Flutter

10 August 2021

Flutter Entertainment plc - 2021 Interim Results

Strong customer momentum driving growth; US profits expected in 2023

Flutter Entertainment plc (the "Group") announces interim results for six months ended 30 June 2021.

	Reported[1]			Adjusted pro forma[2]			
£m	**H1 2021 £m**	**H1 2020 £m**	**YoY %**	**H1 2021 £m**	**H1 2020 £m**	**YoY %**	**CC[3] YoY %**
Average monthly players[4] ('000s)				7,625	5,445	*+40%*	
Group Revenue	3,053	1,536	*+99%*	3,053	2,389	*+28%*	*+30%*
Adjusted[5] Group EBITDA[6] excluding US	684	339	*+101%*	684	703	*-3%*	*-2%*
Adjusted Group EBITDA	597	342	*+75%*	597	684	*-13%*	*-12%*
Profit before tax	77	24	*+221%*				
(Loss)/Earnings per share (pence)	(50.4)p	18.1p					
Adjusted earnings per share (pence)	171.1p	187.5p	-9%	171.1p	286.3p	-40%	
Net Debt at period end[7]	2,682	2,899	-7%				

Operational Highlights: *all commentary on a pro forma basis*

- **Group:** Scale and quality of business enhanced with 30% revenue growth driven by 40% increase in average monthly players ("AMPs")
- **US**: FanDuel product underpins leadership position; 45% online sportsbook market share[8] in Q2
  - Revenue growth of 159% to £652m ($906m); over 2.2 million customers acquired since sports betting launch at average CPA[9] of $291
  - Average return on investment in first year post customer acquisition of 1.2 times[9]
  - Proprietary sports technology migration complete; product and risk management advantages key to strong customer acquisition/retention, also benefitting sports margin
  - Flutter US expected to generate positive EBITDA in 2023, based on our expectations of future state openings
- **Group ex-US:** Excellent customer growth with AMPs +26% aided by more normal sporting calendar
  - UK & Ireland AMPs +44%, with integration progressing well
  - Australian AMPs +52% driven by very high customer retention rates
  - International revenue decline less than anticipated with casino now largest product vertical
- **Safer gambling:** Continued investment in resource and technology to optimise our controls
  - Advanced development of Affordability Triple Step in UK&I, with next phase of rollout in H2
  - Stepped up Group wide campaigns to promote safer gambling awareness and tools

Financial Highlights:

- Reported revenue and Adjusted EBITDA growth of 99% and 75% respectively benefitting from May 2020 combination with The Stars Group ("TSG")
- Reported profit before tax of £77m, including amortisation charge of £276m for acquired intangibles
- Pro forma revenue of £3.1bn, 30% higher than in H1 2020
- Pro forma Adjusted EBITDA for Group ex-US 2% lower year-on-year to £684m

- Higher US Adjusted EBITDA loss reflecting increased investment, with 6 additional states live compared to H1 2020
- Net debt reduced by 7%, equating to a leverage ratio of 2.3x
- Debt refinance complete, increasing liquidity and reducing future annual interest cost by circa £50m
- Dividend policy to be kept under review with medium-term leverage target of 1-2 times retained

Outlook:

- The second half of the year has started well. Assuming an uninterrupted sporting calendar for the remainder of the year and normalised sports results, we anticipate the following:
    - **Group ex-US:** Adjusted EBITDA of between **£1,270m - £1,370m**, assuming our retail estates remain open throughout H2
    - **US:** Net revenue of between £1.285bn and £1.425bn ($1.8bn - $2.0bn) and Adjusted EBITDA loss of between **£225m** and **£275m**. This assumes H2 online launches in both Arizona and Connecticut

Peter Jackson, Chief Executive, commented:

"The first half of 2021 exceeded our expectations as we made substantial progress against our operational and strategic objectives while maintaining excellent momentum in growing our player base. Our global sports businesses benefitted from further enhancements to our products and the return to more normalised sporting calendars while we sustained our strong performance in gaming despite the challenging comparatives set last year.

In the US, we remain the number 1 online sports betting operator by some distance thanks to the quality of our products and the extensive reach of the FanDuel brand. The customer economics we are seeing in the US bode very well for the future, with early FanDuel customers generating positive payback within the first 12 months of acquisition. We remain absolutely focused on extending our sports product advantages and replicating our market share success in further states as they regulate. In gaming we see an opportunity to grow our market share and look forward to further enhancing our product offering in the coming months.

In the UK and Ireland, integration is progressing well with our 3 brands benefiting from shared learnings across product and operations. In Australia, Sportsbet delivered a phenomenal H1 performance with high customer retention rates during a period of reduced Covid disruption, suggesting that the business has experienced a permanent step change in scale. In International, which faced particularly challenging revenue comparatives following the growth in poker last year, revenue declines were less pronounced than anticipated as we continue to reposition and invest in the business for long-term sustainable growth.

Taking a lead on safer gambling remains a key priority for the Group as we continue investment across our brands and step up our activity to promote safer gambling awareness and tools. In markets where our campaigns are most advanced we are already seeing a positive impact on customer engagement and usage of safer gambling tools.

The second half of the year has started well and we look forward to making further progress in the coming months."

Notes:

[1] Reported represents the IFRS reported statutory numbers. Where amounts in the table have been normalised for separately disclosed items (SDIs) they are labelled as Adjusted.

[2] Flutter's combination with TSG completed on 5 May 2020. The pro forma numbers presented show the Group's financials with TSG included for a full 6-month period in 2020. Junglee, which was acquired in January 2021, has not been included on a pro forma basis. See Appendix 3 for a reconciliation of pro forma results to statutory results.

[3] Constant currency ("cc") growth is calculated by retranslating the non-sterling denominated component of H1 2020 at H1 2021 exchange rates (see Appendix 4). Growth rates in the commentary are in local or constant 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. The AMP numbers do not include Junglee players in 2020 or 2021 to allow for better comparability of underlying player growth for International and Group.

[5] The "Adjusted" measures include 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 amortization of acquired intangibles (non-cash). Therefore, they have been reported as "separately disclosed items (SDIs)" (see note 5 to the financial statements).

[6] EBITDA is profit before interest, tax, depreciation and amortisation expenses and is a non-GAAP measure.

[7] Net debt is the principal amount of borrowings plus associated accrued interest, minus cash & cash equivalents plus/minus carrying value of debt related derivatives.

[8] Online sportsbook market share is the GGR market share of FanDuel and FOX Bet for Q2 in the states in which FanDuel was live based on published gaming regulator reports in those states. During Q2 FanDuel was live in 10 states; Colorado (CO), Illinois (IL), Indiana (IN), Iowa (IA), Michigan (MI), New Jersey (NJ), Pennsylvania (PA), Tennessee (TN), Virginia (VA) and West Virginia (WV). During Q2 FOX Bet was live in 4 states; CO, NJ, MI and PA.

[9] CPA is cost per acquisition and represents the total media and digital marketing spend per acquired customer including those cross-sold from daily fantasy sports. The return on investment is the average gross profit generated from those customers divided by their average CPA. It includes all quarterly cohorts of FanDuel sportsbook acquired between Q3 2018 through Q2 2020.

Analyst briefing:

The Group will host a questions and answers call for institutional investors and analysts this morning at 9:30am (BST). Ahead of that call, a presentation will be available on the Group's corporate website (www.flutter.com/investors) from 7.00am. To dial into the conference call, participants need to register here where they will be provided with the dial in details to access the call.

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Business Review [1,2,3,4,5]

Flutter enjoyed a very strong first half of 2021 with excellent revenue growth driven by increased average monthly players (“AMPs”). We have cemented our leading market share in each of our core markets by continuing to make substantial customer-focused investments in our products, brands and value propositions. In the US, we have maintained our leadership position due to strong execution and the quality of our product offering.

During H1, pro forma revenue increased by 30% to £3.1bn, benefitting from the diversification of the Group on a product and geographic basis. Pro forma Adjusted EBITDA declined by 12% to £597m reflecting (i) increased investment in the US as we build our leadership position, (ii) substantial investments in our International division to position it for long-term success and (iii) the previously highlighted one-off nature of some lockdown related earnings in H1 2020. These were partially offset by a strong increase in sports revenue following the return to a more normalised sports calendar in Q2 2021. On a reported basis revenue and Adjusted EBITDA grew 99% and 75% respectively, reflecting a full six-month contribution from The Stars Group (“TSG”) following the completion of our combination on 5 May 2020.

The Group is continuing to improve the sustainability and quality of its earnings through our focus on investment in regulated/regulating markets. The proportion of our revenues coming from regulated markets increased to 90% in H1, up 8 percentage points in just 2 years. This reflects the strength of ongoing performance in both our UK & Ireland and Australian divisions, our rapid expansion in the US and the regulation of certain other international markets over that time. At this point, no individual unregulated market accounts for more than 1.5% of Group revenue.

US deep dive: Achieving the “flywheel effect”

In the US, we generated over $900m in revenues in H1 and in Q2 we exceeded the half billion dollar mark in a single quarter for the first time. As a result, the revenue gap between our US business and its main competitors is continuing to widen, compounding the scale advantage we enjoy today.

That scale advantage is an important element of our goal to achieve a US flywheel effect which sees us use our scale to accelerate the growth of our business. The more we grow our customer base and revenues, the more we can invest in technology, products, promotions and pricing, thereby further enhancing our customer proposition. This in turn will help us to achieve better customer acquisition and retention than our competitors, increasing our scale and driving future growth.

Our success to date has been built upon two key competitive advantages, namely the quality of our product and the reach of the FanDuel brand.

1. FanDuel product

Technology

Technology is a key enabler of our success. We completed the migration of the FanDuel sportsbook on to our own proprietary sports betting platform in July (Flutter’s Global Betting Platform) with some states live since Q1. The new platform has increased the speed, scalability and reliability of FanDuel’s product, which had already been consistently ranked #1 by independent third-parties. When combined with the move to our own in-house account and wallet during 2020, it means FanDuel now operates on largely proprietary technology for sports.

Pricing and risk management

The Group’s 20+ year heritage in pricing and risk management has enabled us to develop products that provide us with a sustainable competitive advantage:

- **Product range:** Our proprietary models provide customers with the broadest range of markets to bet on. For example, we offer over twice the number of pre-game markets and over seven times the number of in-play markets than the average of our nearest competitors on the NBA
- **Our Same Game Parlay™ product:** Originally developed elsewhere in the Group, this product is proving to be very popular with US customers; over 50% placed a Same Game Parlay bet during the last NFL season and we were the only operator to offer this product across NFL, NBA and MLB during H1

- **Higher structural margins:** The combination of the two factors above means that a higher proportion of our sportsbook stakes are placed on parlay (accumulator) type bets. These bets are structurally higher margin than single event wagers. Despite offering what we believe to be the best value in the market, our combination of pricing accuracy and advantageous product mix enables us to achieve higher gross win margins. In Q2 for example we generated gross win margins that were 300 basis points higher than the market. We estimate that approximately half of this benefit was derived from our sustainable product advantage. The remainder was due to favourable sports results, the benefit of which was compounded by our product mix
- **Risk management:** Confidence in our pricing accuracy allows us to take bigger bets from customers

We are continuing to maintain this product gap by iterating our existing pricing models to improve the precision of our pricing as well as also developing new models to cover more US sports. This will increase the proportion of our handle that we price in-house from 75% currently to circa 95% by the end of 2023.

We also improved FanDuel's gaming proposition during H1 with additional features such as:

- Our cross-product promotional platform to more effectively reward multi-product players
- An upgraded customer interface, leveraging Group resource at our Cluj technology hub in Romania
- Over 100 new gaming titles added in the half

We recognise however that we have more to do in gaming and look forward to expanding our portfolio of content further in the coming months. We remain convinced that (i) quality of product and (ii) having a deep understanding of what customers want are critical determinants of long-term success in this industry and a key driver of the high customer retention rates we are achieving today.

2. FanDuel brand

The FanDuel brand has benefited from over $1bn of marketing investment to date, providing it with leading awareness across US sports betting brands. The FanDuel daily fantasy sports ("DFS") database has expanded to nearly 13 million players, from 7 million in 2017, and continues to be the source of over 40% of all sports betting customers acquired. In the first half of 2021 alone, we spent an additional £225m on marketing. We have an extensive media strategy that combines national partnerships with the NFL, Turner Sports and CBS with key regional sports network ("RSN") deals. In sportsbook states where we are live, this investment across RSNs has delivered FanDuel 39% share of voice across local sports networks, the key networks consumers use to watch their local team games in the NBA, MLB and NHL.

We utilised to great effect the scale of our existing player base to further grow our AMPs. When the effectiveness of our viral marketing campaigns, such as "Spread the Love", is combined with the quality of our product, it enables a compounding customer referral effect, where we have more and more customers referring FanDuel to their friends. This combination of customer referrals and viral marketing has been identified as the source of 33% of our sports betting customers.

Resultant market share

We have maintained our leadership position in the US online market during H1.

- Our overall online market share[6] in Q2 was 31%
- Our sports betting share[6] in Q2 was 45%
- Our online gaming share[6] in Q2 was 20%

Encouragingly we continue to lead in states at different stages in their life cycle. We are the market leader in more mature states like New Jersey and Pennsylvania but also lead in those states that have gone live this year, namely Michigan and Virginia. We have also bridged the gap in other states, such as Illinois and Indiana, where we entered marginally later than our competitors, with our product quality coming to the fore.

Customer economics update and medium-term outlook

With the benefit of 3 years' sports betting experience in the US, a clearer picture is emerging of the returns dynamics for FanDuel.

- **Scaled customer acquisition at low cost:** more than 2.2 million sportsbook and gaming customers acquired to date at an average cost per acquisition (CPA) of $291[7]
- **Year-one return:** The average first year return on investment for sportsbook and gaming customers is 1.2 times the average cost to acquire those customers[7]
- **Year-two revenue:** The average revenue generated from customers in the second-year post acquisition is 11% higher than the revenue they generate in year one[7]

We are continuing to grow our customer base rapidly. In the last 12 months to 30 June, FanDuel acquired 1.7 million new sportsbook and gaming customers, equating to over three times the total existing base acquired up to that point. Those existing players generated a positive contribution of $190m in the last 12 months. When combined with the $212m contribution from our daily fantasy and horse racing businesses, the total contribution of our US business pre-new player acquisition was $402m. This was an increase of 138% on the prior comparable period. We were able to use this positive contribution to fund new player acquisition of $311m.

As can be seen above, the existing base is providing us with the firepower to invest further in customer acquisition as new states launch, ensuring we keep the flywheel turning. As we consider the medium-term outlook for our US business, we now believe that we will reach the point in 2023 when the positive contribution from customers acquired pre-2023 will more than offset the cost of ongoing customer acquisition. We therefore expect that the US division will generate positive EBITDA in 2023.

It is important to note that we are not setting a target date for profitability – the date the business turns profitable remains an output for us. We remain entirely focused on growing the embedded value of the business by acquiring as many customers as we can for as long as we can generate attractive returns on that investment. It is important to note that our projection assumes that none of California, Florida or Texas launch online sports betting/gaming before 2024. Should one of these large states regulate sooner, our level of investment in new player acquisition would be higher and profitability could therefore be delayed. The projection also assumes no major change to the regulatory/tax landscape in current or prospective states.

Group ex-US: Structural trends playing to our strengths

Group ex-US delivered a strong performance in the first half of 2021 with AMPs up 26%, delivering pro forma revenue growth of 14% year-on-year. Excellent revenue performance in UK and Ireland (+30%) and Australia (+27%) more than offset a lower than anticipated decline in International revenues (-11%). On a reported basis revenue grew 90% (UK & Ireland 94%, Australia 68%, International 104%).

Several important factors influenced the market in H1: (i) sporting calendars normalised, particularly in the UK & Ireland (ii) lockdowns continued, with retail and traditional entertainment venues shut for an extended period during the half (iii) sports results were beneficial which added approximately 1 percentage point to ex-US win margins versus expectations and (iv) customers continued to migrate online as we focused on retention of the players acquired while retail was shut. Whilst it is too early to say what the long-term impact of some of the more structural changes will be, our performance in H1 and the trends we are seeing in our business provide grounds for cautious optimism.

UK & Ireland

In the UK & Ireland, AMPs grew 44% in H1, helped by the disrupted sports calendar in Q2 last year and the additional benefit derived from the European football championships this year. Gaming also performed well notwithstanding challenging Covid related comparatives and the lower share of consumer spend that these products usually generate during summer football tournaments.

SkyBet, Paddy Power and Betfair continued to deliver a differentiated proposition to recreational and more engaged customers alike as our team pursued its 'complement and compete' strategy. Good progress has been made on integration following the merger, with "centres of excellence" created across key areas. This has enabled the sharing of greater insights in areas like pricing and risk management, leading to improvements in our product offering across brands.

- Supported by targeted marketing campaigns, the SkyBet in-play experience has been enhanced while Paddy Power and Betfair are benefitting from improved 'Bet Builder' products
- The growth in popularity of these 'Bet Builder' products benefits margins with some of the upside reinvested in enhanced rewards to acquire and retain customers
- Betfair also leveraged product improvements ahead of the Euros, being the only operator to have cash out available 100% of the time during the tournament
- As a result, all brands achieved record high engagement during the half with sports AMPs up 24% compared with 2019

Our gaming franchises benefited from improved in-house and third-party content as well as the investments we made in our proposition over the last 12 months. Leveraging the expertise of the Sky Vegas team has helped with the successful launch of daily engagement products such as 'Paddy's Wonder Wheel', 'Betfair's Prize Pinball' and the launch of the enhanced Betfair gaming experience, leading to improved customer engagement and retention across our platforms with gaming AMPs 59% higher than the comparable period in 2019.

In Retail our shops reopened during Q2, with June the first full month of trading since September 2020. Revenue in the month was approximately 80% of June 2019 levels, with a notable difference between trading in our UK estate (where revenue was +7% versus 2019) and our Irish estate where revenues were running at 50% of 2019 levels, reflecting some operational restrictions and social distancing measures that have remained in place. Our UK shops benefitted from strong gaming performance and an earlier re-opening than our Irish shops (mid-April as opposed to mid-May). We continued to pay all staff costs throughout H1 without reliance on any government support schemes available.

Australia

Australia was less impacted by Covid related interruptions in H1 than the UK & Ireland. Competitor retail outlets were open for the majority of the half and therefore H1 trends may provide a good indication of longer-term customer behaviour in the market.

The scale of our Australian online business has increased significantly over the last two years with AMPs in H1 56% higher than in H1 2019 on a pro forma basis. Retention rates exceeded our expectations, most notably among customers identified as being traditional retail customers. The proportion of staking from these customers throughout H1 remained at the same elevated levels we experienced during 2020. With added confidence in our ability to retain these customers, we believe the events of the last 17 months may represent a permanent step change in the scale of the Sportsbet business.

We look forward to sharing more details and customer insight with you at our upcoming Australian investor day on September 22nd.

International

The shape of our International division continues to evolve, reflecting both changing market dynamics as well as the progress we are making to improve the sustainability of the earnings base. During H1 several key factors influenced performance:

- The step up in investment we have made across brand, people, product and technology to improve our customer proposition and drive growth in direct casino acquisition

- The impact of the compliance measures taken in 2020 following the merger with TSG to improve the sustainability of future revenue streams
- Adverse regulatory changes introduced in Germany
- The benefit of ongoing local lockdowns which continued to stimulate online activity, albeit to a much lesser extent than in H1 2020

In July, we built on this further by acquiring Singular, an Eastern European sports betting and gaming platform which is already fully integrated with our Adjarabet business, providing us with greater optionality as we enter new markets.

The improvements we have been making have delivered some important successes:

- Our total gaming customers in H1 2021 equated to 91% of our H1 2020 total, despite the unprecedented interest in poker last year, particularly during the first lockdown
- Casino revenue has exceeded poker revenues for the first time in H1 (year-on-two-year casino revenues +49%). Our investment in direct casino and proprietary content, as well as excellent casino execution at Adjarabet and Betfair, has contributed to the change in mix
- Proprietary games developed by our in-house studios accounted for 19% of PokerStars' casino gross gaming revenue in H1, making in-house content the largest single supplier of slots content to PokerStars Casino

We will continue to invest to further build on this momentum and to leverage our scale position across our international markets.

International regulatory changes represent both a challenge and opportunity for the Group. In Germany we were disappointed with confirmation of the new turnover tax on online poker and slots products which came into effect on July 1. When considered in conjunction with the product regulations announced late last year, it is increasingly clear that generating a positive contribution in Germany will now be challenging for all operators.

Elsewhere, Brazil, Canada and the Netherlands are all on a path to regulation in the next 24 months which could lead to growth in our addressable market. It may also mean however that the contribution from these markets could decline in the short-term with the introduction of taxes and/or other regulatory changes. Longer-term we believe our scale and product advantages will position us well to grow our share over time.

Safer gambling

Safer gambling remains a key priority for the Group. We continue to invest in safer gambling resource and technology, upweighting our dedicated teams and optimising our safer gambling controls.

In the UK & Ireland we have continued to refine our Triple Step Affordability framework, which takes an individual risk-based approach to financial vulnerability, in combination with a range of other factors, to minimise the probability of harm. We believe this framework strikes the right balance between protecting vulnerable customers without impinging on the personal freedoms of the vast majority of customers who enjoy a flutter. The next phase of the roll out is expected in H2, having shared our approach with the UK Government as part of our response to the Gambling Act review. We are also engaging constructively in other areas of the Review, such as backing calls from the Betting & Gaming Council ("BGC") to include an Ombudsman in the Government's White Paper, expected later this year.

In Ireland, where the legislative process is progressing, we introduced a range of proactive measures including a ban on credit card deposits and a pre-watershed whistle-to-whistle advertising ban during live sporting events. We also committed 1% of NGR to support the research, education and treatment of problem gambling.

In the US, FanDuel became the first online operator in March to partner with the American Gaming Association ("AGA") on its responsible sports betting campaign, "Have a Game Plan". The Group also announced a partnership with Gamban to provide blocking software to self-excluded customers as part of its commitment to building a comprehensive responsible gaming programme.

Across the Group, we have stepped up spending on the promotion of safer gambling awareness and tools through a range of TV campaigns, direct marketing and on-site visibility. We have seen an increase in the use of deposit limits and other safer gambling tools across all our brands in the UK and Ireland following introduction of these measures. In Australia, Sportsbet launched the "Take a sec before you bet" campaign at the end of July aimed at highlighting the benefits of pre-emptive deposit limits, while in the US FanDuel enhanced its customer experience on-site with information on tools and safe play.

Capital structure and balance sheet update[8]

As at June 30th, the Group had gross debt of £3,316m and a net debt position of £2,682m, representing a leverage ratio of 2.3x. Post period end, the Group announced the sale of Oddschecker Global Media for an initial £135m in cash, with the potential for this to rise to £155m in time depending on the future performance of the business.

In mid-July the Group announced completion of a debt refinancing transaction that will reduce its effective cost of debt to 2.5% (from circa 4.2% previously), leading to expected annualised savings of approximately £50m based on current leverage levels. The transaction also resulted in an increase in available liquidity of circa £250m for general corporate purposes.

The Group remains committed to its medium-term leverage target of 1-2 times and the Board will review the Group's dividend policy once leverage returns to these levels.

Other updates

Following the December 2020 ruling of the Kentucky Supreme Court in relation to a legacy case taken by the State against two TSG Isle of Man companies, the Group intends to submit a petition to the US Supreme Court to review the Kentucky judgement. Our petition will be submitted this month and we expect that the US Supreme Court will decide whether to take up the case during Q4 2021.

Separately, further to our statement on April 7 this year, the Group confirms that it has entered into a legal arbitration process with FOX Corporation with respect to its option to acquire an 18.6% stake in FanDuel. An arbitrator has been appointed and the Group intends to vigorously defend its position. A ruling in the arbitration is not expected before 2022.

Operating and Financial Review[1-5, 9-12]

Pro forma review

Group

Pro forma	H1 2021 £m	H1 2020 £m	Change %	CC Change %
Average monthly players (‘000s)	**7,625**	**5,445**	***+40%***	
Sports revenue	1,894	1,199	*+58%*	*+57%*
Gaming revenue	1,159	1,190	*-3%*	*+1%*
Total revenue	**3,053**	**2,389**	***+28%***	***+30%***
Cost of sales	(1,109)	(738)	*+50%*	*+51%*
Cost of sales as a % of net revenue	*36.3%*	*30.9%*	*+540bps*	*+510bps*
Gross profit	**1,944**	**1,650**	***+18%***	***+20%***
Sales and marketing	(728)	(426)	*+71%*	*+77%*
Contribution	**1,215**	**1,224**	***-1%***	***+1%***
Other operating costs	(563)	(475)	*+19%*	*+20%*
Corporate costs	(55)	(66)	*-16%*	*-10%*
Adjusted EBITDA[1,2]	**597**	**684**	***-13%***	***-12%***
Adjusted EBITDA margin %	*19.6%*	*28.6%*	*-910bps*	*-930bps*
Depreciation and amortisation	(125)	(117)	*+7%*	*+8%*
Adjusted[1] operating profit	**472**	**567**	***-17%***	***-16%***
Adjusted[1] basic earnings per share	**171.1p**	**286.3p**	***-40%***	
Net debt at period end	**2,682**	**2,899**	***-7%***	

Note: Flutter’s combination with TSG completed on 5 May 2020. The pro forma numbers presented show the Group’s financials with TSG included for a full 6-month period in both 2020 and 2021. Junglee, which was acquired in January 2021, has been included on a reported basis due to materiality.

Pro forma total revenue increased 30% to £3.1bn in the half, driven by growth of 57% in sports and 1% in gaming, with AMPs 40% higher at 7.6m. The growth in sports reflected excellent online performance in the UK & Ireland, Australia and the US, where we expanded our US sportsbook to 10 states (versus 4 for most of H1 2020). Sports revenue benefited from a more normal sporting calendar in 2021, while favourable sports results versus expectations contributed to an extra 120bps in win margin across the Group.

While sports benefitted from easy comparatives, the opposite was true of poker and casino where player engagement levels were elevated during the first international lockdown period in H1 2020.

Cost of sales as a percentage of net revenue increased by 510 basis points to 36.3% due to a higher proportion of revenue coming from the US which has higher direct costs. The changing product revenue mix in International and the US has also driven up direct costs in these divisions.

Merger related costs synergies in the half were £52m, with £7m in cost of sales, £22m in sales and marketing and £23m in other operating costs. We remain on track to deliver synergies of £170m by 2023, in line with our previous guidance.

Sales and marketing increased by £302m to £728m, with two-thirds of this increase attributable to the US division where we continue to invest heavily in customer acquisition in both new and existing states. The US expansion, including migration to the Group sports betting platform, is also the material driver of the 20% increase in other operating costs.

Adjusted EBITDA declined 12% to £597m. Excluding the US, Adjusted EBITDA was just 2% lower as the strong operating leverage achieved in UK & Ireland Online and Australia supported increased

investment in our International division. Additionally, US EBITDA losses widened by £67m, due to our significant investment in scaling our rapidly expanding business.

The Group's adjusted effective tax rate in the period was 22.9% (HY 2020: 9.3%), primarily driven by the changing mix of taxable earnings across geographies. The full-year 2021 adjusted Group ex-US effective tax rate is now expected to be between 17% and 19% (FY2020: 10.4%) due to a growing share of profits coming from our Australian and UK&I divisions.

Adjusted basic EPS reduced 115p to 171p reflecting the increased US investment in the current period and our higher share count in H1 2021. Our acquisition of an additional 37.2% stake in FanDuel was mainly settled via the issuance of shares directly to Fastball and through an equity raise.

Net debt as at 30 June 2021 of £2,682m was 7% or £217m lower than the prior comparable period. This mainly reflects the net cash generated by the operating activities of the business over the last 12 months less cash used to fund the additional interest acquired in FanDuel in December 2020.

UK & Ireland

Pro forma	UK & Ireland Total H1 2021 £m	UK & Ireland Total H1 2020 £m	Change %	UK & Ireland Online H1 2021 £m	UK & Ireland Online H1 2020 £m	Change %	UK & Ireland Retail H1 2021 £m	UK & Ireland Retail H1 2020 £m	Change %
Average monthly players ('000s)				**3,303**	**2,299**	***+44%***			
Sportsbook stakes	6,091	3,614	*+69%*	5,885	3,231	*+82%*	207	383	*-46%*
Sportsbook net revenue margin	*10.7%*	*12.8%*	*-210bps*	*10.6%*	*12.6%*	*-200bps*	*12.5%*	*14.6%*	*-210bps*
Sports revenue	738	525	*+40%*	712	470	*+52%*	26	56	*-54%*
Gaming revenue	397	350	*+14%*	382	327	*+17%*	16	23	*-33%*
Total revenue	**1,135**	**875**	***+30%***	**1,094**	**796**	***+37%***	**41**	**79**	***-47%***
Cost of sales	(342)	(241)	*+42%*	(332)	(224)	*+48%*	(10)	(17)	*-43%*
Cost of sales as a % of net revenue	*30.1%*	*27.6%*	*+250bps*	*30.4%*	*28.2%*	*+220bps*	*23.4%*	*21.6%*	*+180bps*
Gross profit	**793**	**634**	***+25%***	**762**	**572**	***+33%***	**32**	**62**	***-49%***
Sales and marketing	(207)	(168)	*+23%*	(204)	(166)	*+23%*	(3)	(3)	*—%*
Contribution	**587**	**465**	***+26%***	**558**	**406**	***+37%***	**29**	**59**	***-51%***
Other operating costs	(227)	(215)	*+6%*	(160)	(146)	*+9%*	(68)	(69)	*-2%*
Adjusted EBITDA[1,2]	**359**	**251**	***+43%***	**398**	**260**	***+53%***	**(39)**	**(10)**	***+296%***
Adjusted EBITDA margin	*31.6%*	*28.6%*	*+300bps*	*36.4%*	*32.7%*	*+370bps*	*(93.6%)*	*(12.4%)*	*-8,120bps*
Depreciation and amortisation	(63)	(58)	*+8%*	(42)	(36)	*+15%*	(21)	(21)	*-3%*
Adjusted[1] operating profit	**297**	**193**	***+54%***	**356**	**224**	***+59%***	**(59)**	**(31)**	***+91%***

The UK & Ireland division operates Paddy Power, Betfair and Sky Betting & Gaming brands online, as well as retail operations in the UK & Ireland.

Our UK & Ireland division delivered revenue growth of 30% to £1.1bn and Adjusted EBITDA that was 43% higher than the prior period. This performance was delivered despite our retail units being closed for the entirety of Q1 and a proportion of Q2.

UK & Ireland Online

Revenue in UK & Ireland Online grew by 37% in H1 driven by strong AMP growth of 44% (Q1: +23%, Q2 +70%). Sports AMPs were the primary driver of this growth, reflecting softer comparatives in the prior year. Compared with the equivalent period in 2019, AMPs grew by 27% in H1.

Sports revenue grew 52% with sportsbook up 53% driven by staking growth of 82%. While actual margins were 110bps ahead of expectations in the half, they were down 200bps year-on-year to 10.6%. This was due to the fact that net revenue margins in H1 2020 were 390bps above expectations, reflecting particularly bookmaker friendly results.

Structural margin enhancements through product improvements and an increased demand from customers for higher margin products such as *'Request a Bet'* and *'Bet Builder'* helped to partially offset the year-on-year swing in results. Exchange and B2B revenue grew by 40% in H1 reflecting the normalised sporting calendar compared with the prior year.

Online gaming revenue grew 17%, despite the tougher comparatives, with improved cross-sell volumes from a higher number of sports AMPs and our enhanced product proposition helping to improve engagement.

Cost of sales as a percentage of revenue increased by 220 basis points to 30.4% reflecting (i) an increase in racing costs and streaming fees and (ii) the impact of an uplift in generosity provided to our

customers which increases our effective tax rate.

Sales and marketing grew 23% to £204m as marketing budgets normalised following the cancellation of some sporting events in Q2 last year which had resulted in some savings. The increase also reflected increased investment ahead of the Euro 2020 campaign. Spend as a percentage of revenue declined by 210bps however, primarily due to the increase in revenue.

Other operating costs were up 9% reflecting increased investment in people, product and technology platforms. The uplift also reflects additional spend on safer gambling research, education and treatment programmes.

UK & Ireland Retail

Covid related shop closures continued to impact the financial performance of our Retail business. Revenue declined by 47% in H1 with Retail incurring a £39m Adjusted EBITDA loss. Both of our estates remained shut throughout Q1 with our UK retail shops re-opening on 12 April and our Irish shops re-opening on 17 May. Following re-opening, a variety of operational restrictions and social distancing requirements remain in place.

Given the unusual operating environment, overall retail performance has been in line with our expectations since re-opening. June revenues equated to approximately 80% of June 2019 levels with the performance in our UK shops particularly encouraging. June revenue in our UK estate was 7% ahead of June 2019 levels, helped by a strong gaming performance where revenues were up 33% on the same month 2 years ago. In Ireland, performance has reflected a more gradual re-opening of society with June revenues running 50% below 2019 levels. We anticipate that this gap will narrow in the coming months as further social restrictions are lifted.

Other operating costs declined by 2%, despite the fact that we continued to pay all our retail staff during the period of shop closures.

Australia[4]

Pro forma	H1 2021 £m	H1 2020 £m	Change %	CC Change A$
Average monthly players ('000s)	**906**	**596**	***+52%***	
Sportsbook stakes	5,000	3,723	*+34%*	*+27%*
Sportsbook net revenue margin	*11.7%*	*11.7%*	*-bps*	*-bps*
Total revenue	**585**	**435**	***+35%***	***+27%***
Cost of sales	(275)	(200)	*+38%*	*+30%*
Cost of sales as a % of net revenue	*47.0%*	*45.9%*	*+110bps*	*+100bps*
Gross profit	**310**	**235**	***+32%***	***+25%***
Sales and marketing	(59)	(59)	*-1%*	*-6%*
Contribution	**252**	**176**	***+43%***	***+35%***
Other operating costs	(51)	(55)	*-7%*	*-11%*
Adjusted EBITDA[1,2]	**201**	**121**	***+66%***	***+56%***
Adjusted EBITDA margin	*34.3%*	*27.9%*	*+640bps*	*+630bps*
Depreciation and amortisation	(13)	(14)	*-9%*	*-15%*
Adjusted[1] **operating profit**	**188**	**107**	***+76%***	***+66%***

Australia encompassed Sportsbet and BetEasy online brands, migrating to a single brand, Sportsbet, in September 2020.

Sportsbet delivered an excellent financial performance in the half with Adjusted EBITDA growth of 56% to £201m, driven by a combination of 27% revenue growth and the realisation of merger related cost synergies which reduced total operating costs by 8%.

Revenue growth was volume driven with AMPs up 52% (Q1 +43%; Q2 +61%) to 906,000 players. Sportsbet also benefited from a more normalised sports calendar in Q2 following the deferral of local and international sporting codes into Q3 and Q4 during 2020. The business will face more challenging comparatives in H2 from the condensed prior year sporting calendar.

Sportsbook stakes were 27% higher at £5bn. Sportsbook net revenue margin was in line with the prior year at 11.7% with the incremental generosity offered to retain customers offset by favourable sports results and improvements in expected margin. Favourable sports results in the period added 140 basis points to actual margin.

Cost of sales as a percentage of net revenue increased to 47.0% due to additional racing costs.

Sales and marketing as a percentage of net revenue declined 360 basis points in H1, significantly benefiting from the synergies associated with the single brand strategy. We continue to invest heavily in the Sportsbet brand, in tandem with personalised generosity (which is captured within net revenue margin), to maintain our expanded customer base and strong momentum. Other operating costs declined 11% due to merger related synergies.

These cost efficiencies are providing excellent operating leverage with Adjusted EBITDA as a % of net revenue expanding 630 basis points in the half to 34.3%.

International[4]

Pro forma	H1 2021 £m	H1 2020 £m	Change %	CC Change %
Average monthly players ('000s)	**1,945**	**1,999**	***-3%***	
Sportsbook stakes	871	555	*+57%*	*+61%*
Sportsbook net revenue margin	*9.1%*	*8.7%*	*+40bps*	*+40bps*
Sports revenue	118	74	*+59%*	*+62%*
Gaming revenue	562	727	*-23%*	*-19%*
Total revenue	**680**	**801**	***-15%***	***-11%***
Cost of sales	(199)	(181)	*+10%*	*+14%*
Cost of sales as a % of net revenue	*29.3%*	*22.6%*	*+670bps*	*+640bps*
Gross profit	**481**	**620**	***-22%***	***-18%***
Sales and marketing	(171)	(110)	*+55%*	*+71%*
Contribution	**310**	**510**	***-39%***	***-37%***
Other operating costs	(131)	(113)	*+16%*	*+16%*
Adjusted EBITDA[1,2]	**179**	**397**	***-55%***	***-52%***
Adjusted EBITDA margin	*26.3%*	*49.5%*	*-2,330bps*	*-2,280bps*
Depreciation and amortisation	(25)	(24)	*+4%*	*+7%*
Adjusted[1] operating profit	**154**	**373**	***-59%***	***-56%***

International includes PokerStars, Adjarabet, Betfair and Junglee brands which collectively offer online poker, casino, sports betting and rummy products. Excludes PokerStars US business and Betfair's UK & Ireland operations.

Revenue in our International division declined by 11% in H1 with Adjusted EBITDA of £179m. AMPs were down 3% year-on-year (Q1: +14%, Q2: -16%) but remain 17% above the equivalent period in 2019, reflecting the progress made in enlarging our International customer base.

The performance of the International division during the first half reflected a number of key factors:

- Challenging gaming comparatives; we previously disclosed that H1 2020 PokerStars revenues were boosted by £205m due to the first lockdown
- The compliance changes we made following our merger with TSG, along with adverse German regulatory developments, which we previously said would reduce annual contribution by £115m on a combined basis
- Localised lockdowns continuing into 2021 which contributed to higher gaming engagement in Q1, albeit not as pronounced as in 2020
- An increase in the proportion of revenues coming from regulated jurisdictions, with higher attributable direct costs and taxes
- Increased investment in line with our long-term strategy to improve our customer proposition, resulting in an EBITDA margin of 26.3%

Gaming revenue declined by 19% with casino growing 5% and poker declining by 34%. We estimate that approximately a quarter of the £205m revenue benefit from last year was retained in H1 due to ongoing lockdowns and player response to our promotional investments.

Casino growth of 5% was driven by our continued investment in direct casino acquisition in PokerStars, as well as enhanced in-house and third-party casino content driving improved cross-sell. Adjarabet and Betfair casino performed strongly during the period.

Sports revenue grew by 62% with strong growth across all sportsbooks, as stakes were 61% higher. Net revenue margin was 9.1%, 70bps ahead of expectations due to favourable sports results. We chose to reinvest this in the form of increased promotional generosity to customers. Overall margins increased by 40bps from the prior year due to improved pricing and risk management initiatives.

Cost of sales increased by 640bps to 29.3% due to (i) an ongoing increase in the proportion of

revenues coming from regulated markets, (ii) an increase in the proportion of gaming revenues coming from casino and (iii) an increase in payment processing costs.

Sales and marketing as a percentage of revenue increased by 12 percentage points, primarily reflecting increased investment in the PokerStars brand and investment in high growth regions such as India and Latin America. We launched the *"Epic Downtime"* PokerStars Casino campaign, further expanded our collaboration with Neymar through our newly launched "I'm in" poker campaign and invested in showcasing poker through live streaming platforms to drive engagement. We also increased Betfair spend in LATAM ahead of the Euros and Copa America, expanding investment in the largest free to air TV provider in Brazil, further leveraging our long-term partnerships with CONMEBOL and sponsorships of Copa Libertadores and Copa Sudamerica.

Other operating costs increased by 16% as we invested in product and technology, customer operations and improved our wider operational capabilities to address the significant historic underinvestment in the PokerStars business. This will ensure that the business is on a stable footing for future growth.

US[4]

Pro forma	H1 2021 £m	H1 2020 £m	Change %	CC Change US$
Average monthly players ('000s)	**1,470**	**552**	***+166%***	
Sportsbook stakes	5,072	1,090	*+365%*	*+402%*
Sportsbook net revenue margin	*6.2%*	*4.9%*	*+130bps*	*+130bps*
Sports revenue	452	164	*+175%*	*+202%*
Gaming revenue	200	113	*+76%*	*+95%*
Total revenue	**652**	**278**	***+135%***	***+159%***
Cost of sales	(293)	(116)	*+152%*	*+177%*
Cost of sales as a % of net revenue	*44.9%*	*41.9%*	*+300bps*	*+300bps*
Gross profit	**359**	**162**	***+122%***	***+145%***
Sales and marketing	(292)	(88)	*+230%*	*+262%*
Contribution	**67**	**73**	***-8%***	***+2%***
Other operating costs	(154)	(93)	*+66%*	*+83%*
Adjusted EBITDA[1,2]	**(87)**	**(19)**	***+348%***	***+376%***
Adjusted EBITDA margin	*(13.3%)*	*(6.9%)*	*-630bps*	*-610bps*
Depreciation and amortisation	(22)	(18)	*+20%*	*+33%*
Adjusted[1] operating profit	**(108)**	**(38)**	***+189%***	***+213%***

The US division includes FanDuel, FOX Bet, TVG, PokerStars and Stardust brands, offering regulated real money and free-to-play sports betting, online gaming, daily fantasy sports and online racing wagering products to customers in the US

Revenue grew 159% to £652m ($906m) in H1, with 93% of revenue attributable to FanDuel Group, benefiting from:

- Growth in AMPs of 166% to 1.5 million
- Continued strong performance in existing sportsbook and gaming states
- Successful state launches in Michigan (sportsbook and gaming) and Virginia (sportsbook)
- A full six-month contribution from four 2020 state launches, most of which occurred in H2 2020
- A relatively uninterrupted US sporting calendar in Q2 versus the widespread deferrals in 2020

Sports revenue trebled to £452m, with growth of 540% in sportsbook and 36% in other sports (DFS and TVG racing combined). Sportsbook net revenue margin grew 130 basis points to 6.2% due to an increase in our expected margin. Sports results were favourable in the period though this was offset by an increase in customer acquisition promotional activity.

Gaming net revenue increased 95% aided by the January launch in Michigan and growth in existing casino states.

Cost of sales as a percentage of net revenue increased 300 basis points to 44.9% reflecting the higher proportion of revenue coming from higher cost sportsbook and gaming verticals.

Marketing costs increased 262% to £292m, equating to over 80% of our entire 2020 spend of £348m. The increased spend has driven customer acquisition five times higher in H1 versus the comparable period benefitting from new state launches and continued high levels of acquisition in existing states.

Other operating costs grew 83%, well below revenue growth, with a doubling of our spend on product and technology as we build our capabilities within what is a rapidly expanding business. Lobbying costs associated with expansion of sports betting to new states are also included within other operating costs.

The US division made an Adjusted EBITDA loss of £87m in the half due to the significant investment in customer acquisition upon launch in Michigan and Virginia.

Statistical review

Group

	Adjusted H1 2021 £m	Separately disclosed items H1 2021 £m	Reported H1 2021 £m	Adjusted H1 2020 £m	Separately disclosed items H1 2020 £m	Reported H1 2020 £m
Sports revenue	1,894		1,894	924		924
Gaming revenue	1,159		1,159	598	14	612
Total revenue	**3,053**	**—**	**3,053**	**1,522**	**14**	**1,536**
Cost of sales	(1,109)	(13)	(1,122)	(496)	(2)	(498)
Cost of sales as a % of net revenue	*36.3%*		*36.8%*	*32.6%*		*32.4%*
Gross profit	**1,944**	**(13)**	**1,931**	**1,026**	**12**	**1,038**
Operating costs	(1,347)	(22)	(1,368)	(685)	(69)	(754)
EBITDA	**597**	**(35)**	**562**	**342**	**(57)**	**285**
EBITDA margin %	*19.6%*		*18.4%*	*22.4%*		*18.5%*
Depreciation and amortisation	(125)	(276)	(401)	(89)	(128)	(217)
Operating profit/ (loss)	**472**	**(310)**	**162**	**253**	**(185)**	**68**
Net interest expense	(74)	(11)	(85)	(35)	(9)	(44)
Profit/ (loss) before tax	**398**	**(321)**	**77**	**218**	**(194)**	**24**
Taxation	(91)	(72)	(163)	(29)	14	(15)
Profit/ (loss) after tax	**306**	**(392)**	**(86)**	**189**	**(180)**	**9**
Basic earnings/ (loss) per share	**171.1 p**		**(50.4)p**	**187.5 p**		**18.1 p**
Net current liabilities			**(327)**			**(521)**
Net assets			**10,724**			**10,996**

The significant growth across all revenue and cost lines reflects a full six-month contribution from TSG in 2021 following the completion of our merger on 5 May 2020. Therefore, the 2020 comparative only includes a 56 day contribution from TSG. This resulted in Group reported revenue growth of 99% to £3.1bn when combined with the following factors:

- Further expansion of our market leading US online business to 10 states in 2021 from 4 in 2020
- A more normal sporting calendar in the half following widespread cancellations in Q2 2020
- Strong underlying growth in our online UK & Ireland and Australia divisions

Reported EBITDA increased 98% to £562m driven by these factors, partly offset by the increased investment we are making in customer acquisition in the US. Group operating profit increased 139% to £162m, including a charge of £276m in non-cash acquisition related intangibles.

The Group made a loss after tax of £86m for the period following a £105m increase in the deferred tax liability on separately identifiable acquisition related intangibles. This charge resulted from the change in the UK's main corporate tax rate from 19% to 25% applicable from 1 April 2023. See notes 5 of the financial statements for more details. When combined with the increased US losses, the Group had a basic loss per share of 50.4p in the six months ended 30 June 2021 compared to basic earnings per share of 18.1p in the corresponding period.

Net current liabilities reduced from £521m at 31 December 2020 to £327m at 30 June 2021 mainly due to the reclassification of the Oddschecker Global Media assets from non-current to current as a result of the announcement of the sale of this business post period end and also the movement of the current cross-currency interest swaps from being in a liability position at 31 December 2020 to being in an asset position at 30 June 2021.

Net assets reduced from £11.0bn to £10.7bn in the period mainly due to the foreign currency translation impact of goodwill and intangible assets.

Divisional performance

	UK & Ireland			Australia			International			US			Group		
	H1 2021 £m	**H1 2020 £m**	**Change %**	**H1 2021 £m**	**H1 2020 £m**	**Change %**	**H1 2021 £m**	**H1 2020 £m**	**Change %**	**H1 2021 £m**	**H1 2020 £m**	**Change %**	**H1 2021 £m**	**H1 2020 £m**	**Change %**
Sports revenue	738	357	*+107%*	585	348	*+68%*	118	56	*+112%*	452	163	*+177%*	1,894	924	*+105%*
Gaming revenue	397	228	*+74%*				562	277	*+102%*	200	93	*+116%*	1,159	598	*+94%*
Revenue before SDIs	**1,135**	**585**	***+94%***	**585**	**348**	***+68%***	**680**	**333**	***+104%***	**652**	**256**	***+155%***	**3,053**	**1,522**	***+101%***
Cost of sales	(342)	(163)	*+110%*	(275)	(148)	*+86%*	(199)	(86)	*+133%*	(293)	(99)	*+195%*	(1,109)	(496)	*+124%*
Cost of sales as a % of net revenue	*30.1%*	*27.9%*	*+220bps*	*47.0%*	*42.6%*	*+440bps*	*29.3%*	*25.7%*	*+360bps*	*44.9%*	*38.8%*	*+610bps*	*36.3%*	*32.6%*	*+380bps*
Gross profit	**793**	**422**	***+88%***	**310**	**200**	***+55%***	**481**	**248**	***+94%***	**359**	**157**	***+129%***	**1,944**	**1,026**	***+89%***
Operating costs	(434)	(290)	*+50%*	(109)	(90)	*+21%*	(302)	(115)	*+162%*	(446)	(154)	*+189%*	(1,291)	(649)	*+99%*
Corporate costs													(55)	(36)	*+54%*
Adjusted EBITDA[1]	**359**	**133**	***+171%***	**201**	**110**	***+83%***	**179**	**133**	***+35%***	**(87)**	**2**	***-3,849%***	**597**	**342**	***+75%***
Adjusted EBITDA margin	*31.6%*	*22.7%*	*+900bps*	*34.3%*	*31.6%*	*+280bps*	*26.3%*	*39.8%*	*-1,350bps*	*(13.3%)*	*0.9%*	*-1,420bps*	*19.6%*	*22.4%*	*-290bps*
Depreciation and amortisation	(63)	(50)	*+26%*	(13)	(12)	*+7%*	(25)	(9)	*+192%*	(22)	(16)	*+36%*	(125)	(89)	*+41%*
Operating profit/(loss) before SDIs	**297**	**83**	***+257%***	**188**	**98**	***+92%***	**154**	**124**	***+24%***	**(108)**	**(14)**	***+685%***	**472**	**253**	***+87%***
Greece tax expense							(13)	—	*+100%*				(13)	—	*+100%*
Amortisation of acquisition related intangibles	(113)	(51)	*+120%*	(11)	(4)	*+141%*	(139)	(56)	*+146%*	(13)	(16)	*(15%)*	(276)	(128)	*+116%*
VAT refund	—	10	*(100%)*										—	10	*(100%)*
Operating profit/(loss) after divisional SDIs	**184**	**42**	***+337%***	**177**	**93**	***+90%***	**2**	**68**	***(97%)***	**(122)**	**(30)**	***+313%***	**184**	**135**	***+36%***
Combination fees and associated costs													—	(26)	*(100%)*
Restructuring and Integration costs													(22)	(41)	*(47%)*
Operating profit/(loss)													**162**	**68**	***+139%***

UK & Ireland

Revenue growth was 94% in the UK and Ireland with sport +107% and gaming +74%. The primary drivers of reported revenue growth were (i) the acquisition of the SkyBet business as part of the merger with TSG not fully reflected in the prior year which drove both sports and gaming growth and (ii) the normalisation of the sporting calendar in the current year when compared with the volume of cancelled and deferred sports events from March 2020 due to Covid. Adjusted EBITDA grew +171% reflecting the additional contribution of SkyBet and strong operational leverage in the division.

Australia

In Australia, revenue grew 68% to £585m reflecting a full six-month contribution from BetEasy (TSG's Australian brand) customers who migrated to Sportsbet following the integration of the two brands in September 2020 and strong growth in the Sportsbet customer base. The single brand strategy has resulted in significant cost synergies with marketing and other operating costs falling 720 basis points as a percentage of revenue to 18.7%. This operating leverage benefit and top line growth saw Adjusted EBITDA grow 83% to £201m.

International

Our International division delivered reported revenue growth of 104% with sport +112% and gaming +102%. The primary driver of reported revenue growth within the International division was similarly related to the merger with TSG and the addition of the PokerStars brand to our international portfolio.

Adjusted EBITDA grew +35% reflecting the additional contribution of PokerStars which more than offset the increase in investment we have made in the brand post-merger.

US

Revenue grew 155% in the US during the half benefiting from:

- Continued strong performance in existing sportsbook and gaming states.
- Successful state launches in Michigan (sportsbook and gaming) and Virginia (sportsbook)
- A full six-month contribution from four 2020 state launches, most of which occurred in H2 2020
- A relatively uninterrupted US sporting calendar in Q2 versus the widespread deferrals in 2020

Marketing costs increased 312% to £292m, reflecting the launches in new states and the continued high levels of customer acquisition we are seeing in existing states. The US division made an Adjusted EBITDA loss of £87m in the half due to this significant investment upon launch in Michigan and Virginia.

Separately disclosed items

	H1 2021 £m	H1 2020 £m
Amortisation of acquisition related intangible assets	(276)	(128)
Combination fees and associated costs	—	(26)
Restructuring and integration costs	(22)	(41)
Greece tax expense	(13)	—
VAT refund	—	10
Operating profit impact of separately disclosed items	**(310)**	**(185)**
Financial income	—	49
Financial expense	(11)	(59)
Profit before tax impact of separately disclosed items	**(321)**	**(194)**
Tax (charge) / credit on separately disclosed items	(72)	14
Total separately disclosed items	**(392)**	**(180)**

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

Amortisation of acquisition related intangible assets increased to £276m mainly due to the May 2020 combination with TSG, resulting in a full six month charge in 2021.

Restructuring and integration costs primarily relate to the integration with TSG.

The Greece tax expense relates to a historic case brought by the Greek authorities against Paddy Power when it was operating under an interim licence between 2012-14. The Group continues to appeal this ruling but following the dismissal of the case by the Athens Administrative Court of Appeal in June 2021, a once-off expense of £13m has been recognized.

Financial expense relates to foreign exchange losses on the Group's financing activities.

The increase in the UK's main corporation tax rate from 19% to 25% from 1 April 2023 (as outlined in note 7 of the financial statements) has resulted in a £105m increase in the deferred tax liability on separately identifiable acquisition related intangible assets. This charge is partly offset by the tax credit associated with other separately disclosed items.

Cash flow and financial position

Pro forma	H1 2021 £m	H1 2020 £m
Adjusted EBITDA	**597**	**684**
Capex	(138)	(118)
Working capital	18	105
Corporation tax	(92)	(63)
Lease liabilities paid	(27)	(24)
Adjusted free cash flow	**358**	**584**
Cash flow from separately disclosed items	(24)	(84)
Free cash flow	**333**	**500**
Interest cost	(70)	(101)
Other borrowing costs	(5)	(22)
Settlement of swaps	—	(28)
Settlement of Kentucky Supersedeas Bonds	(71)	—
Purchase of shares by the Employee Benefit Trust ("EBT")	(89)	—
Acquisitions	(51)	—
Other	(4)	5
Net increase in cash before equity raise and cash acquired in business combination	**43**	**356**
Proceeds from equity raise	—	806
Cash acquired in business combination	18	—
Net increase in cash	**61**	**1,162**
Net debt[8] at start of year	**(2,814)**	**(3,827)**
Foreign currency exchange translation	26	(253)
Change in fair value of hedging derivatives	45	19
Net debt[8] as at 30 June	**(2,682)**	**(2,899)**

The Group had Adjusted free cash flow of £358m during H1, down from £584m in the prior year primarily due to the effect of lockdown related benefits on performance and working capital in H1 2020.

Capital expenditure of £138m, reflects increased investment in product and technology capabilities across the Group, as well as further expansion into the US. We also refurbished a number of Flutter offices ahead of the anticipated "return to work" of colleagues.

Corporate tax payments were higher than the prior period due to the change in the geographic mix of profits during the first half.

Working capital of £18m was favourably impacted by the increase in size and scale of the Group. As expected however our working capital benefit was lower than during H1 last year when we benefitted from the deferral of certain payments. The performance of our Australian and US horse racing businesses in particular last year resulted in increased creditors, with the direct costs associated with these revenues generally paid one quarter after the revenue is generated.

Cash flow from SDIs principally relates to restructuring and integration costs in relation to the combination with TSG.

Interest costs were £31m lower than in 2020 on a pro forma basis due to the repayment of debt following the Group's equity raise in May 2020 and the reduction in the weighted average cost of debt following agreement of more favourable financing terms at that time.

During the period the Group paid the Commonwealth of Kentucky £71m, in line with the provision outstanding at 31 December 2020.

In the first half, an £89m share purchase was made by the Employee Benefit Trust in respect of FanDuel employee share awards, with further purchases of £92m expected in the second half. These purchases relate to employee incentive schemes that were put in place at the time of the original FanDuel acquisition to incentivise value creation in FanDuel.

The £51m acquisition charge relates to the acquisition of Junglee Games during the period.

As at 30 June 2021, the Group had net debt of £2,682m, excluding customer balances, representing a leverage ratio of 2.3x times[9]. The July 2021 refinancing resulted in an increase in pro forma net debt to £2,721m with no material change to the Group leverage ratio. 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.

Foreign exchange

At current spot rates, the foreign exchange impact on H2 2021 Adjusted EBITDA versus H2 2020 is a circa £6m headwind.

Current trading/Outlook

The second half of the year has started well, albeit July is traditionally a quieter period for many parts of our business reflecting less busy sporting calendars. Assuming normalised net revenue margins for the balance of the year and a regular sporting calendar the Group anticipates:

- Adjusted EBITDA for Group ex-US of between **£1,270m - £1,370m**. This guidance reflects our confidence in the underlying performance of both our UK & Ireland and Australian divisions, with the expectation that our retail estates can remain open for the remainder of the year
- As previously flagged International EBITDA will be negatively impacted in H2 2021 by between £15m and £25m due to the German tax change that has come into effect on July 1. The business is also less likely to benefit from some of the tailwinds it enjoyed in H1 when player engagement remained at elevated levels in parts of Europe as a result of the stay-at-home restrictions
- In the US, we expect to generate revenue of between £1.285bn - £1.425bn ($1.8bn - $2.0bn) and an Adjusted EBITDA loss of between **£225m - £275m**. This assumes that we launch online in both Arizona and Connecticut in H2

[1] The "Adjusted" measures 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 amortization of acquired intangibles (non-cash). Therefore, they have been reported as "separately disclosed items (SDIs)" (see note 5 to the financial statements).

[2] EBITDA is profit before interest, tax, depreciation and amortisation expenses 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 is 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.

[3] Flutter's combination with TSG completed on 5 May 2020. The pro forma numbers presented show the Group's financials with TSG included for a full 6-month period in 2020. Junglee, which was acquired in January 2021, has not been included on a pro forma basis. See Appendix 3 for a reconciliation of pro forma results to statutory results.

[4] Growth rates in the commentary are in local or constant currency[11] except reported numbers which are in nominal currency.

[5]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. The AMP numbers do not include Junglee players in 2020 or 2021 to allow for better comparability of underlying player growth for International and Group.

[6] Online sportsbook market share is the GGR market share of FanDuel and FOX Bet for Q2 in the states in which FanDuel was live based on published gaming regulator reports in those states. During Q2 FanDuel was live in 10 states; Colorado (CO), Illinois (IL), Indiana (IN), Iowa (IA), Michigan (MI), New Jersey (NJ), Pennsylvania (PA), Tennessee (TN), Virginia (VA) and West Virginia (WV). During Q2 FOX Bet was live in 4 states; CO, NJ, MI and PA. Online gaming market share reflects the combined MI, NJ, PA and WV market share of our gaming brands.

[7]CPA is cost per acquisition and represents the total media and digital marketing spend per acquired customer including those cross-sold from daily fantasy sports. The year-one return on investment (ROI) is the average gross profit generated from customers divided by their average CPA. The year-one ROI includes all quarterly cohorts of FanDuel sportsbook and gaming customers acquired who have four full quarters of actual activity (i.e. customers acquired in Q3 2018 through Q2 2020). The revenue generated in year two will include all quarterly cohorts of FanDuel sportsbook and gaming customers acquired who have two full years of actual activity (i.e. customers acquired in Q3 2018 through Q2 2019).

[8] The leverage ratio is calculated using pro forma Adjusted EBITDA for the 12-month period to 30 June 2021.

[9]Net debt is the principal amount of borrowings plus associated accrued interest, minus cash & cash equivalents plus/minus carrying value of debt related derivatives.

[10] Reported represents the IFRS reported statutory numbers. Where amounts have been normalised for SDIs they are labelled as Adjusted.

[11] Constant currency ("cc") growth is calculated by retranslating the non-sterling denominated component of H1 2020 at H1 2021 exchange rates (see Appendix 4). Growth rates in the commentary are in local or constant currency.

[12] Differences due to rounding unless otherwise stated.

Appendix 1: Divisional Key Performance Indicators H1 2021

Unaudited pro forma

	UK & Ireland[3]			Australia			International			US			Group		
	H1	H1	CC[2] %	H1	H1	CC[2] %	H1	H1	CC[2] %	H1	H1	CC[2] %	H1	H1	CC[2] %
£m pro forma[1]	2021	2020	Change	2021	2020	Change	2021	2020	Change	2021	2020	Change	2021	2020	Change
Average monthly players[3] (000's)	**3,303**	**2,299**	**+44%**	**906**	**596**	**+52%**	**1,945**	**1,999**	**-3%**	**1,470**	**552**	**+166%**	**7,625**	**5,445**	**+40%**
Sportsbook stakes	6,091	3,614	+68%	5,000	3,723	+27%	871	555	+61%	5,072	1,090	+402%	17,034	8,982	+87%
Sportsbook net revenue margin	*10.7%*	*12.8%*	*-210bps*	*11.7%*	*11.7%*	*-bps*	*9.1%*	*8.7%*	*+40bps*	*6.2%*	*4.9%*	*+130bps*	*9.6%*	*11.1%*	*-150bps*
Sports revenue	738	525	+40%	585	435	+27%	118	74	+62%	452	164	+202%	1,894	1,199	+57%
Gaming revenue	397	350	+14%				562	727	-19%	200	113	+95%	1,159	1,190	+1%
Total revenue	**1,135**	**875**	**+30%**	**585**	**435**	**+27%**	**680**	**801**	**-11%**	**652**	**278**	**+159%**	**3,053**	**2,389**	**+30%**
Cost of Sales	(342)	(241)	+42%	(275)	(200)	+30%	(199)	(181)	+14%	(293)	(116)	+177%	(1,109)	(738)	+51%
Cost of sales as % of net revenue	*30.1%*	*27.6%*	*+260bps*	*47.0%*	*45.9%*	*+100bps*	*29.3%*	*22.6%*	*+640bps*	*44.9%*	*41.9%*	*+300bps*	*36.3%*	*30.9%*	*+510bps*
Gross Profit	**793**	**634**	**+25%**	**310**	**235**	**+25%**	**481**	**620**	**-18%**	**359**	**162**	**+145%**	**1,944**	**1,650**	**+20%**
Sales & marketing	(207)	(168)	+23%	(59)	(59)	-6%	(171)	(110)	+71%	(292)	(88)	+262%	(728)	(426)	+77%
Contribution	**587**	**465**	**+26%**	**252**	**176**	**+35%**	**310**	**510**	**-37%**	**67**	**73**	**+2%**	**1,215**	**1,224**	**+1%**
Other operating costs	(227)	(215)	+6%	(51)	(55)	-11%	(131)	(113)	+16%	(154)	(93)	+83%	(563)	(475)	+20%
Corporate costs													(55)	(66)	-10%
Adjusted EBITDA	**359**	**251**	**+42%**	**201**	**121**	**+56%**	**179**	**397**	**-52%**	**(87)**	**(19)**	**+376%**	**597**	**684**	**-12%**
Adjusted EBITDA margin	*31.6%*	*28.6%*	*+270bps*	*34.3%*	*27.9%*	*+630bps*	*26.3%*	*49.5%*	*-2,280bps*	*(13.3%)*	*(6.9%)*	*-610bps*	*19.6%*	*28.6%*	*-930bps*
Depreciation & amortisation	(63)	(58)	+9%	(13)	(14)	-15%	(25)	(24)	+7%	(22)	(18)	+33%	(125)	(117)	+8%
Adjusted operating profit /(loss)	**297**	**193**	**+51%**	**188**	**107**	**+66%**	**154**	**373**	**-56%**	**(108)**	**(38)**	**+213%**	**472**	**567**	**-16%**

[1] Flutter's combination with TSG completed on 5 May 2020. The pro forma numbers presented show the Group's financials with TSG included for a full 6-month period in 2020. Junglee, which was acquired in January 2021, has not been included on a pro forma basis. See Appendix 3 for a reconciliation of pro forma results to statutory results.

[2] Constant currency ("cc") growth is calculated by retranslating the non-sterling denominated component of FY 2020 at FY 2021 exchange rates (see Appendix 4). Growth rates in the commentary are in local or constant currency.

[3] 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. The AMP numbers do not include Junglee players in 2020 or 2021 to allow for better comparability of underlying player growth for International and Group.

Appendix 2: Quarterly Divisional Key Performance Indicators

Unaudited pro forma

Quarter 2

	UK & Ireland			Australia			International			US			Group		
	Q2 2021	Q2 2020	CC[2] %	Q2 2021	Q2 2020	CC[2] %	Q2 2021	Q2 2020	CC[2] %	Q2 2021	Q2 2020	CC[2] %	Q2 2021	Q2 2020	CC[2] %
Proforma[1]	£m	£m	Change	£m	£m	Change	£m	£m	Change	£m	£m	Change	£m	£m	Change
Average monthly players[3] (000's)	**3,440**	**2,027**	**+70%**	**982**	**611**	**+61%**	**1,863**	**2,223**	**-16%**	**1,292**	**395**	**+227%**	**7,578**	**5,256**	**+44%**
Sportsbook stakes	3,009	1,374	+120%	2,548	2,177	+13%	419	245	+79%	2,358	226	+1,074%	8,333	4,023	+105%
Sportsbook net revenue margin	*10.8%*	*12.6%*	*-180bps*	*12.0%*	*12.6%*	*-60bps*	*9.6%*	*7.0%*	*+260bps*	*8.3%*	*6.2%*	*+210bps*	*10.4%*	*11.9%*	*-150bps*
Sports revenue	367	194	+89%	306	273	+8%	61	27	+132%	264	76	+289%	998	571	+75%
Gaming revenue	201	192	+5%				268	430	-34%	101	70	+62%	570	692	-14%
Total revenue	**568**	**386**	**+47%**	**306**	**273**	**+8%**	**329**	**457**	**-24%**	**364**	**146**	**+181%**	**1,567**	**1,263**	**+27%**

	UK & Ireland Online			UK & Ireland Retail		
	Q2 2021	Q2 2020	CC[2] %	Q2 2021	Q2 2020	CC[2] %
Proforma[1]	£m	£m	Change	£m	£m	Change
Average monthly players[3] (000's)	**3,440**	**2,027**	**+70%**			
Sportsbook stakes	2,804	1,348	+109%	205	27	+677%
Sportsbook net revenue margin	*10.6%*	*12.6%*	*-200bps*	*12.7%*	*14.6%*	*-190bps*
Sports revenue	341	190	+80%	26	4	+576%
Gaming revenue	185	187	-1%	16	4	+270%
Total revenue	**526**	**378**	**+40%**	**42**	**8**	**+416%**

Quarter 1

Proforma[1]	UK & Ireland			Australia			International			US			Group		
	Q1 2021 £m	Q1 2020 £m	CC[2] % Change	Q1 2021 £m	Q1 2020 £m	CC[2] % Change	Q1 2021 £m	Q1 2020 £m	CC[2] % Change	Q1 2021 £m	Q1 2020 £m	CC[2] % Change	Q1 2021 £m	Q1 2020 £m	CC[2] % Change
Average monthly players[3] (000's)	**3,167**	**2,571**	**+23%**	**831**	**581**	**+43%**	**2,027**	**1,774**	**+14%**	**1,648**	**710**	**+132%**	**7,672**	**5,635**	**+36%**
Sportsbook stakes	3,083	2,240	+37%	2,451	1,545	+46%	452	311	+47%	2,714	864	+235%	8,700	4,959	+72%
Sportsbook net revenue margin	*10.6%*	*13.0%*	*-240bps*	*11.4%*	*10.4%*	*+100bps*	*8.6%*	*10.1%*	*-150bps*	*4.4%*	*4.6%*	*-20bps*	*8.8%*	*10.5%*	*-170bps*
Sports revenue	371	331	+12%	279	161	+59%	57	47	+22%	189	88	+130%	896	627	+41%
Gaming revenue	196	158	+24%				294	297	+4%	99	43	+146%	589	498	+22%
Total revenue	**568**	**489**	**+16%**	**279**	**161**	**+59%**	**351**	**344**	**+7%**	**288**	**132**	**+135%**	**1,485**	**1,126**	**+33%**

Proforma[1]	UK & Ireland Online			UK & Ireland Retail		
	Q1 2021 £m	Q1 2020 £m	CC[2] % Change	Q1 2021 £m	Q1 2020 £m	CC[2] % Change
Average monthly players[3] (000's)	**3,167**	**2,571**	**+23%**			
Sportsbook stakes	3,081	1,883	+63%	2	356	-99%
Sportsbook net revenue margin	*10.6%*	*12.7%*	*-210bps*	*(5.7%)*	*14.6%*	*-2,030bps*
Sports revenue	371	279	+33%	—	52	-100%
Gaming revenue	196	139	+41%	—	19	-100%
Total revenue	**568**	**419**	**+35%**	**—**	**71**	**-100%**

[1] Flutter's combination with TSG completed on 5 May 2020. The pro forma numbers presented show the Group's financials with TSG included for a full 6-month period in 2020. Junglee, which was acquired in January 2021, has not been included on a pro forma basis. See Appendix 3 for a reconciliation of pro forma results to statutory results.
[2] Constant currency ("cc") growth is calculated by retranslating the non-sterling denominated component of FY 2020 at FY 2021 exchange rates (see Appendix 4). Growth rates in the commentary are in local or constant currency.
[3] 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. The AMP numbers do not include Junglee players in 2020 or 2021 to allow for better comparability of underlying player growth for International and Group.

Appendix 3: Reconciliation of pro forma results to Statutory results

The merger of Flutter and TSG completed on 5 May 2020, with the merger accounted for as an acquisition of TSG by Flutter on that date. The statutory results reflect this accounting treatment. Pro forma results for the Group are prepared as if Flutter and TSG had always been merged and are included in these Interim Results, as they best represent the Group's underlying performance. The difference between the statutory and pro forma results is inclusion of the results of TSG in the period prior to completion as per the table below. Junglee, which was acquired in January 2021, has been included in reported figures but has not been included on a pro forma basis.

	Pro forma adjusted results		**TSG results pre-merger completion***		**Separately disclosed items**		**Statutory results**	
	H1	**H1**	**H1**	**H1**	**H1**	**H1**	**H1**	**H1**
£m	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Sports revenue	1,894	1,199	—	275	—	—	1,894	924
Gaming revenue	1,159	1,190	—	592	—	14	1,159	612
Total revenue	**3,053**	**2,389**	**—**	**866**	**—**	**14**	**3,053**	**1,536**
Cost of sales	(1,109)	(738)	—	(243)	(13)	(2)	(1,122)	(498)
Cost of sales as a % of net revenue	*36.3%*	*30.9%*					*36.8%*	*32.4%*
Gross profit	**1,944**	**1,650**	**—**	**624**	**(13)**	**12**	**1,931**	**1,038**
Sales and marketing	(728)	(426)	—	(139)	—	—	(728)	(287)
Contribution	**1,215**	**1,224**	**—**	**484**	**(13)**	**12**	**1,202**	**752**
Other operating costs	(563)	(475)	—	(112)	—	—	(563)	(362)
Corporate costs	(55)	(66)	—	(30)	(22)	(69)	(77)	(105)
EBITDA	**597**	**684**	**—**	**342**	**(35)**	**(57)**	**562**	**284**
EBITDA margin	*19.6%*	*28.6%*					*18.4%*	*18.5%*
Depreciation and amortisation	(125)	(117)	—	(28)	(276)	(128)	(401)	(217)
Operating profit	**472**	**567**	**—**	**314**	**(310)**	**(185)**	**162**	**68**
Revenue by division								
UK & Ireland	1,135	875	—	290	—	14	1,135	599
Australia	585	435	—	87	—	—	585	348
International	680	801	—	468	—	—	680	333
US	652	278	—	22	—	—	652	256
Adjusted EBITDA by division								
UK & Ireland	359	251	—	118	—	10	359	143
Australia	201	121	—	11	—	—	201	110
International	179	397	—	264	(13)	—	166	133
US	(87)	(19)	—	(22)	—	—	(87)	2
Corporate costs	(55)	(66)	—	(30)	(22)	(68)	(77)	(104)

** Note the adjustments to reflect the exclusion of TSG results prior to the merger also include any transactions that are now deemed to be intercompany as a result of the merger.*

Appendix 4: Reconciliation of pro forma growth rates to pro forma constant currency growth rates

Constant currency ("cc") growth is calculated by retranslating non-sterling denominated component of H1 2020 at H1 2021 exchange rates as per the table below.

£m	H1 2021	H1 2020	% Change	H1 2020 FX impact	H1 2020 CC	CC % Change
Sports revenue	1,894	1,199	+58%	10	1,209	+57%
Gaming revenue	1,159	1,190	-3%	(48)	1,142	+1%
Total revenue	**3,053**	**2,389**	**+28%**	**(37)**	**2,351**	**+30%**
Cost of sales	(1,109)	(738)	+50%	5	(733)	+51%
Cost of sales as a % of net revenue	*36.3%*	*30.9%*	*+540bps*		*31.2%*	*+510bps*
Gross profit	**1,944**	**1,650**	+18%	**(32)**	**1,618**	**+20%**
Sales and marketing	(728)	(426)	+71%	15	(411)	+77%
Contribution	**1,215**	**1,224**	-1%	**(17)**	**1,207**	**+1%**
Other operating costs	(563)	(475)	+19%	7	(468)	+20%
Corporate costs	(55)	(66)	-16%	4	(62)	-10%
Adjusted EBITDA	**597**	**684**	**-13%**	**(6)**	**678**	-12%
Adjusted EBITDA margin	*19.6%*	*28.6%*	*-910bps*		*28.8%*	*-930bps*
Depreciation and amortisation	(125)	(117)	+7%	2	(115)	+8%
Adjusted operating profit	**472**	**567**	**-17%**	**(5)**	**562**	**-16%**
Revenue by division						
UK & Ireland	1,135	875	+30%	1	876	+30%
Australia	585	435	+35%	25	459	+27%
International	680	801	-15%	(38)	764	-11%
US	652	278	+135%	(26)	252	+159%
Adjusted EBITDA by division						
UK & Ireland	359	251	+43%	3	254	+42%
Australia	201	121	+66%	8	129	+56%
International	179	397	-55%	(22)	375	-52%
US	(87)	(19)	+348%	1	(18)	+376%
Corporate costs	(55)	(66)	-16%	4	(62)	-10%

Appendix 5: Reconciliation of pro forma cash flow to reported statutory cash flow

In the Operating and Financial Review the cash flow has been presented on a pro forma net cash basis. The merger of Flutter and TSG completed on 5 May 2020, with the merger accounted for as an acquisition of TSG by Flutter on that date. The statutory cash flow reflects this treatment while the pro forma cash flow is prepared as if Flutter and TSG had always been merged. The difference between the net cash basis and the reported cash flow is the inclusion of borrowings to determine a net cash position.

	Pro forma cash flow		**TSG results pre-merger completion**		**Adjustment to include borrowings**		**Statutory cash flow**	
	H1	**H1**	**H1**	**H1**	**H1**	**H1**	**H1**	**H1**
£m	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Adjusted EBITDA[1]	**597**	**684**	**—**	**342**	**—**	**—**	**597**	**342**
Capex[2]	(138)	(118)	—	(33)	—	—	(138)	(85)
Working capital[3]	18	105	—	(8)	—	—	18	114
Corporation tax	(92)	(63)	—	(3)	—	—	(92)	(60)
Lease liabilities paid	(27)	(24)	—	(5)	—	—	(27)	(19)
Adjusted free cash flow	**358**	**584**	**—**	**293**	—	**—**	**358**	**292**
Cash flow from separately disclosed items[4]	(24)	(84)	—	—	—	—	(24)	(84)
Free cash flow	**333**	**500**	**—**	**293**	—	**—**	**333**	**208**
Interest cost[5]	(70)	(101)	—	(64)	—	—	(70)	(37)
Other borrowing costs[5]	(5)	(22)	—	—	—	—	(5)	(22)
Settlement of swaps	—	(28)	—	—	—	—	—	(28)
Settlement of Kentucky Supersedeas Bonds	(71)	—	—	—	—	—	(71)	—
Purchase of shares by the EBT	(89)	—	—	—	—	—	(89)	—
Acquisitions	(51)	—	—	—	—	—	(51)	—
Other[6]	(4)	5	—	6	—	—	(4)	(1)
Net increase in cash before equity raise and business combinations	**43**	**356**	**—**	**235**	—	**—**	**43**	**121**
Proceeds from equity raises	—	806	—	—	—	—	—	806
Net amounts repaid on borrowings[7]	—	—	—	—	(13)	(686)	(13)	(686)
Cash acquired in business combinations	18	—	—	—	—	445	18	445
Net increase / (decrease) in cash	**61**	**1,162**	**—**	**235**	**(13)**	**(240)**	**48**	**686**
Net (debt)/cash at start of year[8]	**(2,814)**	**(3,827)**	**(3,328)**	**(3,563)**	**89**	**372**	**603**	**108**
Foreign currency exchange	26	(253)	—	—	(44)	245	(18)	(8)
Change in fair value of hedging derivatives	45	19	—	—	(45)	(19)	—	—
Net debt as at 30 June[8]	**(2,682)**	**(2,899)**	**(3,328)**	**(3,328)**	**(12)**	**357**	**634**	**787**

[1] Adjusted EBITDA includes the following line items in the statutory cash flow: Profit for the period, separately disclosed items, tax expense before separately disclosed items, financial income before separately disclosed items, financial expense before separately disclosed items and depreciation and amortisation before separately disclosed items

[2] 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

[3] 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, loss / (gain) on disposal of assets and investments and foreign currency exchange loss / (gain)

[4] Cash flow from separately disclosed items relates to costs incurred as a result of the Combination with TSG

[5] Interest and other borrowing costs includes interest paid, interest received and fees in respect of borrowing facilities

[6] Other includes proceeds from the issue of shares on exercise of employee options, dividends paid to non-controlling interest, release of cash from restricted cash, lease interest paid and other

[7] Net amounts repaid on borrowings includes repayment of USD and EUR First Lien Term Loan B and old GBP Term Loan facility

[8] Net debt comprises principal outstanding balance of borrowings, accrued interest on those borrowings, cash and cash equivalents and derivatives held for hedging debt instruments

Designated Foreign Issuer Status

In connection with its acquisition of The Stars Group Inc. on 5 May, 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 maintained by the Canadian Securities Administrators.

STATEMENT OF DIRECTORS RESPONSIBILITIES
For the half-year ended 30 June 2021

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("*Transparency Directive*"), and the Transparency Rules of the Central Bank of Ireland.

In preparing the condensed set of financial statements included within the half-yearly financial report, the Directors are required to:

- prepare and present the condensed set of financial information in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland; the Transparency Directive and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of financial information has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

1) the condensed set of consolidated financial statements in the half-yearly financial report of Flutter Entertainment plc for the six months ended 30 June 2021 ("the interim financial information") which comprises the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Other Comprehensive Income, the Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statement of Cash Flows, the Condensed Consolidated Interim Statement of Changes in Equity and related explanatory notes, have been presented and prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the EU, the Transparency Directive and Transparency Rules of the Central Bank of Ireland.

2) the interim financial information presented, as required by the Transparency Directive, includes:

   a) an indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements;

   b) a description of the principal risks and uncertainties for the remaining six months of the financial year;

   c) related parties' transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and

   d) any changes in the related parties' transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

On behalf of the board

Peter Jackson	**Jonathan Hill**
Chief Executive Officer	*Chief Financial Officer*
9 August 2021	

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which are considered to have a material impact on the Group's future performance and strategic objectives are set out on the following pages. The principal risks and uncertainties are consistent with those defined in the Group's Annual Report & Accounts 2020, available at www.flutter.com.

This is not intended to be 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 adverse effect on the performance and strategic objectives of the Group.

Changes to Legal, Regulatory and Licensing landscape

Why we need to manage this	How we manage and mitigate the risk
The risks relating to the constantly changing and complex regulatory environments in which the Group and its brands operate, both in terms of multiple jurisdictions and evolving regulatory landscapes, can make it commercially challenging for the Group to operate, or restrict its ability to grow.	• The Group has dedicated internal and external Legal, Regulatory and Compliance teams covering all regions with responsibility for working with and advising Divisions on any upcoming regulatory changes and working with the business to set appropriate policies, processes and controls to adapt and ensure compliance. • For material changes to regulations and legislations (e.g. the UK Gambling Act Review), dedicated project teams are established to ensure a robust approach to consultation processes. • For material markets, the Group invests significantly in external counsel advice to conduct ongoing monitoring and to guide and support strategic decision-making and planning associated with these markets. • The Group invests continuously in the flexibility and scalability of our technology, which is key for entering or remaining in markets and allows for adaptability as market conditions change. • The Group and its Divisions have dedicated Corporate Affairs teams and hold membership of associations and industry groups working with regulators and governments to influence and drive proportionate, transparent and reasonable regulation in all markets.

Cyber Resilience and Protection of Data

Why we need to manage this	How we manage and mitigate the risk
A resilient IT environment is critical to the protection of customer data and other sensitive assets as well as the provision of critical services during a cyber-attack. With the enlarged Flutter Group this also increases the impact and likelihood of potential cyber-attack vectors and data breaches.	• The Group continues to invest significantly in cyber security resources and technologies and works with a variety of external security specialists to ensure security arrangements and systems are appropriate for our evolving threat landscape and continue to follow leading practice. • Appointment of a Group Chief Information Security Officer to work with Group and Divisional security teams to devise and advance our strategy for cyber security and enhance our control assurance capabilities • The Group has a number of data protection policies, supported by an overarching Flutter data protection policy, in place in order to protect the privacy rights of individuals in accordance with the relevant local data protection and privacy legislation, including GDPR, which are monitored by the Legal and Data Protection teams to ensure business awareness and compliance with relevant laws and best practice. • Annual information security and data protection training is mandatory for employees, as well as conducting regular training and awareness sessions for key parts of the business which handle customer and staff personal information.

Transformation

Why we need to manage this	How we manage and mitigate the risk
The Group continues to progress through transformation across the organisation, Divisions and brands including its structures, business operations, culture and technology which present both opportunities and risks.	• Robust transformation programme ongoing, overseen by a global governance structure, Accountable Executives and dedicated specialists, to progress the relevant transformation work, organisational restructuring and technology projects to meet the needs of the enlarged Group. • The Group has dedicated and experienced internal resources, complemented with external advisors in place to manage projects and programmes associated with transformation, with direct reporting lines to the Group's Executive Committee and Board. • For our large cross Divisional programmes we have a dedicated project governance team and framework which offers direction, harnesses collective capabilities and manages performance. • The Group has robust structures and processes in place to manage and deliver synergy targets as committed to investors as part of the merger. • The Group has put in place dedicated project teams and workstreams to define the new Flutter culture and talent strategy following the merger.

US Strategy

Why we need to manage this	How we manage and mitigate the risk
The successful execution of the growth strategy for the US business across its brands and partnerships is critical. Ensuring the Group continues to allocate resources and capital appropriately is key to remaining competitive and pursuing our US growth opportunities.	• The Group continues to secure and maintain strong commercial relationships with our market access partners and strategic media partners to secure access to new markets and continued growth. • We continue to invest in people, product and brands to acquire further market share and maintain agility, scalability and leading market position. • In addition, the Group also has dedicated external advisers, internal expertise and resources to support with the assessment of the US competitive landscape to take appropriate actions. • We continue to further develop our in-house technology stack, including the adoption of our proprietary global betting platform for the provision of sports betting, to continuously improve our offering and meet evolving stakeholder needs. • Our dedicated US Legal 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.

People

Why we need to manage this	How we manage and mitigate the risk
The attraction and retention of key senior management and Executive level employees during a significant period of transformation and growth across the Group is critical to achieving our strategic objectives.	• Dedicated workstreams have been put in place by the Group CPO function to align processes to identify talent acquisition partners to support internal teams to build a pipeline and attract the best talent for the Group going forward. • Through the Nomination and Remuneration Committee, the Board reviews key positions (namely the Executive Directors and senior management), succession plans and the remuneration and incentives in place across the Group. • The Remuneration Committee also reviews the structure in place for wider workforce with the objective to incentivise and retain talent to support the delivery of the Group's long-term strategy. • The Group launched our new vision, purpose and values, in alignment with Divisional perspectives, and what it means to work at Flutter, supported by playbooks, talkshops and toolkits. Surveys continue to be conducted to listen and learn from employees and understand colleague engagement levels Group wide. • The Group and Divisional CPO functions continue to drive health and well-being initiatives as part of the Group's response to Covid, in addition to a dynamic Future Ways of Working approach which evolves to feedback and circumstances, to ensure our people are supported.

Ongoing Compliance of Legal, Regulatory and Licensing landscape

Why we need to manage this	How we manage and mitigate the risk
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 is critical to the sustainability and reputation of our business.	• 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. • Annual compliance training, including Anti-Bribery and Corruption, Data Protection and Anti-Money Laundering is mandatory for all staff, as well as conducting regular training and awareness sessions for key parts of the business that are potentially at a higher risk of encountering scenarios presenting a heightened compliance risk of to the Group. • We have in place a number of Group-led overarching policies and compliance programmes in order to govern processes across Divisions and thereby ensuring compliance with applicable laws and regulations. • Management provides legal and regulatory updates through established governance forums at both Divisional and Group level Committees such as the Board Audit Committee and the Board Risk Committee on the application of various laws and regulations by the relevant jurisdiction to ensure that they are appropriately understood and managed.

Safer Gambling

Why we need to manage this	How we manage and mitigate the risk
Safer Gambling underpins every element of the Group's 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 to ensure we grow our business sustainably.	• Group Safer Gambling strategy is embedded into our businesses from how we identify and interact with at-risk customers through to how we communicate to a broad group of stakeholders and how we encourage Safer Gambling tool usage. • We leverage and share policies, processes and practices across the newly enlarged Group to enhance the strategic approach to Safer Gambling and demonstrate our serious commitment to ESG. • A leading range of tools are provided on all our brand sites to support customers in managing their spend and play, and the Group and its brands are continually working to improve and enhance our tools and site content to enable us to identify and interact with at-risk customers. • The Group works 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. • The Group continues to invest significantly in improvements for tackling the problem through donations to research, treatment, education initiatives, as well as through driving collaboration across the industry with other operators, charities and regulatory bodies.

Third Parties and Key Suppliers

Why we need to manage this	How we manage and mitigate the risk
Across our Divisions and Group, we place significant reliance upon critical suppliers in technology, 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 are key to the Group's strategic objectives.	• Strategic and critical suppliers are subject to regular business and quality reviews with dedicated resources for ongoing relationship and performance management. • The Group's Procurement function has developed and maintains a Critical Supplier Heatmap and established processes to provide ongoing liaison with key suppliers to respond to challenges posed by Covid and ensure continuity of critical services. • As part of our procurement processes, we employ dedicated resources supplemented by subject matter expertise within risk, compliance, legal and technology, to protect and enhance value, demonstrate our high standards of corporate integrity and reinforce organisational resilience. • Where possible, the Group limits reliance on a single supplier to reduce potential single point of failure.

IT Resilience

Why we need to manage this	How we manage and mitigate the risk
Our business operations and products have a critical dependency on our in-house technology and its ability to recover in timely manner from severe disruption, or from cyber related incidents with minimal impact on our customers.	• The Group continues to invest in our proprietary technology and resources to improve IT resilience, eliminate single points of failure and to drive better performance. • The Group has established a standard scale to aid comparison of the IT Disaster Recovery resilience levels in each Division and to ensure adequate improvement plans are developed and tracked to mitigate any material risks. • We have dedicated resources to develop, enhance and test our Disaster Recovery capability for our key products across all our brands of the Group. • Globally, we have key metrics on critical systems and platforms which are regularly monitored and reported to identify any potential emerging issues on our brands or customer facing technologies. • We have 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.

Tax

Why we need to manage this	How we manage and mitigate the risk
Given the global nature of our business and the changing tax landscape in relation to our industry, we adopt a balanced approach in delivering value through commercially aligned tax planning, efficient structuring of commercial activities and M&A, alongside proactive management of tax risk areas.	• The Group has dedicated internal and external Legal, Compliance and Tax teams for all regions with responsibility for working with and advising Divisions on any upcoming changes and working with the business to set appropriate policies, processes and controls to adapt and ensure compliance. • The Group holds memberships in industry groups working with regulators and governments in relation to influencing and driving proportionate and reasonable regulation and tax regimes. • The Group closely monitors changes in tax regulations in the markets which we operate in allowing the Group to assess, works in collaboration with Tax authorities to adapt and take necessary actions where appropriate, and we also periodically scan for emerging threats and uncertainties on the horizon. • The Group has dedicated qualified tax teams to manage its tax affairs for all regions with responsibility for advising senior leadership teams and business units to set appropriate policies, operating guidelines and controls. • In addition, the Group uses external tax and legal advisors for complex tax matters and to advise on significant uncertainties where necessary.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2021

		For the six months ended 30 June 2021			For the six months ended 30 June 2020		
		Before separately disclosed items	**Separately disclosed items (Note 5)**	**Total**	Before separately disclosed items	Separately disclosed items (Note 5)	Total
Unaudited	Note	**£m**	**£m**	**£m**	£m	£m	£m
Continuing operations							
Revenue	4	**3,052.5**	**—**	**3,052.5**	1,522.4	13.7	1,536.1
Cost of sales		**(1,109.0)**	**(12.9)**	**(1,121.9)**	(495.9)	(2.0)	(497.9)
Gross profit		**1,943.5**	**(12.9)**	**1,930.6**	1,026.5	11.7	1,038.2
Operating costs excluding depreciation and amortisation		**(1,346.5)**	**(21.7)**	**(1,368.2)**	(684.8)	(68.9)	(753.7)
EBITDA[1]		**597.0**	**(34.6)**	**562.4**	341.7	(57.2)	284.5
Depreciation and amortisation		**(125.0)**	**(275.5)**	**(400.5)**	(88.9)	(127.8)	(216.7)
Operating profit		**472.0**	**(310.1)**	**161.9**	252.8	(185.0)	67.8
Financial income	6	**—**	**—**	**—**	0.4	49.2	49.6
Financial expense	6	**(74.2)**	**(10.7)**	**(84.9)**	(34.9)	(58.5)	(93.4)
Profit before tax		**397.8**	**(320.8)**	**77.0**	218.3	(194.3)	24.0
Tax (expense) / credit	7	**(91.4)**	**(71.6)**	**(163.0)**	(29.1)	14.1	(15.0)
Profit / (loss) for the period		**306.4**	**(392.4)**	**(86.0)**	189.2	(180.2)	9.0
Attributable to:							
Equity holders of the Company		**300.9**	**(389.5)**	**(88.6)**	191.3	(172.8)	18.5
Non-controlling interest		**5.5**	**(2.9)**	**2.6**	(2.1)	(7.4)	(9.5)
		306.4	**(392.4)**	**(86.0)**	189.2	(180.2)	9.0
Earnings per share							
Basic	8			**(£0.504)**			£0.181
Diluted	8			**(£0.504)**			£0.179

[1] EBITDA is defined as profit for the period before depreciation, amortisation and impairment, 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.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2021

Unaudited	**Six months ended 30 June 2021 £m**	Six months ended 30 June 2020 £m
(Loss) / profit for the period	**(86.0)**	9.0
Other comprehensive (loss) / income:		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	**(156.0)**	(88.2)
Fair value of cash flow hedges transferred to the income statement	**164.7**	86.5
Foreign exchange (loss) / gain on translation of the net assets of foreign currency denominated entities, net of tax[1]	**(161.8)**	174.7
Debt instruments at FVOCI	**(0.6)**	0.1
Other comprehensive (loss) / income	**(153.7)**	173.1
Total comprehensive (loss) / income for the period	**(239.7)**	182.1
Attributable to:		
Equity holders of the Company	**(242.5)**	181.0
Non-controlling interest	**2.8**	1.1
Total comprehensive (loss) / income for the period	**(239.7)**	182.1

[1] Foreign exchange loss on translation of the net assets of foreign currency denominated entities is presented including an income tax charge of £1.7m which relates to the tax effect on foreign exchange activities with respect to the Group's hedging activities. A corresponding tax credit of £1.7m in relation to the same is recognised in the Condensed Consolidated Income Statement such that there is no overall impact on the Condensed Consolidated Interim Statement of Financial position.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	**30 June 2021 Unaudited £m**	31 December 2020 Audited £m
Assets			
Property, plant and equipment		**380.1**	361.9
Intangible assets		**5,135.8**	5,527.8
Goodwill	9	**9,354.9**	9,516.7
Deferred tax assets		**2.1**	7.4
Non-current tax receivable		**27.6**	15.3
Investments	11	**3.7**	3.0
Derivative financial assets	16	**27.5**	16.9
Financial assets - restricted cash		**7.9**	6.9
Other receivables	11	**59.3**	75.2
Total non-current assets		**14,998.9**	15,531.1
Trade and other receivables	11	**189.8**	139.5
Derivative financial assets	16	**20.0**	—
Financial assets - restricted cash		**554.3**	587.9
Cash and cash equivalents		**623.1**	603.4
Current investments at FVOCI - customer deposits		**78.8**	82.8
Current tax receivable		**46.6**	47.5
Assets held for sale	12	**124.1**	—
Total current assets		**1,636.7**	1,461.1
Total assets		**16,635.6**	16,992.2
Equity			
Issued share capital and share premium		**2,489.7**	2,481.7
Merger Reserve		**7,982.9**	7,982.9
Treasury shares		**(40.7)**	(40.7)
Shares held by employee benefit trust		**(94.8)**	(5.8)
Cash flow hedge reserve		**(1.6)**	(10.3)
Other reserves		**9.9**	152.3
Retained earnings		**333.9**	405.0
Total equity attributable to equity holders of the parent		**10,679.3**	10,965.1
Non-controlling interest		**44.7**	30.8
Total equity		**10,724.0**	10,995.9
Liabilities			
Trade and other payables	13	**1,039.4**	1,033.0
Customer balances		**602.4**	643.4
Derivative financial liabilities	16	**148.2**	150.9
Provisions	14	**27.9**	14.3
Current tax payable		**45.5**	41.0
Lease liability		**50.1**	48.3
Borrowings	15	**49.8**	50.8
Total current liabilities		**1,963.3**	1,981.7
Trade and other payables	13	**2.8**	14.6
Derivative financial liabilities	16	**99.2**	102.3
Provisions	14	**72.5**	145.0
Deferred tax liabilities		**566.5**	500.9
Non-current tax payable		**15.1**	18.0
Lease liability		**159.6**	145.7
Borrowings	15	**3,032.6**	3,088.1
Total non-current liabilities		**3,948.3**	4,014.6
Total liabilities		**5,911.6**	5,996.3
Total equity and liabilities		**16,635.6**	16,992.2

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

Unaudited		**Six months 30 June 2021 £m**	Six months 30 June 2020 £m
Cash flows from operating activities			
(Loss) / profit for the period		**(86.0)**	9.0
Separately disclosed items	5	**392.4**	180.2
Tax expense before separately disclosed items		**91.4**	29.1
Financial income before separately disclosed items		**—**	(0.4)
Financial expense before separately disclosed items		**74.2**	34.9
Depreciation and amortisation before separately disclosed items		**125.0**	88.9
Employee equity-settled share-based payments expense before separately disclosed items		**35.5**	18.0
Foreign currency exchange (gain) / loss		**(11.8)**	15.4
Gain on disposal of property, plant and equipment and intangible assets		**—**	(0.2)
Cash from operations before changes in working capital		**620.7**	374.9
(Increase) / decrease in trade and other receivables		**(36.5)**	5.8
Increase in trade, other payables and provisions		**30.3**	74.6
Cash generated from operations		**614.5**	455.3
Taxes paid		**(92.0)**	(60.0)
Cash generated from operations, net of taxes paid		**522.5**	395.3
Combination fees, restructuring and integration costs paid	5	**(24.5)**	(83.9)
Amounts paid in respect of Kentucky Supersedeas Bonds	14	**(71.1)**	—
Net cash from operating activities		**426.9**	311.4
Cash Flows from investing activities:			
Purchase of property, plant and equipment		**(33.4)**	(21.8)
Purchase of intangible assets		**(23.9)**	(21.5)
Capitalised internal development expenditure		**(66.4)**	(37.1)
Purchase of business	10	**(51.5)**	—
Cash acquired on business combinations	10	**17.8**	445.2
Payment of contingent deferred consideration	10	**(19.0)**	(4.6)
Change in restricted cash		**(2.1)**	—
Other		**(0.5)**	0.6
Net cash (used in) / from investing activities		**(179.0)**	360.8
Cash flows from financing activities:			
Proceeds from the issuance of new shares in respect of equity placement (net of issuance costs)	17	**—**	806.3
Proceeds from the issue of shares on exercise of employee options		**8.0**	8.9
Dividend paid to non-controlling interest	17	**(5.1)**	(7.0)
Payment of lease liabilities		**(26.8)**	(18.9)
Payment of lease interest		**(3.9)**	(2.8)
Lease incentive received		**4.8**	—
Proceeds from GBP First Lien Term Loan A and previous GBP Term Loan	15	**—**	950.0
Net amounts drawn down previous GBP Revolving Credit facility		**—**	(117.2)
Repayment of USD & EUR First Lien Term Loan B and old GBP Term Loan	15	**(12.9)**	(1,513.5)
Amounts repaid on overdraft facility		**—**	(5.0)
Interest paid		**(70.0)**	(37.5)
Settlement of derivatives		**—**	(27.6)
Financing fees paid in respect of borrowing facilities		**(4.6)**	(21.5)
Ordinary shares of the Company acquired by the Employee Benefit Trust	17	**(89.0)**	—
Net cash from (used in) / from financing activities		**(199.5)**	14.2
Net increase in cash and cash equivalents		**48.4**	686.4
Cash and cash equivalents at start of period		**603.4**	108.1
Foreign currency exchange loss on cash and cash equivalents		**(18.1)**	(8.0)
Cash and cash equivalents at end of period		**633.7**	786.5
Presented on the Statement of Financial Position within:			
Cash and Cash equivalents		**623.1**	786.5
Assets held for sale	12	**10.6**	—
		633.7	786.5

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2021

Unaudited	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 £m	Foreign exchange translation reserve £m	Other reserves £m	Share-based payment reserve £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**
Total comprehensive income / (loss) for the year														
(Loss) / profit for the period	—	—	—	—	—	—	—	—	—	—	**(88.6)**	**(88.6)**	**2.6**	**(86.0)**
Foreign exchange translation	—	—	—	—	—	—	—	**(160.3)**	—	—	—	**(160.3)**	**0.2**	**(160.1)**
Tax charge on foreign exchange hedging	—	—	—	—	—	—	—	**(1.7)**	—	—	—	**(1.7)**	—	**(1.7)**
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	**(156.0)**	—	—	—	—	—	**(156.0)**	—	**(156.0)**
Fair value of cash flow hedges transferred to the income statement	—	—	—	—	—	**164.7**	—	—	—	—	—	**164.7**	—	**164.7**
Debt instruments at FVOCI	—	—	—	—	—	—	**(0.6)**	—	—	—	—	**(0.6)**	—	**(0.6)**
Total comprehensive income / (loss) for the period	—	—	—	—	—	**8.7**	**(0.6)**	**(162.0)**	—	—	**(88.6)**	**(242.5)**	**2.8**	**(239.7)**
Transactions with owners of the Company, recognised directly in equity														
Shares issued on exercise of employee share options (Note 17)	**0.3**	**8.0**	—	—	—	—	—	—	—	—	—	**8.0**	—	**8.0**
Business combinations (Note 10)	—	—	—	—	—	—	—	—	—	—	—	—	**16.2**	**16.2**
Ordinary shares of the Company acquired by the Employee Benefit Trust (Note 17)	—	—	—	—	**(89.0)**	—	—	—	—	—	—	**(89.0)**	—	**(89.0)**
Equity-settled transactions – expense recorded in the income statement	—	—	—	—	—	—	—	—	—	**36.6**	—	**36.6**	—	**36.6**
Tax on share-based payments	—	—	—	—	—	—	—	—	—	—	**1.1**	**1.1**	—	**1.1**
Transfer to retained earnings on exercise of share options and vesting of share awards	—	—	—	—	—	—	—	—	—	**(16.4)**	**16.4**	—	—	—
Dividend paid to non-controlling interest (Note 17)	—	—	—	—	—	—	—	—	—	—	—	—	**(5.1)**	**(5.1)**
Total contributions by and distributions to owners of the Company	**0.3**	**8.0**	—	—	**(89.0)**	—	—	—	—	**20.2**	**17.5**	**(43.3)**	**11.1**	**(32.2)**
Balance at 30 June 2021	**177.3**	**2,489.7**	**7,982.9**	**(40.7)**	**(94.8)**	**(1.6)**	**(1.0)**	**(112.4)**	**2.3**	**121.0**	**333.9**	**10,679.3**	**44.7**	**10,724.0**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2020

Unaudited	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 £m	Foreign exchange translation reserve £m	Other reserves £m	Share-based payment reserve £m	Retained earnings £m	Total equity attributable to shareholders of the Company £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2020	80.3	428.3	—	(40.7)	(6.1)	2.3	—	(21.5)	2.3	80.6	3,539.5	3,984.7	204.9	4,189.6
Total comprehensive income / (loss) for the year														
(Loss) / profit for the period	—	—	—	—	—	—	—	—	—	—	18.5	18.5	(9.5)	9.0
Foreign exchange translation	—	—	—	—	—	—	—	157.9	—	—	—	157.9	10.6	168.5
Tax credit on foreign exchange hedging	—	—	—	—	—	—	—	6.2	—	—	—	6.2	—	6.2
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	(88.2)	—	—	—	—	—	(88.2)	—	(88.2)
Fair value of cash flow hedges transferred to the income statement	—	—	—	—	—	86.5	—	—	—	—	—	86.5	—	86.5
Debt instruments at FVOCI	—	—	—	—	—	—	0.1	—	—	—	—	0.1	—	0.1
Total comprehensive income / (loss) for the period	—	—	—	—	—	(1.7)	0.1	164.1	—	—	18.5	181.0	1.1	182.1
Transactions with owners of the Company, recognised directly in equity														
Shares issued on equity placement (net of issuance costs) (Note 17)	8.0	812.6	—	—	—	—	—	—	—	—	(6.3)	806.3	—	806.3
Shares issued on exercise of employee share options (Note 17)	0.8	8.9	—	—	—	—	—	—	—	—	—	8.9	—	8.9
Shares issued as consideration for the acquisition of TSG (Note 10)	65.3	5.1	6,189.5	—	—	—	—	—	—	—	—	6,194.6	—	6,194.6
Issue of replacement options (Note 10)	—	—	—	—	—	—	—	—	—	58.8	—	58.8	—	58.8
Shares issued as consideration for acquisition of TSG Australia (Note 10)	0.8	79.7	—	—	—	—	—	—	—	—	—	79.7	—	79.7
Equity-settled transactions – expense recorded in income statement	—	—	—	—	—	—	—	—	—	27.6	—	27.6	—	27.6
Equity-settled transactions – vestings	—	—	—	—	0.3	—	—	—	—	(0.2)	(0.1)	—	—	—
Tax on share-based payments	—	—	—	—	—	—	—	—	—	—	3.7	3.7	—	3.7
Transfer to retained earnings on exercise of share options and vesting of share awards	—	—	—	—	—	—	—	—	—	(69.4)	69.4	—	—	—
Dividend paid to non-controlling interest (Note 17)	—	—	—	—	—	—	—	—	—	—	—	—	(7.0)	(7.0)
Dividends to shareholders	1.3	0.1	—	—	—	—	—	—	—	—	(0.1)	—	—	—
Total contributions by and distributions to owners of the Company	76.2	906.4	6,189.5	—	0.3	—	—	—	—	16.8	66.6	7,179.6	(7.0)	7,172.6
Balance at 30 June 2020	156.5	1,334.7	6,189.5	(40.7)	(5.8)	0.6	0.1	142.6	2.3	97.4	3,624.6	11,345.3	199.0	11,544.3

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Flutter Entertainment plc (the "Company") is a company incorporated in the Republic of Ireland. The Condensed Consolidated Interim Financial Statements of the Company for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). These Condensed Consolidated Interim Financial Statements are unaudited but have been reviewed by KPMG, the Group's auditor, whose report is set out on the last page of this document.

The financial information presented herein does not comprise full statutory financial statements and therefore does not include all of the information required for full annual financial statements. Full statutory financial statements for the year ended 31 December 2020, prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU together with an unqualified audit report thereon under Section 391 of the Irish Companies Act 2014, will be annexed to the annual return and filed with the Registrar of Companies in Ireland.

During the six months period ended 30 June 2020, the Company completed an all share Combination with The Stars Group Inc. (the "Combination") – see Note 10 for further information on the Combination. The results of The Stars Group Inc. ('TSG') prior to completion of the Combination are not included in these condensed consolidated interim financial statements.

These Condensed Consolidated Interim Financial Statements were approved for issue by the Board of Directors of Flutter Entertainment plc on 9 August 2021.

2. Basis of preparation and accounting policies

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting' as adopted by the EU.

The Condensed Consolidated Interim 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 FVOCI, contingent deferred consideration and share-based payments, all of which are stated at fair value (grant date fair value in the case of equity-settled share-based payments). The Condensed Consolidated Interim Financial Statements are presented in pounds sterling and are rounded to the nearest £0.1 million.

Going concern

The Group reported a loss after tax for the six months ended 30 June 2021 of £86m. This includes £276m of non-cash amortisation of acquisition related intangible assets charged against profit in the period. The net cash generated from operating activities during the six month period ended 30 June 2021 was £427m. The balance sheet at 30 June 2021 reported a net current liability position of £327m.

The Directors have considered the available financial resources which include, at 30 June 2021, £634m of cash and cash equivalents and a £450m Revolving Credit Facility with undrawn capacity of £435m. Also, as announced on 19 July 2021, the Group raised $500m of incremental debt as part of a debt refinancing, of which c.£250m is incremental liquidity. Whilst there are certain loan repayments due within the next 12 months, of £50m, the Group's lending facilities primarily fall due in 2025 as set out in more detail in Note 15. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. See 'Principal risks and uncertainties' in this report for more detail.

The Group's forecasts to the period ending 31 December 2022 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 15 for at least a period of 12 months from the date of these interim financial statements. Various downside scenarios over and above those already included in the base case model on the potential impact of further reductions to cashflows due to ongoing litigation in the State of Kentucky (see Note 14), and enhanced regulation have also been considered in respect of these forecasts. In the event that it was 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 condensed consolidated financial statements, and therefore they continue to adopt the going concern basis in its consolidated financial statements.

2. Basis of preparation and accounting policies (continued)

New accounting policies

The financial information contained in these Condensed Consolidated Interim Financial Statements has been prepared in accordance with the accounting policies set out in the Group's last annual financial statements in respect of the year ended 31 December 2020, except as set out below.

Operating segment reporting

Operating segments are distinguishable components of the Group that have been established based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker (the Board of Directors, "CODM") in order to assess each segment's performance and to allocate resources to them. 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. In 2021, as a result of internal restructuring and integration initiatives, the Group has determined its reportable segments to be UK&I, Australia, International and US. These reportable segments reflect the way financial information is reviewed by the Group's CODM.

The previous reportable segments, as disclosed in the Group's 2020 Annual report, of PPB, PokerStars and Sky Betting and Gaming have been realigned to follow the Group's integrated operational model and internal structure. The Group has restated the operating segment information for the six months ended 30 June 2020 accordingly.

For further information on operating segments see Note 4.

Interest rate benchmark reform (IBOR Reform) - Phase two

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase two amendments) were issued in August 2020 and were initially adopted by the Group effective 1 January 2021.

The Group applied the Phase 2 amendments prospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Group has elected not to restate the prior period to reflect the application of these amendments, including not providing additional disclosures for 2020. There is no impact on opening equity balances as a result of retrospective application.

In March 2021, the Financial Conduct Authority (FCA) announced the timing of LIBOR cessation, with the publication of all non-USD LIBOR rates ceasing on December 31, 2021. One and three month USD LIBOR will continue to be published through June 30, 2023. There are currently no stated plans in respect of the cessation of EURIBOR. The Group has commenced its process to amend contractual terms or implement appropriate fallback provisions in response to IBOR reform and these arrangements will be completed in the second half of 2021.

3. Judgements and estimates

The preparation of interim 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 period in which the estimates are revised and in any future periods affected.

Judgements

In preparing these Condensed Consolidated Interim 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 2020 and are detailed below:

3. Judgements and estimates (continued)

Kentucky proceedings
In 2010, prior to the combination with The Stars Group ("TSG"), the Commonwealth of Kentucky filed legal proceedings against various operators including certain companies that later became subsidiaries of TSG. The suit sought recovery of alleged losses incurred by Kentucky residents playing real-money poker on the PokerStars platform during a period between 2006 and 2011. The gross gaming revenues that TSG generated in Kentucky on the PokerStars platform during the relevant period were approximately US$18m. In 2015, a Kentucky trial court judge entered judgement against two TSG Isle of Man subsidiaries, Stars Interactive Holdings (IOM) Ltd. ("SIHL") and Rational Entertainment Enterprises Ltd. ("REEL") and awarded damages to the Commonwealth of Kentucky of approximately US$870m plus post judgement interest.

In February 2016, in order to stay enforcement of the judgement while the matter was appealed, SIHL and REEL posted supersedeas bonds to the value of US$100m, on which the stay was conditioned. In 2018, the ruling against SIHL and REEL was vacated in its entirety by the Kentucky Court of Appeals.

Following an appeal by the Commonwealth of Kentucky, on 17 December 2020, the Kentucky Supreme Court reinstated the full 2015 award of damages, including post judgement interest, against SIHL and REEL.

As at 31 December 2020, the Group recognised a provision of US$100m (£73.3m) as part of the TSG combination fair value acquisition accounting in respect of this litigation, which reflected the value of the supersedeas bond in place since February 2016. No liability was previously recognised by either TSG or Flutter prior to this judgement.

A rehearing petition was filed before the Kentucky Supreme Court on 6 January 2021 and was subsequently denied on 25 March 2021. In May 2021, following an April 2021 order by the Kentucky trial court, the $100m (£71.1m) bonds were paid to the Commonwealth of Kentucky, in line with the provision outstanding at 31 December 2020. The Commonwealth of Kentucky has commenced other action to seek to enforce the judgement.

The Group is currently in the process of preparing a Petition for Writ of Certiorari to be filed with the US Supreme Court, seeking review of the judgement based on US Constitutional grounds, including that the judgement violates due process and the prohibition on excessive fines.

Based on the restrictions on the Commonwealth of Kentucky's ability to enforce the judgement and any further pay-outs being less than probable at 30 June 2021, the Group did not recognise any additional provision with respect to this litigation as at 30 June 2021. This assessment relies on estimates and assumptions and involves a series of judgements about future events which will be reassessed in future periods if events or circumstances change.

Contingent liabilities
The Group reviews its legal proceedings following developments in the same at each balance sheet date, considering, among other things: the nature of the litigation, claim or assessment; the legal processes and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought; the progress of the case (including progress after the date of the consolidated financial statements but before those statements are issued); the opinions or views of legal counsel and other advisors; experience of similar cases; and any decision of the Group's Management as to how it will respond to the litigation, claim or assessment. The Group assesses the probability of an outflow of resources to settle the alleged obligation as well as if the outflow can be reliably measured. If these conditions are not met, no provision will be recorded, and the relevant facts will be disclosed as a contingent liability. See Note 19 - Commitments and Contingencies for further detail.

FOX Corporation
As part of the Combination with TSG, the Group acquired certain commercial agreements in place between TSG and FOX Corporation ("FOX") in relation to TSG's US business.
On 8 May 2019, TSG and FOX announced plans to launch FOX Bet, the first-of-its kind national media and sports wagering partnership in the United States and as such, entered into a commercial agreement of up to 25 years. As part of the agreement, FOX receive certain brand license, integration and affiliate fees. In addition, TSG agreed to a minimum annual advertising commitment on certain FOX media assets during the term of the commercial agreement. Prior to the tenth anniversary of the commercial agreement, and subject to certain conditions and applicable gaming regulatory approvals, FOX has the right to acquire up to a 50% equity stake in TSG's US business, which excludes FanDuel. In accordance with IFRS 2 *Share-based payments* based on the judgement of Management, this right granted to FOX is considered a contingently cash-settled share-based payment because FOX, subject to receiving regulatory approvals and meeting certain other conditions, has discretion to exercise the right. During the six months ended 30 June 2021, the Group recorded £4.7m to sales and marketing expense in relation to the commercial agreement and at 30 June 2021 the total fair value liability due was £5.0m.

3. Judgements and estimates (continued)

Management has made certain judgements in the recognition and measurement of liabilities in relation to this commercial agreement and associated right of FOX 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 contingent cash-settled share-based payment, will be recorded at fair value at each reporting period.

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 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 for the same price that the Group paid for the acquisition of 37.2% of FanDuel from Fastball Holdings LLC in December 2020, representing 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. An arbitrator has been appointed and the Group intends to vigorously defend its position. A ruling in the arbitration is not expected before 2022.

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 period. The following discussion sets forth key sources of estimation uncertainty at the end of the reporting period 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.

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.

The impact of COVID-19 on the performance of the Group and its individual business units for the six months ended 30 June 2021 is set out in the business review section of the interim results.

The retail cash generating units (CGUs) in the period were impacted by the temporary suspension of the activities of its shops, depending on local restrictions and social distancing rules. Based on the significant headroom that existed in the 31 December 2020 impairment test, the strong performance of the shops for the period up to the date of suspension of activities, customer activity levels since the shops have reopened as well as opportunities to make further market share gains as competitors reduce the size of their respective estates, the Group is satisfied that no impairment indicators have arisen during the period to 30 June 2021.

Valuation of tax provisions and liabilities and associated receivables

Taxation within the Group includes both Income Taxes and Gaming Taxes. Judgement and estimation are required to interpret international tax laws and the way these taxes interact within each jurisdiction, to identify and value provisions in relation to gaming and income taxes as applicable. The liabilities for uncertain tax positions reflected within current tax payable and provisions in the Consolidated Statement of Financial Position are comprised of a number of individually immaterial uncertain tax positions relating to the risks assessed in various jurisdictions by Management. 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.

New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the income tax or gaming tax expense 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 accrual for all tax liabilities at 30 June 2021 is adequate and the tax receivables are recoverable for all uncertain tax positions based on its assessment of the range of factors outlined above. Further information in relation to the judgement relating to disputed legacy German tax assessments is outlined in Note 11.

3. Judgements and estimates (continued)

Valuation of Embedded Derivative on Senior Notes
The Senior Notes (see Note 15) include certain embedded features allowing the Group to redeem the Senior Notes or allowing the holders to require a redemption of the Senior Notes. These features were bifurcated from the carrying value of the Senior Notes. Management used estimates, including an implied credit spread of 2.4% as at 30 June 2021 (31 December 2020 – 2.77%), in determining the fair value of the Embedded Derivative. The implied credit spread represents Management's estimate of the Group's creditworthiness as implied by the market value of the Senior Notes. During the six month period ended 30 June 2021, no gain or loss was recorded through financial income in relation to the re-measurement of this Embedded Derivative (six months ended 30 June 2020 a gain of £29.9m). The Senior Notes were subsequently repaid as part of the refinancing transaction on 21 July 2021 (see note 21).

4. Operating segments

Reportable business segment information
As a result of internal restructuring and integration initiatives, in 2021 the Group transitioned from the five segment operating model reported in 2020, into a four segment operating model. In 2021, the Group's four reportable segments are:

- UK & Ireland;
- Australia;
- International; and
- US

The reportable segments reflect the Group's current operating model, following internal restructuring and integration initiatives undertaken by the Group following the Combination with TSG, and the way financial information is reviewed by the Group's Chief Operating Decision Maker (the Board of Directors, "CODM"). The Group has restated the operating segment information for the six months ended 30 June 2020 to conform with the current year presentation.

UK and Ireland:
The UK and Ireland ("UK&I") segment is comprised of the operations of Sky Betting and Gaming, and Paddy Power and Betfair's operations in the UK and Ireland. Revenues are earned from sports betting (sportsbook and the exchange sports betting product) and gaming services (games, casino, bingo and poker), as well as from Oddschecker (odds comparison website). Services are provided primarily via the internet but also through licenced bookmaking shop estates. In July 2021, the Group announced the pending sale of Oddschecker. For further details, see Note 12 and Note 21.

Australia
The Australia segment is comprised of the operations of the Sportsbet brand and in 2020 included the former BetEasy brand which was integrated into Sportsbet in the second half of 2020, and earns its revenues from sports betting services provided to Australian customers using primarily the internet, with a small proportion using the public telephone system.

International
The International segment is comprised of PokerStars Casino, PokerStars Sports, Betfair International, Adjarabet and Junglee games. The International segment earns most of its revenues from poker, casino and sports betting through various brands and mainly via the internet.

US
The US segment is comprised of the FanDuel, TVG, FOX Bet, Stardust and PokerStars brands operations in the U.S and earns its revenues from sports betting, daily fantasy sports and gaming services provided to US customers, using primarily the internet, with a proportion of US sports betting services also provided through a small number of retail outlets.

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 2020.

4. Operating segments (continued)

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-19 pandemic that caused some postponement and cancellation of sporting events across the world has skewed results for the period and the comparative period. Gaming and other revenue is not as dependent on the sporting calendar.

Reportable business segment information for the six months ended 30 June 2021:

	UK&I	Australia	International	US	Corporate	Total
	£m	£m	£m	£m	£m	£m
Revenue from external customers	1,135.2	585.4	679.9	652.0	—	3,052.5
Cost of sales	(341.8)	(275.2)	(199.3)	(292.7)	—	(1,109.0)
Gross profit	793.4	310.2	480.6	359.3	—	1,943.5
Operating costs excluding depreciation and amortisation	(434.3)	(109.3)	(301.9)	(445.8)	(55.2)	(1,346.5)
Adjusted EBITDA[1]	359.1	200.9	178.7	(86.5)	(55.2)	597.0
Depreciation and amortisation	(62.6)	(13.1)	(25.1)	(21.9)	(2.3)	(125.0)
Reportable segment profit / (loss) before separately disclosed items	296.5	187.8	153.6	(108.4)	(57.5)	472.0
Greece tax expense	—	—	(12.9)	—	—	(12.9)
Amortisation of acquisition related intangible assets (Note 5)	(112.8)	(10.6)	(138.8)	(13.3)	—	(275.5)
Reportable segment profit / (loss) after amortisation of acquisition related intangibles	183.7	177.2	1.9	(121.7)	(57.5)	183.6
Restructuring and Integration costs[2]						(21.7)
Operating profit						161.9

4. Operating segments (continued)

Reportable business segment information for the six months ended 30 June 2020[3]:

Restated	UK&I £m	Australia £m	International £m	US £m	Corporate £m	Total £m
Revenue from external customers before VAT refund	585.3	348.0	333.3	255.8	—	1,522.4
Cost of sales	(163.1)	(148.2)	(85.4)	(99.2)	—	(495.9)
Gross profit	422.2	199.8	247.9	156.6	—	1,026.5
Operating costs excluding depreciation and amortisation	(289.5)	(90.0)	(115.1)	(154.3)	(35.9)	(684.8)
Adjusted EBITDA[1]	132.7	109.8	132.8	2.3	(35.9)	341.7
Depreciation and amortisation	(49.7)	(12.3)	(8.6)	(16.1)	(2.2)	(88.9)
Reportable segment profit / (loss) before separately disclosed items	83.0	97.5	124.2	(13.8)	(38.1)	252.8
Amortisation of acquisition related intangible assets (Note 5)	(51.3)	(4.4)	(56.4)	(15.7)	—	(127.8)
VAT refund (Note 5)	10.3	—	—	—	—	10.3
Reportable segment profit / (loss) after amortisation of acquisition related intangibles and VAT refund	42.0	93.1	67.8	(29.5)	(38.1)	135.3
Combination fees and associated costs[2]						(26.3)
Restructuring and Integration costs[2]						(41.2)
Operating profit						67.8

[1] Adjusted EBITDA which is a non-GAAP measure in the above segment note is defined as profit for the period before separately disclosed items, depreciation, amortisation and impairment, 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 acquisition fees and restructuring and integration costs to reportable segments.

[3] Reportable segment split was restated to conform with current year presentation

Reconciliation of reportable segments to Group totals:

	Six months ended 30 June 2021 £	Six months ended 30 June 2020 £
Revenue		
Total revenue from reportable segments, being total Group revenue before VAT refund	**3,052.5**	1,522.4
VAT refund	**—**	13.7
Total revenue from reportable segments, being total Group	**3,052.5**	1,536.1
Profit and loss		
Operating profit	**161.9**	67.8
Unallocated amounts:		
Financial income	**—**	49.6
Financial expense	**(84.9)**	(93.4)
Profit before tax	**77.0**	24.0

4. Operating segments (continued)

Disaggregation of revenue under IFRS 15:
Group revenue disaggregated by product line for the six months ended 30 June 2021:

	UK&I	**Australia**	**International**	**US**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Sports revenue[1]	**737.9**	**585.4**	**118.1**	**452.5**	**1,893.9**
Gaming revenue	**397.3**	**—**	**561.8**	**199.5**	**1,158.6**
Total Group revenue	**1,135.2**	**585.4**	**679.9**	**652.0**	**3,052.5**

Group revenue after the VAT refund (Note 5) disaggregated by product line for the six months ended 30 June 2020[3]:

	UK&I	Australia	International	US	Total
	£m	£m	£m	£m	£m
Sports revenue[1]	357.0	348.0	55.9	163.3	924.2
Gaming revenue[2]	242.0	—	277.4	92.5	611.9
Total Group revenue	599.0	348.0	333.3	255.8	1,536.1

[1] Sports revenue comprises sportsbook, exchange sports betting, daily fantasy sports and pari-mutuel betting.
[2] Gaming revenue includes Games, Poker, Casino and Bingo and in UK&I includes the VAT refund (see Note 5).
[3] Reportable segment split was restated to conform with current year presentation.

Geographical information:
Group revenue disaggregated by geographical market for the six months ended 30 June 2021:

	UK&I	**Australia**	**International**	**US**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
UK	**1,037.2**	**—**	**42.3**	**—**	**1,079.5**
Ireland	**90.9**	**—**	**3.9**	**—**	**94.8**
Australia	**—**	**585.4**	**—**	**—**	**585.4**
US	**—**	**—**	**—**	**652.0**	**652.0**
Rest of World[1]	**7.1**	**—**	**633.7**	**—**	**640.8**
Total Group revenue	**1,135.2**	**585.4**	**679.9**	**652.0**	**3,052.5**

[1] The Rest of World category includes multiple countries, primarily in Europe, that individually represent 4% or less of total Group revenue.

Group revenue after the VAT refund (Note 5) disaggregated by geographical market for the six months ended 30 June 2020[2]:

	UK&I	Australia	International	US	Total
	£m	£m	£m	£m	£m
UK	519.3	—	28.8	—	548.1
Ireland	79.2	—	2.7	—	81.9
Australia	—	348.0	—	—	348.0
US	—	—	—	255.8	255.8
Rest of World[1]	0.5	—	301.8	—	302.3
Total Group revenue	599.0	348.0	333.3	255.8	1,536.1

[1] The Rest of World category includes multiple countries, primarily in Europe, that individually represent 3% or less of total Group revenue.
[2] Reportable segment split was restated to conform with current year presentation.

Revenues are attributable to geographical location on the basis of the customers location.

5. Separately disclosed items

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Amortisation of acquisition related intangible assets	**(275.5)**	(127.8)
Combination fees and associated costs	**—**	(26.3)
Restructuring and integration costs	**(21.7)**	(41.2)
Greece tax expense	**(12.9)**	—
VAT refund	**—**	10.3
Operating profit impact of separately disclosed items	**(310.1)**	(185.0)
Financial income	**—**	49.2
Financial expense	**(10.7)**	(58.5)
Profit before tax impact of separately disclosed items	**(320.8)**	(194.3)
Tax (charge) / credit on separately disclosed items	**(71.6)**	14.1
Total separately disclosed items	**(392.4)**	(180.2)

Attributable to:		
Equity holders of the Company	**(389.5)**	(172.8)
Non-controlling interest	**(2.9)**	(7.4)
Total separately disclosed items	**(392.4)**	(180.2)

Amortisation of acquisition related intangible assets
Non-cash amortisation of £275.5m has been incurred in the period (six months ended 30 June 2020: £127.8m) 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 and the acquisition of Junglee in 2021.

Combination fees and associated costs
During the six months ended 30 June 2020, £26.3m of costs were incurred directly as a result of the Combination with TSG. The costs were included as separately disclosed items due to their non-recurring, incremental nature. No such costs were incurred in the six months ended 30 June 2021.

Restructuring and integration costs
During the six months ended 30 June 2021 costs of £21.7m (six months ended 30 June 2020: £41.2m) relating to incremental, one-off costs, were incurred by the Group as a result of significant restructuring and integration initiatives following the Combination with TSG.

Greece tax expense
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 their 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 intends to further appeal 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 has decided to recognise the amount of the Greek assessment, of €15.0m (£12.9m) as an expense in profit or loss during the six months ended 30 June 2021. The Group considers this cost as a one-off cost and not as part of ongoing operations in the current year.

5. Separately disclosed items (continued)

VAT refund

In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. Accordingly in the six month period ended 30 June 2020, it recognised income to the extent that the Group considered it is virtually certain it would receive the refund, net of the best estimate of associated third party costs expected to be incurred as a result of the refund.

The refund of VAT due from HMRC of £13.7m has been booked as revenue with associated third-party costs of £2.0m and £1.4m recorded in the six month period ended 30 June 2020 in cost of sales and operating expenses respectively.

Financial income

In the six month period ended 30 June 2020, a gain on remeasurement of embedded derivatives of £36.9m and FX gains on financial instruments associated with financing activities of £12.3m were recognised. These gains were included as separately disclosed items due to their volatile nature. No such gains were recorded during the six months ended 30 June 2021. See also Note 6.

Financial expense

During the six months ended 30 June 2021, FX losses on financial instruments associated with financing activities of £10.7m were incurred.

In the six month period ended 30 June 2020, a loss on remeasurement of the HRTV contingent consideration of £9.5m, FX losses on the forward contract of £11.2m, a loss of £32.8m relating to accelerated debt repayments and £5.0m relating to the expensing of one-off financing related fees not eligible for capitalisation were incurred. These losses were included as separately disclosed items due to their volatility and/or non-recurring nature. See also Note 6.

Combination fees and associated costs and restructuring and integration costs are included in the Condensed Consolidated Interim Income Statement within operating costs excluding depreciation, amortisation and impairment. Amortisation of acquisition related intangible assets is included within depreciation and amortisation.

Tax (charge) / credit on separately disclosed items

This charge has arisen due to an increase of £104.6m 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 as outlined in more detail in note 7. This tax charge has been partially offset by the tax credit impact of the various other separately disclosed items primarily deferred tax in respect of the amortisation of acquisition related intangibles.

6. Financial income and expense

Recognised in profit or loss for the period:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Financial income:		
Gain on remeasurement of embedded derivatives (see Note 5 and Note 16)	—	36.9
Foreign exchange gain on financing instruments associated with financing activities (Note 5)	—	12.3
Movement in fair value of investment	—	0.1
On financial assets at amortised cost		
Interest income	—	0.3
Total	—	49.6
Financial expense:		
Change in fair value of contingent consideration (see Note 5)	—	9.5
Foreign exchange loss on forward contract associated with financing activities (see Note 5)	—	11.2
Foreign exchange loss on financing instruments associated with financing activities (Note 5)	**10.7**	—
Accelerated accretion on debt repayments (See Note 5)	—	32.8
On financial liabilities at amortised cost		
Interest on borrowings, bank guarantees and bank facilities	**62.4**	28.4
Other interest	**11.8**	11.5
Total	**84.9**	93.4

Recognised in other comprehensive income / (loss):

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Recognised in other comprehensive income / (loss):		
Effective portion of changes in fair value of cash flow hedges	**(156.0)**	(88.2)
Fair value of cash flow hedges transferred to income statement	**164.7**	86.5
Net change in fair value of cash flow hedge reserve	**8.7**	(1.7)
Debt instruments at FVOCI	**(0.6)**	0.1
Foreign exchange (loss) / gain on translation of the net assets of foreign currency denominated entities	**(161.8)**	174.7
Total	**(153.7)**	173.1

A charge of £3.4m was recorded in the income statement in respect of ineffective cash flow hedges in the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

7. Tax expense

Tax is accrued for the interim reporting period using Management's best estimate of the weighted average tax rate that is expected to be applicable to estimated total annual earnings which may be adjusted for any significant non-recurring events. This expected annual effective tax rate is applied to the taxable income of the interim period.

The Group's adjusted effective tax rate before separately disclosed items for the period was 22.9% (six months ended 30 June 2020: 13.3%), which compares to the standard Irish tax rate of 12.5%. A tax expense on separately disclosed items amounting to £71.6m was recorded during the six months ended 30 June 2021 (six months ended 30 June 2020: credit of £14.1m) (see Note 5).

7. Tax expense (continued)

The UK Budget 2021 announced on 3 March 2021 an increase in the UK's main corporation tax rate from 19% to 25% from 1 April 2023. This was enacted as part of Finance Bill 2021 on 10 June 2021. As these changes were substantively enacted before the balance sheet date, they have been reflected in the deferred tax balances within these financial statements.

8. 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:

	Six months ended 30 June 2021	Six months ended 30 June 2020
Numerator in respect of basic and diluted earnings per share (£m):		
(Loss) /profit attributable to equity holders of the Company	**(88.6)**	18.5
Numerator in respect of adjusted earnings per share (£m):		
(Loss) / profit attributable to equity holders of the Company	**(88.6)**	18.5
Separately disclosed items (Note 5)	**389.5**	172.8
Profit for adjusted earnings per share calculation	**300.9**	191.3
Weighted average number of ordinary shares in issue during the period (in '000s)[1]	**175,893**	102,042
Basic earnings per share	**(£0.504)**	£0.181
Adjusted basic earnings per share	**£1.711**	£1.875
Adjustments to derive denominator in respect of diluted earnings per share (in '000s):		
Weighted average number of ordinary shares in issue during the period	**175,893**	102,042
Dilutive effect of share options and awards on issue	**—**	1,448
Adjusted weighted average number of ordinary shares in issue during the period[1]	**175,893**	103,490
Diluted earnings per share	**(£0.504)**	£0.179

The average market value of the Company's shares of £144.90 (30 June 2020: £90.54) was used to calculate the dilutive effect of share options based on the market value for the period that the options were outstanding.

[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 2,939,416 (30 June 2020: nil).

9. Goodwill

Following the Combination with the Stars Group in 2020, the Group reorganised its business into four divisions, reporting against these divisions from 2021. As part of this process the Group reviewed the historical assessment of cash generating units (CGUs) and the allocation of goodwill. The legacy Sky Betting & Gaming CGU has been renamed to 'UK&I Online', and has been allocated goodwill relating to the UK&I business under the relative value approach from the legacy PPB Online CGU. The legacy PokerStars CGU has been renamed to 'International' , and has been allocated goodwill relating to the International business based on the relative values of the PPB Online CGU to the extent that the goodwill was not already separately identifiable. All other CGUs were unchanged.

The opening goodwill balance has been restated for comparable purposes. The following CGUs, being the lowest level of asset for which there are separately identifiable cash flows, have the following carrying amounts of goodwill:

	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 period (Note 10)	—	—	—	**34.9**	—	—	**34.9**
Reclassification to Held for Sale (Note 12)	**(78.0)**	—	—	—	—	—	**(78.0)**
Foreign currency translation adjustment	—	—	—	**(90.0)**	**(20.7)**	**(8.0)**	**(118.7)**
Balance at 30 June 2021	**5,767.5**	**18.9**	**20.7**	**2,505.8**	**487.0**	**555.0**	**9,354.9**

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). The impact of COVID-19 on the performance of the Group and its individual business units was incorporated into the underlying assumptions used in the annual impairment assessment. The retail cash generating units (CGUs) were impacted due to the temporary suspension of the activities of shops in 2021 for a period leading to shorter term impacts such as social distancing as well as longer term uncertainty in respect of customer behaviours. Based on the significant headroom that existed in the 31 December 2020 impairment test, the strong performance of the shops for the period up to the date of suspension of activities, customer activity levels since the shops have reopened as well as opportunities to make further market share gains as competitors reduce the size of their respective estates, the Group is satisfied that no impairment has arisen during the period to 30 June 2021.

10. Business combinations

Six months ended 30 June 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$69.5m (£50.7m), with US$63.5m (£46.4m) paid in cash and the remainder recorded as deferred consideration. 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$8.1m (£5.9m) with US$7.0m (£5.1m) paid in cash and the remainder recorded as deferred consideration. 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 3 player in the legal Indian online rummy market. Based on its December 2020 run-rate, Junglee would generate annualised gross revenue of circa £50m in a full year. 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/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 of the put and call options was not material and was close to nominal value.

10. Business combinations (continued)

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Included within the intangible assets were £41.6m 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 £10.5m thereon. These intangible assets are being amortised over their useful economic lives of up to ten years. The book value equated to the fair value on the remaining assets and liabilities 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 Flutter'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 30 June 2021, Junglee has contributed £19.1m of revenue and £2.2m 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 would have been £22.0m and £1.4m respectively for the six months ended 30 June 2021.

Details of the provisional fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Provisional fair values as at 28 January 2021 £m
Assets	
Property, plant and equipment	0.2
Intangible assets	41.6
Total non-current assets	**41.8**
Trade and other receivables	3.8
Cash and cash equivalents	17.8
Total current assets	**21.6**
Total assets	**63.4**
Liabilities	
Trade and other payables	12.3
Current tax payable	2.7
Total current liabilities	**15.0**
Deferred tax liabilities	10.5
Total non-current liabilities	**10.5**
Total liabilities	**25.5**
Net assets acquired	**37.9**
Goodwill	34.9
Non-controlling interest measured at the fair value of net assets identified	(16.2)
Consideration	**56.6**
The consideration is analysed as:	
Consideration satisfied by cash	46.4
Put option satisfied by cash	5.1
Deferred consideration	4.3
Put option deferred consideration	0.8
Consideration	**56.6**

10. Business combinations (continued)

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.

Six months ended 30 June 2020

Acquisition of The Stars Group Inc.
On 5 May 2020, Flutter completed an all share Combination with The Stars Group Inc. (the "Combination") resulting in existing Flutter shareholders owning 54.64% and the Stars Group Inc. shareholders owning 45.36% of Flutter (the "Company", together with its subsidiaries, the "Group"), on a fully diluted basis (excluding any out of the money options). Post-Combination, the Company is the ultimate parent of The Stars Group Inc. (TSG).

Under the terms of the Combination, holders of TSG shares received 0.2253 ordinary shares with nominal value of €0.09 each in the Company ("ordinary shares") in exchange for each outstanding TSG share (the "Exchange Ratio"). Accordingly, the Company issued a total of 65,316,588 ordinary shares in exchange for 289,909,400 shares in TSG. The fair value of the ordinary shares issued was £94.84 per share at this date.

In addition: (i) each TSG Option outstanding at 5 May 2020, under the TSG Share Plans was exchanged for an option to purchase such number of New Flutter Shares calculated in accordance with the Exchange Ratio; and (ii) each TSG restricted share unit ("RSU"), TSG performance share unit ("PSU") and TSG deferred share unit ("DSU") outstanding at the Effective Time under the TSG Equity Plan was amended so as to substitute for the TSG Shares, subject to such equity awards, a number of Flutter Shares calculated in accordance with the Exchange Ratio but subject to any adjustment required to that award by the TSG Equity Plan or grant documentation as a result of the Plan of Arrangement.

TSG is a global leader in the online and mobile gaming and interactive entertainment industries, entertaining millions of customers across its online real- and play-money poker, gaming and betting product offerings. TSG offers these products directly or indirectly under several ultimately owned or licensed gaming and related consumer businesses and brands, including, among others, PokerStars, PokerStars Casino, BetStars, Full Tilt, FOX Bet, BetEasy, Sky Bet, Sky Vegas, Sky Casino, Sky Bingo, Sky Poker, and Oddschecker, as well as live poker tour and events brands, including the PokerStars Players No Limit Hold'em Championship, European Poker Tour and Asia Pacific Poker Tour. TSG is one of the world's most licensed online gaming operators with its subsidiaries collectively holding licenses or approvals in 22 jurisdictions throughout the world, including in Europe, Australia and the Americas.

The main drivers for the Combination were to accelerate delivery against each of the components of Flutter's four pillar strategy; create a highly diversified business from a geographic, product and brand perspective with an enhanced global platform; deliver significant value for shareholders through the realisation of material cost synergies such as procurement synergies, removal of duplicate corporate and administrative costs and utilisation of scale to create efficiencies; reinforce a robust financial profile which will facilitate strategic flexibility as well as generate sustainable long-term shareholder returns; and maintain a leading role in the promotion of responsible gambling through an enlarged global footprint.

Included within the intangible assets were £5,316.4m of separately identifiable intangibles comprising brands, customer relations and technology acquired as part of the combination, with the additional effect of a deferred tax liability of £527m thereon. These intangible assets are being amortised over their useful economic lives of up to 20 years. Receivables acquired amounted to £114.6m. The book value equated to the fair value 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 business activities, a strong workforce, leveraging existing products and synergy savings of the merged operations. The goodwill associated with the PokerStars and Sky Betting and Gaming businesses has been included in the International and UK&I CGUs, respectively. The goodwill associated with the Australia and US businesses has been allocated to the respective existing Australia and US CGUs and it has been deemed that separate CGUs are not appropriate.

10. Business combinations (continued)

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair values as at 5 May 2020 £m
Assets	
Property, plant and equipment	105.5
Intangible assets	5,316.4
Deferred tax asset	8.3
Non-current tax receivable	19.1
Derivative financial assets	79.2
Investments	4.0
Other receivables	26.2
Financial assets – restricted cash	8.9
Total non-current assets	**5,567.6**
Trade and other receivables	88.4
Current tax receivable	28.7
Financial assets – restricted cash	292.4
Current investments – customer deposits	89.7
Cash and cash equivalents	445.2
Total current assets	**944.4**
Total assets	**6,512.0**
Liabilities	
Trade and other payables	498.8
Customer balances	376.7
Derivative financial liabilities	10.0
Provisions	1.4
Current tax payable	15.1
Lease liabilities	16.4
Borrowings	59.7
Total current liabilities	**978.1**
Trade and other payables	3.1
Derivative financial liabilities	56.9
Provisions	149.1
Non-current tax payable	22.3
Deferred tax liabilities	487.5
Lease liabilities	26.1
Borrowings	3,873.9
Total non-current liabilities	**4,618.9**
Total liabilities	**5,597.0**
Net assets acquired	**915.0**
Goodwill	5,337.6
Consideration	**6,252.6**
Consideration satisfied by:	
Issue of 65,316,588 Flutter Entertainment plc ordinary shares	6,194.6
Issue of replacement share options and awards	58.0
Consideration	**6,252.6**

10. Business combinations (continued)

Acquisition of additional shares of TSG Australia Pty Ltd

On 13 May 2020, the Group exercised its option to acquire the remaining 20% of the outstanding share capital of TSG Australia Pty Ltd (TSG Australia), bringing the Group's holding in TSG Australia to 100%, up from the previous 80%. The acquisition was satisfied by the issuance of 819,230 new ordinary shares of the Company, settling a liability of A$151.4m (£79.7m)

Cash (outflows) / inflows from business combinations:

	Six months ended 30 June 2021 £m	Six months ended 30 June 2020 £m
Cash consideration paid for acquisitions in the period	**(46.4)**	—
Cash consideration paid for put option exercised in the period	**(5.1)**	—
Cash acquired from acquisitions in the period	**17.8**	445.2
Cash consideration – acquisitions in previous periods	**(19.0)**	(4.6)
As presented in the statement of cash flows:		
Purchase of business	**(51.5)**	—
Cash acquired on business combinations	**17.8**	445.2
Payment of contingent deferred consideration	**(19.0)**	(4.6)

11. Investments and trade and other receivables

Non-current assets

	30 June 2021 £m	31 December 2020 £m
Investments – FVTPL	**3.7**	3.0

Investments relate to a small number of individually immaterial equity investments in various companies.

	30 June 2021 £m	31 December 2020 £m
Other receivables		
Other receivables	**12.8**	13.0
Prepayments	**16.0**	16.7
Deferred financing costs on Revolving Credit Facility (see Note 15)	**4.2**	4.6
Amounts paid in respect of legacy German and Greek tax assessments	**26.3**	40.9
	59.3	75.2

Other receivables
Other receivables are comprised primarily of deposits for licences and property.

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 transaction costs and fees relating to the revolving credit facility, which have been capitalised and included within non-current receivables, net of accretion, on the consolidated statement of financial position. As at 30 June 2021 no loan amount was drawn under the Revolving Credit Facility (31 December 2020: nil).

11. Investments and trade and other receivables (continued)

Amounts paid in respect of legacy German and Greek tax assessments
On 13 February 2019, the Group provided an update on two separate disputed legacy tax assessments. The first relates to the Betfair Exchange in Germany, which operated there until November 2012, and the second relates to the paddypower.com business in Greece.

The Hessen Fiscal Court provided the Group with its decision relating to the Group's appeal of a 2012 German tax assessment relating to the Betfair Exchange, which operated in Germany until November 2012. The Fiscal Court found against the Group and deemed that a tax liability of approximately €40m (£36m), being €30.6m principal and €9.4m of accrued interest, is payable. This represents a multiple of the revenues generated by the Exchange during the assessment period.

Separately, 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 approximately €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. There is potential that the periods after 2014 could also be subject to further challenge by the Greek tax authorities.

Pending the outcome of these appeals, in 2019 the Group paid the total Greek tax assessment (including the penalties and interest) of €15.0m and the €30.6m German tax assessment principal, with the late payment interest to be paid when assessed.

In June 2021, the Athens Administrative Court of Appeal dismissed the Group’s judicial recourses. While the Group intends to further appeal to the Greek Supreme Administrative Court, by putting forth reasonable legal arguments, due to the particularities of the relevant rules of procedure, it was decided to recognise the amount of the Greek assessment. This has resulted in an expense of €15.0m (£12.9m) being recorded in the period. No notifications have as yet been received for later years and so no provision has been made for potential further assessments.

No further decisions have been received in relation to the German proceedings. The Group continues to strongly dispute the basis of the German assessment, and in line with the legal and tax advice it received, is confident in its grounds to successfully appeal. The appeals process is ongoing and a date of 7 September 2021 has been set for a hearing in respect of this appeal. Accordingly, the Group does not consider these amounts to represent a liability for the Group and no provision has been made for amounts assessed. This involves a series of judgements about future events and ultimately the court judgements and therefore the directors may need to re-assess the accounting treatment as matters develop further.

Current assets

	30 June 2021	31 December 2020
	£m	£m
Trade and other receivables		
Trade receivables	**23.0**	11.9
Other receivables	**40.2**	28.5
Value-added tax and goods and services tax	**1.2**	2.2
Prepayments	**125.4**	96.9
Total	**189.8**	139.5

12. Assets held for sale

On 12 July 2021 the Company announced that it reached an agreement to sell all the shares of Oddschecker Global Media (OGM), a fully owned subsidiary of the Company, to Bruin Capital, in exchange for £135m in cash (subject to customary adjustments for net cash and working capital) and a further deferred contingent consideration of up to £20m. The transaction is expected to close in the third quarter of 2021.

Consequently, the assets and liabilities of OGM, have been reclassified as Held for Sale on the Group's consolidated balance sheet as at 30 June 2021. Prior to reclassification, the non-current assets were measured at the lower of their carrying amount and FV less costs sell. No impairments were recognised on initial classification as Held for Sale. The Assets and Liabilities of OGM are included within the UK&I segment.

The net assets of OGM as at 30 June 2021 were comprised as follows:

	30 June 2021
	£m
Property Plant and equipment	**0.9**
Intangible assets	**48.1**
Goodwill	**78.0**
Trade and other receivables	**2.2**
Cash and cash equivalents	**10.6**
Total Assets	**139.8**
Accounts payable and other liabilities	**(3.3)**
Lease liabilities	**(0.8)**
Deferred taxes	**(11.6)**
Total liabilities	**(15.7)**
Held for Sale	**124.1**

13. Trade and other payables

Current liabilities

	30 June 2021	31 December 2020
	£m	£m
Trade and other payables		
Trade payables	**96.0**	79.7
PAYE and social security	**16.5**	14.8
Value-added tax and goods and services tax	**13.5**	10.7
Betting duty, data rights, and product and racefield fees	**196.5**	208.0
Employee benefits	**120.5**	136.4
Contingent deferred consideration - business combinations	**26.9**	25.3
Accruals and other liabilities	**569.5**	558.1
Total	**1,039.4**	1,033.0

Non-current liabilities

	30 June 2021	31 December 2020
	£m	£m
Trade and other payables		
Employee benefits	**0.4**	1.1
Contingent deferred consideration - business combinations	**—**	12.8
Accruals and other payables	**2.4**	0.7
Total	**2.8**	14.6

13. Trade and other payables (continued)

Contingent deferred consideration – business combinations

The Group's deferred consideration liabilities amounted to £26.9m at 30 June 2021 (31 December 2020 – £38.1m) and relate to the following:

- £17.1m contingent and deferred consideration relating to Betfair's historical acquisition of HRTV, a horse racing television network based in the United States;
- £4.7m deferred consideration in respect of Diamond Game Enterprises, assumed as part of the Combination with TSG;
- £5.1m relating to the acquisition of Junglee (see also note 10).

Amounts held in Trust

As at 30 June 2021, £369.2m (31 December 2020: £379.3m) 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 or 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.

14. Provisions

Provisions balances at 30 June 2021 and 31 December 2020 and movements in the six month period ended 30 June 2021 are outlined below:

	Employee benefits (long service leave)	Onerous contracts	Gaming tax	Kentucky	Other legal	Other	Total
	£m	£m	£m	£m	£m	£m	£m
Balance at 31 December 2020	3.0	16.0	10.5	73.3	56.0	0.5	159.3
Additional provisions recognised	**0.4**	**0.2**	**0.5**	**—**	**9.5**	**8.7**	**19.3**
Amounts used during the year	**—**	**(2.5)**	**(0.1)**	**(71.1)**	**(0.6)**	**0.1**	**(74.2)**
Amounts reclassified to Held for Sale (Note 12)	**—**	**(0.1)**	**—**	**—**	**—**	**—**	**(0.1)**
Foreign currency translation	**(0.1)**	**(0.4)**	**(0.2)**	**(2.2)**	**(1.0)**	**—**	**(3.9)**
Balance at 30 June 2021	**3.3**	**13.2**	**10.7**	**—**	**63.9**	**9.3**	**100.4**

Included in:							
Balance at 31 December 2020:							
Current	1.6	9.9	2.7	—	—	0.1	14.3
Non-current	1.4	6.1	7.8	73.3	56.0	0.4	145.0
Total	3.0	16.0	10.5	73.3	56.0	0.5	159.3
Balance at 30 June 2021:							
Current	**2.0**	**5.9**	**2.6**	**—**	**9.0**	**8.4**	**27.9**
Non-current	**1.3**	**7.3**	**8.1**	**—**	**54.9**	**0.9**	**72.5**
Total	**3.3**	**13.2**	**10.7**	**—**	**63.9**	**9.3**	**100.4**

Kentucky proceedings - contingent liability

In 2010, prior to the combination with The Stars Group ("TSG"), the Commonwealth of Kentucky filed legal proceedings against various operators including certain companies that later became subsidiaries of TSG. The suit sought recovery of alleged losses incurred by Kentucky residents playing real-money poker on the PokerStars platform during a period between 2006 and 2011. The gross gaming revenues that TSG generated in Kentucky on the PokerStars platform during the relevant period were approximately US$18m. In 2015, a Kentucky trial court judge entered judgement against two TSG Isle of Man subsidiaries, Stars Interactive Holdings (IOM) Ltd ("SIHL") and Rational Entertainment Enterprises Ltd ("REEL") and awarded damages to the Commonwealth of Kentucky of approximately US$870m plus post judgement interest.

14. Provisions (continued)

In February 2016, in order to stay enforcement of the judgement while the matter was appealed, SIHL and REEL posted supersedeas bonds to the value of US$100m, on which the stay was conditioned. In 2018, the ruling against SIHL and REEL was vacated in its entirety by the Kentucky Court of Appeals.

Following an appeal by the Commonwealth of Kentucky, on 17 December 2020, the Kentucky Supreme Court reinstated the full 2015 award of damages, including post judgement interest, against SIHL and REEL.

As at 31 December 2020, the Group recognised a provision of US$100m (£73.3m) as part of the TSG combination fair value acquisition accounting in respect of this litigation, which reflected the value of the supersedeas bond in place since February 2016. No liability was previously recognised by either TSG or Flutter prior to this judgement.

A rehearing petition was filed before the Kentucky Supreme Court on 6 January 2021 and was subsequently denied on 25 March 2021. In May 2021, following an April 2021 order by the Kentucky trial court, the $100m (£71.1m) bonds were paid to the Commonwealth of Kentucky, in line with the provision outstanding at 31 December 2020. The Commonwealth of Kentucky has commenced other action to seek to enforce the judgement.

The Group is currently in the process of preparing a Petition for Writ of Certiorari to be filed with the US Supreme Court, seeking review of the judgement based on US Constitutional grounds, including that the judgement violates due process and the prohibition on excessive fines.

Based on the restrictions on the Commonwealth of Kentucky's ability to enforce the judgement and any further pay-outs being less than probable at 30 June 2021, the Group did not recognise any additional provision with respect to this litigation as at 30 June 2021. This assessment relies on estimates and assumptions and involves a series of judgements about future events which will be reassessed in future periods if events or circumstances change.

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. 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.

15. Borrowings

The following is a summary of borrowings, including accrued interest, outstanding as at 30 June 2021 and 31 December 2020:

		30 June 2021		31 December 2020	
	Contractual interest rate	**Principal outstanding balance in currency of borrowing**	**Carrying amount (including accrued interest)[1]**	Principal outstanding balance in currency of borrowing	Carrying amount (including accrued interest)
	%	**Local Currency (m)**	**£m**	Local Currency (m)	£m
GBP First Lien Term Loan A	1.80	£950.0	941.6	£950.0	940.4
USD First Lien Term Loan B	3.65	$1,438.4	1,018.0	$1,456.3	1,042.9
EUR First Lien Term Loan B	3.50	€507.2	430.1	€507.2	449.1
Senior Notes[2]	7.00	$1,000.0	692.7	$1,000.0	706.5
Total borrowings			3,082.4		3,138.9
Presented in:					
Current portion			**49.8**		50.8
Non-current portion			**3,032.6**		3,088.1
Total borrowings			**3,082.4**		3,138.9

[1] The carrying amounts at 30 June 2021 includes accrued interest of £23.9m (31 December 2020: £24.6m) presented within the current portion of borrowings above.

[2] The carrying amounts at 30 June 2021 include an asset of £96.6m (31 December 2020: an asset of £98.0m) relating to the embedded derivatives on the Senior Notes. See below in this note for further detail.

15. Borrowings (continued)

During the six months ended 30 June 2021, the Group incurred the following interest on its then outstanding borrowings:

	Effective Interest rate[1]	Interest[2]	Interest accretion	Total interest
	%	£m	£m	£m
GBP First Lien Term Loan A	2.08	8.5	1.6	10.1
USD First Lien Term Loan B	4.43	18.4	2.6	21.0
EUR First Lien Term Loan B	4.19	8.4	0.6	9.0
Senior Notes	5.70	27.1	(3.8)	23.3
		62.4	**1.0**	**63.4**

[1] The effective interest rate calculation excludes the impact of the Swap Agreements (as defined below).
[2] In addition to the amount included above, the Group incurred £1.1m of interest expense relating to commitment, utilisation, and fronting fees associated with its Revolving Credit Facility and made payments of £4.6m to the lenders as a result of covenant amendments.

The Group's change in borrowings from 31 December 2020 to 30 June 2021 was as follows:

	Opening Balance	Principal Payments	Interest Accretion[1]	FX Translation	Closing Balance
	£m	£m	£m	£m	£m
GBP First Lien Term Loan A	939.5	—	1.6	—	941.1
USD First Lien Term Loan B	1,042.9	(12.9)	2.6	(14.6)	1,018.0
EUR First Lien Term Loan B	449.1	—	0.6	(19.6)	430.1
Senior Notes	682.8	—	(3.8)	(9.7)	669.3
Total	3,114.3	(12.9)	1.0	(43.9)	3,058.5
Accrued Interest	24.6				23.9
Total borrowings	**3,138.9**				**3,082.4**

[1] 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.

Revolving credit facility, first lien term loans and senior notes

Each of the Group's facilities are discussed below.

TLA Agreement - GBP First Lien Term Loan A

The Group, along with its subsidiaries PPB Financing Unlimited Company and PPB Treasury Unlimited Company as borrowers, has entered into a Term Loan A and Revolving Credit Facility Agreement (the "TLA Agreement") comprising a term loan and revolving credit facility totalling £1.4 billion. The TLA Agreement described above provides a term loan facility in an aggregate amount of £950m priced at GBP-LIBOR plus 1.75% (the "GBP First Lien Term Loan A"), with a maturity date of 5 May 2025 and a GBP-LIBOR floor of 0%. There is no amortisation on the GBP First Lien Term Loan A and the principal is due at maturity. The Group incurred £11.9m of transaction costs and fees on initial recognition in 2020 which have been capitalised against the principal of the debt and are recorded as financial expense over the term of the debt using the effective interest rate method.

15. Borrowings (continued)

TLA Agreement – Revolving Credit Facility

The TLA Agreement described above provides a multi-currency revolving loan facility in an aggregate amount of £450 million (the "Revolving Credit Facility"). Maturing on 5 May 2025, the Revolving Credit Facility includes a margin of 1.75% over GBP-LIBOR 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. The Group incurred £5.3m of transaction costs and fees in 2020 which have been capitalised and are recorded as financial expense over the life of the facility using the straight-line method. These capitalised costs have been included within non-current receivables on the consolidated statement of financial position. As at 30 June 2021 no loan amounts were drawn under the Revolving Credit Facility. The Group has an undrawn capacity of £435m on the Revolving Credit Facility with £15m used for Group guarantees as of 30 June 2021.

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.

Borrowings under the TLA Agreement are subject to the satisfaction of customary conditions, including the absence of a default and compliance with certain representations and warranties. 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. On 29 June 2021, Lenders under the TLA consented to waive any Default or Event of Default that may arise by virtue of the Kentucky judgement, including any enforcement steps or actions taken by the Commonwealth of Kentucky. During the six months ended 30 June 2021, the Group is in compliance with all covenants related to its TLA Agreement.

First Lien Term Loan B's

The Group holds a USD term loan with an outstanding principal balance of $1,438.4m priced at USD-LIBOR plus 3.50% (the "USD First Lien Term Loan B") and a EUR first lien term loan with an outstanding principal balance of €507.2m priced at EURIBOR plus 3.75% (the "EUR First Lien Term Loan B" and, together with the USD First Lien Term Loan, the "First Lien Term Loan B"), each with a maturity date of 10 July 2025 and a LIBOR and EURIBOR floor, as applicable, of 0%. The USD First Lien Term Loan 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$3,575m, 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. £6.7m of transaction costs and fees relating to these loans were capitalised on initial recognition and are recorded as financial expense over the term of the debt using the effective interest rate method.

The First Lien Term Loan B are governed by the "Syndicated Facility Agreement". The Syndicated Facility Agreement limits Stars Group Holdings B.V., as borrower, 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.

On 20 April 2021 the Lenders of the First Lien Term Loan B consented to waive any Default or Event of Default that may arise by virtue of the Kentucky judgement, including any enforcement steps or actions taken by the Commonwealth of Kentucky. During the six months ended 30 June 2021, the Group is in compliance with all covenants related to its First Lien Term Loan B.

Subsequent to the reporting date, on 21 July 2021 the Group completed a debt re-financing transaction that involved a repricing and upsizing of the Group's existing First Lien Term Loan B facility. See Note 21 for further details of the re-financing transaction.

15. Borrowings (continued)

Senior Notes

The Group are also the issuer of 7.00% Senior Notes due 2026 (the "Senior Notes") which were issued by Stars Group Holdings B.V. and Stars Group (US) Co-Borrower, LLC (the "Issuers"), on 10 July 2018 at par in an aggregate principal amount of US$1 billion. The Senior Notes original maturity date was on 15 July 2026 prior to the refinancing transaction occurring as outlined below. Interest on the Senior Notes is payable semi-annually on 15 January and 15 July of each year. Prior to 15 July 2021, the Issuers may redeem some or all of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date, plus an applicable ''make-whole'' premium. On or after 15 July 2021, the Issuers may redeem some or all of the Senior Notes at declining redemption prices as set forth in the Indenture that governs the Senior Notes. This redemption option represents an embedded derivative that required bifurcation from the carrying value of the Senior Notes upon their recognition on 5 May 2020. The fair value of the redemption option as at 30 June 2021 was £96.6m.

The Senior Notes are guaranteed by each of the Group's subsidiaries that guarantee the GBP First Lien Term Loan A, the Revolving Credit Facility and the First Lien Term Loan B. The Senior Notes are the Issuers' senior unsecured obligations and rank pari-passu to all of the Issuers' existing and future senior unsecured indebtedness. The Senior Notes include, among other terms and conditions, limitations on the Group's ability to (i) create, incur or allow certain liens; (ii) create, assume, incur or guarantee additional indebtedness of certain of the Group's subsidiaries; and (iii) consolidate or merge with, or convey, transfer or lease all or substantially all of the Group's and their subsidiaries' assets, to another person.

On 16 April 2021, the holders of the Senior Notes consented to waive certain events of default under the Indenture governing the Senior Notes that may arise as a result of the Kentucky litigation or the Kentucky litigation related events. During the six months ended 30 June 2021, the Group is in compliance with all covenants related to its Senior Notes.

Subsequent to the reporting date, on 21 July 2021 the Group completed a debt re-financing transaction that involved the repayment of $1bn of 7% Senior Notes. See Note 21 for further details of the re-financing transaction.

16. Derivatives

Derivatives and Hedge Accounting

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 below.

Swap agreements

The Group holds hedging instruments consisting of (i) USD-EUR amortising cross-currency interest rate swap agreements (the "EUR Cross-Currency Interest Rate Swaps") with a remaining notional amount of €1.96 billion, which fix the USD to EUR exchange rate at 1.167 and fix the Euro interest payments at an average interest rate of 3.6% and (ii) EUR-GBP amortising cross-currency interest rate swap agreements (the "GBP Cross-Currency Interest Rate Swaps") with a remaining notional amount of £983m, which fix the EUR to GBP exchange rate at 0.889 and fix the GBP interest payments at an average interest rate of 5.4%. The EUR Cross-Currency Interest Rate Swaps and GBP Cross-Currency Interest Rate Swaps are in a hedging relationship with and have a profile that amortises in line with the USD First Lien Term Loan B and are set to mature in July 2023.

The Group also holds USD-EUR cross-currency interest rate swap agreements (the "Cross-Currency Swaps - Notes" and, collectively with the EUR Cross-Currency Interest Rate Swaps, the GBP Cross-Currency Interest Rate Swaps, and the Interest Rate Swap, the "Swap Agreements") with a total notional amount of €927.1m, which fix the USD to EUR exchange rate at 1.079 and fix the Euro interest payments at an average interest rate of 6.16%. The cross-currency interest rate swaps are in a hedging relationship with and have an interest payment profile aligned with the Senior Notes and are set to mature on 15 July 2021 as part of the debt refinancing discussed below and in Note 21.

Subsequent to the reporting date, on 21 July 2021 the Group completed a debt re-financing transaction that involved execution of new swap arrangements relating to the Term Loan B facility and a restructuring of the original EUR Cross-Currency Interest Rate Swaps and GBP Cross-Currency Interest Rate Swaps to match the terms of the repriced and restructured debt as part of the Group's hedging strategy. See Note 21 for further details of the re-financing transaction.

16. Derivatives (continued)

Embedded derivatives

See Note 15 for a discussion of the features embedded in the Senior Notes that the Group bifurcated as it determined that the features represented a derivative to be classified and recorded at fair value through profit or loss.

The fair value of the redemption option at 30 June 2021 was an asset of £96.6m (31 December 2020 - £98.0m) . The fair value of this embedded derivative was determined using an interest rate option pricing valuation model. The key assumptions include the implied credit spread of 2.4% at 30 June 2021 (31 December 2020 – 2.77%). This embedded derivative is categorised as Level 3 within the fair value hierarchy.

The Group did not account for the embedded derivative as a qualifying hedge under IAS 39.

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 the half year 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 30 June 2021 and 31 December 2020:

	30 June 2021		31 December 2020	
	Assets	**Liabilities**	Assets	Liabilities
	£m	**£m**	£m	£m
Derivatives held for hedging				
Derivatives designated as cash flow hedges:				
Cross currency interest rate swaps - current	**—**	**92.1**	—	86.6
Cross currency interest rate swaps – non-current	**—**	**98.7**	—	101.8
Total derivatives designated as cash flow hedges	**—**	**190.8**	—	188.4
Derivatives designated as net investment hedges:				
Cross currency interest rate swaps – current	**20.0**	**—**	—	14.8
Cross currency interest rate swaps - non-current	**27.5**	**—**	16.9	—
Total derivatives designated as net investment hedges	**47.5**	**—**	16.9	14.8
Total derivatives held for hedging	**47.5**	**190.8**	16.9	203.2
Derivatives held for risk management and other purposes not designated as hedges				
Sports betting open positions- current	**—**	**56.1**	—	49.5
Sports betting open positions – non-current	**—**	**0.5**	—	0.5
Total derivatives held for risk management and other purposes not designated as hedges	**—**	**56.6**	—	50.0
Derivatives included within Borrowings				
Embedded derivatives	**96.6**	—	98.0	—

17. Share capital and reserves

Share capital

Transactions during the six months period ended 30 June 2021:

- A total of 262,910 ordinary shares were issued as a result of the exercise of employee share options, giving rise to share capital and share premium of £8.0m;

During the six month period ended 30 June 2020, the Company issued a total of 76,295,368 ordinary shares as follows:

- In May 2020, 1,312,260 new ordinary shares were issued as consideration for the 2019 final dividend

- On 5 May 2020, the Company issued a total of 65,316,588 ordinary shares in exchange for 289,909,400 shares of TSG in respect of the all share Combination with TSG resulting in Flutter Entertainment plc shareholders owning 54.64% and the TSG shareholders owning 45.36% of Flutter, on a fully diluted basis (excluding any out of the money options). Under the terms of the Combination, holders of TSG shares received 0.2253 ordinary shares with nominal value of €0.09 each in the Company ("ordinary shares") in exchange for each outstanding TSG share (the "Exchange Ratio"). Post Combination, the Company is the ultimate parent of The Stars Group Inc. This gave rise to a Merger Reserve under Section 72 of the Companies Act 2014 of £6,189.5m (see also Note 10);

- On 13 May 2020, 819,230 new Flutter ordinary shares were issued as consideration for the acquisition of the remaining 20% interest of TSG Australia Pty Ltd by Flutter. The value of shares issued amounted to AUD$151.4m (£79.7m) (see also Note 10);

- On 29 May 2020, the Company issued 8,045,995 new ordinary shares at a price of 10,100 pence per share in respect of an equity placement announced on 28 May 2020, raising gross proceeds of £812.6m giving rise to share capital of £0.7m and a share premium of £811.9m. The proceeds raised net of issuance costs amounted to £806.3m with the issuance costs of £6.3m recognised in retained earnings. The Placing Shares represent approximately 5.5% of the Company's issued share capital immediately prior to the Placing (excluding treasury shares). The Placing Price represents a discount of approximately 4.7% to the closing price on 28 May 2020;

- A total of 801,295 ordinary shares were issued as a result of the exercise of employee share options, giving rise to share capital and share premium of £8.9m.

Equity Reserves

Equity reserves at 30 June 2021 include the following classes of reserves:

Merger reserve
The Merger Reserve under Section 72 of the Companies Act 2014 of £7,982.9m represents the premium over the par value of shares issued as consideration for the Combination with TSG and as partial consideration for the acquisition of a further 37.2% of FanDuel Group.

Treasury shares
A total of 1,965,600 ordinary shares were held in treasury as of 30 June 2021 (31 December 2020: 1,965,600). All rights (including voting rights and the right to receive dividends) in the shares held in treasury are suspended until such time as the shares are reissued. The Group's distributable reserves are restricted by the value of the treasury shares, which amounted to £40.7m as of 30 June 2021 (31 December 2020: £40.7m). The cost of treasury shares held by the Company at 30 June 2021 £4.2m was (31 December 2020: £4.2m), with a further £36.5m of shares being held by the Company's subsidiaries (31 December 2020: £36.5m).

Shares held by Employee benefit trust
At 30 June 2021, the Paddy Power Betfair plc Employee Benefit Trust ("EBT") held 706,320 (31 December 2020: 67,320) of the Company's own shares, which were acquired at a total cumulative cost of £94.8m (31 December 2020: £5.8m), in respect of potential future awards relating to the Group's employee share plans. The purchase of shares of £89.0m during the six month period ended 30 June 2021 relates to the expected part settlement of share awards to FanDuel employees in the second half of 2021. The Company's distributable reserves at 30 June 2021 are restricted by this cost amount. During the six month period ended 30 June 2021, no shares were transferred from the EBT to the beneficiaries of the EBT.

17. Share capital and reserves (continued)

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.

Foreign exchange translation reserve

The foreign exchange translation reserve at 30 June 2021 amounted to a debit balance of £112.4m (31 December 2020: credit balance of £49.6m) 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 six month period ended 30 June 2021, reflects mainly the weakening of EUR and AUD against GBP in the period.

Other reserves

Other reserves comprise undenominated capital. Undenominated capital at 30 June 2021 of £2.3m (31 December 2020 of £2.3m) relates to the nominal value of shares in the Company acquired by the Company of £2.1m (31 December 2020: £2.1m) and subsequently cancelled, and an amount of £0.2m (31 December 2020: £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 six months ended 30 June 2021, an amount of £36.6m was expensed in the Consolidated Income Statement with respect to Share based payments (six month period ended 30 June 2020: £27.6m), an amount of £16.4m (six month period ended 30 June 2020: £69.4m) in respect of share options exercised during the year was transferred from the share-based payment reserve to retained earnings.

An amount of £0.5m of deferred tax relating primarily to the Group's share-based payments was credited to retained earnings in the six months ended 30 June 2021 (six month period ended 30 June 2020: charge of £1.2m). An amount of £0.6m of current tax relating to the Group's share-based payments was credited to retained earnings in six months ended 30 June 2021 (six month period ended 30 June 2020: credit of £4.9m).

Non-controlling interest

During the six month period ended 30 June 2021, the Group paid dividends totalling £5.1m to the non-controlling interest in Adjarabet (six months ended 30 June 2020: £7.0m).

18. Fair values

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.

	30 June 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Bonds – FVOCI	**62.5**	**16.3**	**—**	**78.8**
Investments – FVTPL	**—**	**—**	**3.7**	**3.7**
Derivatives	**—**	**47.5**	**96.6**	**144.1**
Total financial assets	**62.5**	**63.8**	**100.3**	**226.6**
Derivative financial liabilities	**—**	**(190.8)**	**(56.6)**	**(247.4)**
Non-derivative financial liabilities	**—**	**—**	**(26.9)**	**(26.9)**
Total financial liabilities	**—**	**(190.8)**	**(83.5)**	**(274.3)**

18. Fair values (continued)

	31 December 2020			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Bonds – FVOCI	26.3	56.5	—	82.8
Investments – FVTPL	—	—	3.0	3.0
Derivatives	—	16.9	98.0	114.9
Total financial assets	26.3	73.4	101.0	200.7
Derivative financial liabilities	—	(203.2)	(50.0)	(253.2)
Non-derivative financial liabilities	—	—	(38.1)	(38.1)
Total financial liabilities	**—**	(203.2)	(88.1)	(291.3)

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 30 June 2021 or 31 December 2020.

Valuation of Level 2 financial instruments

Bonds - FVOCI

The Group has determined that the carrying value of the bonds approximate 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 30 June 2021 and 31 December 2020, the Group assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions, with the exception of the Embedded Derivative in connection with the Senior Notes, which is classified as Level 3, and 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 2020, the valuation techniques and key inputs used by the Group for each Level 3 asset or liability were as follows:

18. Fair values (continued)

Embedded derivative redemption option in connection with the Senior Notes issuance
The Group used an interest rate option pricing valuation model to determine the fair value of the redemption option using an implied credit spread of 2.4% at 30 June 2021 (31 December 2020 – 2.77%). A 10-basis point increase or decrease in the implied credit spread would have a (£3.6m) or £3.6m impact on fair value (31 December 2020 - (£3.5m) or £3.9m), respectively. Changes in the fair value of the embedded derivative redemption option are recorded in financial income or expense in the consolidated income statement.

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.

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 30 June 2021 by £1.4m and £1.4m respectively (31 December 2020: £3.2m and £3.2m)

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, 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 market value in July 2021. As a consequence of the option derivative being only exercisable at fair value, it was determined that the fair value was not material and was close to nominal value.

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 enables the Group to acquire the remaining 49% after three years at a valuation equivalent to 7 times the 2021 EBITDA. 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 earnings 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

Boyd
A mechanism has been agreed with Boyd, 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.

18. Fair values (continued)

Junglee
As part of the acquisition of Junglee, 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.

19. Contingent liabilities and Kentucky proceedings

*Contingent liabilitie*s
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. See Note 11 for details of legacy German and Greek tax assessments.

Prior to the Combination, 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, Flutter continues to cooperate with the United States and Canada governmental authorities in respect of all inquiries relating to such payments. Based on its review of these matters 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.

Kentucky proceedings
As disclosed in Note 14, as part of the TSG combination fair value acquisition accounting and as at 31 December 2020, the Group recognised a provision of US$100m (£73.3m), in respect of the Kentucky proceedings, which reflected the value of the supersedeas bond in place since February 2016. No liability was previously recognised by either TSG or Flutter prior to this judgement.

A rehearing petition was filed before the Kentucky Supreme Court on 6 January 2021 and was subsequently denied on 25 March 2021. In May 2021, following an April 2021 order by the Kentucky trial court, the $100m (£71.1m) bonds were paid to the Commonwealth of Kentucky, in line with the provision outstanding at 31 December 2020. The Commonwealth of Kentucky has commenced other action to seek to enforce the judgement.

The Group is currently in the process of preparing a Petition for Writ of Certiorari to be filed with the US Supreme Court, seeking review of the judgement based on US Constitutional grounds, including that the judgement violates due process and the prohibition on excessive fines.

Based on the restrictions on the Commonwealth of Kentucky's ability to enforce the judgement and any further pay-outs being less than probable at 30 June 2021, the Group did not recognise any additional provision with respect to this litigation as at 30 June 2021. This assessment relies on estimates and assumptions and involves a series of judgements about future events which will be reassessed in future periods if events or circumstances change.

20. Related parties

There were no material transactions with related parties during the six month period ended 30 June 2021, the six month period ended 30 June 2020 or the year ended 31 December 2020.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

21. Events after the reporting date

Sale of Oddschecker Global Media:
On 12 July 2021 the Company announced that it reached an agreement to sell all the shares of Oddschecker Global Media (OGM), a fully owned subsidiary of the Company, to Bruin Capital, in exchange for £135m in cash (subject to customary adjustments for net cash and working capital) and a further deferred contingent consideration of up to £20m. The transaction is expected to close in the third quarter of 2021. For further details refer to Note 12.

Refinancing of external debt and related derivatives:
In July 2021 the Group completed a debt re-financing transaction that will reduce its effective cost of debt and provide it with additional liquidity, enhancing the financial flexibility of the Group.

The key components of the transaction that occurred were as follows:

- A repricing and upsizing of the Group's existing First Lien Term Loan B facility by $1.5bn (£1.1bn).
- The USD First Lien Term Loan B component of the facility is repriced at LIBOR plus 2.25% and a 0% floor
- The EUR First Lien Term Loan B component of the facility is repriced at EURIBOR plus 2.50% and a 0% floor
- The repayment of $1bn of 7% Senior Notes on 21 July.
- Execution of new swap arrangements relating to the Term Loan B facility and a restructuring of the original EUR Cross-Currency Interest Rate Swaps and GBP Cross-Currency Interest Rate Swaps to match the terms of the repriced and restructured debt.
- A net increase in available liquidity of circa £250m for general corporate purposes.

The resultant pricing equates to 1.25% below existing margins across both USD First Lien Term Loan B and EUR First Lien Term Loan B. As a result of the transaction, we estimate that the Group's weighted average cash cost of debt will fall from 4.2% (at 31 December 2020) to approximately 2.5%.

Acquisition of Singular
In July 2021, the Group entered into an agreement to acquire Singular, an Eastern European sports betting and gaming platform, already fully integrated with the existing Adjarabet business. The acquisition will provide the Group with greater optionality as we enter new markets. The transaction is expected to close in the third quarter of 2021.

INDEPENDENT REVIEW REPORT TO FLUTTER ENTERTAINMENT PLC

Introduction
We have been engaged by Flutter Entertainment plc ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2021 which comprises the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Other Comprehensive Income, the Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statement of Cash Flows, the Condensed Consolidated Interim Statement of Changes in Equity and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34 '*Interim Financial Reporting'* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for ensuring that the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

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

Scope of review
We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

The purpose of our review work and to whom we owe our responsibilities
This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

9 August 2021

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