6)	(865.9)

### Amortisation of acquisition-related intangible assets

Amortisation of £607.8m has been incurred in the year (year ended 31 December 2021: £543.3m) as a result of intangible assets separately identified under IFRS 3 as a result of the merger with Betfair in 2016, the acquisitions of FanDuel Limited in 2018 and Adjarabet in 2019, the Combination with TSG in 2020, the acquisitions of Junglee and Singular in 2021 and the acquisitions of tombola and Sisal in 2022.

### Transaction fees and associated costs

During the year ended 31 December 2022, £35.0m (year ended 31 December 2021: £22.1m) of costs were incurred relating to various acquisitions and the FOX option arbitration proceedings (see Note 28). The costs were included as separately disclosed items as they have not been incurred in the ordinary course of business.

### Restructuring and integration costs

During the year ended 31 December 2022 costs of £130.7m (year ended 31 December 2021: £45.2m) relating to incremental, one-off costs, were incurred by the Group mainly as a result of significant restructuring and integration initiatives following the Combination with TSG in 2020.

### Legal provision releases

During the year ended 31 December 2022, the settlement of two separate legacy TSG litigation matters in the International and Australian divisions resulted in the release of various legal provisions and an Income Statement credit of £38.3m. These were included as separately disclosed items as they have not been incurred in the ordinary course of business.

### Kentucky settlement and associated legal costs

On 22 September 2021, the Group announced that the legal dispute between Flutter and the Commonwealth of Kentucky had been settled in full. The Group agreed to pay a further \$200m (£145.2m) to Kentucky in addition to the \$100m (£71.1m) previously forfeited to the Commonwealth as part of the supersedeas bond in the case in line with the provision outstanding at 31 December 2020. In return, Kentucky released Stars Interactive Holdings (IOM) Ltd, Rational Entertainment Enterprises Ltd and, inter alia, all Flutter entities from any claims relating to the matters in issue in the Kentucky proceedings, and the proceedings were consequently dismissed with prejudice. As a result of this settlement, costs of £163.1m (including associated legal costs of £17.9m) were incurred during the year ended 31 December 2021.



# Notes to the Consolidated Financial Statements continued

## 6. Separately disclosed items continued

### Germany and Greece tax expense

#### Germany

In 2012 Betfair was issued with a German tax assessment relating to the Betfair Exchange, which operated in Germany until November 2012. The assessment deemed that a tax liability of approximately €30.6m was payable. This represented a multiple of the revenues generated by the Exchange during the assessment period.

The Group paid the €30.6m German tax assessment in 2019, with the late payment interest of approximately €10m to be paid when assessed.

In September 2021 the German Federal Tax Court dismissed the Group's appeal of the tax assessment. Whilst the Group has lodged a formal complaint to the Federal Constitutional Court, it has decided to recognise the amount of the German tax assessment including the late payment interest. This resulted in an expense of €40.6m (£34.5m) being recorded during the year ended 31 December 2021 in relation to the principal amount of tax and late payment interest.

#### Greece

In 2019, the Group was issued with a Greek tax assessment for financial years 2012, 2013 and 2014, relating to paddypower.com's Greek interim licence. This assessment concluded that the Group is liable to pay €15.0m in taxes including penalties and interest. This is substantially higher (by multiples) than the total cumulative revenues ever generated by paddypower.com in Greece. Pending the outcome of its appeal, in 2019 the Group paid the total Greek tax assessment (including the penalties and interest) of €15.0m.

In June 2021, the Athens Administrative Court of Appeal dismissed the Group's judicial recourses. While the Group has further appealed to the Greek Supreme Administrative Court, based on the nature of the decision received and the points of law which can be appealed, and in line with legal and tax advice it has received, it decided to recognise the amount of the Greek assessment, of €15.0m (£12.9m) as an expense in profit or loss during the year ended 31 December 2021.

The Group considered these cost as one-off costs and not as part of ongoing operations in the period.

### Disposal of Oddschecker Global Media

On 31 August 2021 the Group sold all of the shares of Oddschecker Global Media ("OGM"), a fully owned subsidiary of the Group, to Bruin Capital, in exchange for £127.1m in cash (proceeds of £141.3m net of £14.2m cash already on the balance sheet) and recorded a gain on the disposal of £12.2m. There is potential for the Group to receive further consideration of up to £20m pending future events. However, it is currently not probable that further amounts will be received and therefore no asset has been recorded. Prior to the disposal, the non-current assets were measured at the lower of their carrying amount and fair value less costs sell. No impairments were recognised. The assets and liabilities of OGM were included within the UK&I segment up to the date of sale.

### Financial income

During the year ended 31 December 2022, foreign exchange gains of £11.0m were recorded. These gains were included as separately disclosed items due to their volatile nature.

### Financial expense

During the year ended 31 December 2022, the Group recorded a charge of £56.9m upon the settlement of the Sisal bridging loan and a further £11.3m mainly relating to financing fees associated with the debt drawdown for the Sisal acquisition that were not eligible for capitalisation. These charges were included as separately disclosed items due to their non-recurring nature. See also Note 8 and Note 22.

During the year ended 31 December 2021, on repayment of the Senior Notes in 2021, the Group recorded a charge of £78.8m relating to the Senior Notes settlement. In conjunction with the repayment and refinancing, the Group incurred an additional £16.8m of fees that were not subject to capitalisation and £4.3m of fees relating to debt covenant amendments as a result of the Kentucky litigation. These charges were included as separately disclosed items due to their non-recurring nature. See also Note 8.

### Presentation within the Consolidated Income Statement

The release of the Australia legal provision and the Germany and Greece tax expense are included in the Consolidated Income Statement within cost of sales. Transaction fees and associated costs, restructuring and integration costs, the release of the International legal provision and the Kentucky settlement costs are included in the Consolidated Income Statement within operating costs excluding depreciation, amortisation, and loss/(gain) on disposal.

### Tax credit on separately disclosed items

The tax credit of £151.8m (2021: £42.8m) has arisen primarily on the tax effect of acquisition related intangible amortisation of £87.1m, the recognition of a deferred tax asset of £42.9m following an internal transfer of intangibles and the tax effect of other separately identified items of £21.8m. The 2021 tax credit amounts in respect to acquisition related intangible amortisation, internal transfer of intangibles and other separately identified intangibles were offset by an increase of £104.1m in the deferred tax liability on separately identifiable acquisition-related intangible assets as result of the increase in the UK's main corporation tax rate from 19% to 25% from 1 April 2023.

## 7. Employee expenses and related information

Employee expenses excluding separately disclosed items are:

	2022 £m	2021 £m
Wages and salaries	1,036.0	807.5
Social security costs	104.4	76.8
Defined contribution pension and life assurance costs	68.9	49.2
Share-based payment costs	123.2	78.9
Other staff costs	69.4	36.7
	<b>1,401.9</b>	<b>1,049.1</b>
The average number of persons employed by the Group (including Executive Directors), all of whom were involved in the provision of sports betting and gaming services, during the year was:	<b>18,736</b>	<b>15,798</b>

Details on the remuneration of Directors' as per the requirement of the Companies Act 2014 are set out below:

	2022 £m	2021 £m
Emoluments	5.5	7.4
Pension costs	0.3	0.2
	<b>5.8</b>	<b>7.6</b>

The gain on the exercise of share options in 2022 by individuals who were Directors at any time during 2022 was £Nil (2021: £2.2m). Further details in respect of Directors' remuneration is set out in the Directors' Remuneration Report on page 154 of the Annual Report.

## 8. Financial income and expense

### Recognised in profit or loss

	2022 £m	2021 £m
Financial income:		
Foreign exchange gain on financing instruments associated with financing activities (Note 6)	11.0	—
Movement in fair value of investment	4.9	1.7
<i>On financial assets at amortised cost:</i>		
Interest income	6.2	1.5
<b>Total</b>	<b>22.1</b>	<b>3.2</b>
Financial expense:		
Settlement of borrowings (see Note 6 and Note 22)	56.9	78.8
Change in fair value of contingent consideration	—	3.3
Foreign exchange loss on financing instruments associated with financing activities	—	1.2
Financing related fees not eligible for capitalisation (see Note 6 and Note 22)	11.3	21.1
<i>On financial liabilities at amortised cost:</i>		
Interest on borrowings, bank guarantees and bank facilities	137.4	106.0
Interest on lease liabilities (Note 21)	12.6	8.5
Other interest	18.9	10.2
<b>Total</b>	<b>237.1</b>	<b>229.1</b>

### Recognised in other comprehensive income/(loss):

	2022 £m	2021 £m
Recognised in other comprehensive income/(loss):		
Effective portion of changes in fair value of cash flow hedges	210.7	61.4
Fair value of cash flow hedges transferred to income statement	(182.7)	(28.4)
Net change in fair value of cash flow hedge reserve	28.0	33.0
Debt instruments at FVOCI	(2.6)	(1.3)
Foreign exchange (loss)/gain on net investment hedges, net of tax	(113.7)	68.2
Foreign exchange gain/(loss) on translation of the net assets of foreign currency denominated entities	371.4	(309.6)
<b>Total</b>	<b>283.1</b>	<b>(209.7)</b>

A charge of £1.8m was recorded in the income statement in respect of ineffective cash flow hedges in the year ended 31 December 2022 (2021: £2.5m).

## Notes to the Consolidated Financial Statements continued

### 9. Statutory and other information

	2022 €m	2021 €m
Auditor's remuneration for audit and other assurance services	6.3	5.5
Depreciation of property, plant and equipment	168.1	113.7
Amortisation of intangible assets	808.3	684.0
Loss/(gain) on disposal	1.0	(11.9)
Foreign currency exchange (gain)/loss – monetary items	(18.4)	15.7
Operating lease rentals, principally premises	0.1	0.1
Research and development	201.5	142.3
Operating lease income (representing sub-lease income)	(1.0)	(0.8)

#### Remuneration to Group external auditor (KPMG Ireland)

In accordance with the requirements of Regulation 120 of Statutory Instrument 220/2010, "European Communities (Statutory Audits) (Directive 2006/43/EC) Regulations 2010", the auditor's remuneration figures presented below represent fees paid to KPMG Ireland only and are exclusive of value-added tax.

	2022 €m	2021 €m
Audit	2.5	1.5
Other assurance services – audit of subsidiaries	0.1	0.1
Other assurance services – miscellaneous	0.1	0.1
Other non-audit services	0.1	0.1
Total	2.8	1.8

Further analysis of the total fees paid to the Group external auditor, KPMG Ireland, worldwide for audit and non-audit services is presented below:

#### Analysis of total auditor's remuneration for audit and other assurance services

	2022 €m	2021 €m
Audit of Group (KPMG Ireland)	2.5	1.5
Audit of subsidiaries (KPMG Ireland)	0.1	0.1
Audit of subsidiaries (other KPMG offices)	3.0	3.6
Other assurance services – miscellaneous (KPMG Ireland and other KPMG offices)	0.7	0.3
Total	6.3	5.5

#### Analysis of amounts paid to the auditor in respect of non-audit services

	2022 €m	2021 €m
Other non-audit services (KPMG Ireland and other KPMG offices)	0.1	0.1
Total	0.1	0.1

### 10. Tax expense

	2022 €m	2021 €m
<b>Recognised in profit or loss:</b>		
Current tax charge	168.8	127.3
Prior year under provision	6.4	1.0
Total current tax	175.2	128.3
Deferred tax credit	(146.7)	(6.2)
Prior year under provision	1.6	1.4
Decrease in net deferred tax liability (Note 18)	(145.1)	(4.8)
Total tax expense in income statement	30.1	123.5

## 10. Tax expense continued

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of corporation tax to the profit before tax is as follows:

	2022 £m	2021 £m
Loss before tax	(274.8)	(288.4)
Tax on Group profit before tax at the standard Irish corporation tax rate of 12.5%	(34.4)	(36.1)
Depreciation on non-qualifying property, plant and equipment	(4.0)	(5.4)
Effect of different statutory tax rates in overseas jurisdictions	(19.2)	5.5
Non-deductible expenses	36.0	26.8
Non-taxable income	(1.4)	(4.0)
Effect of changes in statutory tax rates	(1.9)	104.4
Movement on deferred tax balances not recognised	47.0	29.9
Under provision in prior year	8.0	2.4
<b>Total tax expense</b>	<b>30.1</b>	<b>123.5</b>

The Group's adjusted effective tax rate before separately disclosed items for the year was 35.1% (year ended 31 December 2021: 26.8%), which compares to the standard Irish tax rate of 12.5%. A total tax credit on separately disclosed items of £151.8m was recorded during the year ended 31 December 2022 (year ended 31 December 2021: £42.8m) (see Note 6).

The Group's consolidated effective tax rate on profits including separately disclosed items for 2022 is (11.0)% (2021: (42.8)%). The separately disclosed items impacting the consolidated tax rate include the unwind of deferred tax liabilities recognised in respect of acquisition-related intangibles.

The Group's adjusted effective tax rate is also materially impacted by the movement on deferred tax balances which remain unrecognised due to the doubt over the future recoverability of those assets including the unrecognised US losses referred to in Note 4, as well as the effect of expenses which are not deductible for tax purposes.

The future effective tax rate of the Group will be affected by the ongoing geographic mix of profits in accordance with the OECD guidelines in relation to Base Erosion and Profit Shifting. On 15 December 2022, European Union (EU) Member States unanimously adopted the Minimum Tax Directive via written procedure ensuring a global minimum level of taxation (set at 15%) for multinational enterprise groups. GLoBE Model rules were released in March 2022 and broadly EU Member States have until 31 December 2023 to transpose the Directive into national legislation with the rules to be applicable for fiscal years starting on or after 31 December 2023. None of the countries in which the Group operates has enacted or substantively enacted Pillar Two Model Rules as part of their national laws as of 31 December 2022. Whilst consultation on a number of areas remains ongoing, we will continue to monitor developments closely and we expect this to lead to an increase in tax from 2024 onwards.

## 11. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The weighted average number of shares has been adjusted for amounts held as treasury shares and amounts held by the Paddy Power Betfair plc Employee Benefit Trust ("EBT").

Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Adjusted EPS is determined by adjusting the profit attributable to ordinary shareholders for the impact of separately disclosed items.

The calculation of basic, diluted and adjusted EPS is as follows:

	2022	2021
<i>Numerator in respect of basic and diluted earnings per share (£m):</i>		
Loss attributable to equity holders of the Company	(302.0)	(415.8)
<i>Numerator in respect of adjusted earnings per share (£m):</i>		
Loss attributable to equity holders of the Company	(302.0)	(415.8)
Separately disclosed items (Note 6)	636.2	860.0
Profit for adjusted earnings per share calculation	334.2	444.2
Weighted average number of ordinary shares in issue during the period (in '000s) <sup>1</sup>	176,833	175,780
<b>Basic earnings per share</b>	<b>(£1.708)</b>	<b>(£2.365)</b>
<b>Adjusted basic earnings per share</b>	<b>£1.890</b>	<b>£2.527</b>
<i>Adjustments to derive denominator in respect of diluted earnings per share (in '000s):</i>		
Weighted average number of ordinary shares in issue during the period	176,833	175,780
<b>Diluted earnings per share</b>	<b>(£1.708)</b>	<b>(£2.365)</b>

1. Where any potential ordinary shares would have the effect of decreasing a loss per share, they have not been treated as dilutive. The number of options excluded from the diluted weighted average number of ordinary shares calculation due to their effect being anti-dilutive is 2,537,536 (2021: 2,289,170).

The average market value of the Company's shares of £99.09 (31 December 2021: £137.61) was used to calculate the dilutive effect of share options based on the market value for the period that the options were outstanding.

## Notes to the Consolidated Financial Statements continued

### 12. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Furniture & fixtures £m	Equipment £m	Right-of-use asset <sup>1</sup> £m	Total £m
<b>Cost</b>					
Balance at 1 January 2021	100.3	236.5	207.4	265.5	809.7
Additions	38.5	15.5	35.3	101.7	191.0
Remeasurement of lease term (Note 21)	—	—	—	13.3	13.3
Additions - business combinations	—	—	0.4	—	0.4
Disposals	(2.4)	(0.1)	(0.1)	(5.6)	(8.2)
Foreign currency translation adjustment	1.8	3.5	3.0	(2.9)	5.4
<b>Balance at 31 December 2021</b>	<b>138.2</b>	<b>255.4</b>	<b>246.0</b>	<b>372.0</b>	<b>1,011.6</b>
Additions	15.9	23.3	62.3	100.8	202.3
Transfers	—	(20.5)	20.5	—	—
Remeasurement of lease term (Note 21)	—	—	—	37.3	37.3
Additions - business combinations	22.0	13.3	72.4	59.7	167.4
Disposals	(4.3)	(9.4)	(6.0)	(24.0)	(43.7)
Foreign currency translation adjustment	9.0	15.2	27.5	20.5	72.2
<b>Balance at 31 December 2022</b>	<b>180.8</b>	<b>277.3</b>	<b>422.7</b>	<b>566.3</b>	<b>1,447.1</b>
<b>Depreciation and impairment</b>					
Balance at 1 January 2021	62.1	152.6	152.0	81.1	447.8
Depreciation	7.7	21.3	33.0	51.7	113.7
Disposals	(1.6)	(0.1)	(0.1)	(3.1)	(4.9)
Foreign currency translation adjustment	0.8	2.4	1.5	(1.1)	3.6
<b>Balance at 31 December 2021</b>	<b>69.0</b>	<b>176.2</b>	<b>186.4</b>	<b>128.6</b>	<b>560.2</b>
Depreciation	11.9	27.3	47.6	81.3	168.1
Disposals	(3.5)	(8.5)	(4.7)	(3.5)	(20.2)
Foreign currency translation adjustment	5.1	10.2	17.4	4.1	36.8
<b>Balance at 31 December 2022</b>	<b>82.5</b>	<b>205.2</b>	<b>246.7</b>	<b>210.5</b>	<b>744.9</b>
<b>Net book value</b>					
At 31 December 2021	69.2	79.2	59.6	243.4	451.4
<b>At 31 December 2022</b>	<b>98.3</b>	<b>72.1</b>	<b>176.0</b>	<b>355.8</b>	<b>702.2</b>

1. Materially all of this balance relates to buildings and leasehold improvements.

The net book value of land, buildings and leasehold improvements at 31 December 2022 includes £93.7m (2021: £58.1m) in respect of leasehold improvements.

The Directors do not consider the remaining useful lives of property, plant and equipment to be materially different from the period over which the assets are being depreciated.



### 13. Intangible assets

The movements during the prior year and current year in respect of intangible assets, which comprise computer software and technology, licences, development expenditure, brands, customer relations, and the contractual network, were as follows:

	Computer software and technology £m	Licences £m	Development expenditure £m	Brands £m	Customer relations £m	Other £m	Total £m
<b>Cost</b>							
Balance at 1 January 2021	666.3	124.8	341.7	2,466.8	3,257.9	31.0	6,888.5
Additions	31.4	31.0	—	—	—	—	62.4
Additions – internally developed	—	—	142.3	—	—	—	142.3
Additions – business combinations	10.4	—	—	16.7	20.1	—	47.2
Disposals	(5.0)	—	(0.6)	(47.0)	—	—	(52.6)
Foreign currency translation adjustment	(13.0)	(2.0)	(4.5)	(80.5)	(112.7)	(0.3)	(213.0)
<b>Balance at 31 December 2021</b>	<b>690.1</b>	<b>153.8</b>	<b>478.9</b>	<b>2,356.0</b>	<b>3,165.3</b>	<b>30.7</b>	<b>6,874.8</b>
Additions	86.5	15.9	—	—	—	—	102.4
Additions – internally developed	—	—	201.5	—	—	—	201.5
Additions – business combinations	141.7	183.2	—	525.0	349.1	103.8	1,302.8
Disposals	(3.6)	(1.8)	(2.9)	—	—	—	(8.3)
Foreign currency translation adjustment	37.3	9.3	21.1	109.4	112.2	6.1	295.4
<b>Balance at 31 December 2022</b>	<b>952.0</b>	<b>360.4</b>	<b>698.6</b>	<b>2,990.4</b>	<b>3,626.6</b>	<b>140.6</b>	<b>8,768.6</b>
<b>Amortisation and impairment</b>							
Balance at 1 January 2021	281.8	29.9	172.6	318.9	531.8	25.7	1,360.7
Amortisation	94.6	10.0	120.8	152.7	301.4	4.5	684.0
Disposals	(1.2)	—	(0.3)	(2.7)	—	—	(4.2)
Foreign currency translation adjustment	(4.2)	(1.0)	(2.3)	(12.9)	(20.7)	(0.2)	(41.3)
<b>Balance at 31 December 2021</b>	<b>371.0</b>	<b>38.9</b>	<b>290.8</b>	<b>456.0</b>	<b>812.5</b>	<b>30.0</b>	<b>1,999.2</b>
Amortisation	138.5	26.9	125.9	167.4	346.4	3.2	808.3
Disposals	(3.6)	(1.5)	(2.8)	—	—	—	(7.9)
Foreign currency translation adjustment	19.2	2.1	15.8	18.1	33.9	—	89.1
<b>Balance at 31 December 2022</b>	<b>525.1</b>	<b>66.4</b>	<b>429.7</b>	<b>641.5</b>	<b>1,192.8</b>	<b>33.2</b>	<b>2,888.7</b>
<b>Net book value</b>							
At 31 December 2021	319.1	114.9	188.1	1,900.0	2,352.8	0.7	4,875.6
<b>At 31 December 2022</b>	<b>426.9</b>	<b>294.0</b>	<b>268.9</b>	<b>2,348.9</b>	<b>2,433.8</b>	<b>107.4</b>	<b>5,879.9</b>

Computer software and technology-related intangible assets relate to innovations or technological advances including patented technology, trade secrets or databases and are amortised over their estimated useful life of 2 to 5 years.

Licences include US market access arrangement, concessions in Sisal and computer licenses which are amortised over the life of the licence. The additions during the year arose primarily on the acquisition of Sisal and relates to the Italy lottery concession which expires in November 2030.

Development expenditure relates to work performed for development of new products and technologies across the Group that have probable future economic benefits which can be clearly defined and measured. These are amortised over their estimated useful life of 3 to 5 years.

Brand-related intangible assets relate to trade names which arise from business combinations and are amortised over their estimated useful life of 8 to 20 years. Some brands are not being amortised due to indefinite useful lives and are instead tested for impairment as required.

Customer relationships-related intangible assets relate to customer bases that generate recurring revenues which arise from business combinations and are amortised over their estimated useful life of 4 to 20 years.

Other relates mainly to the contractual network in Sisal and represents the fair value of the contractual network acquired as part of the Sisal business combination in 2022 and is amortised over its estimated useful life of 15 to 20 years.

The original value of betting shop licences of £18.1m acquired as a result of the purchase of D McGranaghan Limited in 2008 and an additional betting shop in Northern Ireland in 2011 are not being amortised as the Directors consider these licences to have an indefinite life because:

- existing law in Northern Ireland restricts entry of new competitors;
- there exists a proven and future expected demand for bookmaking services and products; and
- the Group has a track record of renewing its betting permits and licences at minimal cost.

## Notes to the Consolidated Financial Statements continued

### 13. Intangible assets continued

The value of brand intangible assets recognised on application of fair value accounting to the purchase of Sportsbet and International All Sports Limited ("IAS") in 2009 amounting to £13.3m at 31 December 2022 (2021: £12.7m) is not being amortised as the Directors consider that the relevant brands have indefinite lives because:

- the Directors intend to utilise the brands in the businesses for the foreseeable future (with the exception of the IAS brand – see below); and
- substantial sums are invested annually in the form of marketing expenditure expensed through profit or loss to maintain and to enhance the value of these brands.

The Group reviews the carrying value of licences and brands for impairment annually (or more frequently if there are indications that the value of the licences and brands may be impaired) by comparing the carrying values of these assets with their recoverable amounts (being the higher of value in use and fair value less costs to sell).

In 2020, the Group reviewed the carrying value of the D McGranaghans licences of £18.1m (which form part of the UK&I operating segment) and determined on the basis of future cash flows, that an impairment charge of £12.1m was required against the value of the licences at 31 December 2020.

In 2011, the Group reviewed the carrying value of the IAS brand of AUD6.9m and determined, on the basis of future plans, that an impairment provision was required against the value of that brand at 31 December 2011.

#### Individually material intangible assets with definite useful lives

	Carrying amount 2022 £m	Average remaining amortisation period 2022 Years	Carrying amount 2021 £m	Average remaining amortisation period 2021 Years
<b>Brands</b>				
PokerStars	937.5	17	939.8	18
Sky Betting & Gaming	738.9	17	781.5	18
Sisal	451.0	20	—	—
Tombola	85.5	19	—	—
<b>Customer relationships</b>				
PokerStars	1,070.2	17	1,165.5	18
Sky Betting & Gaming	959.1	17	1,067.6	18
Sisal	210.7	15	—	—
Tombola	98.6	19	—	—
<b>Licences</b>				
Sisal	182.6	8	—	—

### 14. Goodwill

Goodwill acquired through business combination activity has been allocated to CGUs that are expected to benefit from synergies in that combination. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes, and are not larger than the operating segments determined in accordance with IFRS 8. A total of 16 (2021: 13) CGUs have been identified and these are grouped together for goodwill impairment purposes as per the below. Any indefinite life intangible assets attributed to one of the 16 CGUs (2021: 13) is tested for impairment at the CGU level.

	Number of cash generating units		Goodwill	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
UK&I Online	4	3	5,984.7	5,766.9
UK Retail	1	1	18.9	18.9
Irish Retail	1	1	20.7	20.7
International	6	4	3,696.3	2,490.3
Australia	1	1	505.1	482.4
US	3	3	634.3	567.6
<b>Total Group</b>	<b>16</b>	<b>13</b>	<b>10,860.0</b>	<b>9,346.8</b>

## 14. Goodwill continued

	UK&I Online £m	UK Retail £m	Irish Retail £m	International £m	Australia £m	US £m	Total £m
Balance at 1 January 2021	5,845.5	18.9	20.7	2,560.9	507.7	563.0	9,516.7
Arising on acquisitions during the year (Note 15)	—	—	—	58.5	—	—	58.5
Disposals (Note 15)	(78.0)	—	—	—	—	—	(78.0)
Foreign currency translation adjustment	(0.6)	—	—	(129.1)	(25.3)	4.6	(150.4)
<b>Balance at 1 January 2022</b>	<b>5,766.9</b>	<b>18.9</b>	<b>20.7</b>	<b>2,490.3</b>	<b>482.4</b>	<b>567.6</b>	<b>9,346.8</b>
Arising on acquisitions during the year (Note 15)	217.2	—	—	1,021.9	—	—	1,239.1
Foreign currency translation adjustment	0.6	—	—	184.1	22.7	66.7	274.1
<b>Balance at 31 December 2022</b>	<b>5,984.7</b>	<b>18.9</b>	<b>20.7</b>	<b>3,696.3</b>	<b>505.1</b>	<b>634.3</b>	<b>10,860.0</b>

The Group reviews the carrying value of goodwill for impairment annually (or more frequently if there are indications that the value of goodwill may be impaired) by comparing the carrying values of these CGUs with their recoverable amounts (being the higher of value in use and fair value less costs to sell).

Goodwill in the UK&I online segment arose from the acquisition of tombola in 2022 (see Note 15), the acquisition of the Sky Betting and Gaming business as part of the TSG acquisition in 2020, and the acquisition of the Betfair online business (excluding operations outside of Ireland and the UK) as part of the all-share merger with Betfair Group plc in 2016.

Goodwill in UK Retail arose from the acquisition of two London bookmaking businesses in 2004, the acquisition of a retail bookmaking company in Northern Ireland in 2008 and the acquisition of a number of retail bookmaking shop properties since 2010.

Goodwill in Irish Retail arose from the amalgamation of three bookmaking businesses to form Paddy Power in 1988 and the acquisition of a number of retail bookmaking shop properties since 2007.

The International goodwill amount arose from the acquisition of Sisal in 2022 (see Note 15), the acquisitions in 2021 of a 57.3% controlling stake in Jungle Games, an Indian online rummy operator and Singular, a B2B operator which offers a flexible, modular sports betting and gaming technology platform (see Note 15), the acquisition of the PokerStars business as part of the TSG acquisition in 2020, the acquisition of an initial 51% controlling stake in Adjarabet, the market leader in online betting and gaming in the regulated Georgian market, in February 2019 and the acquisition of the Betfair online business (excluding the operations of Ireland, the UK, and the US) acquired as part of the all-share merger with Betfair Group plc in 2016.

The Australia segment goodwill amount arose from the acquisition of an initial 51% interest in Sportsbet Pty Limited ("Sportsbet"), the subsequent acquisition of International All Sports Limited ("IAS") by Sportsbet, both in 2009, and goodwill arising from BetEasy through the 2020 combination with TSG.

The US segment goodwill amount arose from the acquisition of the US business acquired as part of the all-share merger with Betfair Group plc in 2016, the acquisition of an initial 61% of FanDuel Limited, a market leading operator in the daily fantasy sports market in the United States, in 2018 and goodwill arising on FoxBet through the combination with TSG in 2020.

### Impairment tests for cash generating units containing goodwill and indefinite life intangible assets

In accordance with accounting requirements, the Group performs an annual impairment test of its CGUs. The most recent test was performed at 31 December 2022.

For the purpose of impairment testing, the Group's CGUs include amounts in respect of goodwill and indefinite life intangible assets, comprising licences acquired as part of the purchase of the D McGranaghan Limited business in 2008 and a shop acquisition in 2011 and brands acquired as part of the purchase of Sportsbet and IAS in 2009.

The impact of Covid-19 unwind and the regulatory changes is set out in the Business Review section of the Annual Report. Inflation resulting from current macro-economic trends was also considered in the context of the goodwill impairment reviews.

The details of the impairment reviews in respect of the CGUs as of 31 December 2022 are presented below:

#### UK&I Online

The recoverable amount of the UK&I Online operating segment underlying CGU was estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets and forecasts approved by the Board covering a three-year period and by management for a further two-year period. Some of the key assumptions governing the cashflow projects include the impact of further changes in the regulatory framework in Ireland and the UK and how this impacts the overall market and also market share. The terminal growth rate for the extrapolated period (following the initial five-year period) is projected to be approximately 2.6% (2021: 2.6%) per annum, which is based on experience and is consistent with management's expectations for market development and growth in market share where applicable. The growth rate assumption is considered realistic by management in light of the recent performance of the segment and the Group's targeted performance over the next five years. A pre-tax discount rate of 10.3% (2021: 9.8%), which reflects the specific risks and currency of the cash flows relating to the underlying business segments, has been used in discounting the projected cash flows. Management believes that any reasonably possible change in the key assumptions on which the UK&I Online segment goodwill recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

# Notes to the Consolidated Financial Statements continued

## 14. Goodwill continued

### UK Retail

The recoverable amount of the UK Retail underlying CGU was estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets and forecasts approved by the Board covering a three-year period. The UK Retail CGU continues to see the return of customers in line with pre Covid-19 levels. The key assumptions include further growth in the existing estate over the next three-year period. The terminal growth rate for the extrapolated period (following the initial three-year period) is projected to be approximately 0% (2021: 0%) per annum, which is based on experience and is consistent with management's expectations for market development and growth in market share where applicable. The growth rate assumption is considered realistic by management in light of the recent performance of the CGU and the Group's targeted performance over the next three years. A pre-tax discount rate of 11.4% (2021: 11.2%), which reflects the specific risks and currency of the cash flows relating to the underlying business segments, has been used in discounting the projected cash flows. Management believes that any reasonably possible change in the key assumptions on which the UK Retail CGU goodwill recoverable amounts are based would not cause their carrying amounts to exceed their recoverable amounts.

### Irish Retail

The recoverable amount of the Irish Retail underlying CGU was estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets and forecasts approved by the Board covering a three-year period. The business has seen a slower recovery from Covid-19 lockdowns, with evidence of continued online migration and reduced footfall. Key assumptions include tight cost control with inflationary pressures offset by margin changes. The terminal growth rate for the extrapolated period (following the initial three-year period) is projected to be approximately -2% (2021: 0%) per annum, which is based on experience and is consistent with management's expectations for market development in Ireland and growth in market share where applicable. The growth rate assumption is considered realistic by management in light of the recent performance (prior to Covid-19 impact) of the CGU and the Group's targeted performance over the next three years. However similar to the UK Retail CGU, Covid-19 continues to represent potential disruption to the near term cash flows. A pre-tax discount rate of 10.3% (2021: 9.9%), which reflects the specific risks and currency of the cash flows relating to the underlying business segments, has been used in discounting the projected cash flows. Management believes that any reasonably possible change in the key assumptions on which the Irish Retail CGU goodwill recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

### International

The recoverable amount of the International operating segment underlying CGU was estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets and forecasts approved by the Board for a three-year period and by management for a further two-year period. The key assumptions in the cashflow projections relate to the regulatory framework in each country of operation, its degree of maturity and how it may impact the future performance of the business with both opportunities and headwinds incorporated. The terminal growth rate for the extrapolated period (following the initial five-year period) is projected to be approximately 2.6% (2021: 2.6%) per annum which is based on experience and is consistent with management's expectations for market development and growth in market share where applicable. A pre-tax discount rate of 10.8% (2021: 9.4%) which reflects the specific risks and currency of the cash flows relating to the underlying business segments, has been used in discounting the projected cash flows. Management believes that any likely change in the key assumptions on which the International segment goodwill recoverable amount is based would not cause its carrying amount to exceed its recoverable amount.

### Australia

The recoverable amount of the Australia operating segment underlying CGU was estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets and forecasts approved by the Board for a three-year period and by management for a further two-year period. The key assumptions in the cash flow forecasts relate to the overall market growth and also the impact of further tax and product fee increases. The terminal growth rate for the extrapolated period (following the initial five-year period) is projected to be approximately 2.5% (2021: 2.5%) per annum and is consistent with management's expectations for market development and growth in market share where applicable. The growth rate assumption is considered realistic by management in light of the recent performance of the segment and the Group's targeted performance over the next five years. A pre-tax discount rate of 13.3% (2021: 13.1%), which reflects the specific risks and currency of the cash flows relating to the underlying business segments, has been used in discounting the projected cash flows. Management believes that any reasonably possible change in the key assumptions on which the Australia operating segment goodwill and brands recoverable amounts are based would not cause their carrying amounts to exceed their recoverable amounts.

### US

The recoverable amount of the US operating segment underlying CGU was estimated based on value in use calculations. These calculations use cash flow projections based on actual operating results and financial budgets and forecasts approved by the Board for a three-year period and by management for a further two-year period. The US business has performed strongly in terms of customer acquisition, customer value, revenue performance and market share since 2019 and has resulted in the Group deciding to further invest due to the attractive returns on offer which is driving the current year loss. As markets mature, the level of spend will decrease relative to revenue which is evidenced on current performance.

The future cashflow projections are based on the market leading position continuing in all key states due to its strong brand and superior product. Other key assumptions include the timing of the new state launches and state legislation and customer payback from acquired customers. Customer acquisition and the associated costs in conjunction with the revenues generated from those new customers were estimated based on the US business's experience over the past four years in terms of understanding market and customer behaviour and were key inputs in calculating the cash flows. A similar approach was adopted in respect of existing customers.

## 14. Goodwill continued

The terminal value for the extrapolated period (following the initial five-year period) is based on a revenue multiple of 3.5 (2021: 7) which was benchmarked to other comparable public companies. The decrease in the revenue multiple compared to the prior period reflects a reduction in equity values in general and also higher revenue numbers in the latter years. The growth rate assumption is considered realistic by management in light of the recent performance of the segment and the Group's targeted performance over the next five years. A pre-tax discount rate of 19.7% (2021: 19.4%), which reflects the specific risks and currency of the cash flows relating to the underlying business segments, has been used in discounting the projected cash flows. Management believes that any reasonably possible change in the key assumptions on which the US operating segment goodwill recoverable amounts are based would not cause their carrying amounts to exceed their recoverable amounts.

### Discount rates and terminal growth rates

The discount rates applied to each CGU's cash flows represent a post-tax rate that reflects the Group's weighted average cost of capital ("WACC") adjusted for any risks specific to that CGU. A 50bps change in the pre-tax discount rate and in the terminal growth rate which are considered to be the most sensitive inputs, would not cause the carrying amount to exceed the recoverable amount for any of the above CGUs.

## 15. Business combinations and disposals

### Year ended 31 December 2022

#### Acquisition of Sisal

On 4 August 2022, the Group completed the acquisition of 100% of Sisal, Italy's leading retail and online gaming operator with operations also in Turkey (of which it has a controlling 49% interest) and Morocco. The purchase comprised of a cash payment of £1,674.8m (€2,002m).

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Provisional fair values as at 4 August 2022 £m
<b>Assets</b>	
Property, plant and equipment	156.0
Trade and other receivables	9.7
Deferred tax assets	16.2
Intangible assets	1,057.8
<b>Total non-current assets</b>	<b>1,239.7</b>
Trade and other receivables	67.3
Cash and cash equivalents - available for corporate use	89.9
Cash and cash equivalents - customer balances	304.2
<b>Total current assets</b>	<b>461.4</b>
<b>Total assets</b>	<b>1,701.1</b>
<b>Liabilities</b>	
Trade and other payables	195.6
Customer balances	304.2
Lease liability	16.7
<b>Total current liabilities</b>	<b>516.5</b>
Trade and other payables	24.0
Lease liability	45.2
Provisions	39.8
Deferred tax liability	291.1
<b>Total non-current liabilities</b>	<b>400.1</b>
<b>Total liabilities</b>	<b>916.6</b>
<b>Net assets acquired</b>	<b>784.5</b>
Goodwill	1,015.8
Non-controlling interest measured at the fair value of net assets identified	(125.5)
<b>Consideration</b>	<b>1,674.8</b>
<b>The consideration is analysed as:</b>	
Consideration satisfied by cash	1,674.8
<b>Consideration</b>	<b>1,674.8</b>

Included within the intangible assets were £1,057.8m of separately identifiable intangibles comprising brand, customer relations, licences, and technology acquired as part of the acquisition, with the additional effect of a deferred tax liability of £291.1m thereon. These intangible assets are being amortised over their useful economic lives of up to 20 years. The book value equated to the fair value on the remaining assets as all amounts are expected to be received.



## Notes to the Consolidated Financial Statements continued

### 15. Business combinations and disposals continued

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is the opportunity to increase the Group's exposure to an attractive fast-growing regulated online market with Sisal's omni-channel offering delivering a competitive advantage to the Group. The acquisition provides the Group with lottery capabilities for the first time and presents the opportunity to grow outside of Italy as Sisal have already done in Turkey via this product offering. There are also tangible opportunities to deliver material revenue synergies from the acquisition of Sisal through (i) leveraging Sisal's retail channel to grow online deposits for existing Flutter brands, (ii) enhancing Sisal's sports betting offering by utilising Flutter's pricing and risk management capabilities and (iii) enhancing Sisal's casino product by providing it with access to Flutter's in-house gaming content. The goodwill has been allocated to the existing International CGU.

Since the date of acquisition to 31 December 2022, Sisal has contributed revenue of £397.7m and £23.8m of profit after tax to the results of the Group. If the acquisition had occurred on 1 January 2022, Sisal's contribution to revenue and profit after tax would have been £862.5m and £69.0m respectively.

The acquisition accounting remains provisional for one year from the acquisition date and may change if new information is obtained relating to conditions that existed at the acquisition date.

#### Acquisition of tombola

On 10 January 2022, the Group completed the acquisition of a 100% stake in tombola, the UK market's leading online bingo operator. tombola is a successful bingo-led gaming company with an emphasis on providing a low staking bingo proposition to a highly engaged customer base. The purchase comprised of a cash payment of £409.9m. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair values as at 10 January 2022 £m
<b>Assets</b>	
Property, plant and equipment	11.4
Intangible assets	245.0
<b>Total non-current assets</b>	<b>256.4</b>
Trade and other receivables	12.6
Cash and cash equivalents - available for corporate use	14.7
<b>Total current assets</b>	<b>27.3</b>
<b>Total assets</b>	<b>283.7</b>
<b>Liabilities</b>	
Trade and other payables	29.7
<b>Total current liabilities</b>	<b>29.7</b>
Deferred tax liabilities	61.3
<b>Total non-current liabilities</b>	<b>61.3</b>
<b>Total liabilities</b>	<b>91.0</b>
<b>Net assets acquired</b>	<b>192.7</b>
Goodwill	217.2
<b>Consideration</b>	<b>409.9</b>
<b>The consideration is analysed as:</b>	
Consideration satisfied by cash	409.9
<b>Consideration</b>	<b>409.9</b>

Included within the intangible assets were £245.0m of separately identifiable intangibles comprising brand, customer relations and technology acquired as part of the acquisition, with the additional effect of a deferred tax liability of £61.3m thereon. These intangible assets are being amortised over their useful economic lives of up to 20 years. The book value equated to the fair value on the remaining assets as all amounts are expected to be received.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) are the expansion of the Group's position in online bingo and the sharing of product capabilities, expertise and technology across the UK&I Online division. The goodwill has been allocated to the existing UK&I Online CGU.

Since the date of acquisition to 31 December 2022, tombola has contributed revenue of £175.0m and £10.2m profit after tax to the results of the Group. There is no significant difference between these amounts and the amounts if the acquisition had occurred on 1 January 2022.

## 15. Business combinations and disposals continued

### Other business combinations

#### Adjarabet

As part of the acquisition of Adjarabet in 2019, a mechanism was agreed, consisting of call and put options, which enabled the Group to acquire the remaining 49% after three years at a valuation equivalent to seven times the 2021 EBITDA. The call/put option consideration could be settled, at the Group's election, in cash or shares. During the year ended 31 December 2022, the non-controlling interest elected to exercise the put option and the Group entered into an arrangement with the seller to acquire the remaining shares for a cash payment of €238.0m (£204.1m) in line with the terms of the original agreement.

#### Sachiko

The Group also during the year completed the acquisition of 100% of Sachiko Gaming Private Limited, an online poker gaming developer based in India in exchange for a 5% equity stake in the Group's subsidiary Junglee Games. The fair value of the consideration was €6m based on the fair value of Junglee at the date of the acquisition. The purpose of the acquisition is to combine it with the Group's existing Indian business and widen and expand its product offering in the fast growing Indian market. Due to the immaterial size of the transaction, no further disclosures are provided.

As part of the acquisition of Sachiko, the Group has put in place arrangements, consisting of call and put options, that could result in it acquiring the 5% of Junglee held by the former shareholders of Sachiko in 2028 and 2032 based on the future Revenue and EBITDA performance of Junglee. As the Group cannot avoid settling the call/put options in cash, a liability of £12.3m has been recorded at 31 December 2022.

### Year ended 31 December 2021

#### Acquisition of Junglee Games

On 28 January 2021, the Group completed the acquisition of an initial 50.1% stake in Junglee Games ("Junglee"), an Indian online rummy operator, for US\$67.3m (£49.3m), with US\$63.5m (£46.5m) paid in cash and the remainder recorded as deferred consideration and paid subsequently in 2021. On the same date the Group entered into call and put options which would enable the Group to acquire an additional 7.2% stake in Junglee in exchange for cash consideration. In June 2021, these options were exercised and the Group acquired the additional 7.2% stake in Junglee in exchange for cash consideration of US\$7.5m (£5.5m) with US\$7.0m (£5.1m) paid in cash and the remainder recorded as deferred consideration and paid subsequently in 2021. This has been accounted under the anticipated acquisition method, with the combined 57.3% recognised as acquired from 28 January 2021.

Junglee is a top three player in the legal Indian online rummy market. The Group sees good potential to further develop Junglee's product offering, including its recently launched daily fantasy sports product, leveraging the Group's capabilities in this area. The Group has put in place arrangements, consisting of call and put options that could see its ownership in the business increase to 100% in 2025. The call and put options consideration can be settled, at the Group's election, in cash or shares. As a consequence of both the call and put options being only exercisable at fair value being the future EBITDA and revenue multiple, which are considered to be two key inputs into valuing the option, it was determined that the fair value of the call and put options was not material and was close to nominal value.

Included within the intangible assets were £42.9m of separately identifiable intangibles comprising brand, technology and customer relations acquired as part of the acquisition, with the additional effect of a deferred tax liability of £10.8m thereon. These intangible assets are being amortised over their useful economic lives of up to 10 years. The book value equated to the fair value on the remaining assets as all amounts are expected to be received.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is growth by combining the Group's significant operating experience in other markets with the local market knowledge and skills of the management team in Junglee, driving revenue synergies over time. The goodwill has been allocated to the existing International CGU and it has been deemed that a separate CGU is not appropriate.

Since the date of acquisition to 31 December 2021, Junglee has contributed £50m of revenue and £7.4m of a net loss after tax to the results of the consolidated Group.

If the acquisition had occurred on 1 January 2021, Junglee's contribution to revenue and net loss after tax for the year ended 31 December 2021 would have been £53m and £6.6m respectively.

## Notes to the Consolidated Financial Statements continued

### 15. Business combinations and disposals continued

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair values as at 28 January 2021 £m
<b>Assets</b>	
Property, plant and equipment	0.2
Intangible assets	42.9
<b>Total non-current assets</b>	<b>43.1</b>
Trade and other receivables	3.8
Cash and cash equivalents - available for corporate use	17.7
<b>Total current assets</b>	<b>21.5</b>
<b>Total assets</b>	<b>64.6</b>
<b>Liabilities</b>	
Trade and other payables	13.1
<b>Total current liabilities</b>	<b>13.1</b>
Deferred tax liabilities	10.8
<b>Total non-current liabilities</b>	<b>10.8</b>
<b>Total liabilities</b>	<b>23.9</b>
<b>Net assets acquired</b>	<b>40.7</b>
Goodwill	31.2
Non-controlling interest measured at the proportionate interest method	(17.1)
<b>Consideration</b>	<b>54.8</b>
<b>The consideration is analysed as:</b>	
Consideration satisfied by cash	46.5
Put option satisfied by cash	5.1
Deferred consideration	2.8
Put option deferred consideration	0.4
<b>Consideration</b>	<b>54.8</b>

## 15. Business combinations and disposals continued

### Acquisition of Singular

On 10 September 2021, the Group completed the acquisition of a 100% stake in Singular, an European sports betting and gaming technology platform which is already fully integrated with our Adjarabet business and will provide us with greater optionality as we enter new markets. The purchase comprised of an initial cash payment of €16.5m (£14.1m) with a further €20.1m (£17.2m) payable subject to the business meeting strategic milestones in the future, recorded as contingent consideration and €1.0m (£0.8m) included within deferred consideration.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair values as at 10 September 2021 €m
<b>Assets</b>	
Property, plant and equipment	0.2
Intangible assets	4.3
<b>Total non-current assets</b>	<b>4.5</b>
Trade and other receivables	0.9
Cash and cash equivalents - available for corporate use	0.5
<b>Total current assets</b>	<b>1.4</b>
<b>Total assets</b>	<b>5.9</b>
<b>Liabilities</b>	
Trade and other payables	0.9
<b>Total current liabilities</b>	<b>0.9</b>
Deferred tax liabilities	0.2
<b>Total non-current liabilities</b>	<b>0.2</b>
<b>Total liabilities</b>	<b>1.1</b>
<b>Net assets acquired</b>	<b>4.8</b>
Goodwill	27.3
<b>Consideration</b>	<b>32.1</b>
<b>The consideration is analysed as:</b>	
Consideration satisfied by cash	14.1
Contingent consideration	17.2
Deferred consideration	0.8
<b>Consideration</b>	<b>32.1</b>

Included within the intangible assets were £4.3m of separately identifiable intangibles comprising technology and customer relations acquired as part of the acquisition, with the additional effect of a deferred tax liability of £0.2m thereon. These intangible assets are being amortised over their useful economic lives of up to five years. The book value equated to the fair value on the remaining assets as all amounts are expected to be received.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is growth by combining the Group's significant operating experience in other markets with the local market knowledge and skills of the management team in Singular. The goodwill has been allocated to the existing International CGU and it has been deemed that a separate CGU is not appropriate.

If the acquisition had occurred on 1 January 2021, Singular's contribution to revenue and net profit after tax for the 12 months ended 31 December 2021 would have been insignificant in terms of third party revenue and £0.1m respectively. Since the date of acquisition to 31 December 2021, Singular has contributed insignificant third party revenue and a £0.2m profit after tax to the results of the Group.

### Disposal of Oddschecker Global Media

On 31 August 2021 the Group sold all of the shares of Oddschecker Global Media ("OGM"), a fully owned subsidiary of the Group, to Bruin Capital, in exchange for £127.1m in cash (proceeds of £141.3m net of £14.2m cash already on the balance sheet) and recorded a gain on the disposal of £12.2m (see also Note 6). There is potential for the Group to receive further consideration of up to £20m pending future events. However, it is currently not probable that further amounts will be received and therefore no asset has been recorded. Prior to the sale, the non-current assets were measured at the lower of their carrying amount and fair value less costs to sell. No impairments were recognised. The assets and liabilities of OGM were included within the UK&I segment up to the date of sale.

# Notes to the Consolidated Financial Statements continued

## 15. Business combinations and disposals continued

The net assets disposed and the gain on disposal recognised by the Group were as follows:

	31 August 2021 £m
Property, plant and equipment	0.8
Intangible assets	48.1
Goodwill	78.0
Trade and other receivables	2.1
Cash and cash equivalents	14.2
<b>Total assets</b>	<b>143.2</b>
Accounts payable and other liabilities	(7.3)
Deferred taxes	(11.6)
<b>Total liabilities</b>	<b>(18.9)</b>
<b>Net assets disposed</b>	<b>124.3</b>
Disposal costs	(4.8)
Proceeds	141.3
<b>Gain on disposal</b>	<b>12.2</b>

### Cash (outflows)/inflows from business combinations:

	31 December 2022 £m	31 December 2021 £m
Cash consideration paid for acquisitions in the period	(2,084.7)	(63.4)
Cash consideration paid for put option exercised in the period	—	(5.5)
Cash consideration paid for further interest in subsidiary	(204.1)	—
Cash and cash equivalents - available for corporate use acquired from acquisitions in the period	104.6	18.2
Cash and cash equivalents - customer balances acquired from acquisitions in the period	304.2	—
Cash consideration – acquisitions in previous periods	(15.3)	(21.6)

### As presented in the statement of cash flows:

Purchase of businesses net of cash acquired	(1,675.9)	(50.7)
Acquisition of further interest in subsidiary	(204.1)	—
Payment of contingent deferred consideration	(15.3)	(21.6)

During the year the Group settled in cash, deferred consideration liabilities of £15.3m in relation to Betfair's historical acquisition of HRTV, a horse racing television network based in the US. No further payments are due in respect of this acquisition.

## 16. Investments and trade and other receivables

### Non-current assets

	31 December 2022 £m	31 December 2021 £m
Investments – FVTPL	9.2	5.5

Investments relate to a small number of individually immaterial equity investments in various companies.

	31 December 2022 £m	31 December 2021 £m
<b>Other receivables</b>		
Other receivables	21.4	11.8
Prepayments	12.6	13.8
Deferred financing costs (see Note 22)	4.5	3.7
<b>Total</b>	<b>38.5</b>	<b>29.3</b>

### Other receivables

Other receivables are comprised primarily of deposits for licences and property as well as VAT refunds due.

### Deferred financing costs on Revolving Credit Facility

In May 2020, the Group entered into a new Revolving Credit Facility agreement as part of its financing agreements. The Group incurred £5.3m of initial transaction costs and fees relating to the Revolving Credit Facility with an additional £3.7m capitalised following the increase of the facility in September 2022, which have been capitalised and included within non-current receivables. The balance at 31 December 2022, net of accretion, was £4.5m (2021: £3.7m). These fees are charged as financial expenses over the term of Revolving Credit Facility agreement. As at 31 December 2022, £63.0m was drawn under the Revolving Credit Facility (31 December 2021: Nil).



## 16. Investments and trade and other receivables continued

### Current assets

	31 December 2022 £m	31 December 2021 £m
<b>Trade and other receivables</b>		
Trade receivables	95.4	39.5
Other receivables	73.4	34.4
Value-added tax and goods and services tax	7.5	5.1
Prepayments	168.7	124.9
<b>Total</b>	<b>345.0</b>	<b>203.9</b>

## 17. Current investments, financial assets - restricted cash and cash equivalents

	31 December 2022 £m	31 December 2021 Restated £m
<b>Non-current:</b>		
Financial assets – restricted cash	13.0	7.4
<b>Current:</b>		
Investments at FVOCI - customer deposits	138.0	83.0
Cash and cash equivalents - customer balances	1,293.2	677.6
Cash and cash equivalents - available for corporate use	797.9	951.7
<b>Total</b>	<b>2,242.1</b>	<b>1,719.7</b>

### Financial assets

Non-current financial assets – restricted cash include:

- amounts required to be held as to guarantee third party letter of credit facilities.

Cash and cash equivalents – customer balances include:

- customer funds balances securing player funds held by the Group. These customer funds match customer liabilities of equal value.

The effective interest rate on bank deposits at 31 December 2022 was 2.2% (31 December 2021: 0.3%). The bank deposits also have an average maturity date of 1.8 days from 31 December 2022 (2021: one day). The Directors believe that all short-term bank deposits can be withdrawn without significant penalty.

### Investments – customer deposits

Investments relate to customer deposits, and are held in accounts segregated from investments held for operational purposes. Investments held in relation to customer deposits are liquid investments in short duration corporate and government bonds and are classified as current assets consistent with the current classification of customer deposits to which the investments relate. Management's investment strategy for the portfolio results in the majority of the bonds being held to maturity. Bonds are classified as FVOCI.

### Amounts held in trust

As at 31 December 2022, £366.2m (31 December 2021: £355.6m) was held in trust in The Sporting Exchange (Clients) Limited on behalf of the Group's customers and is equal to the amounts deposited into customer accounts. Neither cash and cash equivalents nor restricted cash include these balances on the basis that they are held on trust for customers and do not belong to and are not at the disposal of the Group.

### Currency details

Investments - customer deposits, financial assets - restricted cash, cash and cash equivalents - customer balances and cash and cash equivalents - available for corporate use are analysed by currency as follows:

	31 December 2022 £m	31 December 2021 £m
GBP	201.6	708.7
EUR	745.2	165.0
AUD	160.5	238.2
USD	992.6	570.8
Other	142.2	37.0
<b>Total</b>	<b>2,242.1</b>	<b>1,719.7</b>

# Notes to the Consolidated Financial Statements continued

## 18. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31 December 2022			31 December 2021		
	Assets £m	Liabilities £m	Total £m	Assets £m	Liabilities £m	Total £m
Property, plant and equipment	26.7	(0.6)	26.1	11.5	(0.6)	10.9
Intangible assets	108.0	(905.5)	(797.5)	69.9	(601.9)	(532.0)
Employee benefits	22.5	—	22.5	13.3	—	13.3
Other	56.0	—	56.0	21.9	(3.9)	18.0
<b>Net assets/(liabilities)</b>	<b>213.2</b>	<b>(906.1)</b>	<b>(692.9)</b>	<b>116.6</b>	<b>(606.4)</b>	<b>(489.8)</b>

Deferred tax assets and liabilities have been offset at 31 December 2022 and 2021 where there is a legally enforceable right to such set-off in each jurisdiction. Included in the statement of financial position is a deferred tax asset of £67.2m (2021: £8.2m) and a deferred tax liability of £760.1m (2021: £498.0m).

The deferred tax liability in relation to intangible assets disclosed above primarily relates to the deferred tax liability arising in respect of acquisition accounting-related intangibles. This deferred tax liability continues to unwind as the intangible assets are amortised over their useful economic life.

The deferred tax asset arising on employee benefits primarily relates to future tax deductions the Group expects to receive in relation to share-based payment plans operated by the Group to reward its employees as well as other employee timing differences relating to Australia. The asset is recognised at the tax rate at which it is expected to unwind.

Movement in temporary differences during the year:

	Property, plant and equipment £m	Intangible assets £m	Employee benefits £m	Other £m	Total £m
Balance at 1 January 2021	9.7	(549.7)	17.6	28.9	(493.5)
Arising on acquisition	(0.8)	(10.5)	—	0.3	(11.0)
Arising on disposal	0.1	11.5	—	—	11.6
Recognised in income	1.9	18.1	(4.1)	(11.1)	4.8
Recognised directly in equity and OCI	—	—	(0.2)	—	(0.2)
Foreign currency translation adjustment	—	(1.4)	—	(0.1)	(1.5)
<b>Balance at 31 December 2021</b>	<b>10.9</b>	<b>(532.0)</b>	<b>13.3</b>	<b>18.0</b>	<b>(489.8)</b>
Arising on acquisition	16.1	(359.2)	0.1	6.8	(336.2)
Recognised in income	(1.7)	115.1	5.0	26.7	145.1
Recognised directly in equity and OCI	—	—	3.7	—	3.7
Foreign currency translation adjustment	0.8	(21.4)	0.4	4.5	(15.7)
<b>Balance at 31 December 2022</b>	<b>26.1</b>	<b>(797.5)</b>	<b>22.5</b>	<b>56.0</b>	<b>(692.9)</b>

## Unrecognised deferred tax assets

The Group has unrecognised deferred tax assets in respect of losses and other timing differences of £3,840.5m gross, £856.3m tax effected (2021: £783.9m tax effected). Of these gross unrecognised deferred tax assets, we expect £1,346.1m to expire within 10 years, £314.3m to expire within 20 years and £2,180.1m have no expiry date. These have not been recognised on the basis that there is insufficient certainty of there being future taxable profits in the relevant jurisdictions and therefore the assets will not be realisable. The timing of recognition is a key area of judgement in the current period (see Note 4 for further details).

## 19. Trade and other payables

### Current liabilities

	31 December 2022 £m	31 December 2021 £m
<b>Trade and other payables</b>		
Trade payables	204.4	74.2
PAYE and social security	36.8	19.7
Value-added tax, goods and services tax, betting duties, data rights, and product and racefield fees	352.9	220.7
Employee benefits	181.4	156.1
Contingent deferred consideration - business combinations	—	21.0
Accruals and other liabilities	757.6	604.7
<b>Total</b>	<b>1,533.1</b>	<b>1,096.4</b>

### Non-current liabilities

	31 December 2022 £m	31 December 2021 £m
<b>Trade and other payables</b>		
Employee benefits	6.2	2.1
Contingent deferred consideration - business combinations	17.8	16.9
Put/call liability for acquisition	12.3	—
Accruals and other payables	14.5	0.8
<b>Total</b>	<b>50.8</b>	<b>19.8</b>

## 19. Trade and other payables continued

### Contingent deferred consideration – business combinations

The Group's contingent deferred consideration liabilities amounted to £17.8m at 31 December 2022 relates to the acquisition of Singular in 2021 (see also Note 15).

At 31 December 2021, the contingent deferred consideration liabilities of £37.9m related to the following:

- £17.8m relating to the acquisition of Singular in 2021 (see also Note 15);
- £15.4m contingent and deferred consideration relating to Betfair's historical acquisition of HRTV, a horse racing television network based in the United States. This liability was settled in full during 2022; and
- £4.7m in respect of Diamond Game Enterprises, assumed as part of the Combination with TSG. This liability was released to the income statement during 2022.

### Sachiko

As part of the acquisition of Sachiko (see Note 15), the Group has put in place arrangements, consisting of call and put options, that could result in it acquiring the 5% of Junglee held by the former shareholders of Sachiko in 2027 and 2032 based on the future Revenue and EBITDA performance of Junglee. As the Group cannot avoid settling the put/call options in cash, a liability of £12.3m has been recorded at 31 December 2022.

## 20. Provisions

Provisions balances at 31 December 2022 and 31 December 2021 and movements during the year ended 31 December 2022 are outlined below:

	Employee benefits (long service leave) £m	Onerous contracts £m	Gaming tax £m	Other legal £m	Other £m	Total £m
<b>Balance at 31 December 2021</b>	<b>3.5</b>	<b>13.7</b>	<b>22.4</b>	<b>72.0</b>	<b>7.5</b>	<b>119.1</b>
Acquired on business combinations	—	—	4.4	35.4	—	39.8
Additional provisions recognised	1.1	1.0	6.6	0.7	9.1	18.5
Amounts used during the year	(0.5)	(6.3)	(9.4)	(3.4)	(5.9)	(25.5)
Unused amounts reversed	(0.3)	—	(2.5)	(38.3)	(3.2)	(44.3)
Foreign currency translation	0.2	1.0	1.1	3.6	0.7	6.6
<b>Balance at 31 December 2022</b>	<b>4.0</b>	<b>9.4</b>	<b>22.6</b>	<b>70.0</b>	<b>8.2</b>	<b>114.2</b>
<b>Presented in:</b>						
Balance at 31 December 2021:						
Current	2.2	6.6	22.4	34.5	5.6	71.3
Non-current	1.3	7.1	—	37.5	1.9	47.8
<b>Total</b>	<b>3.5</b>	<b>13.7</b>	<b>22.4</b>	<b>72.0</b>	<b>7.5</b>	<b>119.1</b>
Balance at 31 December 2022:						
Current	2.9	4.8	18.3	14.5	6.2	46.7
Non-current	1.1	4.6	4.3	55.5	2.0	67.5
<b>Total</b>	<b>4.0</b>	<b>9.4</b>	<b>22.6</b>	<b>70.0</b>	<b>8.2</b>	<b>114.2</b>

### Employee benefits (long service leave)

The timing and amount of long service leave cash outflows are primarily dependent on when staff employed at the reporting date avail of their entitlement to leave and their expected salaries at that time. As of 31 December 2022 and 31 December 2021, it was expected that cash outflows would occur primarily within the following five years.

### Onerous contracts

The onerous contracts provision at 31 December 2022 relates to various marketing and minimum guarantee contracts where the cost of fulfilling these contracts exceeds the expected economic benefits to be received from them.

### Gaming tax

These are gaming tax provisions relating to amounts provided for taxes in certain jurisdictions where the interpretation of tax legislation is uncertain. When the Group disagrees with the application of unclear tax legislation, for example when it is applied retrospectively and/or results in a one-off disproportionate tax equivalent to many times the profit derived by the Group from its historic activities in that jurisdiction, the Group continues to challenge these interpretations.

Whilst the maximum potential obligation for all ongoing cases could be greater than the recognised provision, and the outcomes may not be known for some time, a liability has been recorded for the Directors' best estimate of the cash outflows that will ultimately be required in respect of each claim. Management has not provided a sensitivity for this provision as the range is not considered to be material. Management notes this is a key judgement (see Note 4), however, it is not a key judgement that will have a material impact in the coming year.

# Notes to the Consolidated Financial Statements continued

## 20. Provisions continued

### Other legal

Other legal provisions generally consist of payments for various future legal settlements where, based on all available information, management believes it is probable that there will be a future outflow.

These provisions comprise a number of different legal cases, the majority of which are immaterial including those that were acquired as part of the Sisal business combination during the year. The most significant relates to the foreign payments contingent liabilities outlined in more detail in Note 29. Further disclosure in respect of these provisions has not been provided as such information would be expected to be prejudicial to the Group's position in such matters.

Whilst the maximum potential obligation for all ongoing cases could be greater than the recognised provision, and the outcomes may not be known for some time, a liability has been recorded for the Directors' best estimate of the cash outflows that will ultimately be required in respect of each claim. Management has not provided a sensitivity for this provision as the range is not considered to be material. Management notes this is a key estimate; however, it is not a key judgement that will have a material impact in the coming year.

### Other

Other provisions primarily comprise a number of different regulatory provisions.

## 21. Leases

The Group leases various licensed betting premises, office buildings and dedicated web servers under lease agreements. The leases have varying terms, escalation clauses and renewal rights. The leases have, on average, approximately six years left to run (if the Group were to exercise available break options), with a right of renewal after that date. Lease rentals are typically reviewed every five years to reflect market rental rates or changes in general inflation rates. Leases for licensed betting and other offices are entered into as combined leases of land and buildings.

Lease liabilities balances at 31 December 2022 and 31 December 2021 and movements during the year ended 31 December 2022 and 31 December 2021 are outlined below:

### Lease liabilities

	31 December 2022 £m	31 December 2021 £m
Balance at 1 January	264.4	194.0
Additions - business combinations	61.9	—
Additions	105.6	113.3
Remeasurement of lease term	39.9	13.1
Lease liability derecognition	(11.9)	(2.5)
Lease interest expense	12.6	8.5
Principal and interest repayments	(84.8)	(56.3)
Lease incentive received	4.6	—
Foreign exchange translation	13.9	(5.7)
<b>Balance at 31 December</b>	<b>406.2</b>	<b>264.4</b>
Presented in:		
Current portion of lease liabilities	85.4	47.0
Non-current portion of lease liabilities	320.8	217.4
<b>Total</b>	<b>406.2</b>	<b>264.4</b>

Amounts recognised in profit or loss:

	2022 £m	2021 £m
<b>Leases under IFRS 16:</b>		
Depreciation	81.3	51.7
Interest on lease liabilities	12.6	8.5
Income from sub-leasing right-of-use assets	(1.0)	(0.8)
Expense relating to short-term leases	0.1	0.1

### Lease options

Some of the Group's leases contain extension and break options to provide operational flexibility. The Group assesses whether it is reasonably certain to exercise these options at lease commencement date.

When assessing the remeasurements of the lease term, the Group in particular considers those leases with option and break clauses that are due within the next 24 months. The Group generally does not have an economic incentive to extend a particular lease. The majority of these options relate to longer term office leases, typically with renewal options at market rates at that time and there are no significant costs relating to exiting or relocating.

The Group has estimated that the potential future lease payments should it exercise all options or not exercise any break clauses would result in an increase in the lease asset and liability of £50.5m (2021: £37.9m).

## 21. Leases continued

### Leases as lessor

#### Finance lease

The Group has a small number of properties that are sublet. The following table sets out a maturity analysis of lease receivables showing the undiscounted lease payments to be received after the reporting date.

	31 December 2022 £m	31 December 2021 £m
Less than one year	0.8	0.9
Between two and five years	0.8	0.6
Total undiscounted lease receivable	1.6	1.5
Unearned finance income	(0.1)	(0.1)
Net investment in finance lease	1.5	1.4

#### Operating lease

The Group has a small number of properties that are sublet. Sublease payments of £0.3m (2021: £0.9m) are expected to be received during the year ended 31 December 2023.

### Reconciliation to Statement of Cash Flows:

Reconciliation of movements in lease liabilities to the Statement of Cash Flows:

	2022 £m	2021 £m
<b>Financing activities:</b>		
Payment of lease liability	72.2	47.9
Interest paid	12.6	8.4

## 22. Borrowings

The following is a summary of borrowings, including accrued interest, outstanding as at 31 December 2022 and 31 December 2021:

	Contractual interest rate <sup>1</sup> %	31 December 2022		31 December 2021	
		Principal outstanding balance in currency of borrowing Local currency (m)	Carrying amount (including accrued interest) <sup>2</sup> £m	Principal outstanding balance in currency of borrowing Local currency (m)	Carrying amount (including accrued interest) £m
GBP First Lien Term Loan A 2025	5.18	£1,017.9	1,012.0	£1,017.9	1,009.6
EUR First Lien Term Loan A 2026	4.65	€549.5	486.9	€—	—
USD First Lien Term Loan A 2026	7.08	\$200.0	165.3	\$—	—
USD First Lien Term Loan B 2026	2.76	\$2,901.7	2,375.7	\$2,931.0	2,142.6
USD First Lien Term Loan B 2028	6.74	\$1,246.9	1,030.5	\$—	—
EUR First Lien Term Loan B 2026	4.70	€507.2	443.9	€507.2	419.6
GBP Revolving Credit Facility 2025	5.18	£63.0	63.2	£—	—
<b>Total borrowings</b>			5,577.5		3,571.8
Presented in:					
Current portion			35.6		22.1
Non-current portion			5,541.9		3,549.7
<b>Total borrowings</b>			5,577.5		3,571.8

1. The rates include the impact of the contractual Swap Agreements (as defined below) shown as at 31 December 2022.

2. The carrying amounts at 31 December 2022 include accrued interest of £1.1m (31 December 2021: £0.4m) presented within the current portion of borrowings above.

During the year ended 31 December 2022, the Group incurred the following interest on its then outstanding borrowings:

	Effective interest rate <sup>1</sup> %	Interest accretion £m	Interest <sup>2</sup> £m	Total Interest <sup>2</sup> £m
GBP First Lien Term Loan A 2025	5.59	2.5	31.6	34.1
EUR First Lien Term Loan A 2026	4.81	—	5.1	5.1
USD First Lien Term Loan A 2026	7.30	—	3.5	3.5
USD First Lien Term Loan B 2026	3.10	5.7	51.7	57.4
USD First Lien Term Loan B 2028	7.00	0.0	21.1	21.1
EUR First Lien Term Loan B 2026	5.24	1.4	12.4	13.8
EUR First Lien Term Loan B4 2026	4.20	1.8	7.7	9.5
GBP Revolving Credit Facility 2025	5.20	—	4.3	4.3
<b>Total</b>		11.4	137.4	148.8

1. The effective interest rate calculation includes the impact of the Swap Agreements (as defined below).

2. Interest shown includes the impact of the Swap Agreements and is the cash cost. In addition to the amount included above, the Group incurred £3.1m of interest expense relating to commitment, utilisation, and fronting fees associated with its Revolving Credit Facility.



# Notes to the Consolidated Financial Statements continued

## 22. Borrowings continued

The Group's change in borrowings during the year ended 31 December 2022 was as follows:

	Balance at 1 Jan 2022 £m	New debt £m	Principal payments £m	Adjustments to amortised costs <sup>1</sup> £m	Interest accretion <sup>2</sup> £m	Loss on extinguishment £m	FX translation £m	Balance at 31 December 2022 £m
GBP First Lien Term Loan A 2025	1,009.2	—	—	—	2.5	—	—	1,011.7
EUR First Lien Term Loan A 2026	—	480.0	—	—	—	—	6.8	486.8
USD First Lien Term Loan A 2026	—	177.5	—	—	—	—	(12.3)	165.2
USD First Lien Term Loan B 2026	2,142.6	—	(24.3)	—	5.7	—	251.3	2,375.3
USD First Lien Term Loan B 2028	—	1,109.5	(2.6)	—	—	—	(76.6)	1,030.3
EUR First Lien Term Loan B 2026	419.6	—	—	—	1.4	—	23.1	444.1
EUR First Lien Term Loan B4 2026	—	1,669.5	(1,767.0)	(56.1)	1.8	56.9	94.9	—
GBP Revolving Credit Facility 2025	—	584.0	(521.0)	—	—	—	—	63.0
<b>Total</b>	<b>3,571.4</b>	<b>4,020.5</b>	<b>(2,314.9)</b>	<b>(56.1)</b>	<b>11.4</b>	<b>56.9</b>	<b>287.2</b>	<b>5,576.4</b>
Accrued interest	0.4	—	—	—	—	—	—	1.1
<b>Total borrowings</b>	<b>3,571.8</b>	—	—	—	—	—	—	<b>5,577.5</b>

1. Adjustments to amortised costs include transaction costs and fees incurred in respect of the refinancing and additional debt drawdown noted below.
2. Interest accretion represents interest expense calculated at the effective interest rate less interest expense calculated at the contractual interest rate and is recorded in financial expenses in the consolidated income statement.

The Group's change in borrowings during the year ended 31 December 2021 was as follows:

	Balance at 1 Jan 2021 £m	New debt £m	Principal payments £m	Adjustments to amortised costs £m	Interest accretion £m	Embedded derivative settlement £m	FX translation £m	Balance at 31 Dec 2021 £m
GBP First Lien Term Loan A 2025	939.5	67.9	—	(0.5)	2.3	—	—	1,009.2
USD First Lien Term Loan A 2026	1,042.9	1,099.8	(18.0)	(5.4)	5.3	—	18.0	2,142.6
EUR First Lien Term Loan A 2026	449.1	—	—	(2.2)	1.3	—	(28.6)	419.6
Senior Notes	682.8	—	(733.2)	—	(46.8)	96.1	1.1	—
<b>Total</b>	<b>3,114.3</b>	<b>1,167.7</b>	<b>(751.2)</b>	<b>(8.1)</b>	<b>(37.9)</b>	<b>96.1</b>	<b>(9.5)</b>	<b>3,571.4</b>
Accrued interest	24.6	—	—	—	—	—	—	0.4
<b>Total borrowings</b>	<b>3,138.9</b>	—	—	—	—	—	—	<b>3,571.8</b>

As at 31 December 2022, the contractual principal repayments of the Group's outstanding borrowings, excluding accrued interest, amount to the following:

	< 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	>4 years £m
GBP First Lien Term Loan A 2025	—	—	1,017.9	—	—
EUR First Lien Term Loan A 2026	—	—	—	486.8	—
USD First Lien Term Loan A 2026	—	—	—	165.3	—
USD First Lien Term Loan B 2026	23.8	23.8	23.8	2,326.4	—
USD First Lien Term Loan B 2028	10.9	10.9	10.9	10.9	986.9
EUR First Lien Term Loan B 2026	—	—	—	449.3	—
GBP Revolving Credit Facility 2025	—	—	63.0	—	—
	<b>34.7</b>	<b>34.7</b>	<b>1,115.6</b>	<b>3,438.7</b>	<b>986.9</b>

1. Principal repayments due > 4 years are payable in 2028.

### Revolving Credit Facility and First Lien Term Loans

Each of the Group's facilities are discussed below.

#### TLA Agreement - GBP First Lien Term Loan A

In May 2020, certain members of the Group, comprising Flutter Entertainment Plc, PPB Financing Unlimited Company and PPB Treasury Unlimited Company as borrowers, entered into a Term Loan A and Revolving Credit Facility Agreement (the "TLA Agreement") comprising a term loan and revolving credit facility totalling £1.4bn. In December 2021, an additional lender was added to the facility increasing the overall TLA Agreement by £100m bringing the total to £1.5bn. From this £100m, the Group received £68m cash drawings from the TLA with the remaining £32m becoming available as incremental RCF. As part of the refinancing noted further below, during the year we entered into the Third Amendment of the TLA Agreement on 23 September 2022 which enabled the drawdown of €549.5m and \$200.0m during the year. The TLA Agreement described above provides a term loan facility in an aggregate amount of:

- £1,017.9m (2021: £1,017.9m) priced at SONIA plus CAS plus a margin of 1.75% (the "GBP First Lien Term Loan A"), with a maturity date of 5 May 2025 and a SONIA floor of 0%;
- €549.5m (2021: €0) priced at 1M EURIBOR plus 2.75% and a EURIBOR floor of 0% (the "EUR First Lien Term Loan A") with a maturity date of 31 July 2026; and
- \$200.0m (2021: \$0) priced at Daily Compound SOFR plus 0.2616% CAS plus a margin of 2.75% (the "USD First Lien Term Loan A") with a maturity date of 31 July 2026.

## 22. Borrowings continued

There is no amortisation on the GBP, EUR and USD First Lien Term Loan A and the principals are due at maturity. The Group incurred £11.9m of initial transaction costs and fees on drawdown which have been capitalised against the principal of the debt in 2020 and are recorded as financial expense over the term of the debt using the effective interest rate method. As part of an internal restructure in 2022, the Group has added subsidiaries FanDuel Group Financing LLC and Betfair Interactive US Financing LLC as borrowers to the TLA.

### TLA Agreement – Revolving Credit Facility

The TLA Agreement described above provides a multi-currency revolving credit facility in an aggregate amount of £748.8m (2021: £482.0m) (the “Revolving Credit Facility”). Maturing on 5 May 2025, the Revolving Credit Facility includes a margin of 1.75% over SONIA for borrowings with a 0% interest rate floor as well as a utilisation fee ranging from 0.1% to 0.4% based on the proportion of drawings to the total commitment. The commitment fee on the Revolving Credit Facility is 35% of the margin and is payable in respect of available but undrawn borrowings. The Revolving Credit Facility is available for general corporate purposes including the refinancing of existing borrowings. As part of the amendment to the TLA Agreement described above, the Group increased the size of the Revolving Credit Facility by an additional £267m. The Group incurred £5.3m of initial transaction costs and fees relating to the Revolving Credit Facility in May 2020 with an additional £3.7m incurred following the increase of the facility in September 2022. These fees have been capitalised and included within non-current receivables. During the year ending 31 December 2022 the Group drew down £584.0m of this facility and repaid £521.0m leaving an outstanding principal amount of £63.0m (2021: nil). The Group has an undrawn capacity of £675m (2021: £441m) on the Revolving Credit Facility with £11m (2021: £41m) of capacity reserved for the issuance of Group guarantees as of 31 December 2022.

The terms of the TLA Agreement limit the Group’s ability to, among other things: (i) incur additional debt (ii) grant additional liens on their assets and equity (iii) distribute equity interests and/or distribute any assets to third parties (iv) make certain loans or investments (including acquisitions) (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments, and (vii) modify the terms of certain debt or organisational documents, in each case subject to certain permitted exceptions. The TLA Agreement requires, subject to a testing threshold, that the Company comply on a bi-annual basis with a maximum net total leverage ratio of 5.1 to 1.0. During the twelve months ended 31 December 2022, the Group is in compliance with all covenants related to its First Lien Term Loan A.

### First Lien Term Loan B’s

The Group’s First Lien Term Loan B has three separate tranches outstanding as follows:

- USD first lien term loan with an outstanding principal balance of \$2,901.7m (2021: \$2,931.0m) priced at USD-LIBOR plus 2.25% (2021: 2.25%) (the “USD First Lien Term Loan B”) with a maturity date of 21 July 2026, and a LIBOR floor, as applicable, of 0%;
- USD first lien term loan with an outstanding principal balance of \$1,246.9m (2021: \$0) priced at 3M Term SOFR plus CSS plus 3.25% margin with a 0.5% SOFR floor (the “the USD First Lien Term Loan B 2”) with a maturity date of 22 July 2028; and
- EURO first lien term loan with an outstanding principal balance of €507.2m (2021: €507.2m) priced at EURIBOR plus 2.5% (2021: 2.5%) (the “EUR First Lien Term Loan B”) with a maturity date of 21 July 2026 and EURIBOR floor, as applicable, of 0%.

The two USD First Lien Term Loan B tranches requires scheduled quarterly principal payments in amounts equal to 0.25% of the combined initial aggregate principal amount of the USD First Lien Term Loan B of \$4,188m (2021: \$2,938m), with the balance due at maturity of each tranche. There is no amortisation on the EUR First Lien Term Loan B and the principal is due at maturity.

In December 2021, Flutter executed a €2,000m TLB Facility Agreement to underwrite the Sisal acquisition. This facility was drawn on 2 August, 2022 to fund the Sisal acquisition. The facility had a maturity date of 31 July 2026. The Group incurred €67.5m (£56.1m) of initial transaction costs and fees on drawdown which was capitalised against the principal of the debt and recorded as a financial expense over the term of the debt using the effective interest rate method. On 23 September 2022, the Group refinanced the €2,000m TLB facility by raising First Lien Term Loan B of \$1,250m, €549.5m and \$200.0m of Term Loan A as outlined above. The Group recognised a loss on extinguishment of £56.9m upon repayment of the €2,000m TLB Facility.

The three tranches of First Lien Term Loan B are governed by the “Syndicated Facility Agreement”. The Syndicated Facility Agreement limits Stars Group Holdings B.V. and Flutter Financing B.V, as borrowers, and its subsidiaries’ ability to, among other things, (i) incur additional debt (ii) grant additional liens on their assets and equity (iii) distribute equity interests and/or distribute any assets to third parties (iv) make certain loans or investments (including acquisitions), (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments (vii) enter into certain transactions with affiliates (viii) change lines of business and (ix) modify the terms of certain debt or organisational documents, in each case subject to certain permitted exceptions. The agreement also provides for customary mandatory prepayments, including a customary excess cash flow sweep if certain conditions are met. During the twelve months ended 31 December 2022, the Group is in compliance with all covenants related to its First Lien Term Loan B’s.

### Reconciliation to Statement of Cash Flows:

Reconciliation of movements in borrowings to the Statement of Cash Flows:

	2022 €m	2021 €m
<b>Financing activities:</b>		
Proceeds from borrowings	4,020.5	1,167.7
Repayment of borrowings	(2,314.9)	(751.2)
Interest paid	(142.5)	(141.9)

# Notes to the Consolidated Financial Statements continued

## 23. Derivatives

### Derivatives and hedge accounting

The Group uses derivative financial instruments for risk management and risk mitigation purposes. As such, any change in cash flows associated with derivative instruments are expected to be offset by changes in cash flows related to the hedged item. The Group's derivatives are discussed below.

#### Swap agreements

The Group has executed cross-currency interest rate swaps which swap the profile of the USD First Lien Term Loan B and USD First Lien Term Loan A in their entirety into EURO and GBP to better match the currency mix of the Group's EBITDA. In 2022 as part of the refinancing described above, the Group executed additional cross-currency interest rate swaps to swap the additional USD First Lien Term Loan B and USD First Lien Term Loan A into EURO and GBP. In combination, these hedging instruments comprise of: (i) USD-EUR amortising cross-currency interest rate swap agreements (the "EUR Cross-Currency Interest Rate Swaps") with an outstanding notional amount of €2,009m (£1,780m) (31 December 2021: €1,489m (£1,251m)), which fix the USD to EUR exchange rate at 1.127 (2021: 1.174) and fix the euro interest payments at an average interest rate of 2.92% (31 December 2021: 1.7%) and (ii) USD-GBP amortising cross-currency interest rate swap agreements (the "GBP Cross-Currency Interest Rate Swaps") with a remaining notional amount of £1,689m (31 December 2021: £895m), which fix the USD to GBP exchange rate at 1.234 and fix the GBP interest payments at an average interest rate of 5.63% (31 December 2021: 2.5%). The EUR Cross-Currency Interest Rate Swaps and GBP Cross-Currency Interest Rate Swaps are in hedging relationships with and have a profile that amortises in line with the USD First Lien Term Loan B. The EUR Cross-Currency Interest Rate Swaps and GBP Cross-Currency Interest Rate Swaps have maturity dates in July 2023 and September 2024.

#### Sports betting open positions

Amounts received from customers on sportsbook events that have not occurred by the balance sheet date are derivative financial instruments and have been designated by the Group on initial recognition as financial liabilities at fair value through profit or loss.

The fair value of open sports bets at 31 December 2022 and 31 December 2021 has been calculated using the latest available prices on relevant sporting events. The carrying amount of the liabilities is not significantly different from the amount that the Group is expected to pay out at maturity of the financial instruments. Sports bets are non-interest bearing. There is no interest rate or credit risk associated with open sports bets.

It is primarily based on expectations as to the results of sporting and other events on which bets are placed. Changes in those expectations and ultimately the actual results when the events occur will result in changes in fair value.

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

The following table summarises the fair value of derivatives as at 31 December 2022 and 31 December 2021:

	31 December 2022		31 December 2021	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
<b>Derivatives held for hedging</b>				
<i>Derivatives designated as cash flow hedges:</i>				
Cross-currency interest rate swaps – current	275.1	—	—	—
Cross-currency interest rate swaps – non-current	—	(61.0)	31.7	(54.6)
<b>Total derivatives designated as cash flow hedges</b>	<b>275.1</b>	<b>(61.0)</b>	<b>31.7</b>	<b>(54.6)</b>
<i>Derivatives designated as net investment hedges:</i>				
Cross-currency interest rate swaps – current	4.5	(37.1)	—	—
Cross-currency interest rate swaps – non-current	—	(12.2)	36.3	—
<b>Total derivatives designated as net investment hedges</b>	<b>4.5</b>	<b>(49.3)</b>	<b>36.3</b>	<b>—</b>
<b>Total derivatives held for hedging</b>	<b>279.6</b>	<b>(110.3)</b>	<b>68.0</b>	<b>(54.6)</b>
<b>Derivatives held for risk management and other purposes not designated as hedges</b>				
Sports betting open positions – current	—	(107.6)	—	(74.0)
Sports betting open positions – non-current	—	(0.5)	—	(0.5)
<b>Total derivatives held for risk management and other purposes not designated as hedges</b>	<b>—</b>	<b>(108.1)</b>	<b>—</b>	<b>(74.5)</b>

## 23. Derivatives

### Hedge accounting

#### Cash flow hedge accounting

In accordance with the Group's risk management strategy and Group Treasury Policy, the Group executed the Swap Agreements to mitigate the risk of fluctuation of coupon and principal cash flows due to changes in foreign currency and interest rates related to the USD First Lien Term Loan B and USD First Lien Term Loan A and to better align the currency of the Group's debt to the currency of its EBITDA. At the inception of designated hedging relationship, the Group documents the risk management objectives and strategy for undertaking hedge documentation about economic relationship of the hedge item and hedging instrument.

The Group assesses hedge effectiveness by comparing the changes in fair value of a hypothetical derivative reflecting the terms of the debt instrument issued due to movements in the applicable foreign currency exchange rate and benchmark interest rate with the changes in fair value of the cross-currency interest rate swaps and cross-currency swaps used to hedge the exposure, as applicable. The Group uses the hypothetical derivative method to determine the changes in fair value of the hedged item. The Group has identified, and to the extent possible, mitigated, the following possible sources of ineffectiveness in its cash flow hedge relationships:

1. the use of derivatives as a protection against currency and interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives with counterparties with strong investment grade credit ratings;
2. differences in the timing of settlement of the hedging instrument and hedged item; and
3. the designation of off-market hedging instruments.

Certain of the EUR Cross-Currency Interest Rate Swaps in combination with the GBP Cross-Currency Interest Rate Swaps are designated in cash flow hedge relationships to hedge the foreign exchange risk and interest rate risk on the USD First Lien Term Loan B. The remaining EUR Cross-Currency Interest Rate Swaps have been bifurcated for hedge accounting purposes with the GBP portion of the exposure designated in a cash flow hedge relationship and the EUR exposure designated in a net investment hedge relationship.

As at 31 December 2022, £11.2m (2021: £12.1m) of accumulated other comprehensive income is included in the cash flow hedging reserve (see Note 24) related to de-designated cash flow hedges and is reclassified to the consolidated income statement as the hedged cash flows impact income/(loss).

#### Net investment hedge accounting

In accordance with the Group's risk management strategy, as noted above the Group designates certain EUR cross-currency interest rate swap contracts in net investment hedging relationships to mitigate the risk of changes in foreign currency rates with respect to the translation of assets and liabilities of subsidiaries with foreign functional currencies.

The Group assesses hedge effectiveness by comparing the changes in fair value of the net assets designated, due to movements in the foreign currency rate with the changes in fair value of the hedging instruments used to hedge the exposure. The Group uses the hypothetical derivative method to determine the changes in fair value of the hedged item. The only source of ineffectiveness is the effect of the counterparty and the Group's own credit risk on the fair value of the derivative, which is not reflected in the fair value of the hypothetical derivative.

The Group has also designated the carrying amount of the EUR First Lien Term Loans as a hedge of the spot foreign exchange risk of its net investment in its EUR functional subsidiaries. The Group assesses hedge effectiveness using the forward rate method by comparing the currency and the carrying amount of the EUR First Lien Term Loan B and EUR First Lien Term Loan A with the currency and the net assets of its EUR functional subsidiaries.

As at 31 December 2022, nil (2021: £61.4m) of accumulated other comprehensive income is included in the foreign exchange translation reserve (see Note 24) related to de-designated net investment hedges and is reclassified to the consolidated income statement upon disposal of the net investment in the applicable foreign subsidiaries.

## Notes to the Consolidated Financial Statements continued

### 23. Derivatives continued

#### Effects of hedge accounting

The following tables present the effects of cash flow hedges and net investment hedges on the Group's financial position and performance:

	Change in value of hedged items for ineffectiveness measurement £m	Change in fair value of hedging instruments for ineffectiveness measurement £m	Hedge ineffectiveness gain/(loss) <sup>1</sup> £m	Hedging gains/ (losses) recognised in other comprehensive income/(loss) £m	Amount reclassified from accumulated other comprehensive loss to net earnings <sup>2</sup> £m	Net change in other comprehensive income/(loss) £m
<b>Cash flow hedges</b>						
<i>Foreign exchange rate risk</i>						
Lease liabilities	(3.5)	3.5	—	(3.5)	—	(3.5)
<i>Interest rate risk and foreign exchange risk</i>						
Floating rate, foreign currency debt	(237.3)	237.0	(0.3)	214.2	(182.7)	31.5
<b>Total cash flow hedges</b>	<b>(240.8)</b>	<b>240.5</b>	<b>(0.3)</b>	<b>210.7</b>	<b>(182.7)</b>	<b>28.0</b>
<b>Net investment hedges</b>	<b>112.2</b>	<b>(113.7)</b>	<b>(1.5)</b>	<b>(113.7)</b>	<b>—</b>	<b>(113.7)</b>
<b>Total</b>	<b>(128.6)</b>	<b>126.8</b>	<b>(1.8)</b>	<b>97.0</b>	<b>(182.7)</b>	<b>(85.7)</b>

1. Hedge ineffectiveness is recorded within financial income/expense on the consolidated income statement.

2. For cash flow hedges that address interest rate risk and/or foreign currency exchange risk, the amount reclassified from accumulated other comprehensive earnings/(loss) to net earnings/(loss) is recorded within interest expense included in financial income or expense on the consolidated income statement.

Reconciliation of accumulated other comprehensive income/(loss):

	Accumulated other comprehensive income/(loss), beginning of year £m	Net change in other comprehensive income/(loss) £m	Accumulated other comprehensive income, end of year £m	Accumulated other comprehensive income on designated hedges £m	Accumulated other comprehensive income/(loss) on de-designated hedges £m
<b>Cash flow hedges<sup>1</sup></b>					
<i>Foreign exchange rate risk</i>					
Lease liabilities	2.0	(3.5)	(1.5)	(1.5)	—
<i>Interest rate risk and foreign exchange risk</i>					
Floating rate, foreign currency debt	20.7	31.5	52.2	41.0	11.2
<b>Total cash flow hedges</b>	<b>22.7</b>	<b>28.0</b>	<b>50.7</b>	<b>39.5</b>	<b>11.2</b>
<b>Net investment hedges<sup>2</sup></b>	<b>110.1</b>	<b>(113.7)</b>	<b>(3.6)</b>	<b>(65.0)</b>	<b>61.4</b>
<b>Total</b>	<b>132.8</b>	<b>(85.7)</b>	<b>47.1</b>	<b>(25.5)</b>	<b>72.6</b>

1. Net changes in other comprehensive income/(loss) is recorded through the cash flow hedging reserve. See Note 24.

2. Net changes in other comprehensive income/(loss) is recorded through the foreign exchange translation reserve. See Note 24.

Details of the key terms of the hedging instruments are as follows:

Term Loan B (USD):	Cross-currency interest rate swaps Cash flow hedges		Cross-currency interest rate swaps Net investment hedges	
	2022	2021	2022	2021
<b>Foreign exchange and Interest rate risk</b>				
Carrying amount (asset/(liability))	£275.1m	(£22.9m)	(£32.6m)	£36.3m
Notional amount	\$2,901.7m	\$2,931.0m	€1,473.2m	€1,488.1m
Maturity date	July 2023	July 2023	July 2023	July 2023
Hedge ratio	100%	100%	100%	100%
Change in intrinsic value of the outstanding hedging instruments during the year	£298.0m	£78.9m	(£68.9m)	£19.4m



## 23. Derivatives continued

	Term Loan B (EUR) Net investment hedges		Term Loan A (EUR) Net investment hedges	
	2022	2021	2022	2021
<b>Foreign exchange and interest rate risk</b>				
Carrying amount (asset/(liability))	£—m	£—m	£—m	£—m
Notional amount	€507.2m	€507.2m	€549.5m	€—m
Maturity date	July 2026	July 2026	July 2026	—
Hedge ratio	100%	100%	100%	—%
Change in intrinsic value of the outstanding hedging instruments during the year	£23.1m	£22.9m	£6.9m	£—m

2028 Term Loan B (USD)	Cross-currency interest rate swaps Cash flow hedges		Cross-currency interest rate swaps Net investment hedges	
	2022	2021	2022	2021
<b>Foreign exchange and interest rate risk</b>				
Carrying amount (asset/(liability))	(£51.5m)	£—m	(£12.2m)	£—m
Notional amount	\$1,246.9m September	\$—m	€535.6m September	€—m
Maturity date	2024	—	2024	—
Hedge ratio	100%	—%	100%	—%
Change in intrinsic value of the outstanding hedging instruments since the start of the year	(£51.5m)	£—m	(£12.2m)	£—m

Term Loan A (USD)	Cross-currency interest rate swaps Cash flow hedges	
	2022	2021
<b>Foreign exchange and interest rate risk</b>		
Carrying amount (asset/(liability))	(£9.5m)	£—m
Notional amount	\$200.0m September	\$—m
Maturity date	2024	—
Hedge ratio	100%	—%
Change in intrinsic value of the outstanding hedging instruments since the start of the year	(£9.5m)	£—m

Lease liabilities:	Net investment hedges	
	2022	2021
<b>Foreign exchange rate risk</b>		
Carrying amount (asset/(liability))	£—m	£—m
Notional amount	£81.3m	£85.5m
Maturity date	February 2035	February 2035
Hedge ratio	100%	100%
Change in intrinsic value of the outstanding hedging instruments during the year	(£3.5m)	£2.0m

## 24. Share capital and reserves

### Share capital

The total authorised share capital of the Company comprises 300,000,000 ordinary shares of €0.09 each (2021: 300,000,000 ordinary shares of €0.09 each). All issued share capital is fully paid. The holders of ordinary shares are entitled to vote at general meetings of the Company on a one vote per share held basis. Ordinary shareholders are also entitled to receive dividends as may be declared by the Company from time to time.

Transactions during the year ended 31 December 2022:

- A total of 465,782 ordinary shares were issued as a result of the exercise of employee share options, giving rise to share capital and share premium of £7.0m.

# Notes to the Consolidated Financial Statements continued

## 24. Share capital and reserves continued

Transactions during the year ended 31 December 2021:

- A total of 558,275 ordinary shares were issued as a result of the exercise of employee share options, giving rise to share capital and share premium of €13.2m;
- On 25 August 2021, the Group announced it cancelled all its 1,965,600 ordinary shares of €0.09 each previously held by it as treasury shares; and
- In accordance with the authority conferred by shareholders pursuant to resolution 10 at Flutter's Annual General Meeting ("AGM") held on Thursday, 29 April 2021, the Board on 10 September 2021 confirmed that it had completed the capitalisation of €7,982.9m, being the entirety of the amounts standing to the credit of Flutter's merger reserve account at 31 December 2020. In accordance with the provisions of sections 84 and 85 of the Companies Act 2014 and the authority conferred by resolution 11 as approved by shareholders at the AGM, the Board applied to the Irish High Court to reduce the Company's capital by the amount of €10,000m standing to the credit of Flutter's share premium account following completion of the capitalisation. On 3 November 2021, the Irish High Court approved the reorganisation of the Company's capital by the reduction of €10,000m standing to the credit of Flutter's share premium account, and the transfer of such sum to the Company's distributable reserves account. This resulted in the transfer of €10,000m from share premium to retained earnings.

### Equity reserves

Equity reserves at 31 December 2022 and at 31 December 2021 include the following classes of reserves:

#### Merger reserve

In accordance with the authority conferred by shareholders pursuant to resolution 10 at Flutter's Annual General Meeting held on Thursday, 29 April 2021, the Board on 10 September 2021 confirmed that it had completed the capitalisation of €7,982.9m, being the entirety of the amounts standing to the credit of Flutter's merger reserve account at 31 December 2020. This resulted in the transfer of €7,982.9m from merger reserve to share premium.

#### Treasury shares

On 25 August 2021, the Group announced it cancelled all its 1,965,600 ordinary shares of €0.09 each previously held by it as treasury shares which resulted in the transfer of €40.7m from treasury shares to retained earnings and share capital.

#### Shares held by Employee Benefit Trust

At 31 December 2022, the Paddy Power Betfair plc Employee Benefit Trust ("EBT") held 1,396 (31 December 2021: 33,158) of the Company's own shares, which were acquired at a total cumulative cost of €0.2m (31 December 2021: €4.0m) in respect of potential future awards relating to the Group's employee share plans. The Company's distributable reserves at 31 December 2022 are restricted by this cost amount. 23,775 shares were purchased at a cost of €2.8m during the year ended 31 December 2022 (31 December 2021: 1,337,894 shares at a cost of €180.7m). During the year ended 31 December 2022, 55,537 shares with an original cost of €6.6m were transferred from the EBT to the beneficiaries of the EBT (year ended 31 December 2021: 1,372,056 shares with an original cost of €182.5m).

#### Cash flow hedge reserve

The cash flow hedge reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that had not yet occurred at that date.

#### Fair value reserve

The fair value reserve represents the fair value movement in Current Investments at FVOCI - customer deposits.

#### Foreign exchange translation reserve

The foreign exchange translation reserve at 31 December 2022 amounted to a credit balance of €60.3m (31 December 2021: debit balance of €194.2m) and arose from the retranslation of the Group's net investment in primarily EUR, AUD and USD functional currency companies. The movement in the foreign exchange translation reserve for the year ended 31 December 2022, reflects mainly the strengthening of EUR and USD against GBP in the period.

#### Other reserves

Other reserves comprise undenominated capital. Undenominated capital at 31 December 2022 of €2.5m (31 December 2021 of €2.5m) relates to the nominal value of shares in the Company acquired by the Company of €2.3m (31 December 2021: €2.3m) and subsequently cancelled, and an amount of €0.2m (31 December 2021: €0.2m) which arose on the redenomination of the ordinary share capital of the Company at the time of conversion from Irish pounds to Euro.

#### Share-based payment reserve

During the year ended 31 December 2022, an amount of €153.4m was expensed in the Consolidated Income Statement with respect to share based payments (year ended 31 December 2021: €80.5m) and an amount of €43.4m (year ended 31 December 2021: €49.6m) in respect of share options exercised during the year was transferred from the share-based payment reserve to retained earnings.

An amount of €3.7m of deferred tax relating primarily to the Group's share-based payments was credited to retained earnings in the year ended 31 December 2022 (year ended 31 December 2021: debit of €0.2m). An amount of €0.7m of current tax relating to the Group's share-based payments was credited to retained earnings in year ended 31 December 2022 (year ended 31 December 2021: credit of €0.9m).

## 24. Share capital and reserves continued

### Non-controlling interest

During the year ended 31 December 2022 the Group paid dividends totalling £5.4m to the non-controlling interest in Adjarabet (year ended 31 December 2021: £16.7m).

As outlined in more detail in Note 15, as a result of the exercise of the put option held by the Adjarabet non-controlling interest and the agreement to settle in cash for €238.0m (£204.1m), an amount of £34.2m was recorded in non-controlling interest with the remaining amount of £169.9m booked to retained earnings.

As a result of the acquisition of Sisal during the year (see Note 15), £125.5m was recorded in respect of the non-controlling interest. The acquisition of 100% of Sachiko Gaming Private Limited an online Poker gaming developer based in India in exchange for a 5% equity stake in the Group's subsidiary Jungle Games resulted in an amount of £4.6m being recorded in non-controlling interest.

### Company profit and loss

As permitted by section 304 of the Companies Act 2014, no separate profit and loss account is presented in respect of the Company. The Company recorded a loss for the year ended 31 December 2022 of £579.4m (year ended 31 December 2021: profit of £1,290.4m).

## 25. Share-based payments

### Summary of equity-settled share-based payments

The Group had the following share-based payment schemes during the year ended 31 December 2022:

- Betfair Long Term Incentive Plan and Deferred Share Incentive Plan;
- Flutter Entertainment plc Sharesave Scheme;
- Flutter Entertainment plc Long Term Incentive Plan, Medium Term Incentive Plan and Deferred Share Incentive Plan;
- Flutter Entertainment plc Restricted Share Plan;
- The Stars Group Equity Plans;
- FanDuel Value Creation Plan ("VCP"); and
- FanDuel Value Creation Option Plan ("VCOP").

The above schemes are settled via a mixture of the allotment of shares from the EBT and the issue of new shares, or in the case of the FanDuel VCP and VCOP and some of the awards under the Flutter Entertainment plc Restricted Share Plan in either equity shares or cash at the Group's option. As a result, all schemes are accounted for as equity settled in the financial statements as it has been determined that Flutter shares represents the most likely means of settlement and is consistent with the Group's treatment historically in respect of the settlement of share-based payment schemes. No new awards will be granted under any of the legacy Betfair, TSG or FanDuel VCP or VCOP schemes listed above.

The total share-based payments expense recognised in the income statement in respect of all schemes is as follows:

	2022 £m	2021 £m
<b>Before separately disclosed items:</b>		
Flutter Entertainment plc Sharesave Scheme	8.2	7.8
Flutter Entertainment plc Long Term, Medium Term and Deferred Share Incentive Plans ("LTIP", "MTIP" & "DSIP")	7.2	12.5
Flutter Entertainment plc Restricted Share Plan	98.6	44.6
FanDuel Value Creation Plan ("VCP")	0.5	2.6
The Stars Group Equity Plans	0.4	1.8
Other plans	8.3	9.5
<b>Total before separately disclosed items</b>	<b>123.2</b>	<b>78.8</b>
Separately disclosed items (see Note 6) <sup>1</sup>	30.2	1.7
<b>Total</b>	<b>153.4</b>	<b>80.5</b>

1. These costs are included within restructuring and integration costs in Note 6.

For the FOX equity option which is treated as a contingent cash-settled share-based payment, management has made certain judgements in the recognition and measurement of liabilities in relation to this commercial agreement and associated right of FOX Sports to acquire equity, including its judgement as to the probable method of settlement. The right has been valued using a discounted cash flow model and as it represents a contingently cash-settled share-based payment, will be recorded at fair value at each reporting period. During the year ended 31 December 2022, the Group recorded £8.9m (31 December 2021 £8.6m) to sales and marketing expense in relation to the commercial agreement and at 31 December 2022 the fair value liability due was £5.1m (31 December 2021: £3.3m). In addition to this, the Group has 1,807 cash-settled share-based payment options outstanding at 31 December 2022 under the Flutter Entertainment plc Restricted Share Plan.

The aggregate number of shares which may be utilised under the employee share schemes in any 10 year period may not exceed 10% of the Company's issued ordinary share capital. The percentage of share capital which can be utilised under these schemes complies with guidelines issued by the Investment Association in relation to such schemes.

# Notes to the Consolidated Financial Statements continued

## 25. Share-based payments continued

### Summary of options outstanding

At 31 December 2022, 3,534,458 awards and options (31 December 2021: 2,090,603) in the capital of the Group remain outstanding and are exercisable up to 2032 as follows:

	2022 #	2021 #
Betfair Long Term Incentive Plan and Deferred Share Incentive Plan	15,081	18,833
The Stars Group Equity Plans	41,938	79,835
Flutter Entertainment plc Sharesave Scheme	759,202	692,220
Flutter Entertainment plc Long Term, Medium Term and Deferred Share Incentive Plans ("LTIP", "MTIP" & "DSIP")	417,576	379,361
Flutter Entertainment plc Restricted Share Plan	2,300,661	920,354
<b>Total</b>	<b>3,534,458</b>	<b>2,090,603</b>

### The Betfair Long Term Incentive Plan and Deferred Share Incentive Plan

The following share plans were acquired on the Paddy Power Betfair merger in February 2016 and were originally introduced in the Betfair Group to incentivise and reward for the successful delivery of the short-term and long-term business strategy:

- Betfair Long Term Incentive Plan ("LTIP") which consists of restricted share awards; and
- Betfair Deferred Share Incentive Plan ("DSIP") which consists of cash and restricted share awards.

The schemes have awards in the form of cash and restricted shares. The level of award granted in each of the schemes was based on a mixture of the individual performance of the employee and Group-wide performance over the term of the award which was between one and three years.

Prior to this merger, Paddy Power and Betfair agreed that outstanding unvested awards granted under these schemes would not vest on completion but would be replaced by awards over an equivalent number of the Company's shares (calculated by reference to the exchange ratio) which would have the same normal vesting dates as the original awards but be subject to certain absolute vesting levels.

Outstanding at 1 January 2022	Lapsed/cancelled during year	Exercised during year	Outstanding at 31 December 2022
18,833	(49)	(3,703)	15,081

The outstanding shares on these schemes are exercisable up to 2025.

The weighted average exercise price for share options exercised during the year was a nominal price (2021: a nominal price) at a weighted average share price at the date of exercise of €104.57 (2021: €157.09). The total number of shares exercisable at 31 December 2022 is 15,081.

### The Stars Group Equity Plans

Following the Combination with TSG, the Group acquired a number of schemes under its Equity Incentive Plan dated 22 June 2015 (the "2015 Equity Incentive Plan") and the Amaya Gaming Group Stock Option Plan. These plans include restricted share units ("RSU"), deferred share units ("DSU"), performance share units ("PSU") and stock options ("options").

Summary of share awards outstanding:

Outstanding at 1 January 2022	Lapsed/cancelled during year	Exercised during year	Outstanding at 31 December 2022
79,835	(6,760)	(31,137)	41,938

The weighted average share price for exercises under these schemes during the year was €95.23 (2021: €142.99). The total number of shares exercisable at 31 December 2022 is 36,751.

### Flutter Entertainment plc Sharesave Scheme

During the year, 365,050 options were granted under the Flutter Entertainment plc Sharesave Scheme. These SAYE options must ordinarily be exercised within six months of completing the relevant savings period. In line with market practice, the exercise of these options is not subject to any performance conditions.

All employees (including Executive Directors) may be invited to apply for options to acquire shares. The purchase price for each ordinary share in respect of which an option is granted shall not be less than 75% of the closing price of the shares on the Irish and London Stock Exchanges on the dealing day last preceding the date of grant of the option or its nominal value. The aggregate maximum monthly contribution payable by an employee in connection with all Sharesave related schemes is €500/£500 (or local equivalent).

Year granted	Outstanding at 1 January 2022	Granted during year	Lapsed/cancelled during year	Exercised during year	Outstanding at 31 December 2022	Exercise price €	Exercisable before
2017	311	—	—	(311)	—	57.87	2022
2018	57,076	—	(3,613)	(53,101)	362	54.68	2022
2019	117,692	—	(8,553)	(67,904)	41,235	59.56	2023
2020	294,118	—	(63,762)	(8,803)	221,553	98.75	2024
2021	223,023	—	(81,183)	(10,838)	131,002	115.96	2025
2022	—	365,050	—	—	365,050	90.52	2026
<b>Total</b>	<b>692,220</b>	<b>365,050</b>	<b>(157,111)</b>	<b>(140,957)</b>	<b>759,202</b>		

## 25. Share-based payments continued

The weighted average share price at the date of exercise was £109.55 (2021: £128.99). 51,516 shares were exercisable at 31 December 2022 (2021: 66,863 shares).

The fair value of the options is expensed over the period that the options vest.

The following assumptions were used in the Black-Scholes pricing model for the 2022 options:

	2022
Share price at date of grant	£114.55
Exercise price	£90.52
Expected volatility	35.10%
Expected term until exercised	3.25 years
Expected dividend yield	0.58%
Risk-free interest rate	3.37% - 3.43%

### Flutter Entertainment plc Long Term Incentive Plan, Medium Term Incentive Plan and Deferred Share Incentive Plan

The following share plans have been put in place to incentivise and reward for the successful delivery of the short, medium and long-term business strategy:

- Long Term Incentive Plan ("LTIP") which consists of restricted share awards;
- Medium Term Incentive Plan ("MTIP") which consists of restricted share awards; and
- Deferred Share Incentive Plan ("DSIP") which consists of cash and restricted share awards.

The level of award granted in each of the schemes is based on a mixture of the individual performance of the employee and the Group wide performance over the term of the award which is between one and three years.

The DSIP has cash elements which are fixed in value and are paid and expensed in the first year that the awards are issued. The cash award represents between half and two-thirds of the total award. There is no option given to elect to have these issued in shares.

The cash element issued is classified as a cash bonus in the income statement and not a "cash-settled share-based payment" on the basis that the employee does not have the option to choose whether they receive cash or shares, and the award value is fixed and not based on share price movements.

The restricted share portion of the DSIP award will vest over the second and third year of the plan (fourth and fifth year in some cases).

Year granted	Outstanding at 1 January 2022	Granted during year	Lapsed/cancelled during year	Exercised during year	Outstanding at 31 December 2022	Exercise price £	Exercisable before
2016	6,526	—	(6)	(1,111)	5,409	—	2026
2017	22,347	—	(227)	(4,413)	17,707	—	2027
2018	89,106	703	(2,081)	(11,119)	76,609	—	2028
2019	178,795	8,185	(960)	(48,414)	137,606	—	2029
2020	38,563	—	—	(8,442)	30,121	—	2030
2021	44,024	—	(823)	(4,242)	38,959	—	2031
2022	—	113,067	(1,902)	—	111,165	—	2032
<b>Total</b>	<b>379,361</b>	<b>121,955</b>	<b>(5,999)</b>	<b>(77,741)</b>	<b>417,576</b>		

The weighted average exercise price for share options exercised during the year was a nominal price and at a weighted average share price at the date of exercise of £99.19 (31 December 2021: £136.17). The value of each award was calculated at the grant date and expensed over a period of up to three years in which the awards vest. The total number of shares exercisable at 31 December 2022 is 247,259 (2021: 123,592). The awards granted from 2016 to 2020 during the year represent dividend roll-ups, in line with documented scheme rules. The share price at the date of the awards granted during the year was between £83.64-£92.71 (2021: £102.55-£176.71). For the 2021 and 2022 LTIP awards which are based solely on the Relative Total Shareholder Return ("TSR") performance measure, the Group has engaged third party valuation specialists to provide a fair value for the awards using a Monte Carlo simulation model. The key inputs in the model were the expected volatility and the share price of the Group at the date of grant of the award. The fair value of the TSR, i.e. the market value of the award was £27.12 and £76.67 for the 2022 and 2021 awards, respectively.

### Flutter Entertainment plc Restricted Share Plan

During the year, 1,773,132 (2021: 698,452) options were granted under the Flutter Entertainment plc Restricted Share Plan.

The movements in this plan during the year ended 31 December 2022 were as follows:

Year granted	Outstanding at 1 January 2022	Granted during year	Lapsed/cancelled during year	Exercised during year	Outstanding at 31 December 2022
2017	809	—	—	—	809
2018	2,580	—	—	(214)	2,366
2019	62,193	—	(1,491)	(27,437)	33,265
2020	226,837	—	(26,077)	(68,573)	132,187
2021	627,935	—	(84,930)	(103,507)	439,498
2022	—	1,773,132	(62,460)	(18,136)	1,692,536
<b>Total</b>	<b>920,354</b>	<b>1,773,132</b>	<b>(174,958)</b>	<b>(217,867)</b>	<b>2,300,661</b>



## Notes to the Consolidated Financial Statements continued

### 25. Share-based payments continued

Awards granted under the plan in some cases vest over three and four years and in other cases vest over one and two years. Restricted shares are valued with reference to the market value of the shares on the date of grant. The value of each award was calculated at the grant date and expensed over a period of up to four years in which the awards vest. The weighted average exercise price for share options exercised during the year was a nominal price and at a weighted average share price at the date of exercise of £103.83 (31 December 2021: £133.08). The fair value at the date of the awards granted during the year was between £83.64-£116.30 (2021: £102.55-£176.61). For 357,035 of the 2022 options awarded, there is an additional component to the core award that was valued at the share price at the date of grant that allows up to a 50% increase in the award based solely on the Relative TSR performance measure. The Group has engaged third party valuation specialists to provide a fair value for the awards using a Monte Carlo simulation model. The key inputs in the model were the expected volatility and the share price of the Group at the date of grant of the award. The fair value of the TSR, i.e. the market value of the potential award was between £22.78 and £33.43. In addition to the above, in 2021, the Group introduced an equity-settled award plan for management of the International division comprising of internal strategic milestones and a value creation element that allows employees share in the future value created in the International division vesting in two tranches in July 2023 and December 2025. The expense recognised in respect of this plan in 2022 is £5.0m (2021: £4.7m). The plan is designed to reward strategic progress over the first three years and value growth over five years, with vest dates in July 2023 and December 2025 for the respective tranches. The Group engaged third party valuation specialists to provide a fair value of the value creation element of the award using a Monte Carlo simulation model. The key inputs in the model were the expected volatility and the value of the International division at the date of grant of the award. The overall fair value of the award was determined to be £13.5m.

### FanDuel Value Creation Plan ("VCP") and Value Creation Option Plan ("VCOP")

In 2019, the Group introduced a plan for FanDuel employees that allows them to share in the future value created within FanDuel. The expense recognised in respect of this plan in 2022 is £1.4m (2021: £2.6m). Employees were to be awarded an allocation of units which represent a share in value created. The value of these units was to be determined by the value of the business in July 2021 and July 2023 compared to benchmark.

Employees had the option to exercise 50% of these units at July 2021 at the prevailing value, or roll some or all of them to July 2023 at the prevailing value at that date. The Group has the option of settling this plan via the issuance of Flutter Entertainment plc shares or cash. It has accounted for this plan as equity-settled as it has been determined since the inception of the scheme that Flutter shares represented the most likely means of settlement and is consistent with the Group's treatment historically of the settlement of share-based payment schemes.

The transaction to acquire an additional 37.2% of FanDuel shares on 30 December 2020 implied a 100% value of \$11.2bn. This is significantly in excess of the out-performance growth cap. Due to this, it was decided to fix the value of the plan in both July 2021 and July 2023 to provide certainty to employees.

As a result of the above, shares with a value of £173m were awarded to FanDuel employees in 2021 with shares with a value of approximately £147m due to be awarded to employees in 2023.

### Other plans

Separate to the above plans, the Group introduced a value creation award within the FanDuel business with the value of the award determined by the growth in the value of the FanDuel business from September 2021 to December 2026. The Group engaged third party valuation specialists to provide a fair value of the award using a Monte Carlo simulation model. The key inputs in the model were the expected volatility and the value of FanDuel at the date of grant of the award. The overall fair value of the award was determined to be £4.5m.

The expense recognised in respect of this plan in 2022 is £1.0m (2021: £0.2m). The Group has the option of settling this plan via the issuance of Flutter Entertainment plc shares or cash. The Group has accounted for this plan as equity-settled as it has been determined that Flutter shares represents the most likely means of settlement and is consistent with the Group's treatment historically in respect of the settlement of share-based payment schemes. No future awards are expected in respect of this plan.

Also in 2021, the Group introduced plans for other International employees that allow them to share in the future growth of their business. The expense recognised in respect of this plan in 2022 is £37.3m (2021: £4.6m). The total fair value of the awards are estimated to be £64.3m with the fair value based on forecast revenue and EBITDA growth between 2021 and 2025. A portion of the awards will vest in 2023, with the remainder vesting through 2025. The Group has accounted for this plan as equity-settled as it has been determined that equity represents the most likely means of settlement and is consistent with the Group's treatment historically in respect of the settlement of share-based payment schemes.

## 25. Share-based payments continued

### The Paddy Power Betfair plc Employee Benefit Trust

Various share awards are satisfied from the Paddy Power Betfair plc Employee Benefit Trust ("EBT"). Purchases of Flutter Entertainment plc ordinary shares from 1 January 2021 to 31 December 2022 and shares vested from the EBT during that period, are shown below:

	Number of Flutter Entertainment plc ordinary shares #	Cost of purchase £m
Shares held by the EBT at 1 January 2021	67,320	5.8
Purchases of shares in 2021	1,337,894	180.7
Vested from the EBT in 2021	(1,372,056)	(182.5)
Shares held by the EBT at 31 December 2021	33,158	4.0
Purchases of shares in 2022	23,775	2.8
Vested from the EBT in 2022	(55,537)	(6.6)
<b>Shares held by the EBT at 31 December 2022</b>	<b>1,396</b>	<b>0.2</b>

The results of the EBT are included in the Flutter Entertainment plc Company financial statements. The shares held by the EBT at the reporting date are shown as a deduction from equity in the consolidated statement of financial position in accordance with the Group's accounting policy (see Note 3).

## 26. Financial risk management

The Group has the following risk exposures in relation to its use of financial instruments:

- Market risk;
- Credit risk;
- Liquidity risk;
- Foreign currency risk; and
- Interest rate risk.

Set out below is information on the Group's exposure to each of the above risks, and what its objectives, policies and processes are for measuring and managing those risks. Information is also provided on how the Group manages its capital. Quantitative disclosures in respect of these risks are included throughout these consolidated financial statements.

### General

The Board of Directors has overall responsibility for the management of the Group's risks. This responsibility is delegated to a number of Committees over which the Board has oversight. The primary Board Committees set up to manage risks are the Risk and Sustainability Committee and the Audit Committee. Both these Committees report regularly to the Board on their activities. The oversight of the Group's treasury operations is performed by a Treasury Committee, chaired by the Chief Financial Officer, which reports annually to the Audit Committee on its activities. Where all relevant criteria are met, hedge accounting is applied to remove the income statement volatility between the hedging instrument and the hedged item. This will effectively result in the exposure arising from fluctuations of currency exchange rates being mitigated by the retranslation effect of designated financial instruments.

### Market risk

Market risk relates to the risk that changes in prices, including sports betting prices/odds, foreign currency exchange rates and interest rates (see also 'Foreign exchange risk' and 'Interest rate risk' sections below), will impact the Group's income or the value of its financial instruments. Market risk management has the function of managing and controlling the Group's exposures to market risk to within acceptable limits, while at the same time ensuring that returns are optimised.

The management of market risk is performed by the Group under the supervision of the Risk and Sustainability Committee and the Treasury Committee and according to the guidelines and policies approved by them. The Group will utilise hedges where there is an identified requirement to manage profit or loss volatility.

### Sports betting prices/odds

Managing the risks associated with sportsbook bets is a fundamental part of the Group's business. The Group has a separate Risk Department which has responsibility for the compilation of bookmaking odds and for sportsbook risk management. The Risk Department is responsible for the creation and pricing of all betting markets and the trading of those markets through their lives. A mix of traditional bookmaking approaches married with risk management techniques from other industries is applied, and extensive use is made of mathematical models and information technology. The Group has set predefined limits for the acceptance of sportsbook bet risks. Stake and loss limits are set by reference to individual sports, events and bet types. These limits are subject to formal approval by the Risk and Sustainability Committee. Risk management policies also require sportsbook bets to be hedged with third parties in certain circumstances to limit potential losses. The profits and losses recorded on sportsbook hedging activities are recorded in 'revenue' in the income statement.

# Notes to the Consolidated Financial Statements continued

## 26. Financial risk management continued

### Counterparty credit risk

The Group's counterparty credit risk represents the risk that a financial loss may result if a counterparty to a financial instrument, a trading partner or a customer fails to meet their contractual obligations.

### Trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group's sports betting, gaming, lottery and poker businesses are predominantly cash and card businesses where there is a requirement that the customer pays in advance when a transaction is entered into. Credit to customers is not a common feature in the business but in certain cases, credit is provided to customers. Individual credit limits are decided upon by the credit control function in the first instance after taking into account credit and background reference checks.

There is also potential credit risk regarding the collection from non-Sisal owned retail sales points. Specific procedures and strong controls exist in the selection of such sales points with operating limits in place for bet acceptance on gaming terminals when applicable as well as daily checks on credit trends and terminals can be blocked if there are any unpaid amounts.

To measure the expected credit losses, trade receivables are monitored based on credit risk characteristics and the days past due. The absence of recurring patterns for specific categories of receivables and the relative immateriality of the amounts in the context of the broader balance sheet resulted in a portfolio approach not being adopted for the purpose of impairment recognition. The estimated credit loss on trade receivables is not considered to be material. There is no material concentration of sales with individual customers.

### Cash, investments, derivative financial instruments and foreign exchange forward contracts

The Group's Treasury Policy sets conservative credit rating and tenor-based limits for exposures to financial counterparties. Any exceptions, breaches or potential breaches of such limits are referred to the Treasury Committee.

The Treasury Policy also specifies permitted instruments and the use of approved counterparties.

The Group monitors the financial strength of its counterparties through regular monitoring of credit ratings, credit default swaps and other public information, and takes action to adjust exposures to counterparties accordingly. The policy ensures that exposures to lower rated counterparties are kept to an acceptable level.

The Group has no expectation that any of its financial counterparties will fail to meet its obligations as of the reporting date and the date of this report.

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The cash and cash equivalents are primarily held with banks, financial institutions, money market funds, corporate and government bonds, all of which are rated investment grade, based on ratings assigned by S&P, Moody's and Fitch. The maximum exposure to credit risk at 31 December was:

	Carrying amount	
	31 December 2022 £m	31 December 2021 £m
Financial assets – restricted cash	13.0	7.4
Derivative financial assets	279.6	68.0
Cash and cash equivalents – customer balances	1,293.2	677.6
Investments – customer deposits	138.0	83.0
Trade receivables	95.4	39.5
Other receivables	94.8	46.2
Cash and cash equivalents – available for corporate use	797.9	951.7
<b>Total</b>	<b>2,711.9</b>	<b>1,873.4</b>

The maximum exposure to credit risk for trade and other receivables by geographic region at 31 December was:

	Carrying amount	
	31 December 2022 £m	31 December 2021 £m
United Kingdom	18.2	34.6
Australia	8.4	12.8
US	34.5	25.6
Italy	88.0	—
Other	41.1	12.7
<b>Total</b>	<b>190.2</b>	<b>85.7</b>

### Significant customers

There were no individual customers at 31 December 2022 or 31 December 2021 that represented over 10% of trade receivables.

## 26. Financial risk management continued

### Expected credit loss

The ageing of trade receivables at 31 December 2022 and 2021 was as follows:

	31 December 2022			31 December 2021		
	Gross £m	Impairment allowance £m	Net £m	Gross £m	Impairment allowance £m	Net £m
Not past due	77.9	(1.0)	76.9	20.2	—	20.2
Past due 0 days to 30 days	7.1	(0.3)	6.8	13.2	—	13.2
Past due 31 days to 120 days	5.4	(0.4)	5.0	4.0	(0.6)	3.4
Past due 121 days to 365 days	7.1	(0.6)	6.5	4.5	(2.0)	2.5
More than one year	4.7	(4.5)	0.2	1.0	(0.8)	0.2
<b>Total</b>	<b>102.2</b>	<b>(6.8)</b>	<b>95.4</b>	<b>42.9</b>	<b>(3.4)</b>	<b>39.5</b>

The gross trade receivable balance is £102.2m (2021: £42.9m) with an allowance for impairment in respect of these receivables of £6.8m (2021: £3.4m). There were no material impairment losses during the year.

### Liquidity risk

This represents the risk that the Group will be unable to meet its financial obligations as they fall due. The Group's policy for liquidity risk management is to ensure that there is sufficient liquidity in place from available cash and borrowing facilities under normal and potentially adverse conditions.

The Group prepares regular cash projections to ensure that there is sufficient headroom available from cash and borrowing facilities to meet expected obligations over the forecasted period. The nature of the Group's business and the potential volatility in sporting results can result in significant differences between expected and actual short-term cash flows. Consequently, a highly conservative approach is applied to cash forecasting and flexibility is built into the forecast to cover potentially adverse sporting results and the policy on investment of surplus funds ensures that funds are readily available to meet the Group's financial obligations. The Group's Treasury Policy contains a maturity ladder, with a maximum maturity on deposits of up to 12 months. Information on the overall maturity of deposits at 31 December 2022 and 2021 is set out in Note 17. It is the Group's belief that the cash deposit balances can be withdrawn without significant penalty.

The Group has the following lines of credit:

- a committed Revolving Credit Facility ("RCF") of £749m (31 December 2021: £482m) obtained from a syndicate of banks which matures in May 2025. The RCF includes a margin of 1.75% for borrowings with a 0% interest rate floor and a utilisation fee ranging from 0.1% to 0.4% based on the proportion of drawings to the total commitment. The commitment fee on the RCF is 35% of the margin and is payable in respect of available but undrawn borrowings. The RCF is available for general corporate purposes including the refinancing of existing borrowings. As at 31 December 2022 £63.0m (2021:£nil) was the principal outstanding under the RCF. The Group has £11m of capacity reserved for the issuance of Group guarantees against the RCF as of 31 December 2022 leaving undrawn designated capacity of £675m;
- unsecured uncommitted bank overdraft facilities for working capital purposes totalling £3.6m (€4.0m). Interest is payable thereon at the bank's prime overdraft rate plus 0.5%. Bank overdraft facilities for certain subsidiaries of the Company are guaranteed by way of a Letter of Guarantee issued by Flutter Entertainment plc in favour of Allied Irish Banks p.l.c; and
- unsecured uncommitted bank overdraft facilities for working capital purposes totalling £13m. Interest is payable thereon at the bank's sterling base rate plus 3.5%. Bank overdraft facilities for certain subsidiaries of the Company are guaranteed by way of a Letter of Guarantee issued by Flutter Entertainment plc in favour of AIB Group (UK) p.l.c.

At 31 December 2022, none of the bank overdraft facilities were being utilised (31 December 2021: £nil).

## Notes to the Consolidated Financial Statements continued

### 26. Financial risk management continued

The following table provides information about the terms of the Group's financial instruments based on contractual maturities. The table is based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. For derivative cash flows based on a floating interest rate, the undiscounted amount is based on the floating interest rate in place at 31 December 2022.

	31 December 2022						
	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 3 years £m	3 years and over £m
<b>Non-derivative financial liabilities</b>							
Trade and other payables	1,566.1	1,566.1	1,521.3	11.8	21.4	0.4	11.2
Customer balances	1,394.6	1,394.6	1,394.6	—	—	—	—
Contingent deferred consideration	17.8	19.9	—	—	—	19.9	—
Borrowings	5,577.5	6,854.1	194.1	194.4	388.0	1,366.0	4,711.7
Put/call liability for acquisition	12.3	39.0	—	—	—	—	39.0
Lease liabilities	406.2	435.9	51.8	50.0	88.0	64.6	181.6
<b>Total non-derivative financial liabilities</b>	<b>8,974.5</b>	<b>10,309.6</b>	<b>3,161.8</b>	<b>256.2</b>	<b>497.4</b>	<b>1,450.9</b>	<b>4,943.5</b>
<b>Derivative financial liabilities</b>							
Sports betting open positions	108.1	108.1	107.6	—	0.5	—	—
Swap agreements - inflows	(279.6)	(3,681.8)	(146.6)	(2,400.1)	(1,135.1)	—	—
Swap agreements - outflows	110.3	3,477.3	88.9	2,181.7	1,206.7	—	—
<b>Total derivative financial liabilities</b>	<b>(61.2)</b>	<b>(96.4)</b>	<b>49.9</b>	<b>(218.4)</b>	<b>72.1</b>	<b>—</b>	<b>—</b>
<b>Total financial liabilities</b>	<b>8,913.3</b>	<b>10,213.2</b>	<b>3,211.7</b>	<b>37.8</b>	<b>569.5</b>	<b>1,450.9</b>	<b>4,943.5</b>
	31 December 2021						
	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6 to 12 months £m	1 to 2 years £m	2 to 3 years £m	3 years and over £m
<b>Non-derivative financial liabilities</b>							
Trade and other payables	1,078.3	1,078.3	1,024.4	34.1	19.8	—	—
Customer balances	721.0	721.0	721.0	—	—	—	—
Contingent deferred consideration	37.9	42.0	21.0	—	—	—	21.0
Borrowings	3,571.8	3,969.1	53.0	51.9	105.9	106.3	3,652.0
Lease liabilities	264.4	301.9	27.1	25.5	50.3	43.5	155.5
<b>Total non-derivative financial liabilities</b>	<b>5,673.4</b>	<b>6,112.3</b>	<b>1,846.5</b>	<b>111.5</b>	<b>176.0</b>	<b>149.8</b>	<b>3,828.5</b>
<b>Derivative financial liabilities</b>							
Sports betting open positions	74.5	74.5	52.0	22.0	0.5	—	—
Swap agreements - inflows	(68.0)	(2,250.9)	(37.8)	(38.0)	(2,175.1)	—	—
Swap agreements - outflows	54.6	2,235.9	40.5	40.7	2,154.7	—	—
<b>Total derivative financial liabilities</b>	<b>61.1</b>	<b>59.5</b>	<b>54.7</b>	<b>24.7</b>	<b>(19.9)</b>	<b>—</b>	<b>—</b>
<b>Total financial liabilities</b>	<b>5,734.5</b>	<b>6,171.8</b>	<b>1,901.2</b>	<b>136.2</b>	<b>156.1</b>	<b>149.8</b>	<b>3,828.5</b>

The contingent deferred consideration payable represents management's best estimate of the fair value of the amounts that will be payable, and may vary depending on the future performance of the acquired businesses.

### Foreign currency risk

The Group is exposed to currency risk in respect of revenue, expenses, receivables, cash and cash equivalents, and other financial assets and financial liabilities (primarily borrowings, trade payables, accruals and customer balances) that are denominated in currencies that are not the functional currency of the entities in the Group. The currencies in which transactions are primarily denominated are pound sterling ("GBP"), euro ("EUR"), Australian dollar ("AUD") and US dollar ("USD").

It is Group policy to ensure that foreign currency denominated liabilities are broadly matched by foreign currency denominated assets. Surplus net foreign currency inflows are predominantly sold at spot rates. Foreign exchange impacts primarily arise on the retranslation of income and expense into the functional currency for Group reporting purposes. Subject to operating within limits stipulated in the Group's treasury policies, and above this, Treasury Committee approval, the Group may use forward contracts, and other instruments as permitted by the Group's treasury policies to reduce foreign currency exposure. The Group seeks to mitigate the impact of changes in currency rates by aligning to the extent possible, the currency of its borrowings (after derivatives) to the currency of EBITDA.

The Group uses derivative financial instruments for risk management and mitigation purposes. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the hedged position. The Group's derivatives are discussed in more detail in Note 23.

While the Group strives to maintain a naturally hedged balance sheet, as described in the preceding paragraphs, it remains exposed to exchange rate risk in respect of its expected future foreign currency denominated income and expenses in its foreign operations.



## 26. Financial risk management continued

### Exposure

As of 31 December 2022 and 2021, the Group's foreign currency risk exposure, based on the functional currencies of its operations, was as follows:

	31 December 2022				
	EUR £m	GBP £m	AUD £m	USD £m	Other £m
Financial assets	53.0	17.0	0.1	191.2	46.4
Non-derivative financial liabilities	(132.9)	(44.8)	(0.2)	(108.7)	(45.6)
Derivative financial liabilities	—	(0.1)	—	(0.5)	(0.1)
Gross statement of financial position exposure	(79.9)	(27.9)	(0.1)	82.0	0.7

	31 December 2021				
	EUR £m	GBP £m	AUD £m	USD £m	Other £m
Financial assets	31.1	16.3	—	148.4	36.8
Non-derivative financial liabilities	(77.7)	(47.1)	(0.1)	(166.2)	(8.9)
Derivative financial liabilities	(73.0)	(0.1)	—	(1.3)	—
Gross statement of financial position exposure	(119.6)	(30.9)	(0.1)	(19.1)	27.9

The following are the significant exchange rates that applied during the year:

To 1 GBP	Average rate		31 December (mid-spot rate)	
	2022	2021	2022	2021
EUR	1.173	1.163	1.129	1.191
AUD	1.780	1.832	1.777	1.861
USD	1.238	1.376	1.210	1.352

### Sensitivity analysis

A 10% increase and decrease in the value of pound sterling against the following currencies at 31 December 2022 and 2021 would have increased/(decreased) profit and equity by the amounts below as a consequence of the retranslation of foreign currency denominated assets and liabilities at those dates. The equity movement at 31 December 2022 relates mainly to foreign currency denominated goodwill and intangible assets. It is assumed that all other variables, especially interest rates, remain constant in the analysis.

	Profit		Equity	
	10% increase £m	10% decrease £m	10% increase £m	10% decrease £m
<b>31 December 2022</b>				
EUR	8.0	(8.0)	(340.6)	340.6
AUD	—	—	(57.7)	57.7
USD	(8.2)	8.2	(63.0)	63.0
<b>31 December 2021</b>				
EUR	5.0	(5.0)	(283.2)	283.2
AUD	—	—	(64.8)	64.8
USD	1.9	(1.9)	(46.7)	46.7

The table below details the effect on profit of a 10% strengthening or weakening of the GBP-EUR or the GBP-USD exchange rates on the translated value of the USD First Lien Term Loan Bs, EUR First Lien Term Loan B USD First Lien Term A and EUR First Lien Term Loan A, net of hedging with the Swap Agreements that hedge the dollar and euro debt. 10% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates with a nil impact given the hedging policies in place to mitigate the risk of fluctuation of coupon and principal cash flows due to changes in foreign currency and interest rates.

	-10% £m	+10% £m
GBP-EUR exchange rate	—	—
GBP-USD exchange rate	—	—

### Interest rate risk

The Group's exposure to changes in interest rates includes fluctuations in the amounts of interest paid on the Group's long-term indebtedness, as well as the interest earned on its cash and investments. The Group manages its exposure to changes in interest rates through the offsetting of exposures and the use of hedging instruments.

## Notes to the Consolidated Financial Statements continued

### 26. Financial risk management continued

#### Profile

As of 31 December 2022 and 31 December 2021 the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Carrying amount	
	31 December 2022 €m	31 December 2021 €m
<b>Variable rate instruments</b>		
Financial assets – restricted cash	13.0	7.4
Cash and cash equivalents - customer balances	1,293.2	677.6
Cash and cash equivalents - available for corporate use	797.9	951.7
Borrowings	(5,577.5)	(3,571.8)
Effect of cross-currency interest rate swaps	3,571.5	2,167.8
<b>Total</b>	<b>98.1</b>	<b>232.7</b>

The table below details the effect on earnings before tax of a 100 basis points strengthening or weakening of the USD-LIBOR, SOFR, GBP SONIA and EURIBOR interest rates on the Group's borrowings after the effect of the Group's hedging activities. 100 basis points sensitivity is the sensitivity rate used and represents management's assessment of a reasonably possible change in interest rates:

€m	Profit/(loss)	
	-100 bps	+100 bps
USD LIBOR	—	—
SOFR	—	—
GBP SONIA	10.2	(10.2)
EURIBOR	10.7	(10.7)

The USD First Lien Term Loan B and the GBP First Lien Term Loan A have a floor of 0% for LIBOR and SONIA respectively and as such, the interest rate cannot decrease below the margins of 2.25% and 1.75% respectively. The EUR First Lien Term Loan B and EUR First Lien Term Loan A have a floor of 0% for EURIBOR and as such, the interest rate cannot decrease below 2.5% and 2.75% respectively. The USD First Lien Term Loan B 2 has a floor of 0.5% for SOFR. Management monitors movements in interest rates by reviewing USD LIBOR, SOFR and EURIBOR on a quarterly basis for the First Lien Term Loan B's and the GBP SONIA and SOFR monthly for the First Lien Term Loan A when rates are reset on these loans.

### 27. Capital management

The capital structure of the Group consists of cash and cash equivalents, debt finance, issued capital, reserves and retained earnings. The efficiency of the Group's capital structure is kept under regular review by the Board.

The Group continues to target a medium-term leverage range of between 1 and 2 times net debt to EBITDA. This target reflects the Group's strong cash flow generation, general capital market conditions and the need to retain strategic flexibility for continuing investment opportunities.

The Group has the authority to buy back up to 10% of the Company's issued share capital between the dates of its Annual General Meetings ("AGM"), subject to the annual approval of its shareholders at the Company's AGM. Shares bought back may either be cancelled or held in treasury. The Company's ordinary shares are also acquired on the market periodically by the Paddy Power Betfair plc Employee Benefit Trust ("EBT") to meet the EBT's obligations under share award schemes. These shares are held by the EBT and ownership is transferred to the EBT's beneficiaries if and when the related share awards vest.

At 31 December 2022 and 31 December 2021, neither the Company nor any of its subsidiaries were subject to externally imposed capital requirements.

## 28. Fair values

### Fair values versus carrying amounts

The Group has determined that the carrying values of its short-term financial assets and liabilities approximate their fair value due to the short periods to maturity of these instruments and their low credit risk.

The following are the fair values and carrying amounts of financial assets and liabilities carried at amortised cost in the statement of financial position:

	31 December 2022		31 December 2021	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Assets</b>				
Trade receivables	95.4	95.4	39.5	39.5
Other receivables	94.7	94.7	46.2	46.2
Financial assets - restricted cash	13.0	13.0	7.4	7.4
Cash and cash equivalents - customer balances	1,293.2	1,293.2	677.6	677.6
Cash and cash equivalents - available for corporate use	797.9	797.9	951.7	951.7
<b>Total assets</b>	<b>2,294.2</b>	<b>2,294.2</b>	<b>1,722.4</b>	<b>1,722.4</b>
<b>Liabilities</b>				
Trade and other payables	(1,566.1)	(1,566.1)	(1,078.3)	(1,078.3)
Customer balances	(1,394.6)	(1,394.6)	(721.0)	(721.0)
Borrowings	(5,577.5)	(5,583.5)	(3,571.8)	(3,607.8)
<b>Total liabilities</b>	<b>(8,538.2)</b>	<b>(8,544.2)</b>	<b>(5,371.1)</b>	<b>(5,407.1)</b>
<b>Net</b>	<b>(6,244.0)</b>	<b>(6,250.0)</b>	<b>(3,648.7)</b>	<b>(3,684.7)</b>

Certain of the Group's financial assets and liabilities are measured at fair value, including at FVTPL or FVOCI, at the end of each reporting period. The following provides information about how the fair values of these financial assets and liabilities were determined as at 31 December 2022:

### Financial instruments carried at fair value

#### Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation method used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

	31 December 2022			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Current investments at FVOCI – customer deposits	126.2	11.8	—	138.0
Investments – FVTPL	—	—	9.2	9.2
Derivatives	—	279.6	—	279.6
<b>Total financial assets</b>	<b>126.2</b>	<b>291.4</b>	<b>9.2</b>	<b>426.8</b>
Derivative financial liabilities	—	110.4	108.1	218.5
Non-derivative financial liabilities	—	—	30.1	30.1
<b>Total financial liabilities</b>	<b>—</b>	<b>110.4</b>	<b>138.2</b>	<b>248.6</b>

	31 December 2021			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Current investments at FVOCI – customer deposits	58.2	24.8	—	83.0
Investments – FVTPL	—	—	5.5	5.5
Derivatives	—	68.0	—	68.0
<b>Total financial assets</b>	<b>58.2</b>	<b>92.8</b>	<b>5.5</b>	<b>156.5</b>
Derivative financial liabilities	—	54.6	74.5	129.1
Non-derivative financial liabilities	—	—	37.9	37.9
<b>Total financial liabilities</b>	<b>—</b>	<b>54.6</b>	<b>112.4</b>	<b>167.0</b>

# Notes to the Consolidated Financial Statements continued

## 28. Fair values continued

The fair values of other financial assets and liabilities measured at amortised cost, other than those for which the Group has determined that their carrying values approximate their fair values on the consolidated statement of financial position as at 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
First Lien Term Loan B (as defined below)	—	(3,850.2)	—	(3,850.2)
<b>Total financial liabilities</b>	<b>—</b>	<b>(3,850.2)</b>	<b>—</b>	<b>(3,850.2)</b>

	31 December 2021			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
First Lien Term Loan B (as defined below)	—	(2,589.6)	—	(2,589.6)
<b>Total financial liabilities</b>	<b>—</b>	<b>(2,589.6)</b>	<b>—</b>	<b>(2,589.6)</b>

As part of its periodic review of fair values, the Group recognises transfers, if any, between levels of the fair value hierarchy at the end of the reporting period during which the transfer occurred. There were no transfers between levels of the fair value hierarchy during the periods ended 31 December 2022 or 31 December 2021.

### Valuation of Level 2 financial instruments

#### Borrowings

The Group has determined that the principal value of the GBP, EUR and USD First Lien Term Loan A (as defined above) approximates its fair value. The Group estimates the fair value of its First Lien Term Loan B by using a composite price derived from observable market data for a basket of similar instruments which approximates fair value.

#### Current investments (Bonds) - FVOCI - customer deposits

The Group has determined that the carrying value of the bonds approximates their fair value which is determined by using observable quoted prices or observable input parameters derived from comparable bonds/markets. Although the Group has determined that a number of the bonds fall within Level 1 of the fair value hierarchy, there are a class of bonds which have been classified as Level 2 due to the existence of relatively inactive trading markets for those bonds.

### Derivative financial instruments

#### Swap agreements

The Group uses derivative financial instruments to manage its interest rate and foreign currency risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis of the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, such as yield curves, spot and forward FX rates.

To comply with the provisions of IFRS 13, Fair Value Measurement, the Group incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the applicable counterparty's non-performance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Group has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although the Group has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilise Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. At both 31 December 2022 and 31 December 2021, the Group assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions, determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Group determined that its valuations of its derivatives in their entirety are classified in Level 2 of the fair value hierarchy.

### Level 3 fair values

#### Derivatives (Level 3)

Some of the Group's financial assets and liabilities are classified as Level 3 of the fair value hierarchy because the respective fair value determinations use inputs that are not based on observable market data. As at 31 December 2022, the valuation techniques and key inputs used by the Group for each Level 3 asset or liability were as follows:

#### Sports betting open positions (Level 3)

Derivative financial liabilities comprise sports betting open positions. The fair value of open sports bets at the period end has been calculated using the latest available prices on relevant sporting events. Changes in the fair value of the unsettled bets are recorded in revenue in the consolidated income statement.

It is primarily based on expectations as to the results of sporting and other events on which bets are placed. Changes in those expectations and ultimately the actual results when the events occur will result in changes in fair value.

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

## 28. Fair values continued

### Non-derivative financial instruments (Level 3)

#### Investments

The Group valued its equity investments in private companies with reference to earnings measures from similar businesses in the same or similar industry and adjusts for any significant changes in the earnings multiple and the valuation. A reasonable change in assumptions would not have a material impact on fair value. Changes in the fair value of equity in private companies are recorded in financial income or financial expense in the consolidated income statement.

#### Contingent deferred consideration (Level 3)

Non-derivative financial liabilities include contingent consideration. The contingent consideration payable is primarily determined with reference to forecast performance for the acquired businesses during the relevant time periods and the amounts to be paid in such scenarios. The fair value was estimated by assigning probabilities to the potential payout scenarios. The significant unobservable inputs are forecast performance for the acquired businesses.

The fair value of contingent consideration is primarily dependent on forecast performance for the acquired businesses in excess of a predetermined base target. An increase and decrease of 10% in the excess over the predetermined base target during the relevant time periods would increase and decrease the value of contingent consideration at 31 December 2022 by £1.1m and £2.0m respectively (31 December 2021: £1.2m and £2.2m).

#### FOX Corporation

As announced on 2 October 2019, in order to achieve economic alignment of Flutter's and TSG's strategic third party relationships across their respective US businesses, concurrent with the Combination with TSG, the Group entered into an arrangement with FOX, pursuant to which FSG Services, a wholly-owned subsidiary of FOX, had an option to acquire an 18.6% equity interest in FanDuel Group at its fair market value in July 2021. Under the terms of the agreement an arbitration mechanism was put in place in the event of a disagreement between the two parties relating to the option.

In April 2021, FOX filed an arbitration claim against the Group with respect to its option to acquire an 18.6% equity interest in FanDuel seeking the same price that the Group paid for the acquisition of 37.2% of FanDuel from Fastball Holdings LLC in December 2020, based on an \$11.2 billion valuation for FanDuel. In the Group's opinion this valuation would be materially favourable for FOX compared to the fair market valuation as of July 2021.

On 7 November 2022, the Group announced the outcome of the arbitration. 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. 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.

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 31 December 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.

The fair market value of the option as at 31 December 2022 is required to reflect the value that a market participant would have paid for such an option, with the option exercise price, reflecting the conditions that would have existed at 31 December 2022. Given the market assessment of comparable US assets, it is management's view that there has been no increase in the market value of FanDuel since the valuation date of the option, and therefore it is determined that the value of the option is out of the money for FOX and the derivative has close to nominal value at 31 December 2022.

#### Non-controlling interest agreements

##### Adjarabet

As part of the acquisition of Adjarabet in 2019, a mechanism was agreed, consisting of call and put options, which enabled the Group to acquire the remaining 49% after three years at a valuation equivalent to seven times the 2021 EBITDA. The call/put option consideration could be settled, at the Group's election, in cash or shares. During the year ended 31 December 2022, the non-controlling interest elected to exercise the put option and the Group entered into an arrangement with the seller to acquire the remaining shares for a cash payment of €238.0m (£204.1m) in line with the terms of the original agreement.

##### Boyd

A mechanism has been agreed with Boyd who hold a non-controlling interest in FanDuel Group, consisting of call and put options, which enables the Group to acquire the remaining 5% at prevailing market valuations in 2028. The call/put option consideration can be settled, at the Group's election, in cash or shares. As a consequence of both the put and call options being only exercisable at fair value based on the market value of FanDuel at the date of exercise of the options, it was determined that the fair value was not material and was close to nominal value.

As announced on 2 October 2019, in order to achieve economic alignment of Flutter's and TSG's strategic third-party relationships across their respective US businesses, the Group entered into arrangements conditional on completion of the Combination with Boyd pursuant to which Boyd would receive a total payment of 1.5% of the increase in FoxBet's market value between completion of the Combination and July 2023 (subject to a carrying value adjustment). Any payment due to Boyd in respect of this is not expected to be significant.



## Notes to the Consolidated Financial Statements continued

### 28. Fair values continued

On 22 October 2021, FanDuel Group Parent LLC ("FanDuel") and Boyd Interactive Holdings LLC ("Boyd") entered into an arrangement where Boyd contributed 91,828 Investor Units equivalent to 0.5% of FanDuel's total Investor Units in exchange for 91,828 warrants to acquire Investor Units of FanDuel. The aggregate exercise price of the warrants is \$1.00 and are exercisable at any time within the next 10 years. If the warrants remain outstanding after 10 years, they will be automatically converted into the number of Investor Units for which such warrants are exercisable. As this transaction involves the exchange of one form of fixed equity instrument for another fixed instrument with a non-controlling interest for no additional consideration, no further accounting is required.

#### Jungle

As part of the acquisition of Jungle, the Group has put in place arrangements, consisting of call and put options, that could see its ownership in the business increase to 100% in 2025. The call/put option consideration can be settled, at the Group's election, in cash or shares. As a consequence of both the put and call options being only exercisable at fair value being the future EBITDA and revenue multiple which are considered to be two key inputs into valuing the option, it was determined that the fair value was not material and was close to nominal value.

#### Sachiko

As part of the acquisition of Sachiko (see Note 15), the Group has put in place arrangements, consisting of call and put options, that could result in it acquiring the 5% of Jungle held by the former shareholders of Sachiko in 2027 and 2032 for an amount based on the future Revenue and EBITDA performance of Jungle. As the Group cannot avoid settling the put/call options in cash, a liability of £12.3m has been recorded at 31 December 2022. An increase and decrease of 10% in the forecasted target during the relevant time periods would increase and decrease the value of the option at 31 December 2022 by £1.6m and £1.6m respectively.

### Movements in the year in respect of Level 3 financial instruments carried at fair value

The movements in respect of the financial assets and liabilities carried at fair value in the year to 31 December 2022 are as follows:

	Sports betting open positions £m	Contingent deferred consideration £m	Embedded derivative £m	Put option liability £m	Investments £m	Total £m
Balance at 1 January 2021	(50.0)	(38.1)	98.0	—	3.0	12.9
Arising on acquisitions (Note 15)	—	(18.0)	—	—	0.8	(17.2)
Recognised in the income statement	3,276.9	(4.0)	(96.1)	—	1.7	3,178.5
Settlements	(3,301.4)	21.6	—	—	—	(3,279.8)
Foreign currency translation adjustment	—	0.6	(1.9)	—	—	(1.3)
<b>Balance at 31 December 2021</b>	<b>(74.5)</b>	<b>(37.9)</b>	<b>—</b>	<b>—</b>	<b>5.5</b>	<b>(106.9)</b>
Arising on acquisitions (Note 15)	—	—	—	(12.3)	—	(12.3)
Recognised in the income statement	4,322.0	4.7	—	—	4.9	4,331.6
Settlements	(4,355.6)	15.3	—	—	(1.3)	(4,341.6)
Foreign currency translation adjustment	—	0.1	—	—	0.1	0.2
<b>Balance at 31 December 2022</b>	<b>(108.1)</b>	<b>(17.8)</b>	<b>—</b>	<b>(12.3)</b>	<b>9.2</b>	<b>(129.0)</b>

### 29. Commitments and contingencies

#### Guarantees

The Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Group has uncommitted working capital overdraft facilities of £16.2m (31 December 2021: £16.2m) with Allied Irish Banks p.l.c. These facilities are secured by a Letter of Guarantee from Flutter Entertainment plc.

The Group has bank guarantees: (i) in favour of certain gaming regulatory authorities to guarantee the payment of player funds, player prizes, and certain taxes and fees due by a number of Group companies; and (ii) in respect of certain third-party rental and other property commitments, merchant facilities and third party letter of credit facilities. The maximum amount of the guarantees at 31 December 2022 was £246.7m (31 December 2021: £44.4m). No claims had been made against the guarantees as of 31 December 2022 (31 December 2021: £Nil). The guarantees are secured by counter indemnities from Flutter Entertainment plc and certain of its subsidiary companies. The value of cash deposits over which the guaranteeing banks hold security was £22.6m at 31 December 2022 (31 December 2021: £17.5m).

As mentioned in Note 22, borrowings under the TLA Agreement and Syndicated Facility Agreement are guaranteed by the Company and certain of its operating subsidiaries.

## 29. Commitments and contingencies continued

### Contingent liabilities

The Group operates in an uncertain marketplace where many governments are either introducing or contemplating new regulatory or fiscal arrangements.

The Board monitors legal and regulatory developments and their potential impact on the business, however, given the lack of a harmonised regulatory environment, the value and timing of any obligations in this regard are subject to a high degree of uncertainty and cannot always be reliably predicted.

Prior to the combination with TSG in 2020, the Board of TSG became aware of the possibility of improper foreign payments by TSG or its subsidiaries in certain jurisdictions outside of Canada and the United States relating to its historical B2B business (which was never profitable and effectively ceased operations in 2014). When this matter arose, TSG contacted the relevant authorities in the United States and Canada with respect to these matters and, following the Combination, the Group continues to co-operate with the United States and Canada governmental authorities in respect of all inquiries. Based on its review to date, the Board of Flutter has not identified issues that it believes would have a significant adverse effect on the Group's financial position or business operations.

The Group has seen a number of player claims in Austria for reimbursement of historic gaming losses. We have provided our remote services in Austria on the basis of multi-jurisdictional Maltese licences and EU law, however the Austrian Courts consider that our services are contrary to local law.

Together with its legal advisers, the Group is currently reviewing its position and strongly disputes the basis of these judgements. The prospect of these judgements being successfully enforced against our Maltese licenced subsidiaries is unknown. It is not possible at this stage to provide a reasonable estimate of the contingent liability as the matter is still at an early stage and unlikely to be fully resolved in the short term.

The Group has also provided remote services in Germany (outside of Schleswig-Holstein) on the basis of multi-jurisdictional Maltese licences and EU law. While some German Courts consider that such services are contrary to local law, no Court has ruled against our subsidiaries.

### Capital commitments

Capital expenditure contracted for at the statement of financial position date but not yet incurred was as follows:

	31 December 2022 £m	31 December 2021 £m
Property, plant and equipment	10.7	1.3
Intangible assets	9.0	1.6
<b>Total</b>	<b>19.7</b>	<b>2.9</b>

## 30. Related parties

There were no material transactions with related parties during the year ended 31 December 2022 or the year ended 31 December 2021.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

### Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries. A listing of the material subsidiaries is provided in Note 31. Transactions and balances with subsidiaries have been eliminated in the preparation of the consolidated financial statements.

### Transactions with Directors

There were no loans outstanding to any Director at any time during the year. Details of Directors' remuneration, interests in share awards and share options are set out on pages 154 to 189. Other related party transactions between the Group and the Directors, all of which were conducted on an arm's length basis and on normal commercial terms, are set out below.

In 2021, the Group entered into a separate consultancy agreement with one Director, Richard Flint, under which he received additional fees. This agreement ceased on 31 May 2022. See page 176 of the Directors Remuneration Report for further detail.

### Transactions with key management personnel

This comprises of Executive Directors and Non-Executive Directors.

Key management personnel compensation is as follows:

	2022 £m	2021 £m
Short-term employee benefits	3.6	5.7
Non-Executive Directors' fees	1.9	1.7
Post-employment benefits	0.3	0.2
Share-based payment costs	2.5	3.6
<b>Total</b>	<b>8.3</b>	<b>11.2</b>

## Notes to the Consolidated Financial Statements continued

### 31. Group entities

The Company had the following subsidiary undertakings carrying on businesses which materially affect the profits and assets of the Group at 31 December 2022:

Name	Equity interest as at 31 December 2022	Country of incorporation	Activity	Registered office
Power Leisure Bookmakers Limited <sup>1</sup>	100%	England and Wales	Bookmaker, provision of platform services and IP holding company	Waterfront, Hammersmith Embankment, Chancellors Road, London, W6 9HP
Betfair Group Limited <sup>1</sup>	100%	England and Wales	Holding company	
Betfair Limited	100%	England and Wales	Provision of support services	
TSE Holdings Limited	100%	England and Wales	Holding company	
Stars Group Holdings (UK) Limited	100%	England and Wales	Holding company	4 Wellington Place, Leeds, LS1 4AP
Cyan Bidco Limited	100%	England and Wales	Holding company	
Hestview Limited	100%	England and Wales	Online sports betting	
Halfords Media (UK) Limited	100%	England and Wales	Service Company	Waterfront, Hammersmith Embankment, Chancellors Road, London, W6 9HP
Tombola Limited	100%	England and Wales	Provision of support services and IP holding company	Rose Line Building, Wylam Wharf, Low Street, Sunderland, Tyne and Wear, SR1 2JR, United Kingdom
Bonne Terre Limited	100%	Alderney	Online gaming	Century House, 12 Victoria Street, Alderney GY9 3UF
FanDuel Limited	95%	Scotland	Fantasy sports, R&D activities and support services	Shepherd and Wedderburn LLP, 1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL
PPB Financing Unlimited Company <sup>1</sup>	100%	Ireland	Group financing	Belfield Office Park, Beech Hill Road, Clonskeagh, Dublin 4, D04V972
PPB Treasury Unlimited Company	100%	Ireland	Treasury and group financing	
PPB GE Limited	100%	Ireland	Online gaming	
Global Sports Derivatives Limited	100%	Ireland	Sporting events derivatives, risk management and other products	
TSG Platforms (Ireland) Limited	100%	Ireland	Provision of platform services	
TSG Interactive Services (Ireland) Limited	100%	Ireland	Service company and IP holding company	
PPB Development and Insights Limited	100%	Ireland	IP holding company	
Sisal S.p.A	100%	Italy	Holding and service company	Via Ugo Bassi 6, Milano Lombardia 20159
Sisal Lottery Italia S.p.A	100%	Italy	Lottery	
Sisal Entertainment S.p.A	100%	Italy	Gaming company	
Sisal Şans Interaktif Hizmetler Ve Şans Oyunlari YAT.A.Ş. <sup>2</sup>	49%	Turkey	Gaming company	İzzetpaşa Mah, Abide-i Hürriyet Cad, No:162 K:2-3, Şişli/İstanbul, Turkey
Paddy Power Holdings Limited <sup>1</sup>	100%	Isle of Man	Holding company	Ocorian, 33-37 Athol St, Douglas, IM1 1LB, Isle of Man
Stars Interactive Holdings (IOM) Limited	100%	Isle of Man	Holding company	Douglas Bay Complex, King Edward Road, Onchan, Isle of Man, IM3 1DZ
TSG Interactive Services Limited	100%	Isle of Man	Service company	
Stars Interactive Limited	100%	Isle of Man	Service company	
Stars Interactive PS Holdings Limited	100%	Isle of Man	Holding company	
Naris Limited	100%	Isle of Man	Treasury company	
Halfords Media (IOM) Limited	100%	Isle of Man	Service company	
Rational Entertainment Enterprises Limited	100%	Isle of Man	Service company	
Rational FT Services Limited	100%	Isle of Man	Service company	
Worldwide Independent Trust Limited	100%	Isle of Man	Treasury company	
Rational Intellectual Holdings Limited	100%	Isle of Man	IP holding company	

### 31. Group entities continued

Name	Equity interest as at 31 December 2022	Country of incorporation	Activity	Registered office
Sportsbet Pty Limited	100%	Australia	Online sports betting	Level 15, 367 Collins Street, Melbourne, Victoria 3000
Paddy Power Australia Pty Limited	100%	Australia	Holding company	Level 15, 367 Collins Street, Melbourne, Victoria 3000
TSED Unipessoal LDA	100%	Portugal	R&D activities	Avenida de Camilo 72, 4300-095 Porto
Betfair Casino Limited	100%	Malta	Online gaming	Spinola Park - Level 2, Triq Mikiel
PPB Entertainment Limited	100%	Malta	Online gaming	Ang Borg, St Julian's, SPK 1000, Malta
PPB Counterparty Services Limited	100%	Malta	Online sports betting	
Betfair International Plc	100%	Malta	Online sports betting and gaming	
Betfair Holding (Malta) Limited	100%	Malta	Holding company	
PPB Games Limited	100%	Malta	Online gaming	
TSG Interactive Gaming Europe Limited	100%	Malta	Gaming company	
TSG Interactive plc	100%	Malta	Gaming company	
Tombola International Malta Plc	100%	Malta	Gaming company	Soho Savoy Gardens, J Block, Rue D'Argens, Gzira, GZR 1362, Malta
TSE Malta LP	100%	Gibraltar	Online sports betting	57/63 Line Wall Road, Gibraltar
Tombola (International) Plc	100%	Gibraltar	Gaming company	5th Floor, International House, GX11 1AA, Gibraltar
Betfair Romania Development S.R.L	100%	Romania	R&D activities	Cladirea The Office, B-dul 21 Decembrie 1989, Nr.77, Corp A, Etaj 4, Cluj-Napoca, 400604
Atlas Holdings LLC	100%	Georgia	Holding company	4 Chovelidze Str., Mtatsminda District, Tbilisi
Aviator LLC	100%	Georgia	Online gaming and sports betting	6 El. Akhvlediani Ascent, Chugureti District, Tbilisi
FanDuel Group Parent LLC	95%	USA	Holding company	251 Little Falls Drive, Wilmington, Delaware, 19808
FanDuel Group, Inc.	95%	USA	Holding company	
Stars Group (US) Holdings, LLC	100%	USA	Holding company	
FanDuel Inc.	95%	USA	Fantasy sports	
Betfair Interactive US LLC	95%	USA	Sports betting and online gaming	
Betfair Interactive US Financing LLC	95%	USA	Financing company	
FanDuel Group Financing LLC	95%	USA	Financing company	
Flutter Financing B.V. <sup>1</sup>	100%	Netherlands	Financing company	Prinses Margrietplantsoen 88, WTC, Toren E, 23e verdieping, 2595BR 's-Gravenhage
Flutter Holdings B.V.	100%	Netherlands	Holding company	
Stars Group Holdings B.V.	100%	Netherlands	Holding company and financing company	
The Stars Group Inc.	100%	Canada	Holding company	200 Bay Street, South Tower, Suite 3205, Toronto, Ontario, Canada, M5J 2J3
Jungle Games India Private Limited	52%	India	Online skill games company	55, 2nd Floor, Lane-2, Westend Marg, Saidullajab, Near Saket Metro New Delhi South Delhi, DL 110030 India

1. These companies are held directly by Flutter Entertainment plc.

2. Sisal Şans Interaktif Hizmetler Ve Şans Oyunları YAT.A.Ş has been fully consolidated into the Group, as it has been deemed that Sisal S.p.A has control over the company due to having majority voting rights at board level and also the service agreement in place.

All subsidiary undertakings have been included in the Group Consolidated Financial Statements.

In addition to the above subsidiary undertakings, the Group utilises an employee trust, The Paddy Power Betfair plc Employee Benefit Trust, with a registered address at 12 Castle Street, St Helier, Jersey, JE2 3RT, and which holds shares under the share award schemes.

### 32. Events after the reporting date

There are no items that require further disclosure.

# Company Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 £m	31 December 2021 £m
<b>Assets</b>			
Property, plant and equipment	5	90.0	104.7
Intangible assets	6	3.0	0.4
Goodwill	7	18.0	18.0
Financial assets	8	16,618.9	16,681.7
Deferred tax assets	11	1.4	0.2
<b>Total non-current assets</b>		<b>16,731.3</b>	<b>16,805.0</b>
Trade and other receivables	9	126.8	881.1
Corporation tax receivable		—	5.7
Cash and cash equivalents	10	8.0	7.5
<b>Total current assets</b>		<b>134.8</b>	<b>894.3</b>
<b>Total assets</b>		<b>16,866.1</b>	<b>17,699.3</b>
<b>Equity</b>			
Issued share capital and share premium	12	484.6	477.6
Shares held by Employee Benefit Trust	12	(0.2)	(4.0)
Other reserves	12	331.1	255.7
Retained earnings	12	15,238.8	15,784.2
<b>Total equity</b>		<b>16,054.3</b>	<b>16,513.5</b>
<b>Liabilities</b>			
Trade and other payables	13	737.2	1,114.4
Derivative financial liabilities	13	4.2	2.6
Lease liability	14	10.0	5.8
<b>Total current liabilities</b>		<b>751.4</b>	<b>1,122.8</b>
Lease liability	14	60.4	63.0
<b>Total non-current liabilities</b>		<b>60.4</b>	<b>63.0</b>
<b>Total liabilities</b>		<b>811.8</b>	<b>1,185.8</b>
<b>Total equity and liabilities</b>		<b>16,866.1</b>	<b>17,699.3</b>

Notes 1 to 20 on pages 273 to 284 form an integral part of these financial statements.

On behalf of the Board

**Peter Jackson**  
Chief Executive Officer  
1 March 2023

**Jonathan Hill**  
Chief Financial Officer



# Company Statement of Changes in Equity

For the year ended 31 December 2022

Attributable to shareholders of the Company	Number of ordinary shares in issue millions #	Issued share capital and share premium £m	Undenominated capital £m	Foreign currency translation reserve £m	Shares held by Employee Benefit Trust £m	Share based payments reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2022	175.6	477.6	2.4	130.0	(4.0)	123.3	15,784.2	16,513.5
Loss for the year	—	—	—	—	—	—	(579.4)	(579.4)
Shares issued on exercise of employee share options	0.5	7.0	—	—	—	—	—	7.0
Ordinary shares of the Company acquired by the Employee Benefit Trust	—	—	—	—	(2.8)	—	—	(2.8)
Equity-settled transactions – expense recorded in income statement	—	—	—	—	—	116.0	—	116.0
Equity-settled transactions – vesting	—	—	—	—	6.6	—	(6.6)	—
Transfer to retained earnings on exercise of share options	—	—	—	—	—	(40.6)	40.6	—
Total contributions by and distributions to owners of the Company	0.5	7.0	—	—	3.8	75.4	34.0	120.2
<b>Balance at 31 December 2022</b>	<b>176.1</b>	<b>484.6</b>	<b>2.4</b>	<b>130.0</b>	<b>(0.2)</b>	<b>198.7</b>	<b>15,238.8</b>	<b>16,054.3</b>

Notes 1 to 20 on pages 273 to 284 form an integral part of these financial statements.

# Company Statement of Changes in Equity

For the year ended 31 December 2021

Attributable to equity holders of the Company	Number of ordinary shares in issue millions #	Issued share capital and share premium £m	Undenominated capital £m	Merger reserve £m	Foreign currency translation reserve £m	Treasury shares £m	Shares held by Employee Benefit Trust £m	Share-based payment reserve £m	Retained earnings £m	Total equity £m
Balance at 1 January 2021	177.0	2,481.7	2.4	7,982.9	130.0	(4.2)	(5.8)	95.2	4,631.2	15,313.4
Profit for the year	—	—	—	—	—	—	—	—	1,290.4	1,290.4
Shares issued on exercise of employee share options	0.6	13.2	—	—	—	—	—	—	—	13.2
Cancellation of treasury shares	(2.0)	(0.2)	—	—	—	4.2	—	—	(4.0)	—
Merger reserve capitalisation	—	7,982.9	—	(7,982.9)	—	—	—	—	—	—
Reduction of capital	—	(10,000.0)	—	—	—	—	—	—	10,000.0	—
Ordinary shares of the Company acquired by the Employee Benefit Trust	—	—	—	—	—	—	(180.7)	—	—	(180.7)
Equity-settled transactions – expense recorded in income statement	—	—	—	—	—	—	—	77.2	—	77.2
Equity-settled transactions – vesting	—	—	—	—	—	—	182.5	—	(182.5)	—
Transfer to retained earnings on exercise of share options	—	—	—	—	—	—	—	(49.1)	49.1	—
Total contributions by and distributions to owners of the Company	(1.4)	(2,004.1)	—	(7,982.9)	—	4.2	1.8	28.1	9,862.6	(90.3)
Balance at 31 December 2021	175.6	477.6	2.4	—	130.0	—	(4.0)	123.3	15,784.2	16,513.5

Notes 1 to 20 on pages 273 to 284 form an integral part of these financial statements.

# Notes to the Company Financial Statements

## 1. Basis of preparation and summary of significant accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). There have been no material departures from the Standard. The functional and presentation currency of these financial statements is GBP. All amounts in the financial statements have been rounded to the nearest 0.1 million. In preparing these financial statements, the Company applies the recognition, measurement and presentation requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is the ultimate parent company of the Flutter Group which includes the Company in its consolidated financial statements. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- cash flow statement and related notes;
- comparative period reconciliations for property, plant and equipment and intangible assets;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel;
- disclosures of transactions with a management entity that provides Key Management Personnel services to the Company; and
- certain disclosures regarding revenue.

As the consolidated financial statements of the Flutter Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share-Based Payments in respect of group settled share-based payments;
- certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

As permitted by section 304 of the Companies Act 2014, no separate profit and loss account is presented in respect of the Company. The Company recorded a loss for the year of £579.4m (2021: profit of £1,290.4m).

### Recent accounting pronouncements

The IASB has issued the following standards, policies, interpretations and amendments which were effective for the Company for the first time in the year ended 31 December 2022:

- Amendments to IAS 37: Onerous contracts – Cost of Fulfilling a Contract;
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 1, IFRS 9 and IAS 41: Annual Improvements to IFRS Standards 2018–2020; and
- Amendments to IFRS 3: Reference to the Conceptual Framework.

The adoption of the above new standards and interpretations did not have a significant impact on the Company's financial statements.

### Going concern

The Company is in a net current liability position of £616.6m at 31 December 2022 (31 December 2021: £228.5m) primarily as a result of net amounts owed to fellow Group companies of £577.8m. The Directors have considered the available financial resources for the Company and have obtained confirmations from fellow Group companies that amounts due will not be called upon within 12 months.

The Company's forecasts for 2022 and beyond indicate that it will continue to have significant financial resources for at least a period of 12 months from the date of approval of these financial statements.

Having given regard to the above, the Directors are satisfied that there are no material uncertainties with regard to the going concern of the Company and as a result have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements, and therefore it continues to adopt the going concern basis of accounting in preparation of its financial statements.

### Revenue

The services provided by the Company comprise sports betting and business-to-business services as well as services provided to other Group companies. Revenue is stated exclusive of value-added tax ("VAT"). The costs of customer promotions (including free bets) and bonuses are deducted from revenue.

The Company's activities, with the exception of business-to-business services and services to other Group companies on which fees are earned, are classified as derivative financial instruments.

Revenue from betting activities represents the net gain or loss from betting activities in the period plus the gain or loss on the revaluation of open positions at period end, and is stated net of the cost of customer promotions and bonuses incurred in the period.

# Notes to the Company Financial Statements continued

## 1. Basis of preparation and summary of significant accounting policies continued

### Revenue continued

These derivatives are recognised initially at fair value and subsequently at fair value through profit or loss, within the income line as this represents the Company's principal activity. Commission and other fee income earned is also recorded within revenue.

Revenue from business-to-business services and services to other Group companies represents fees charged for the services provided in the period.

### Financial assets

Interests in subsidiary undertakings are stated in the Company statement of financial position as financial assets, at cost less, where necessary, provisions for impairment.

Included within financial assets are capital contributions representing share-based payment awards made to employees of certain of the Company's subsidiaries.

### Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing items and restoring the sites on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within the income statement. Depreciation is calculated to write-off the cost less estimated residual value of property, plant and equipment on a straight-line basis over their useful lives, as follows:

Land	Not depreciated
Buildings: Freehold	25 – 50 years
Buildings: Leasehold improvements	Unexpired term of the lease, except for leases with an initial term of 10 or less years, which are depreciated over the unexpired term of the lease plus the renewal length of the lease if there is an unconditional right of renewal
Fixtures and fittings	3 – 10 years
Computer equipment	2 – 5 years
Right-of-use asset	Shorter of term of lease and useful life of asset, as defined under IFRS 16

Assets in the process of construction are stated at cost less impairment losses. Depreciation of these assets begins when the assets are ready for their intended use. The residual value of property, plant and equipment, if significant, is reassessed annually.

### Intangible assets

Intangible assets, principally comprising licences and computer software, are capitalised at cost and amortised over their estimated useful economic lives on a straight-line basis.

Licences comprise the costs of acquiring retail bookmaking licences, the rents incurred in respect of the period prior to each shop opening for business (as the existence of a premises is a pre-requisite for obtaining such licences) and licences for electronic point of sale ("EPOS") system software.

Computer software and technology includes the costs incurred in acquiring and bringing specific software programs into use. Maintenance costs relating to computer software programs are expensed to the income statement when incurred.

The estimated useful economic lives of intangible assets, according to which amortisation is calculated, are as follows:

Licences	2 – 20 years
Computer software and technology	2 – 5 years

### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The value of acquisition is measured at the date of purchase and represents the aggregate of the fair values of assets given, liabilities incurred or assumed and any equity instruments issued by the Group in exchange for control of the acquiree and fair value of previously held equity interests. The identifiable assets and liabilities of the acquiree are recognised at their fair values at the date of acquisition.

Goodwill recognised under Irish Generally Accepted Accounting Practice ("GAAP") prior to the date of transition to IFRS is stated at net book value as at the transition date. Goodwill recognised subsequent to 1 January 2014, representing the excess of purchase consideration over the fair value of net identifiable assets acquired defined in accordance with IFRS 3 Business Combinations, is capitalised. Goodwill is initially recognised as an asset at cost and is thereafter measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment annually. Any impairment in the value of goodwill is recognised in the income statement in the period in which it arises. Goodwill is recognised only when control of the acquiree is initially achieved. Following the acquisition of control, no goodwill is recognised on subsequent purchases of equity interests in the acquiree and instead the difference between the cost of such acquisitions and the fair values of the relevant net assets acquired is dealt with through retained earnings.

## 1. Basis of preparation and summary of significant accounting policies continued

### Business combinations continued

Costs relating to the acquisition of businesses that occurred since 1 January 2014 are expensed to the income statement when incurred. Costs relating to the acquisition of non-controlling interests are recognised directly in retained earnings.

Amounts payable in respect of deferred contingent consideration are recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

### Impairment

#### Financial assets (including receivables) – excluding Investments in subsidiaries

The Company recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured at 12 month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or the financial asset is significantly past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the third party;
- a breach of contract such as a default;
- the restructuring of a balance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the third party will enter bankruptcy or another financial reorganisation.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

### Non-financial assets

The carrying amounts of the Company’s non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives (such as certain licences and brands) or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash generating unit is the higher of fair value less costs to sell or its 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash generating unit”, or “CGU”). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination. The Company’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.



# Notes to the Company Financial Statements continued

## 1. Basis of preparation and summary of significant accounting policies continued

### Non-financial assets continued

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### Other non-derivative financial instruments

Other non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Financial assets are derecognised if the Company's contractual right to the cash flows from the financial assets expires or if the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents are comprised of cash and deposits with an original maturity of three months or less. Subsequent to initial recognition, cash and cash equivalents and trade and other payables are measured at amortised cost.

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for expected credit losses.

### Derivative financial instruments

The Company holds certain derivative financial instruments which are initially recognised at fair value.

### Sports betting open positions

Amounts received from customers on sportsbook events that have not occurred by the year end are derivative financial instruments and have been designated by the Company on initial recognition as financial liabilities at fair value through profit or loss.

### Borrowings

Borrowings are recorded at the fair value of the proceeds received, net of any directly attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method.

### Employee benefits

#### Pensions

The Company operates a number of defined contribution schemes under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions are recognised as an expense in the income statement as the service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

#### Share-based payments

The Company operates equity-settled long-term and medium-term incentive plans for selected senior executives and other key management under which they are conditionally awarded shares or options over Company shares which vest upon the achievement of predetermined targets and/or future service periods. The fair value is measured at the award or option grant date and is spread over the period during which the employees become unconditionally entitled to the shares or options with a corresponding increase in the share-based payment reserve in equity. The fair value of the shares conditionally granted is measured using the market price of the shares at the time of grant or in the case of shares with a non-market condition, measured using either a binomial or Monte Carlo valuation model.

The Company operates an equity-settled share save scheme ("SAYE") for employees under which employees acquire options over Company shares at a discounted price subject to the completion of a savings contract. The fair value of share options granted is recognised as an employee benefit cost with a corresponding increase in the share-based payment reserve in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes model, taking into account the terms and conditions, other than non-market performance conditions, upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest for only non-market vesting and service conditions.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises in its individual financial statements an increase in the cost of investment in its subsidiaries (unless reimbursed) equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity. Amounts subsequently recharged to the subsidiary or reimbursed by the subsidiary are recognised as a reduction in the cost of investment in subsidiary. When the cost of investment in subsidiary has been reduced to nil, the excess is recognised as a dividend/creditor.

## 1. Basis of preparation and summary of significant accounting policies continued

### Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement of the lease, and any initial costs. They are then subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset, and are tested for impairment in accordance with IAS 36, Impairment of Assets ("IAS 36").

The lease liability is initially measured at the present value of the future lease payments, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate at the lease commencement date. The Company subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Interest on the lease liability is recognised in financial expenses within the income statement.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate initially measured using the index or rate at the commencement date;
- amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options or the term of extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease includes an option to terminate the lease.

The Company remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability or right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers such payments occurs.

As a practical expedient, IFRS 16 permits a lessee to account for any lease and associated non-lease components as a single arrangement instead of separating the non-lease components. The Company has applied this practical expedient.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, such as personal computers and office furniture, the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

#### The Company as a lessor

The Company has a small number of properties that are sublet.

At inception of a contract, the Company determines whether each lease is a finance lease or an operating lease, by reference to the transfer of all risks and rewards in connection to ownership of the underlying asset. In the case of a finance lease, the Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

When the Company is an intermediate lessor the sub leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Under operating leases, the Company recognises the income generated by the lease on an accrual basis over the life of the contract.

# Notes to the Company Financial Statements continued

## 1. Basis of preparation and summary of significant accounting policies continued

### Income tax

Income tax in the income statement comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset to the extent that they relate to income taxes levied by the same taxation authority.

### Foreign currency transactions

Transactions in foreign currencies are translated at the relevant foreign exchange rate ruling at the date of the transaction.

Non-monetary assets that are carried at historical cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into GBP at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

### Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. The repurchased shares are classified as treasury shares and are presented as a deduction from total equity. Transaction costs relating to the purchase by the Company of its own shares are recognised directly in retained earnings. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is recognised in share premium.

Where the Company purchases its own shares and subsequently cancels those shares, the cost of the shares cancelled is written off directly to retained earnings.

### Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders, or, in the case of the interim dividend, when it has been approved by the Board of Directors and paid.

### Critical accounting estimates and judgements

The preparation of annual financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the course of preparing the financial statements, no judgements have been made in the process of applying the Company's accounting policies, other than those involving estimation (as described below), that have a significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment to the carrying amount of assets and liabilities within the next financial year is set out below.

### Measurement of the recoverable amount of investments in subsidiaries

The Group reviews the carrying value of investments in subsidiaries for impairment annually (or more frequently if there are indications that the value of investments may be impaired) by comparing the carrying values with their recoverable amounts (being the higher of value-in-use and fair value less costs to sell). The impairment review is performed on a value-in-use basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. Certain of these estimates and assumptions are subjective in nature.

The Company also considers the overall market capitalisation of the Group and whether it is in excess of the carrying value of investments for this review.

## 2. Employee expenses and numbers

	2022 £m	2021 £m
Wages and salaries	29.4	30.0
Social security costs	3.0	3.3
Defined contribution pension and life assurance costs	0.3	0.3
Share-based payments expense (see below)	0.4	0.2
Other staff costs	2.0	1.2
<b>Total employee costs</b>	<b>35.1</b>	<b>35.0</b>
The average number of persons employed by the Company (including Executive Directors), all of whom were involved in the provision of sports betting and gaming services, during the year was:	1,226	1,311

Details of the remuneration of Directors are set out in the Directors' Remuneration Report on pages 154 to 181.

### Summary of share-based payments expense

The share-based payments expense in the profit and loss account in respect of the Company's share schemes is comprised as follows:

	2022 £m	2021 £m
The Flutter Entertainment plc Sharesave Scheme	0.4	0.2
<b>Total</b>	<b>0.4</b>	<b>0.2</b>

## 3. Financial income and expense

	2022 £m	2021 £m
<b>Recognised in profit or loss:</b>		
Financial income		
On financial assets at amortised cost:		
Interest income	1.7	4.5
<b>Total</b>	<b>1.7</b>	<b>4.5</b>
Financial expense		
On financial liabilities at amortised cost:		
Lease interest	2.2	1.4
Transaction costs	7.7	5.1
<b>Total</b>	<b>9.9</b>	<b>6.5</b>

## 4. Statutory information

	2022 £m	2021 £m
Auditor's remuneration	2.8	1.8
Depreciation of property, plant and equipment	20.4	17.7
Amortisation of intangible assets	0.3	0.1
Foreign currency exchange (gain)/loss – monetary items	(11.9)	6.1

The auditor's remuneration of £2.8m (2021: £1.8m) relates to the audit of Group and subsidiary financial statements and other non-audit services. Further details on auditor's remuneration is disclosed in Note 9 to the consolidated financial statements.

### Auditor remuneration to Company external auditor (KPMG Ireland)

In accordance with the requirements of Companies Act 2014, reference s322, the auditor's remuneration figures presented below represent fees paid to KPMG Ireland only and are exclusive of value-added tax. Audit relates to the audit of the Company financial statements only. Audit fees borne by the Company in relation to the audit by KPMG Ireland of the Group and subsidiary companies are classified as other assurance services.

	2022 £m	2021 £m
Audit	0.1	0.1
Other assurance services	2.6	1.6
Other non-audit services	0.1	0.1
<b>Total</b>	<b>2.8</b>	<b>1.8</b>

Other assurance services includes £2.5m (2021: £1.5m) in respect of fees incurred by the Company for the audit of the Group financial statements and £0.1m (2021: £0.1m) in respect of fees relating to the audit of subsidiary companies which have been borne by the Company.

# Notes to the Company Financial Statements continued

## 5. Property, plant and equipment

	Land, buildings and leasehold improvements £m	Fixtures and fittings £m	Computer equipment £m	Right-of-use assets <sup>1</sup> £m	Total £m
<b>Cost</b>					
Balance at 1 January 2022	38.3	103.2	18.4	90.9	250.8
Additions	—	1.1	1.5	4.6	7.2
Disposals	(1.6)	(5.1)	(0.5)	—	(7.2)
<b>Balance at 31 December 2022</b>	<b>36.7</b>	<b>99.2</b>	<b>19.4</b>	<b>95.5</b>	<b>250.8</b>
<b>Depreciation</b>					
Balance at 1 January 2022	28.4	77.8	14.2	25.7	146.1
Depreciation charges	1.2	6.1	1.4	11.7	20.4
Disposals	(1.3)	(3.9)	(0.5)	—	(5.7)
<b>Balance at 31 December 2022</b>	<b>28.3</b>	<b>80.0</b>	<b>15.1</b>	<b>37.4</b>	<b>160.8</b>
<b>Net book value</b>					
At 31 December 2021	9.9	25.4	4.2	65.2	104.7
<b>At 31 December 2022</b>	<b>8.4</b>	<b>19.2</b>	<b>4.3</b>	<b>58.1</b>	<b>90.0</b>

1. Note that materially all of this balance relates to buildings and leasehold improvements.

The net book value of land, buildings and leasehold improvements at 31 December 2022 includes £5.3m (2021: £6.6m) in respect of leasehold improvements.

The Directors do not consider the remaining useful lives of property, plant and equipment to be materially different from the period over which the assets are being depreciated.

## 6. Intangible assets

The movements during the prior year and current year in respect of intangible assets, which comprise licences and computer software, were as follows:

	Licences £m	Computer software £m	Total £m
<b>Cost</b>			
Balance at 1 January 2022	1.4	5.0	6.4
Additions	—	2.9	2.9
Disposals	(0.1)	(0.1)	(0.2)
<b>Balance at 31 December 2022</b>	<b>1.3</b>	<b>7.8</b>	<b>9.1</b>
<b>Amortisation</b>			
Balance at 1 January 2022	1.4	4.6	6.0
Amortisation charge	—	0.3	0.3
Disposals	(0.1)	(0.1)	(0.2)
<b>Balance at 31 December 2022</b>	<b>1.3</b>	<b>4.8</b>	<b>6.1</b>
<b>Net book value</b>			
Balance at 31 December 2021	—	0.4	0.4
<b>Balance at 31 December 2022</b>	<b>—</b>	<b>3.0</b>	<b>3.0</b>

## 7. Goodwill

	Goodwill £m
Balance at 31 December 2021	18.0
<b>Balance at 31 December 2022</b>	<b>18.0</b>

The goodwill balance as at 31 December 2022 arose from the assets acquired as part of the amalgamation of three bookmaking businesses to form Paddy Power in 1988 and subsequent acquisitions of licensed book making shops in Ireland. The goodwill balance as at 31 December 2022 is attributable to the Irish Retail cash generating unit, being the lowest level of asset for which there are separately identifiable cash flows (see Note 14 to the consolidated financial statements).

The accumulated amortisation balance at 31 December 2022 is £4.1m (2021: £4.1m). Under IFRS, goodwill is not amortised but is instead tested for impairment annually. The most recent test for impairment was performed at 31 December 2022 and is detailed in Note 14 to the consolidated financial statements within the Irish Retail cash generating unit.



## 8. Financial assets

	Unlisted investments in subsidiary companies £m	Capital contributions £m	Total £m
Balance at 1 January 2021	16,409.1	200.9	16,610.0
Additional investments in subsidiaries	1,922.0	—	1,922.0
Impairment	(1,750.0)	—	(1,750.0)
Share-based payments	—	72.6	72.6
Amounts received in respect of share-based payments	—	(172.9)	(172.9)
<b>Balance at 31 December 2021</b>	<b>16,581.1</b>	<b>100.6</b>	<b>16,681.7</b>
Additional investments in subsidiaries	1,509.0	—	1,509.0
Impairment	(1,680.0)	—	(1,680.0)
Share-based payments	—	108.2	108.2
<b>Balance at 31 December 2022</b>	<b>16,410.1</b>	<b>208.8</b>	<b>16,618.9</b>

In the opinion of the Directors, the value to the Company of the unlisted investments in and capital contributions to subsidiary companies at 31 December 2022 is not less than the carrying amount of £16,618.9m (2021: £16,681.7m).

The Company's principal subsidiaries are listed in Note 31 to the consolidated financial statements.

The increase in investments in subsidiary companies in 2021 and 2022 is due to various internal restructuring of subsidiaries.

An impairment charge has arisen as a result of various subsidiary restructuring activities. The recoverable amount of the impaired subsidiaries was estimated based on value in use calculations using cash flow projections for a five-year period. Pre-tax discount rates of 9.6% to 13.3% and terminal growth rates of 2.5% to 2.6% have been applied to the various projected cash flows.

Capital contributions represent amounts included in the Company's share-based payment reserve relating to share-based payment awards made to employees of certain of the Company's subsidiary undertakings.

Amounts received in respect of share-based payments relates to amounts from subsidiaries due in respect of share payments.

## 9. Trade and other receivables

### Current assets

	31 December 2022 £m	31 December 2021 £m
<b>Trade and other receivables</b>		
Prepayments	4.1	8.9
Amounts owed by fellow Group companies	122.7	872.2
<b>Total</b>	<b>126.8</b>	<b>881.1</b>

## 10. Cash and cash equivalents

Cash and cash equivalents are analysed by currency as follows:

	31 December 2022 £m	31 December 2021 £m
GBP	1.9	3.4
EUR	5.2	1.8
USD	—	1.6
Other	0.9	0.7
<b>Total</b>	<b>8.0</b>	<b>7.5</b>

There was no cash on deposit at 31 December 2022 and 31 December 2021.

## 11. Deferred tax assets and liabilities

Deferred tax is attributable to the following:

	31 December 2022 £m	31 December 2021 £m
Property, plant and equipment	1.4	0.2

Movement in temporary differences during the year:

	2022 £m	2021 £m
Balance at 1 January	0.2	0.1
Recognised in income	1.2	0.1
<b>Balance at 31 December</b>	<b>1.4</b>	<b>0.2</b>

All the above deferred tax balances are in respect of Irish corporation tax.

# Notes to the Company Financial Statements continued

## 12. Share capital and reserves

The total authorised share capital of the Company comprises 300,000,000 ordinary shares of €0.09 each (2021: 300,000,000 ordinary shares of €0.09 each). All issued share capital is fully paid. The holders of ordinary shares are entitled to vote at general meetings of the Company on a one vote per share held basis. Ordinary shareholders are also entitled to receive dividends as may be declared by the Company from time to time.

Transactions during the year ended 31 December 2022:

- A total of 465,782 ordinary shares were issued as a result of the exercise of employee share options, giving rise to share capital and share premium of €7.0m.

Transactions during the year ended 31 December 2021:

- A total of 558,275 ordinary shares were issued as a result of the exercise of employee share options, giving rise to share capital and share premium of €13.2m.
- On 25 August 2021, the Company announced it had cancelled 1,965,600 ordinary shares of €0.09 each previously held by it and its subsidiaries as treasury shares; and
- In accordance with the authority conferred by shareholders pursuant to resolution 10 at Flutter's Annual General Meeting ("AGM") held on Thursday, 29 April 2021, the Board on 10 September 2021 confirmed that it had completed the capitalisation of €7,982.9m, being the entirety of the amounts standing to the credit of Flutter's merger reserve account at 31 December 2020. In accordance with the provisions of sections 84 and 85 of the Companies Act 2014 and the authority conferred by resolution 11 as approved by shareholders at the AGM, the Board applied to the Irish High Court to reduce the Company's capital by the amount of €10,000m standing to the credit of Flutter's share premium account following completion of the capitalisation. On 3 November 2021, the Irish High Court approved the reorganisation of the Company's capital by the reduction of €10,000m standing to the credit of Flutter's share premium account, and the transfer of such sum to the Company's distributable reserves account. This resulted in the transfer of €10,000m from share premium to retained earnings.

## Equity reserves

Equity reserves at 31 December 2022 and 31 December 2021 include the following classes of reserves:

### Undenominated capital

Undenominated capital of €2.2m (2021: €2.2m) which relates to the nominal value of shares in the Company acquired by the Company and subsequently cancelled, and the nominal value of shares in the Company cancelled as part of the return of capital to shareholders, and an amount of €0.2m (2021: €0.2m) which arose on the redenomination of the ordinary share capital of the Company at the time of conversion from Irish pounds to euro.

### Merger reserve

In accordance with the authority conferred by shareholders pursuant to resolution 10 at Flutter's Annual General Meeting held on Thursday, 29 April 2021, the Board on 10 September 2021 confirmed that it had completed the capitalisation of €7,982.9m, being the entirety of the amounts standing to the credit of Flutter's merger reserve account at 31 December 2020. This resulted in the transfer of €7,982.9m from merger reserve to share premium.

### Foreign exchange translation reserve

The foreign exchange translation reserve of €130.0m arose as a result of the Company changing its functional currency and presentation currency from euro to pound sterling with effect from 1 January 2018.

### Treasury shares

On 25 August 2021, the Company announced it cancelled all its 225,000 ordinary shares of €0.09 each previously held by it as treasury shares which resulted in the transfer of €4.2m from treasury shares to retained earnings and share capital.

### Share-based payments reserve

In 2022, an amount of €40.6m (2021: €49.1m) in respect of share options exercised during the year was transferred from the share-based payment reserve to retained earnings.

## 13. Trade and other payables and derivative financial liabilities

### Current liabilities

	31 December 2022 €m	31 December 2021 €m
<b>Trade and other payables</b>		
Trade payables	2.2	2.5
PAYE and social security	0.9	1.1
Value-added tax	3.1	4.4
Betting duty	3.7	3.5
Amounts owed to fellow Group companies	700.5	1,078.5
Accruals and other liabilities	26.8	24.4
<b>Total</b>	<b>737.2</b>	<b>1,114.4</b>
<b>Derivative financial liabilities</b>		
Sports betting open positions (Note 17)	4.2	2.6

## 14. Leases

### Lease liabilities

	31 December 2022 £m	31 December 2021 £m
Current portion of lease liabilities	10.0	5.8
Non-current portion of lease liabilities	60.4	63.0

See Note 21 to the consolidated financial statements for further information on lease liabilities.

## 15. Financial risk management

The Company's risk exposures, and what its objectives, policies and processes are for managing those risks, are set out in Note 26 to the Group consolidated financial statements.

## 16. Credit risk

### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 December was:

	Carrying amount	
	31 December 2022 £m	31 December 2021 £m
Cash and cash equivalents	8.0	7.5
Amounts owed by fellow Group companies	122.7	872.2
Total	130.7	879.7

## 17. Fair values

### Fair values versus carrying amounts

The following are the fair values and carrying amounts of financial assets and liabilities carried at amortised cost in the statement of financial position:

	31 December 2022		31 December 2021	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
<b>Assets</b>				
Amounts owed by fellow Group companies	122.7	122.7	872.2	872.2
Cash and cash equivalents	8.0	8.0	7.5	7.5
Total	130.7	130.7	879.7	879.7
<b>Liabilities</b>				
Trade and other payables	(737.2)	(737.2)	(1,114.4)	(1,114.4)
Net	(606.5)	(606.5)	(234.7)	(234.7)

### Fair value hierarchy

Financial instruments at 31 December which are carried at fair value are analysed by the valuation method below. The different levels have been defined as follows:

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

	31 December 2022			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial liabilities	—	—	(4.2)	(4.2)
Total	—	—	(4.2)	(4.2)

	31 December 2021			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Derivative financial liabilities	—	—	(2.6)	(2.6)
Total	—	—	(2.6)	(2.6)

### Basis for determining fair values

The following are the significant methods and assumptions used to estimate the fair values of the financial instruments above:

# Notes to the Company Financial Statements continued

## 17. Fair values continued

### Financial instruments carried at amortised cost

#### Cash and cash equivalents (Level 2)

The fair value of cash and cash equivalents is based on the nominal value of the relevant cash and bank deposit balances, as all are held at variable interest rates.

#### Trade and other payables (Level 2)

The fair value of trade and other payables is estimated using the present value of future cash flows discounted at the market rate of interest at the reporting date. Amounts due within three months are not discounted.

### Financial instruments carried at fair value

#### Derivative financial instruments (Level 3)

Derivative financial instruments comprise sports betting open positions. The fair value of open sports bets at the year end has been calculated using the latest available prices on relevant sporting events.

### Sensitivity analysis in respect of Level 3 financial instruments carried at fair value

The following sensitivity analysis has been performed for the Level 3 financial liabilities carried at fair value at 31 December 2022 and 2021:

#### Sports betting open positions

The fair value of sports betting open positions is primarily based on expectations as to the results of sporting and other events on which bets are placed. Changes in those expectations and ultimately the actual results when the events occur will result in changes in fair value. There are no reasonably probable changes to assumptions and inputs that would lead to material changes in the fair value methodology although final value will be determined by future sporting results.

#### Movements in the year in respect of Level 3 financial instruments carried at fair value

The movements in respect of the financial assets and liabilities carried at fair value in the year to 31 December are as follows:

	Sports betting open positions €m
Balance at 1 January 2021	(3.7)
Recognised in the income statement	56.8
Settlements	(55.7)
<b>Balance at 31 December 2021</b>	<b>(2.6)</b>
Recognised in the income statement	102.7
Settlements	(104.3)
<b>Balance at 31 December 2022</b>	<b>(4.2)</b>

## 18. Pension arrangements

The Company operates defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the Company in independently administered funds. Pension costs for the year were €0.2m (2021: €0.2m) and the amount due to the schemes at 31 December 2022 amounted to €0.1m (2021: €0.1m).

## 19. Contingent liabilities

### Guarantees

The Company has uncommitted working capital overdraft facilities of €3.5m (2021: €3.5m) with Allied Irish Banks p.l.c. These facilities are secured by cross-guarantees within the Group.

The Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Borrowings under the TLA Agreement and Syndicated Facility Agreement are guaranteed by the Company and certain of its operating subsidiaries. See Note 22 to the consolidated financial statements for further detail.

### Capital commitments

There was no capital expenditure contracted for at 31 December 2022 but not yet incurred (31 December 2021: €nil).

### Section 357 guarantees

Pursuant to the provisions of section 357 of the Companies Act 2014, the Company has guaranteed the liabilities and commitments of its wholly owned subsidiary undertakings in the Republic of Ireland for the financial year ended 31 December 2022 and, as a result, each subsidiary undertaking is exempted from the filing provisions of the Companies Act 2014.

## 20. Approval of financial statements

The financial statements of the Company for the year ended 31 December 2022 were approved by the Board of Directors on 1 March 2023.

## Five year financial summary (unaudited)

Financial information for the Group for the five years ended 31 December is set out below:

	Statutory 2022 £m	Statutory 2021 £m	Statutory 2020 £m	Statutory 2019 £m	Statutory 2018 £m
Revenue	7,693.2	6,036.2	4,413.9	2,140.0	1,873.4
EBITDA	917.6	723.3	771.6	407.8	423.0
Operating (loss)/profit	(59.8)	(62.5)	103.5	149.9	204.6
(Loss)/profit before tax	(274.8)	(288.4)	1.1	135.7	218.7
(Loss)/profit for the year	(304.9)	(411.9)	(34.7)	111.9	180.7



# Independent ESG Assurance Statement

## Flutter Entertainment plc

### Scope

We have been engaged by Flutter Entertainment plc ('Flutter') to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Flutter's selected subject matter information marked with the symbol  $\Delta$  (the "Subject Matter") in the Flutter Annual Report ("the Report") for the year ended 31 December 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by Flutter Entertainment plc

In preparing the Subject Matter, Flutter applied their own internally developed GRI Methodology, Boundaries and Exclusions AR22 ("the Criteria"). Such Criteria were designed by Flutter for the purposes of Subject Matter reporting. As a result, the Subject Matter may not be suitable for another purpose.

### Flutter responsibilities

Flutter management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) Other than Audits or Reviews of Historical Financial Information ('ISAE 3000'), ISAE 3410 Assurance Engagements on Greenhouse Gas Statements ('ISAE 3410'), and the terms of reference for this engagement as agreed with Flutter on 26 January 2022 and 10 January 2023. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were

designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Interviewed management to understand the key processes, systems and controls in place for the preparation of the Subject Matter.
- Performed a review of the data management systems, tested reasonableness of conversion factors applied, reviewed alignment with the Criteria and conducted analytical review procedures over the Subject Matter.
- Undertook a visit to Flutter head office to understand the process of data collection and reporting.
- Agreed sample selection to supporting documentation and re-performed calculations.
- Assessed the appropriateness of the Criteria for the Subject Matter.
- Reviewed the Report for the appropriate presentation of the Subject Matter, including the discussion of limitations and assumptions relating to the data presented.

We also performed such other procedures as we considered necessary in the circumstances.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended 31 December 2022, in order for it to be in accordance with the Criteria.

### Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on the Flutter Assurance Statement or its conclusions to any persons other than Flutter, or for any purpose other than that for which it was prepared.

Accordingly, we accept no liability whatsoever, whether in contract, tort or otherwise, to any third party for any consequences of the use or misuse of this assurance report or its conclusions.

We permit the disclosure of the final issued Flutter Assurance Statement, in full only, to be published in Flutter's 2022 Annual Report. Where you include the Flutter Assurance Statement in the Report, you will publish the whole of the Flutter Assurance Statement as a single document without amendments or redaction in the form that we provide to you. We disclaim any assumption of responsibility for any reliance on the Flutter Assurance Statement to any persons other than you, or for any purpose other than that for which they were prepared. The Flutter Assurance Statement will contain language to that effect in respect of the Flutter Assurance Statement.

**Ernst & Young**  
Dublin, Ireland  
1 March 2023

## ESG supplementary information

### GRI Methodology, Boundaries and Exclusions AR22 Global Reporting Initiative (GRI)

We continue to align our sustainability reporting to the GRI standards with updated information available on our website. As stated in the main body of our Positive Impact Plan page 48, in FY2023, we will be carrying out a double materiality assessment along with a scenario analysis and CSRD impact and gap analysis. The outputs of this work will allow us to identify and update key material issues, climate related risks and opportunities across 1.5c, 2c and 4c degrees.

For additional information regarding our sustainability reporting, please see the contact details on our website [www.flutter.com/contact-us](http://www.flutter.com/contact-us)

### Methodologies, boundaries, and exclusions

The term “carbon emissions” or “emissions” in this report refers to Greenhouse Gas (GHG) emissions as required for a GHG inventory. This includes carbon dioxide alongside six other GHGs calculated in mass of carbon equivalent (CO<sub>2</sub>e).

Our GHG inventory is reported in three categories referred to as “scopes”, listing our direct and indirect carbon emissions in accordance with the GHG Protocol:

- Scope 1: Direct emissions associated with fuel combustion that occur from sources that are controlled or owned by Flutter, including gas for heating, petrol and diesel used to run our leased vehicles and refrigerant gas leakage.
- Scope 2: Indirect emissions caused as the result of energy purchased and used in Flutter operational controlled buildings including in our office and retail estate.
- Scope 3: Other indirect emissions that occur in the value chain where Flutter has no operational control including purchased goods and services, capital goods, fuel and energy related activities not included in scope 1 or 2, upstream leased assets, waste generated in operations, business travel, employee commuting and end of life sold products.

Our environmental reporting approach are prepared in accordance with the following standards and guidelines:

- Greenhouse Gas Protocol (“GHG Protocol”) for Corporate Accounting and Reporting Standard
- UK Government Streamlined Energy and Reporting (SECR) Guidelines

We have made huge progress on our GHG data collation and verification, and for the first time we have been able to report a comprehensive breakdown of scope 1, 2 and 3 emissions as shown on page 74. We have used accurate invoiced Q1-3 GHG data, across all scope 1, 2 and 3 categories and estimated Q4 data for completeness.

Our Q4 estimated data is based on a methodology of average Q1-3 data with consideration given to occupancy rates and the availability of full or partial data. Our methodology document used for all formulas applied has been reviewed and accepted by external consultants. Limited assurance for all scope 1 and 2, as well as business travel has been provided by Ernst and Young and can be found on page 74. In addition, we have worked with an external consultant to help us with verification of our GHG data for the submission to SBTi and to form our 2022 baseline. This includes procurement spend and all business relevant scope 3 data.

Our carbon emissions and energy equivalents for this reporting period are calculated using DEFRA and IEA issued emission factors.

For all scopes, Flutter has used an operational control boundary as defined by the GHG Protocol, covering 100% of our business activities with a materiality reporting threshold of 95%. During our collection and verification process, we have been able to determine for Datacentres and our US retail estate in FY22, that Flutter does not have ‘operational control’ of emissions and therefore, it is accepted that the associated emissions will now be reported under Total Purchased Goods and Services, and Upstream Leased Assets.

On the 4 August 2022, Flutter acquired Sisal. For FY22, due to the time available we have been unable to include their emission data in this annual report. Sisal will be releasing their own GHG emission report for FY22, and Flutter will integrate their emissions in our group report for FY23.

Further information on our methodologies, boundaries and exclusions can be requested via our website [www.flutter.com/contact-us](http://www.flutter.com/contact-us)

# ESG supplementary information continued

## TCFD Disclosure Index

TCFD Recommendation	TCFD compliance status and explanation of non-compliance	Page reference	Status (Actions undertaken & next steps)
<b>Governance</b>			
(a) Describe the board's oversight of climate-related risks and opportunities.	●	Page 150	<p>Actions undertaken:</p> <ul style="list-style-type: none"> <li>The Risk and Sustainability Committee, which continues to have oversight of the evolving strategy, has received quarterly updates on the status of all Positive Impact Plan matters, including the environment and climate change.</li> <li>Remuneration linked to ESG and climate specific performance was considered by the Remuneration Committee following expert advice from Gosling, however, in the short term, it was agreed that only Safer Gambling related performance would be linked.</li> <li>An Environmental Working Group has been established to mobilise activity and develop strategy for the Group.</li> <li>All Board and steering committee members received training on environmental issues, including climate change.</li> </ul>
(b) Describe management's role in assessing and managing climate-related risks and opportunities.	●	Page 69	<p>Next steps:</p> <ul style="list-style-type: none"> <li>In 2023 we will be rolling out a comprehensive training programme on our climate change risk assessment process to raise awareness at a divisional level and to enable a granular risk assessment process to be integrated at a divisional level during 2023.</li> <li>The Working Group is now looking at how to more efficiently capture climate-related data on an ongoing basis, both in terms of accountabilities across the group, and underlying policies, processes, controls and software, and will be making recommendations to the Risk and Sustainability Committee in H1 2023.</li> </ul>
<b>Strategy</b>			
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	●	Page 72	<p>Actions undertaken:</p> <ul style="list-style-type: none"> <li>Identified that climate change poses a number of physical (e.g. extreme weather events affecting sporting events) and transition-related (e.g. stakeholder perception) risks and opportunities for our business.</li> <li>Carried out a climate change risk assessment at group level.</li> </ul>
(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	●	Page 73	<p>Next steps:</p> <ul style="list-style-type: none"> <li>Review the identified CROs in a more granular manner in order to understand the impacts on Flutter's strategy and financial planning.</li> <li>Carry out scenario analysis on our significant CROs.</li> <li>Set SBTi emission reduction targets across all scopes.</li> <li>Integrate our SBTi emission reduction targets, as well as the net zero commitments of the countries in which we operate, in order to develop a robust transition plan to a low-carbon economy.</li> </ul>
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	●	Page 72	<p>In alignment with the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD), we plan to conduct a comprehensive climate-related scenario analysis to better understand Flutter's exposure to climate change and the impact of climate change on its operations and supply chain.</p>

- While further work in this area is ongoing, we have disclosed in line with the TCFD recommendations.
- Disclosures partially met the TCFD recommendations.
- Not disclosed in line With the TCFD recommendations. Flutter has developed an action plan in relation to this area in order to improve the maturity of this reporting in future periods.

TCFD Recommendation	TCFD compliance status and explanation of non-compliance	Page reference	Status (Actions undertaken & next steps)
<b>Risk Management</b>			
(a) Describe the organisation's processes for identifying and assessing climate-related risks.	●	Page 72	<p>Actions undertaken:</p> <ul style="list-style-type: none"> <li>• Recognise that climate change poses a number of physical (e.g. extreme weather events affecting sporting events) and transition-related (e.g. stakeholder perception) risks as well as opportunities for our business.</li> <li>• Conducted a group wide horizon scan of the risks and opportunities for climate change and their development over time. This led to the development of our overall risk management framework which will be reviewed as part of our double materiality and scenario analysis and integrated into our divisions in 2023.</li> <li>• Climate change continues to be identified as a longer-term (more than three years) emerging risk.</li> </ul>
(b) Describe the organisation's processes for managing climate-related risks.	●	Page 72	<p>Next steps:</p> <ul style="list-style-type: none"> <li>• Carry out a scenario analysis to 1.5, 2 and 4 degrees and align this to the double materiality assessment, TCFD recommendations and our net zero pathway therefore giving more granularity to CROs.</li> <li>• Targeted workshops in 2023 will ensure we have both an awareness of CROs and adequate consideration across the Group, including its financial impact.</li> </ul>
(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	●	Page 72	
<b>Metrics &amp; Targets</b>			
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	●	Page 74	<p>Actions undertaken:</p> <ul style="list-style-type: none"> <li>• In addition to expanding our Scope 3 emission reporting, Flutter made progress in 2022 towards eliminating data gaps in our current Scope 1 and 2 emission measures.</li> <li>• Committed to align our climate mitigation targets to the Science Based Targets initiative (SBTi).</li> </ul>
(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	●	Page 74	<p>Next steps:</p> <ul style="list-style-type: none"> <li>• In accordance with 1.5°C emission scenarios, the SBTi's standards and recommendations, we will specifically set a science-based emission reduction target across all scopes.</li> <li>• We will define metrics which will improve our monitoring and assessing of the identified climate-related risks and opportunities.</li> <li>• Keep enhancing our reporting processes and raising the calibre of our comparable data in 2023.</li> </ul>
(c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.	●	Page 74	

## ESG supplementary information continued

### Application of the Taxonomy Regulation to Flutter

As an Irish-incorporated company listed on the London Stock Exchange and Euronext Dublin, Flutter Entertainment plc (the "Group") is required to apply the requirements of the EU Taxonomy Regulation. The consolidated financial statements of Flutter Entertainment plc have been prepared for the financial year ended 31 December 2022 in accordance with IFRS. The amounts used for the calculation of the turnover, CapEx and OpEx ratios set out below are accordingly based on the reported data in those consolidated financial statements.

If activities of Flutter Entertainment plc met the descriptions of economic activities as listed in the Climate Delegate Act, these activities were considered to be Taxonomy-eligible. Taxonomy-eligible activities were further assessed for Taxonomy Alignment by assessing the technical screening criteria consisting of substantial contribution and the 'do no significant harm' criteria and considering if it is carried out in compliance with 'Minimum Safeguards'. Our assessment was completed by reviewing the Climate Delegated Act for climate change Mitigation (Annex I) as our business practices are currently focused toward pursuing that environmental objective and to contributing substantially to the stabilisation of greenhouse gas emissions by avoiding or reducing them. As our business activities were only allocated to climate change mitigation, we avoided double counting between different environmental objectives.

We used the EU Taxonomy Regulation Compass to assist us in identifying Taxonomy-eligible economic activities for our sector. Betting, gaming and entertainment are not listed within the climate change mitigation environmental objective and consequently no group turnover was considered Taxonomy-eligible. Following on from the fact that we have not identified any Taxonomy-eligible economic activities in relation to turnover, our consideration of the CapEx KPI was focused only on category "(c)" CapEx as defined within Sect. 1.1.2.2 of Annex I of the Disclosures Delegated Act. This category related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling certain target activities to become low-carbon or to lead to greenhouse gas reductions. There were no CapEx plans to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-aligned economic activity in 2022.

We identified the following activities which the Group carries: 1) construction and real estate (7.1 Construction of new buildings, 7.2 – Renovation of existing buildings, 7.3 - Installation, maintenance and repair of energy efficiency equipment, 7.4 - Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)); and 2) information and communication (8.1 – Data processing, hosting and related activities) and sought opinion from a wider group of stakeholders to further understand whether any of our business activities are considered Taxonomy-eligible.

The capital expenditure which was deemed eligible was then assessed against the alignment criteria, i.e., the technical screening criteria and the minimum safeguards. Following this assessment, it was concluded that none of the identified Taxonomy-eligible CapEx met the alignment criteria.

OpEx was considered as immaterial. Refer to the next section for more information.

### Accounting Policies and Key Performance Indicators ("KPIs")

Please refer to the disclosure tables included below setting out our KPIs. Our Accounting Policies setting out the calculation of our numerator and denominator for each KPI is explained below. We do not partake in any of the activities included in the Complementary Climate Delegated Act and have therefore not completed templates 1 to 5 listed in that Act.

#### Turnover KPI

The denominator of the turnover KPI is based on our consolidated net turnover in accordance with IAS 1.82(a). For further details on our accounting policies regarding our consolidated net turnover refer to page 207 of our Annual Report 2022.

$$\text{Turnover-KPI 1} = \frac{\text{Taxonomy Aligned net turnover}}{\text{Net turnover}} \text{ and Turnover-KPI 2} = \frac{\text{Taxonomy-eligible but not aligned net turnover}}{\text{Net turnover}}$$

The total net turnover of £7,693.2 million for the financial year ended 31 December 2022 as presented in the Consolidated Income Statement on page 198 is the basis of the denominator for the turnover KPI.

Due to the fact that the economic activities of Flutter Entertainment plc is not presented in the Climate Delegated Act, all products or services are considered Taxonomy non-eligible and a numerator of zero is allocated to both KPIs.



## CapEx KPI

The CapEx KPI is calculated as the proportion of the CapEx of an activity that is Taxonomy-eligible but not aligned or Taxonomy Aligned divided by total CapEx.

$$\text{CapEx-KP 1} = \frac{\text{Taxonomy Aligned investment}}{\text{Additions to tangible and intangible assets}} \quad \text{CapEx-KPI 2} = \frac{\text{Taxonomy-eligible but not aligned investment}}{\text{Additions to tangible and intangible assets}}$$

Total CapEx for the year ended on 31 December 2022 amounted to £1,976.4 million. Total CapEx consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes additions to fixed assets (IAS 16) (see Note 12 to the Consolidated Financial Statements, "additions" and "additions - business combinations" line), intangible assets (IAS 38) (see Note 13 to the Consolidated Financial Statements, "Additions", "Additions – internally developed" and "Additions – business combinations" lines) and right-of-use assets (IFRS 16) (see Note 21 to the Consolidated Financial Statements, "additions" and "additions - business combinations" line). Additions to acquired goodwill are not included in the analysis.

Based on the project description of the additions included in the CapEx denominator, 1.8% of the Group's capital expenditure during the year met the eligibility criteria as defined within the Climate Delegated Act.

These activities include:

- **7.1 Construction of new buildings**, which accounts for 1.6% of the eligible capital expenditure identified. £0.6m relates to construction of new office buildings in Toronto in the International division.
- **7.2 Renovation of existing buildings**, which accounts for 90.4% of the eligible capital expenditure identified. £32.4m relates to renovation of various office buildings with the most significant spend incurred in the US division.
- **7.3 Installation, maintenance and repair of energy efficiency equipment**, which accounts for 0.5% of the eligible capital expenditure identified. £0.17m relates to upgrading energy efficient light sources.
- **7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)**, which accounts for 0.0% of the eligible capital expenditure identified. £0.006m investment was made in installing electric charging stations in Betfair Romania Development S.R.L.
- **8.1 Data processing, hosting and related activities**, which accounts for 7.5% of the eligible capital expenditure identified. From the £2.7m eligible spend, the majority relates to the Aruba datacentre for Sisal.

No Taxonomy-eligible Capex was assessed to be Taxonomy Aligned. Double counting in the allocation in the numerator was avoided across economic activities by only allocating amounts to one activity.

## OpEx KPI

The OpEx KPI is calculated as the proportion of the Opex associated with Taxonomy-eligible but not aligned Opex or Taxonomy Aligned activities divided by total Opex (as defined by Sect.1.1.3.1. of Annex I of the Disclosures Delegated Act, "Total EU Taxonomy OpEx").

$$\text{OpEx-KPI 1} = \frac{\text{Taxonomy aligned Opex}}{\text{Total EU Taxonomy OpEx}} \quad \text{OpEx-KPI 2} = \frac{\text{Taxonomy-eligible but not aligned Opex}}{\text{Total EU Taxonomy OpEx}}$$

The total EU Taxonomy OpEx consist of direct non-capitalised costs that relate to research and development, building renovation measures, short-term leasing, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of property, plant and equipment by the undertaking or third parties to whom the activities are outsourced that are necessary to ensure the continued and effective functioning of such assets incurred during the year ended 31 December 2022.

An analysis of the Group OpEx led to the amount analysed being considered as not material to our business model. The proportion of 'Total EU Taxonomy OpEx' over 'Total Group Opex' is 0.5%. Group Opex of £3,629.3 million predominantly consisted of staff costs which are not included as total EU Taxonomy Opex. As a result, the Group is exempt from the calculation of the numerator of each OpEx KPI and disclose that numerator as being equal to zero. The total value of the OpEx denominator is £17.3 million and can be seen in Table C on pages 296 to 297.

## ESG supplementary information continued

**Table A**

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute turnover (3) £m	Proportion of turnover (4) %	Substantial contribution criteria					
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>									
Activity 1		0	0%	0%	0%				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>									
Activity 1		0	0%						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%						
<b>Total (A.1 + A.2)</b>		<b>0</b>	<b>0%</b>						
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>									
Turnover of Taxonomy-non-eligible activities (B)		7,693.2	100%						
<b>Total (A + B)</b>		<b>7,693.2</b>	<b>100%</b>						

DNSH criteria ('Does Not Significantly Harm')										
Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of turnover, year N (18) %	Taxonomy-aligned proportion of turnover, year N-1 (19) %	Category (enabling activity or) (20) E	Category '(transitional activity)' (21) T
							0%			
							0%			
							0%		0%	

## ESG supplementary information continued

**Table B**

Template: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute CapEx (3) £m	Proportion of CapEx (4) %	Substantial contribution criteria					
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>									
Activity 1		0	0%	0%	0%				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
<b>A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>									
Construction of new buildings	7.1	0.6	0.0%						
Renovation of existing buildings	7.2	32.4	1.5%						
Installation, maintenance and repair of energy efficiency equipment	7.3	0.2	0.0%						
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0.0	0.0%						
Data processing, hosting and related activities	8.1	2.7	0.1%						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		35.9	1.8%						
Total (A.1 + A.2)		35.9	1.8%						
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>									
CapEx of Taxonomy-non-eligible activities (B)		1,940.5	98.2%						
Total (A + B)		1,976.4	100%						

DNSh criteria ('Does Not Significantly Harm')

Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) %	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of CapEx, year N (18) %	Taxonomy-aligned proportion of CapEx, year N-1 (19) %	Category (enabling activity) (20) E	Category (transitional activity) (21) T
							0%			
							0%			
							0%		0%	



## ESG supplementary information continued

**Table C**

Template: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

Economic activities (1)	Code(s) (2)	Absolute OpEx (3) £m	Proportion of OpEx (4) %	Substantial contribution criteria					
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>									
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>									
Activity 1		0	0%	0%	0%				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%				
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>									
Activity 1		0	0%						
Activity 3		0	0%						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	%						
Total (A.1 + A.2)		0	%						
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>									
OpEx of Taxonomy-non-eligible activities (B)		17.3	100%						
Total (A + B)		17.3	100%						

DNSh criteria ('Does Not Significantly Harm')

	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned proportion of OpEx, year N (18) Rrnt	Taxonomy-aligned proportion of OpEx, year N-1 (19) Rrnt	Category (enabling activity) (20) E	Category (transitional activity) (21) T
								0%			
									0%	0%	0%

# Shareholder information

Flutter Entertainment plc is a public limited company incorporated and domiciled in the Republic of Ireland. It has a primary listing on the London Stock Exchange and a secondary listing on Euronext Dublin.

## Corporate website

The Company's corporate website provides shareholders with a broad range of information including investor information such as the Annual Report and Accounts, current and historic share prices, AGM materials, events and governance information:

[www.flutter.com](http://www.flutter.com)

## Dividends

### Dividend payments

Details of the Company's dividends policy for the financial year ended 31 December 2022 can be found on page 186 and at:

[www.flutter.com/investors](http://www.flutter.com/investors)

### Dividend withholding tax ("DWT")

As an Irish resident company, all dividends paid by the Company are subject to DWT, currently at the rate of 25% unless a shareholder is entitled to an exemption. Shareholders entitled to the exemption must have submitted a properly completed exemption form to the Company's Registrar by the relevant record date for the dividend. Non-Irish resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings, companies' resident in any member state of the European Union and charities may be entitled to claim exemption from DWT. If you require any further assistance or information on the relevant form to be completed, please contact the Registrar.

Forms are available on the Irish Tax & Customs Revenue website:

[www.revenue.ie](http://www.revenue.ie)

Shareholders should note that DWT will be deducted from dividends where a properly completed form has not been received by the relevant record date for a dividend.

### Dividend mandates

We encourage shareholders to have their dividends paid directly into their bank account to ensure efficiency of payment on the payment date and reduce the instances of lost or out-of-date unclaimed cheques. Please contact the Registrar to avail of this.

### Out-of-date/unclaimed dividends

If you have out-of-date dividend cheques or unclaimed dividends, please contact the Registrar.

## Financial calendar

	2023
Preliminary Results	2 March
2023 Annual General Meeting	27 April
Financial year end	31 December

Further updates to the calendar can be found at:

[www.flutter.com](http://www.flutter.com)

## Electronic shareholder communications

We encourage you to be notified by email or letter when shareholder communications such as the Annual Report or Notice of Annual General Meeting are available to be viewed online on our website at:

[www.flutter.com](http://www.flutter.com)

This allows the Company to have a positive effect on the environment by significantly reducing the volume of paper used in the production of shareholder mailings, save substantial printing and postal costs in addition to speeding up the provision of information to you as a shareholder. You can elect to receive email notifications by contacting the Registrar.

## Amalgamation of accounts

Shareholders who receive duplicate sets of Company mailings owing to multiple accounts in their name should contact the Registrar to request their accounts be amalgamated.

## Shareportal

Shareholders may access their accounts online at:

[www.signalshares.com](http://www.signalshares.com)

This facility allows shareholders to check their shareholdings and dividend payments, change address, change dividend instructions, register email addresses, appoint proxies electronically and also download standard forms and documents to initiate other changes in details held by the Registrar.

## Shareholder security

Please be aware that organisations, typically from overseas, sometimes make unsolicited contact with shareholders offering to buy their shares or to sell shares on their behalf at prices which can be significantly higher than the market price of the shares.

If you are in receipt of an unsolicited call from someone offering to buy your shares, you should remain vigilant; take a note of the name of the person and organisation that has contacted you; do not respond to high pressure tactics to provide bank details or arrange to transfer money if you are unsure of the bona fide nature of the caller; check if the company or individual is appropriately authorised to operate as an investment firm with your local regulatory authority (Central Bank of Ireland for shareholders resident in Ireland and the Financial Conduct Authority for shareholders resident in the UK); and obtain independent advice from a qualified adviser or stockbroker.

## Share dealing

If you wish to buy or sell shares in the Company you can do this by using the services of a stockbroker or high street bank.

You can also use Link Share Dealing Services:

[www.linksharedeal.com](http://www.linksharedeal.com)

Please note the price of shares can go down as well as up, and you are not guaranteed to get back the amount you originally invested. If you are in any doubt you should contact an independent financial adviser.

## Contacts

### Registered office

Belfield Office Park,  
Beech Hill Road, Clonskeagh,  
Dublin 4, Ireland  
www.flutter.com

### General

To contact the Investor Relations team email:

 [investor.relations@flutter.com](mailto:investor.relations@flutter.com)

To contact the Company Secretariat team email:

 [cosec@flutter.com](mailto:cosec@flutter.com)

### Our brands

More information on each of our brands is available at:

 Paddy Power: [www.paddypower.com](http://www.paddypower.com)

 Betfair: [www.betfair.com](http://www.betfair.com)

 Sportsbet: [www.sportsbet.com.au](http://www.sportsbet.com.au)

 TVG: [www.tvg.com](http://www.tvg.com) and [us.betfair.com](http://us.betfair.com)

 FanDuel: [www.fanduel.com](http://www.fanduel.com)

 Adjarabet: [www.adjarabet.com](http://www.adjarabet.com)

 Pokerstars: [www.pokerstars.com](http://www.pokerstars.com)

 Sky Betting & Gaming: [www.Skybet.com](http://www.Skybet.com)

 tombola: [www.tombola.com](http://www.tombola.com)

 Sisal: [www.sisal.com](http://www.sisal.com)

### Registrar

Shareholders with queries concerning their holdings, dividend information or administrative matters should contact the Company's Registrar:

Link Registrars Limited,  
Suite 149, The Capel Building,  
Mary's Abbey, Dublin 7,  
D07 DP79, Ireland.  
Tel: +353 1 553 0050  
Fax: +353 1 224 0700  
Email: [enquiries@linkgroup.ie](mailto:enquiries@linkgroup.ie)

## Other information

### Directors and Company Secretary

Biographies of our current Directors can be found on pages 108 to 111. The Company Secretary is Edward Traynor.

### Company Number

16956

### Brokers

Goldman Sachs International  
J & E Davy

### Legal advisers

Arthur Cox, Earlsfort Centre,  
Earlsfort Terrace, Dublin 2, Ireland  
Freshfields Bruckhaus Deringer LLP,  
100 Bishopsgate, London EC2P 2SR, UK

### External Auditor

KPMG IE, 1 Stokes Place,  
St. Stephen's Green, Dublin 2, Ireland

### Principal bankers

Allied Irish Banks, p.l.c.  
Banco Santander, S.A., London Branch  
Bank of America, N.A., London Branch  
Bank of Montreal  
Barclays Bank PLC  
CIBC BANK USA  
CITIBANK EUROPE PLC.  
Citizens Bank, N.A  
Clydesdale Bank Plc  
Deutsche Bank AG, London Branch  
Goldman Sachs Bank USA  
The Governor and Company of the Bank of Ireland  
JPMorgan Chase Bank, N.A., London Branch  
Keybank National Association  
Lloyds Bank plc  
Mediobanca – International (Luxembourg) S.A.  
MIZUHO BANK LTD.  
National Westminster Bank PLC  
Wells Fargo International Unlimited Company

## Shareholder information continued

### Designated Foreign Issuer Status

In connection with its acquisition of The Stars Group Inc. on May 5, 2020, the Company became a "reporting issuer" under applicable securities laws in each of the provinces and territories of Canada. The Company also qualifies as a "designated foreign issuer", as such term is defined in National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers of the Canadian Securities Administrators. As such, the Company is not subject to the same ongoing reporting requirements as most other reporting issuers in Canada. Generally, the

Company will be in compliance with Canadian ongoing reporting and disclosure requirements if it complies with the requirements of the UK Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (United Kingdom), as amended from time to time, and the applicable laws of England and Wales (the "UK Rules") and files any documents required to be filed or furnished pursuant to the UK Rules on its profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) maintained by the Canadian Securities Administrators.

### Forward-looking statements

This document (including information incorporated by reference in this document), contains statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this document include statements relating to the financial condition, results of operations, business, viability and future performance of Flutter and certain of the plans and objectives of Flutter and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

Although Flutter believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. There are a number of factors that could cause actual results and developments to differ

materially from those expressed or implied by such forward-looking statements. These factors include factors such as economic and financial conditions generally in various countries and regions where we operate, the ongoing impact of the Covid pandemic on the global economy and on the holding of sports events, currency fluctuations, the behaviour of other market participants, the actions of regulators, changes in the political, social and regulatory framework in which Flutter will operate or in economic or technological trends or conditions, failure to complete or successfully integrate acquisitions and the specific factors identified in the discussions accompanying such forward-looking statements and in the Understanding and Managing our Principal Risks section included on pages 92 to 99 of this Annual Report. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in light of such factors.

None of Flutter or any of its associates or Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with its legal or regulatory obligations, Flutter is under no obligation, and Flutter expressly disclaims any intention or obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

### Nevada Gaming Disclosure

Flutter Entertainment plc is registered with the Nevada Gaming Commission ("NGC") as a publicly traded corporation and certain of its subsidiaries either hold licenses or have been approved as intermediary companies. As such, Flutter Entertainment plc is subject to the Nevada Gaming Control Act, the regulations promulgated thereunder, and the licensing and regulatory control of the Nevada Gaming Control Board ("Nevada Board") and the NGC.

The NGC may require anyone having a material relationship or involvement with Flutter Entertainment plc to be found suitable or licensed. Any person who acquires more than 5% of any class of our voting securities must report, within 10 days, the acquisition to the NGC. Any person who becomes a beneficial owner of more than 10% of any class of our voting securities is required to apply for a finding of suitability within 30 days after the Nevada Board Chair mails written notice. Under certain circumstances, an "Institutional Investor," as defined in the NGC's regulations, that acquires more than 10% but not more than 25% of any class of our voting securities, may apply to the NGC for a waiver of the requirements for a finding of suitability.

Information of the NGC and Nevada Board is available at their website <http://gaming.nv.gov/>. The NGC may also, in its discretion, require any other holders of Flutter Entertainment plc's equity securities or debt securities to file applications, be investigated, and be found suitable to own Flutter Entertainment plc's equity or debt securities. The applicant security holder is required to pay all costs of such investigation. Any person who fails or refuses to apply for a finding of suitability or a license within 30 days after being directed to do so by the NGC may be found unsuitable based solely on such failure or refusal. The same restrictions apply to a record owner of Flutter Entertainment plc's equity or debt securities if the record owner, when requested, fails to identify the beneficial owner. Any security holder found unsuitable and who holds, directly or indirectly, any record or beneficial ownership of the equity or debt security beyond such period of time prescribed by the NGC may be in violation of the Nevada law. Any change in control of Flutter Entertainment plc through merger, consolidation, acquisition of assets, management or consulting agreements, or any form of takeover cannot occur without prior investigation by the Nevada Board and approval by the NGC.





**Flutter**<sup>TM</sup>  
Entertainment plc

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Clonskeagh,  
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