

Q3 2023 Trading Update

Group revenue +13% with continued strong US performance and market leadership

Flutter Entertainment plc (the “Group”) announces a trading update for three months ended 30 September 2023.

Unaudited £m	Q3 2023	Q3 2022	YoY %	YoY % CC ¹
Average monthly players² ('000s)	11,139	9,596	+16%	
Sports revenue	1,121	1,143	-2%	+4%
Gaming revenue	914	748	+22%	+26%
Total revenue	2,035	1,891	+8%	+13%

All commentary within this trading update refers to constant currency¹ growth rates. Pro forma references include Sisal, which was acquired in August 2022, for a full 3-month period in both 2022 and 2023. Any differences due to rounding.

- Group:** Delivery of Flutter’s growth strategy and addition of Sisal driving strong player growth with AMPs increasing in all divisions (AMPs +16%, revenue +13%):
 - Sports revenue +4% despite 12 percentage point impact from adverse sports results year on year
 - Group-wide gaming performing exceptionally well with revenue +26%
 - Excellent pro forma growth with AMPs +13% and revenue +9% (sports +2%, gaming +19%)
- US:** Strong pipeline of product innovation and investment in new player acquisition underpins confidence in long term leadership:
 - Q3 sports gross revenue share of 40%³ (47% share of net revenue); clear number 1 position driven by leading product
 - Excellent start to NFL season with record number of new players acquired during season launch (+37%)
 - Delivering against our iGaming strategy; FanDuel the fastest growing brand in the market with revenue +52%; advanced to number 2 position in iGaming with 23% market share
- Group ex-US:** Revenue growth of 10% (pro forma +5%) in line with long-term 5-10% growth framework despite particularly customer friendly sports results and a declining Australian racing market:
 - UK & Ireland: Excellent strategic delivery expanding customer base +5% and growing revenue +11%
 - Australia: Racing market revenue declines more than offset good retention of enlarged player base, resulting in Sportsbet revenue -7%. Racing market weakness now expected to continue into 2024
 - International: Pro forma revenue in *Consolidate and Invest* markets +11% driving total AMPs +12% and revenue +5%
- Sustainability:** Remains a key priority. Highlights include hosting our second dedicated FanDuel *Play Well* event, winning the EGR Global Operator DE&I Model of the Year award as well as continued co-operation and collaboration on industry consultations in UK, Ireland and Australia
- 2023 guidance:** Reflects Group-wide very customer friendly results in September and October:
 - **US:** Revenue and Adjusted EBITDA both approximately £3.75bn (\$4.7bn) and £140m (\$180m). Achieving structural profit for the full year despite ongoing investment in customer acquisition to drive long term growth (previously guided revenue range: £3.6bn - £3.9bn, EBITDA range £90m - £190m)

- **Group ex-US:** Adjusted EBITDA now expected to be approximately £1.44bn (previously guided range £1.44bn - £1.6bn) despite very customer friendly sports results (£50m) and adverse movements in foreign exchange rates (£30m). Increased investment in the *Flutter Edge* to drive Group-wide growth and Australian racing market weakness is offset by underlying strength in UK & Ireland and International
- **US listing:** SEC application for listing submitted; expect additional listing on NYSE in Q1 2024 and to delist from Euronext Dublin simultaneously or shortly prior to this

Peter Jackson, Chief Executive, commented:

“The Group had another strong quarter in Q3 and even in this seasonally quieter period, the power of our diversified business is clear with revenue growth of 13% to over £2bn. We remain the number one choice for sports betting and gaming customers globally, and our 16% growth in average monthly players augurs well for our continued growth and market leadership.

We are particularly pleased by the great progress we are making in the US. We are the first online operator to achieve structural profitability, and the strong ramp in EBITDA during 2023 will continue into 2024 and beyond, as our profit margins expand materially.

The NFL season is off to an excellent start with our product leadership driving average monthly player growth of 38% to 2.6m in the quarter. I am excited about our plans heading into the sports rich months of November and December as we execute on our winning strategy which, combined with the FanDuel Advantage, keep us leading the industry.

Outside of the US, our strategy ensures we can capitalise on the many growth opportunities which exist across our global markets. Our diversified portfolio of leading brands are well positioned to adapt to challenges and opportunities in their respective markets. In Q3, our UK & Ireland brands continued to take share across online and retail channels through our winning product offering. In addition, our Consolidate and Invest markets drove strong momentum within our International business. We were pleased to add MaxBet to the Flutter portfolio, in line with our strategy for acquiring “Local Hero” brands in attractive markets. While market conditions in Australian racing remain challenging, as the clear market leader with a player base 1.8 times that in 2019, we are confident that Sportsbet is the best positioned brand in the market.

We are making good progress towards our US listing which will bring the Group significant benefits from accessing the world’s deepest and most liquid capital markets.

Overall, the significant potential for US growth and ability to leverage scale benefits across our diversified portfolio outside of the US, underpins our confidence in our significant and sustainable long term earnings growth potential.”

Q3 divisional analysis

Unaudited revenue £m	Total				Sports ⁴	Gaming	Average monthly players ²	
	Q3 2023	Q3 2022	YoY %	YoY % CC	YoY % CC	YoY % CC	Q3 2023 (000s)	YoY %
US	668	598	+12%	+20%	+10%	+52%	2,564	+38%
UK & Ireland	566	509	+11%	+11%	+6%	+17%	3,625	+5%
- UK & Ireland Online	494	443	+12%	+11%	+6%	+18%	3,625	+5%
- UK & Ireland Retail	72	66	+9%	+9%	+8%	+12%		
Australia	262	319	-18%	-7%	-7%		1,124	+2%
International	539	466	+16%	+19%	+10%	+22%	3,827	+20%
Group ex-US	1,367	1,293	+6%	+10%	+1%	+20%	8,575	+11%
Group	2,035	1,891	+8%	+13%	+4%	+26%	11,139	+16%

Sisal, acquired in August 2022, has been included on a reported basis within International. The pro forma references within the commentary below include Sisal for a full 3-month period in both 2022 and 2023.

US

The combination of the *FanDuel Advantage* and the *Flutter Edge* delivered another strong quarter with AMP growth of 38%. The *FanDuel Advantage* drives our leadership in the market through:

- **Efficient acquisition:** The strength of the FanDuel brand is supported by material ongoing investment in compelling customer acquisition marketing campaigns. This delivered an increase of 37% in new sports betting and iGaming players in Q3 when compared with the prior year. This includes a 13% increase in states launched pre-2022 driving very good momentum in older states
- **Strong retention:** Continued innovation of FanDuel's market leading sportsbook product for the new NFL season with the launch of (i) *Parlay Hub*, a centralised hub for all things parlay, (ii) *The Pulse*, surfacing the most compelling in-play betting opportunities based on trending action, and (iii) expansion of in-play *Same Game Parlay* prop markets including the addition of in-quarter player props. These product enhancements have ensured that we have maintained good retention rates year on year
- **Grow customer value:** Product innovation drove higher parlay penetration in the quarter and when combined with *Flutter Edge* pricing and risk management capabilities, resulted in an 80 basis point increase in our Q3 expected gross win margin to 11.5%

These factors helped drive a 40% market share of online sports betting gross revenue in Q3, two percentage points lower year on year. This is lower than recent quarters due to seasonality associated with customer acquisition investment in Q3 for the launch of the NFL season and the launch of profit boost tokens. FanDuel continues to benefit from more efficient promotional spend with a 47% share of sports betting net gaming revenue (i.e. after deducting the cost of promotional spend from gross revenue) in Q3, five percentage points higher year on year.

Sports revenue grew 10%. In sportsbook, stakes which increased 40%, were offset by a 170 basis point decline in net revenue margin delivering net revenue growth of 12%. The net revenue margin decline reflects a swing in sports results from very favourable in the prior year to slightly unfavourable in the current year, which was partly offset by structural gross win margin improvements noted above. Daily fantasy sports and TVG revenue declined 6% on a combined basis.

Our iGaming strategy is delivering very encouraging results with FanDuel being the fastest growing brand in the market. Q3 market share increased four percentage points to 23%, with FanDuel now the #2 operator in the market³. This is driven by AMP growth of 42%, with revenue 52% higher. FanDuel continues to improve its product

proposition by adding more tier one suppliers, contributing to a 30% increase in the number of new gaming titles in key states. There remains a significant pipeline of product improvements for us to deliver for our players.

FanDuel's combined online sportsbook and iGaming revenue from states launched pre-2022 increased 12% with strong growth in iGaming being partly offset by lower sportsbook revenue from the significant swing in sportsbook net revenue margin noted above.

UK & Ireland

Online

Excellent momentum within our UK & Ireland division continued during Q3. The business took share as we delivered a strong start to the new season of the Premier League with our recreational player base driving revenue and AMP growth of 11% and 5% respectively.

Sports revenue grew by 6% driven by increased *Betbuilder* adoption, which is expanding our structural revenue margin to deliver a net revenue margin of 10.9%, 60 basis points higher than the prior year. We also rolled out innovative new product and generosity features such as *Acca Freeze* at Sky Bet and an increasingly personalised approach to *Best Odds Guaranteed* on racing to drive efficient retention and player engagement.

Gaming performance remains strong with AMPs 13% higher and revenue up 18%. This was driven by complementary, start of season gaming campaigns which drove high conversion from our sports player base. In addition, we continued to expand our gaming content and improve our promotional mechanics across our brands.

Retail

Retail revenue grew 9% also benefiting from a good start to the Premier League season as well as an enhanced product proposition across our UK and Irish estates.

Australia

Sportsbet grew AMPs by 2% in the quarter due to good retention of our recreational player base. This was driven by our market leading product offering, where we signed a ten year extension for access to Sky Racing streaming in the quarter which included the addition of Sportsbet branded content.

The challenging racing market we saw in Q2, continued in Q3 and resulted in sportsbook stakes being 9% lower. Revenue declined 7% as sportsbook net revenue margin increased 20 basis points to 11.3%. The softer racing market is now expected to persist into 2024, resulting in an estimated mid-single digit decline in the overall Australian market in 2024. The market is also experiencing increased regulatory oversight, including a ban on credit card deposits. The combination of these items will now limit our ability in the near-term to offset the impact of the previously announced Victoria point of consumption tax increase from July 2024 (annualised cost £27m).

International

Unaudited revenue £m	Total				Sports ⁴	Gaming	Average monthly players ²	
	Q3 2023	Q3 2022	YoY %	YoY % CC	YoY % CC	YoY % CC	Q3 2023 (000s)	YoY %
International reported	539	466	+16%	+19%	+10%	+22%	3,827	+20%
International pro forma	539	529	+2%	+5%	-7%	+9%	3,827	+12%

In our International division, reported revenue growth of 19% reflects the benefit of Sisal, acquired in August 2022, as well as good organic growth within the business.

On a pro forma basis the division grew revenue by 5% and AMPs by 12%. Revenue from our *Consolidate and Invest* markets which represented 78% of the division during the quarter, delivered revenue growth of 11%.

Sports revenue was 7% lower due to the adverse impact of customer friendly sports results. Gaming growth of 9% was primarily driven by strong execution in India (+52%) and Turkey (+192%).

In Italy, revenue was 4% lower. This reflected a higher mix of sportsbook revenue than in our other markets and therefore a greater impact from customer friendly results. In addition, it also includes tougher comparatives as a result of heightened player engagement from the *Superenalotto* jackpot in the prior year, which reached record levels until it was won in Q1 2023.

Guidance and outlook

2023 guidance:

- **US:** Revenue and Adjusted EBITDA both approximately £3.75bn (\$4.7bn) and £140m (\$180m), despite ongoing investment in new customer acquisition to drive long term growth (previously guided revenue range: £3.6bn - £3.9bn, EBITDA range £90m - £190m)
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2024 items:

- Challenging Australian operating environment to continue into 2024
- Previously announced Indian GST tax change will delay profit inflection for Jungle and is now expected to reduce 2024 EBITDA by around £30m⁵

US listing

We have been pleased with the progress made on Flutter's additional US listing. The Group has submitted a draft registration statement to the Securities and Exchange Commission and we expect the listing to become effective in Q1 2024. In addition, following a competitive tender process, the Board is pleased to announce that it has chosen the New York Stock Exchange as the future trading venue for Flutter's ordinary shares in the US.

The Board now believes that it is appropriate to maintain just two listings to minimise regulatory complexities and consequently has taken the decision to cancel its listing on Euronext Dublin. The Euronext delisting is expected to take effect simultaneously with, or shortly prior to, implementation of the additional US listing. The exact date of the cancellation will be the subject of a separate announcement in due course. That announcement will be made at least 20 business days prior to the cancellation date and will contain details of the steps shareholders should take if they wish to re-position their holdings ahead of the cancellation date.

The Group's premium listing on the London Stock Exchange, and its membership of the FTSE 100, will not be affected by the Euronext listing cancellation. The Group may pursue a primary US listing in due course, which would be subject to a shareholder consultation. A shareholder FAQ has been made available on the Flutter website (www.flutter.com).

¹ Constant currency (“cc”) growth is calculated by retranslating the non-sterling denominated components of Q3 2022 at Q3 2023 exchange rates. Growth rates in the commentary are in local or constant currency.

² Average Monthly Players represent the average number of players who have placed and/or wagered a stake and/or contributed to rake or tournament fees during the month in the reporting period.

³ Online sportsbook and gaming market share is the gross gaming revenue (“GGR”), unless otherwise stated, market share of our sportsbook and gaming brands for Q3 2023 in the states in which FanDuel was live (excluding TN as they no longer report this data), based on published gaming regulator reports in those states as of 3 November 2023. Online sportsbook net revenue market share is the net gaming revenue (GGR less promotional spend), for Q3 2023 in the nine states in which report this data.

⁴ Sports revenue includes revenue from sportsbook, exchange, daily fantasy sports, advance deposit wagering and B2B product verticals.

⁵ Goods and services tax change now confirmed as applicable to deposits and introduced from 1 October 2023.

Analyst briefing:

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

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About Flutter Entertainment plc:

We are a global betting and gaming group with an ambition to drive positive and sustainable change in our industry. Through our world class brands we excite and entertain customers, while leading the way in responsible play. Our strength is the *Flutter Edge*, optimising the advantages of our global scale to drive business performance and positive impact for our customers, colleagues and communities.

We report as four divisions:

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