



2 March 2023

Flutter Entertainment plc - 2022 Preliminary Results

Exceptional US performance; Strong recreational customer growth across Group driving 2022 revenue

Flutter Entertainment plc (the “Group”) announces preliminary results for year ended 31 December 2022.

	Reported ¹			Adjusted ²			
	FY	FY	YoY %	FY	FY	YoY %	CC ³ YoY %
	2022	2021		2022	2021		
	£m	£m		£m	£m		
Average monthly players ⁴ ('000s)				10,245	8,146	+26%	
Group Revenue	7,693	6,036	+27%	7,693	6,036	+27%	+22%
Group EBITDA ⁵	918	723	+27%	1,045	1,001	+4%	+4%
Group EBITDA excluding US				1,295	1,244	+4%	+2%
(Loss)/Profit after tax	(305)	(412)		336	454	-26%	
(Loss)/Earnings per share (pence)	(170.8p)	(236.5p)		189.0p	252.7p	-25%	
Net Debt at period end ⁶	(4,644)	(2,647)					

Pro forma references include Junglee, tombola and Sisal for a full 12-month period in both 2021 and 2022. Any differences due to rounding.

Operational Highlights:

- **Group:** Strong 2022 performance with average monthly players ('AMPs') +26%, due to rapid US expansion, combined with benefit of Sisal and tombola acquisitions (pro forma +15%)
- **US:** Scale benefits compounding, continuing to extend leadership position with over 3m AMPs in Q4
 - Clear #1 sportsbook; 50%⁷ Q4 share; Maryland and Ohio most successful state launches to date
 - Improved iGaming proposition driving market share gains to 21% in Q4
 - Positive EBITDA in Q2 and in Q4 excluding Maryland/Ohio investment
- **Group ex-US:** Excellent recreational AMP growth
 - **UK & Ireland:** Product improvements and World Cup driving strong second half AMPs, partly offsetting annualisation of safer gambling initiatives and prior year Covid frequency benefit
 - **Australia:** Continued strong AMP growth, leading to resilient performance against tough H2 Covid comparatives and highly competitive environment
 - **International:** At growth inflection point with major regulatory headwinds annualised and exceptional revenue growth in *Consolidate and Invest*⁸ markets
- **Sustainability:** Positive Impact Plan progressing well across all pillars; 40.1% of AMPs using *Play Well* tools⁹ in 2022, a 7.8 percentage point increase when compared with 2021

Financial Highlights:

- Group reported revenue and EBITDA growth of 27%, benefiting from tombola and Sisal acquisitions

- US revenue of £2.6bn (\$3.2bn) at upper end, and EBITDA loss of £250m (\$313m) at lower end, of guidance ranges
- Group ex-US EBITDA within range, even after customer friendly sports results in December
- Group Adjusted EBITDA +4% to £1,045m reflecting:
 - Benefit from Sisal and tombola acquisitions in 2022
 - Strong organic growth offset by £160m of known regulatory changes and safer gambling initiatives
- Reported loss after tax of £305m (2021: £412m) after £608m charge for amortisation of acquired intangibles
- Adjusted basic earnings per share reduced from 252.7p to 189.0p driven by higher interest and tax costs
- Net debt of £4.6bn at 31 December 2022 following Sisal and tombola acquisitions as well as Adjarabet buyout. Pro forma leverage ratio of 3.9 times⁶ (2021: 2.6 times), or 3.2 times excluding US losses

Outlook:

- Trading in the first 8 weeks of the year in line with expectations:
 - US delivering continued strong growth across existing states and from the very successful launches in Maryland and Ohio. US remains on track to be EBITDA positive for the full year 2023
 - Group ex-US revenues benefitting from strong momentum in UK & Ireland, and International, offsetting the impact of a more challenging environment and tough comparatives in Australia

Peter Jackson, Chief Executive, commented:

“Flutter delivered a strong performance in 2022, continuing to execute on the strategic priorities we outlined last March. Growth in our recreational customer base delivered 2022 revenue growth of 27% and we ended the year with a record 12.1m average monthly players in Q4.

We have an unparalleled number one position in the US where we continue to go from strength to strength. The combined power of the ‘FanDuel Advantage’ and the ‘Flutter Edge’ delivered our most successful launches to date in Maryland and Ohio. Leveraging our number one FanDuel brand we had a record Super Bowl and have acquired over 1.2m customers in 2023 so far.

Outside of the US we have been pleased with the performance of the business as we faced into regulatory changes and challenging comparatives. We are well placed to build on gold medal positions in our mature markets while we are delivering very strong growth in a range of attractive high growth markets. We have been really excited to add Sisal, the number one operator in the Italian market, to our brand portfolio, and we are making good progress with our integration strategy.

During the year, we invested £60m in safer gambling initiatives across the Flutter Group and have been really encouraged by the 8-percentage point increase achieved in safer gambling tool usage to over 40% of our player base.

We recently announced that we believe an additional US listing of Flutter’s ordinary shares will yield a number of long-term strategic and capital market benefits. We have begun an extensive consultation with our shareholders and early feedback has been supportive. We look forward to continued engagement with investors and stakeholders on this matter and we will announce the results of this engagement in due course.

2023 is off to a pleasing start driven by positive momentum from the end of last year. With our combined US business on track to deliver a positive EBITDA for the full year 2023 for the first time, the Group is currently at an earnings' transformation point and we look forward to delivering future growth and progressing further against Flutter's strategic priorities in the coming year."

Analyst briefing:

The Group will host a questions and answers call for institutional investors and analysts this morning at 9:30am (GMT). Ahead of that call, a presentation will be made available on the Group's corporate website (www.flutter.com/investors) from 8:00am. 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 review²⁻⁵

As the number one sports betting and iGaming operator globally, Flutter represents a unique and compelling investment opportunity. The US market is expected to be worth more than \$40bn by 2030, while outside of the US, the market is already worth £263bn, growing at a projected 9% CAGR over the next five years¹⁰. With just 30% of this combined market opportunity currently taking place online, this provides a long runway for future growth.

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

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

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

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

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

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

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

2022 review

Flutter delivered strong revenue growth of 22% with AMPs up 26% to 10.2m during the year, driven by our ongoing expansion in the US and the benefit of the Group's acquisitions of Sisal and tombola. On a pro forma basis both revenue and AMPs delivered excellent growth, up 14% and 15% respectively. Group Adjusted EBITDA

was £1,045m, 4% higher. On a pro forma basis, Group Adjusted EBITDA was 5% lower after the impact of known regulatory headwinds and safer gambling initiatives of £160m, excluding which EBITDA was 9% higher.

US

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

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

Our flywheel continues to drive efficient expansion. Total operating costs (sales and marketing combined with operating costs) reduced as a percentage of revenue by 19 points in H2. We are also outpacing our competition with Flutter US revenue in 2022 over \$900m higher than our next nearest competitor and with one third of the EBITDA loss. We were the first operator to reach profitability in the US in Q2. Additionally, in Q4, Flutter US EBITDA was £31m (\$36m), excluding new state investment in Maryland and Ohio. The increasingly profitable progression of our customer cohorts, together with the compounding benefit of our flywheel underpin our confidence in delivering a positive full year 2023 EBITDA.

Group excluding the US

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

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

UK & Ireland

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

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

Ongoing delivery of new and improved products for customers is a key element in our winning formula. During the second half, SkyBet further enhanced their new *BuildABet* product making it easier for players to track progress of their bets and updated their pre-game football proposition. Betfair's gaming proposition was refreshed, while Paddy Power launched *Wonder Wheel* bonus rounds during the World Cup, which helped drive their multi-product players seven percentage points higher year on year in H2. We also launched Paddy Power's first fully native gaming iOS app and additional branded gaming content boosting retention rates. These innovations drove pro forma gaming AMPs 10% higher during 2022.

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

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

Australia

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

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

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

International

International division revenue grew 24%, or 7% on a pro forma basis, reaching a growth inflection point after a period of significant regulatory change. International has four market types: (i) *Consolidate* existing #1 positions,

(ii) *Invest* for leadership in high growth markets, (iii) *Optimise* returns, or (iv) *Maintain* an existing position. Our *Consolidate and Invest* markets now represent 76% of revenue and grew at 22% on a pro forma basis (reported +68%) during 2022. This highlights the very attractive positions we have in these markets, including India, which grew at 80% and is expected to become our second largest market behind Italy in 2023.

In August, we completed the acquisition of Sisal, the #1 operator in Italy, Europe's largest gambling market with GGR of £18bn in 2022, including lottery. The online market is expected to grow at a compound rate of 9% over the next three years, with just 19% of the market online in 2022¹⁰.

Sisal has significant competitive advantages through its omni-channel offering in an Italian market with advertising restrictions, a nine-year Italian lottery concession and monopoly positions in other markets. Sisal's performance in 2022 was fantastic, growing proforma revenues by 32% to £863m and EBITDA by 22% to £247m. Sisal's online market share increased to 13.4% in Q4¹², 140 basis points higher than the prior year (Flutter combined online market share 22%). This performance was driven by:

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

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

Capital structure and balance sheet update⁶

The Group had gross debt of £5,442m¹³ at 31 December 2022 and a net debt position of £4,644m (31 December 2021: £2,647m), which represents a pro forma leverage ratio of 3.9x or 3.2x excluding the 2022 US EBITDA loss. During 2022, the Group acquired tombola for £410m in January, the remaining 49% stake in Adjarabet for £204m and the Sisal business in August for £1.7bn.

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

Other updates

US listing

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

FOX arbitration

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

Current trading/outlook

Trading for the Group in the first 8 weeks of the year has been in line with expectations. Our US division has been delivering continued strong growth across existing states, as well as through the very successful launches in Maryland and Ohio. We remain on track to be EBITDA positive for the full year 2023.

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

For 2023 the Group also anticipates:

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

Operating and financial review¹⁻⁶

Group

	FY 2022 £m	FY 2021 £m	Change %	CC Change %
<i>Unaudited Adjusted</i>				
Average monthly players ('000s)	10,245	8,146	+26%	
Sports revenue	4,788	3,774	+27%	+21%
Gaming revenue	2,906	2,262	+28%	+23%
Total revenue	7,693	6,036	+27%	+22%
Cost of sales	(3,164)	(2,262)	+40%	+33%
<i>Cost of sales as a % of net revenue</i>	41.1%	37.5%	+370bps	+350bps
Gross profit	4,529	3,774	+20%	+15%
Sales and marketing	(1,853)	(1,508)	+23%	+15%
Contribution	2,676	2,266	+18%	+15%
Other operating costs	(1,524)	(1,164)	+31%	+25%
Corporate costs	(107)	(101)	+7%	+6%
Adjusted EBITDA^{2,5}	1,045	1,001	+4%	+4%
<i>Adjusted EBITDA margin %</i>	13.6%	16.6%	-300bps	-240bps
Depreciation and amortisation	(370)	(255)	+45%	+38%
Adjusted operating profit	675	746	-9%	-9%
Net finance expense	(158)	(126)	+25%	
Adjusted profit before tax	518	620	-17%	
Taxation	(182)	(166)	+9%	
Adjusted profit for the period	336	454	-26%	
Adjusted basic earnings per share	189.0p	252.7p	-25%	
Net debt⁶ at period end	(4,644)	(2,647)	+75%	

Acquired businesses Jungle (January 2021), Singular (September 2021), tombola (January 2022) and Sisal (August 2022) have been included on a reported basis. Pro forma references within the commentary for a specified period include Jungle, tombola and Sisal as though part of the Group in both 2021 and 2022 for the entire period. A full analysis of the Group's reported performance can be found at pages 19-20.

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

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

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

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

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

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

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

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

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

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

A full analysis of the Group's reported performance can be found at pages 19-20.

US³

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

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

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

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

Sportsbook performance was also driven by:

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

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

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

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

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

UK & Ireland

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

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

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

UK & Ireland Online

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

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

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

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

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

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

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

UK & Ireland Retail

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

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

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

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

Australia³

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

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

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

Revenue performance during 2022 reflected:

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

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

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

International³

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

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

Pro forma

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

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

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

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

Reported

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

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

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

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

Separately disclosed items

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

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

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

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

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

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

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

Statutory review¹

Group

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

Note: A full analysis of the Group's adjusted performance can be found at pages 9-17.

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

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

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

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

Net current liabilities increased from £112m at 31 December 2021 to £416m at 31 December 2022, mainly due to the purchase of tombola in January 2022 for £410m, which was financed from the Group's cash resources. As

in previous years, the Group regularly operates in a net current liability position, due to the Group's operating model whereby it receives payments for nearly all revenues in advance with material cost items paid in arrears. Net assets of £10.3bn at 31 December 2022 were broadly in line year on year with increases in total assets, due to the Sisal acquisition and further growth in our US business offset by corresponding increases in total liabilities. Net cash flow from operating activities increased to £1,297m from £775m. This was due to the Kentucky litigation payment in 2021, as well as a higher working capital benefit (including movement in customer balances) in 2022 than in the prior year, due to the continued growth within the business. A full analysis of the Group's Adjusted performance can be found at pages 9-17.

Cash flow and financial position

	FY 2022	FY 2021
<i>Unaudited</i>	£m	£m
Adjusted EBITDA	1,045	1,001
Capex	(403)	(308)
Working capital	222	119
Corporation tax	(163)	(138)
Lease liabilities paid	(72)	(48)
Adjusted free cash flow	628	625
Cash flow from separately disclosed items	(118)	(61)
Free cash flow	510	563
Interest cost	(136)	(140)
Other borrowing costs	(75)	(57)
Settlement of swaps	—	(68)
Amounts paid in respect of Kentucky settlement	—	(234)
Purchase of shares by the Employee Benefit Trust ("EBT")	(3)	(181)
Acquisitions and disposals	(2,289)	73
Cash transferred in acquisitions/ disposals	105	4
Other	(1)	(13)
Net (decrease)/increase in cash	(1,889)	(53)
Net debt⁶ at start of year	(2,647)	(2,814)
Foreign currency exchange translation	(260)	(5)
Change in fair value of hedging derivatives	152	225
Net debt as at 31 December	(4,644)	(2,647)

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

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

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

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

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

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

As at 31 December 2022, the Group had net debt of £4,644m, excluding customer balances, representing a leverage ratio of 3.9x times⁶. 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.

Notes:

¹ Reported figures represent the IFRS reported statutory numbers. Where amounts have been normalised for separately disclosed items they are noted as Adjusted.

² "Adjusted" measures exclude items that are separately disclosed as they are: (i) not part of the usual business activity of the Group (ii) items that are volatile in nature and (iii) purchase price accounting amortisation of acquired intangibles (non-cash). Therefore, they have been reported as "separately disclosed items (SDIs)" (see note 6 to the financial statements).

³ Growth rates in the commentary are in local or constant currency¹⁴ except reported numbers which are in nominal currency.

⁴ Average Monthly Players represent the average number of players who have placed and/or wagered a stake and/or contributed to rake or tournament fees during the month in the reporting period. Average Monthly Player numbers now include Jungle players, and comparative figures have been adjusted to show a like for like comparison.

⁵ EBITDA is defined as profit for the period before depreciation, amortisation, impairment, gain on disposal, financial income, financial expense and taxation and is a non-GAAP measure. This measure is used internally to evaluate performance, to establish strategic goals and to allocate resources. The directors also consider the measure to be commonly reported and widely used by investors as an indicator of operating performance and ability to incur and service debt, and as a valuation metric. It is a non-GAAP financial measure and is not prepared in accordance with IFRS and, as not uniformly defined terms, it may not be comparable with measures used by other companies to the extent they do not follow the same methodology used by the Group. Non-GAAP measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. All of the adjustments shown have been taken from the financial statements.

⁶ Net debt is the principal amount of borrowings plus associated accrued interest, minus available cash & cash equivalents plus/minus carrying value of debt related derivatives. Leverage is calculated using pro forma Adjusted EBITDA for the appropriate 12-month period.

⁷ Online sportsbook market share is the GGR market share of FanDuel and FOXBet for Q4 2022 in the states in which FanDuel was live based on published gaming regulator reports in those states. During Q4 2022 FanDuel was live in 17 states; Arizona (AZ), Colorado (CO), Connecticut (CT), Illinois (IL), Indiana (IN), Iowa (IA), Kansas (KS), Louisiana (LA), Maryland (MD), Michigan (MI), New Jersey (NJ), New York (NY), Pennsylvania (PA), Tennessee (TN), Virginia (VA), West Virginia (WV) and Wyoming (WY). During Q4 2022 FOXBet was live in 4 states; CO, NJ, MI and PA. Market share does not include AZ for December as the data has yet to be released.

⁸ Consolidate and invest markets in International are Italy, Spain, Georgia, Armenia, Brazil, Canada, India and Turkey.

⁹ Global Play Well goal is measured as the 12-month rolling average % of AMPs who use a safer gambling (Play Well) tool in the specified reporting period. A safer gambling tool is any tool that a customer has used (or Flutter has applied to a customer) in the reporting period that helps to promote safer gambling. During 2022, Flutter strengthened the measurement of this metric including a change to measure AMPs instead of active customers, apply more consistent tool usage definitions across the Group as well as including Adjarabet, Jungle and tombola.

¹⁰ US total addressable market based on internal estimates and excluding Canada (estimated mature total addressable market of \$3bn). Total addressable market outside US based on H2GC data and internal estimates. Italian market estimate based on internal estimates

¹¹ Australian gross gaming revenue market share for 2022 based on competitor filings and internal estimates.

¹² Sisal market share based on Italian regulatory filings.

¹³ Includes the gross value of derivatives.

¹⁴ Constant currency ("CC") growth is calculated by retranslating the non-sterling denominated component of 2021 at 2022 exchange rates (see Appendix 3).

Appendix 1: Reconciliation of Adjusted to statutory results

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

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

¹ See note 6 of the financial statements.

Appendix 2: Reconciliation of International pro forma to statutory results

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

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

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

¹ See note 6 of the financial statements.

Appendix 3: Reconciliation to constant currency growth rates

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

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

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

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

<i>£m unaudited</i>	Adjusted cash flow		Debt and customer balances adjustments		Statutory cash flow	
	2022	2021	2022	2021	2022	2021
Adjusted EBITDA¹	1,045	1,001			1,045	1,001
Capex ²	(403)	(308)			(403)	(308)
Working capital ³	222	119			222	119
Corporation tax	(163)	(138)			(163)	(138)
Lease liabilities paid	(72)	(48)			(72)	(48)
Adjusted free cash flow	628	625	—	—	628	625
Cash flow from separately disclosed items ⁴	(118)	(61)			(118)	(61)
Free cash flow	510	563	—	—	510	563
Interest cost ⁵	(136)	(140)			(136)	(140)
Other borrowing costs ⁵	(75)	(57)			(75)	(57)
Settlement of swaps	—	(68)			—	(68)
Amounts paid in respect of Kentucky settlement	—	(234)			—	(234)
Purchase of shares by the EBT	(3)	(181)			(3)	(181)
Acquisitions and disposals ⁶	(2,289)	73			(2,289)	73
Cash acquired in business combinations ⁶	105	4	304		409	4
Other ⁷	(1)	(13)			(1)	(13)
Movement in cash and cash equivalents - customer balances	—	—	311	89	311	89
Net amounts repaid on borrowings ⁸	—	—	1,706	416	1,706	416
Net (decrease)/increase in cash	(1,889)	(53)	2,321	506	432	453
Net (debt)/cash at start of year⁹	(2,647)	(2,814)	4,276	4,005	1,629	1,191
Foreign currency exchange translation	(260)	(5)	290	(10)	30	(15)
Change in fair value of hedging derivatives	152	225	(152)	(225)	—	—
Net (debt)/cash as at 31 December⁹	(4,644)	(2,647)	6,735	4,276	2,091	1,629

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

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 and investments and foreign currency exchange loss/(gain).

⁴ Cash flow from separately disclosed items relates to transaction fees, along with restructuring and integration costs.

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

⁶ The combination of acquisition and disposals of (£2,289m) and cash acquired in business combinations (£409m) reconciles to the statutory cash flow amounts for purchase of businesses net of cash acquired (£1,675m) and acquisition of further interest in subsidiary (£204m).

⁷ Other includes proceeds from the disposal of assets, proceeds from the issue of shares on exercise of employee options, dividends paid to non-controlling interest, lease interest paid and other.

⁸ Net amounts repaid on borrowings includes principle repayments on USD First Lien Term Loan B and additional draw downs and repayments on the GBP Revolving Credit Facilities.

⁹ Net (debt)/cash comprises principal outstanding balance of borrowings, accrued interest on those borrowings, derivatives held for hedging debt instruments, cash and cash equivalents - available for corporate use and cash and cash equivalents - customer balances.

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.

Condensed Consolidated Income Statement

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Continuing operations			
Revenue	5	7,693.2	6,036.2
Cost of sales		(3,146.3)	(2,309.5)
Gross profit		4,546.9	3,726.7
Operating costs excluding depreciation, amortisation and (loss)/gain on disposal		(3,629.3)	(3,003.4)
EBITDA¹		917.6	723.3
Amortisation of acquisition-related intangible assets	6	(607.8)	(543.3)
Depreciation and amortisation of other assets		(368.6)	(254.4)
(Loss)/gain on disposal		(1.0)	11.9
Operating loss		(59.8)	(62.5)
Financial income	7	22.1	3.2
Financial expense	7	(237.1)	(229.1)
Loss before tax		(274.8)	(288.4)
Tax expense	8	(30.1)	(123.5)
Loss for the year		(304.9)	(411.9)
Attributable to:			
Equity holders of the Company		(302.0)	(415.8)
Non-controlling interest		(2.9)	3.9
		(304.9)	(411.9)
Earnings per share			
Basic	9	(£1.708)	(£2.365)
Diluted	9	(£1.708)	(£2.365)

1. EBITDA is defined as profit for the period before depreciation, amortisation, impairment, loss/gain on disposal, financial income, financial expense and tax expense. It is considered by the Directors to be a key measure of the Group's financial performance.

Notes 1 to 21 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2022

	Note	2022 £m	2021 £m
Loss for the year		(304.9)	(411.9)
Other comprehensive income/(loss):			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges	7	210.7	61.4
Fair value of cash flow hedges transferred to the income statement	7	(182.7)	(28.4)
Foreign exchange (loss)/gain on net investment hedges, net of tax ¹	7	(113.7)	68.2
Foreign exchange gain/(loss) on translation of the net assets of foreign currency denominated entities	7	371.4	(309.6)
Debt instruments at FVOCI	7	(2.6)	(1.3)
Other comprehensive income/(loss)		283.1	(209.7)
Total comprehensive loss for the year		(21.8)	(621.6)
Attributable to:			
Equity holders of the Company		(22.1)	(627.9)
Non-controlling interest		0.3	6.3
Total comprehensive loss for the year		(21.8)	(621.6)

1 Foreign exchange (loss)/gain on net investment hedges is presented including an income tax charge of £4.9m (year ended 31 December 2021 : £17.2m) which relates to the tax effect of the Group's hedging activities.

Notes 1 to 21 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

		31 December 2022	31 December 2021 Restated (See Note 2)
	Note	£m	£m
Assets			
Property, plant and equipment		702.2	451.4
Intangible assets		5,879.9	4,875.6
Goodwill	10	10,860.0	9,346.8
Deferred tax assets		67.2	8.2
Non-current tax receivable		13.0	21.5
Investments	12	9.2	5.5
Derivative financial assets	17	—	68.0
Financial assets - restricted cash	13	13.0	7.4
Other receivables	12	38.5	29.3
Total non-current assets		17,583.0	14,813.7
Trade and other receivables	12	345.0	203.9
Derivative financial assets	17	279.6	—
Cash and cash equivalents - customer balances	13	1,293.2	677.6
Cash and cash equivalents - available for corporate use	13	797.9	951.7
Current investments at FVOCI - customer deposits	13	138.0	83.0
Current tax receivable		45.5	45.6
Total current assets		2,899.2	1,961.8
Total assets		20,482.2	16,775.5
Equity			
Issued share capital and share premium	18	484.6	477.6
Shares held by Employee Benefit Trust	18	(0.2)	(4.0)
Cash flow hedge reserve	18	50.7	22.7
Other reserves	18	300.2	(61.7)
Retained earnings	18	9,373.3	9,816.3
Total equity attributable to equity holders of the Parent		10,208.6	10,250.9
Non-controlling interest	18	128.3	37.5
Total equity		10,336.9	10,288.4
Liabilities			
Trade and other payables	14	1,533.1	1,096.4
Customer balances		1,394.6	721.0
Derivative financial liabilities	17	144.7	74.0
Provisions	15	46.7	71.3
Current tax payable		75.4	42.3
Lease liability		85.4	47.0
Borrowings	16	35.6	22.1
Total current liabilities		3,315.5	2,074.1
Trade and other payables	14	50.8	19.8
Derivative financial liabilities	17	73.7	55.1
Provisions	15	67.5	47.8
Deferred tax liabilities		760.1	498.0
Non-current tax payable		15.0	25.2
Lease liability		320.8	217.4
Borrowings	16	5,541.9	3,549.7
Total non-current liabilities		6,829.8	4,413.0
Total liabilities		10,145.3	6,487.1
Total equity and liabilities		20,482.2	16,775.5

Notes 1 to 21 form an integral part of these condensed consolidated financial statements.

On behalf of the Board

Peter Jackson
Chief Executive Officer
1 March 2023

Jonathan Hill
Chief Financial Officer

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2022

		2022	2021
	Note	£m	Restated (See Note 2) £m
Cash flows from operating activities			
Loss for the year		(304.9)	(411.9)
Tax expense	8	30.1	123.5
Financial income	7	(22.1)	(3.2)
Financial expense	7	237.1	229.1
Amortisation of acquisition related intangible assets	6	607.8	543.3
Depreciation and amortisation of other assets		368.6	254.4
Loss/(gain) on disposal		1.0	(11.9)
Separately disclosed items included within EBITDA	6	127.4	277.7
Employee equity-settled share-based payments expense		123.2	79.1
Foreign currency exchange (gain)/loss		(18.4)	15.7
Cash from operations before changes in working capital		1,149.8	1,095.8
Increase in trade and other receivables		(42.6)	(40.5)
Increase in trade, other payables and provisions		160.1	64.0
Movement in cash and cash equivalents - customer balances		311.4	89.3
Cash generated from operating activities		1,578.7	1,208.6
Taxes paid		(163.4)	(138.5)
Cash generated from operations, net of taxes paid		1,415.3	1,070.1
Transaction fees, restructuring and integration costs paid	6	(117.9)	(61.2)
Amounts paid in respect of Kentucky litigation	6	—	(234.1)
Net cash from operating activities		1,297.4	774.8
Cash flows from investing activities:			
Purchase of property, plant and equipment		(101.5)	(89.3)
Purchase of intangible assets		(85.2)	(62.4)
Capitalised internal development expenditure		(201.5)	(142.3)
Purchase of businesses net of cash acquired	11	(1,675.9)	(50.7)
Payment of contingent deferred consideration	11	(15.3)	(21.6)
Acquisition of further interest in subsidiary	11	(204.1)	—
Net proceeds from disposal of subsidiary	11	—	127.1
Interest received	7	6.2	1.5
Other		5.0	(0.8)
Net cash used in investing activities		(2,272.3)	(238.5)
Cash flows from financing activities:			
Proceeds from the issue of shares on exercise of employee options	18	7.0	13.2
Dividend paid to non-controlling interest	18	(5.4)	(16.7)
Payment of lease liabilities		(72.2)	(47.9)
Payment of lease interest		(12.6)	(8.4)
Lease incentive received		4.6	7.3
Proceeds from borrowings	16	4,020.5	1,167.7
Repayment of borrowings	16	(2,314.9)	(751.2)
Interest paid	16	(142.5)	(141.9)
Settlement of derivatives		—	(67.9)
Financing fees paid in respect of borrowing facilities	16	(74.6)	(56.7)
Ordinary shares of the Company acquired by the Employee Benefit Trust	25	(2.8)	(180.7)
Net cash from/(used in) financing activities		1,407.1	(83.2)
Net increase in cash and cash equivalents		432.2	453.1
Cash and cash equivalents at start of year	13	1,629.3	1,191.3
Foreign currency exchange gain/(loss) on cash and cash equivalents		29.6	(15.1)
Cash and cash equivalents at end of year	13	2,091.1	1,629.3
Presented on the Statement of Financial Position within:			
Cash and cash equivalents - customer balances		1,293.2	677.6
Cash and cash equivalents - available for corporate use		797.9	951.7
		2,091.1	1,629.3

Notes 1 to 21 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Number of ordinary shares in issue	Issued share capital and share premium	Shares held by Employee Benefit Trust	Cash flow hedge reserve	Fair value reserve ¹	Foreign exchange translation reserve ¹	Other reserves ¹	Share-based payment reserve ¹	Retained earnings	Total equity attributable to shareholders of the Company	Non-controlling interest	Total equity
	m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 January 2022	175.6	477.6	(4.0)	22.7	(1.7)	(194.2)	2.5	131.7	9,816.3	10,250.9	37.5	10,288.4
Total comprehensive income/(loss) for the year												
Loss for the year	—	—	—	—	—	—	—	—	(302.0)	(302.0)	(2.9)	(304.9)
Foreign exchange translation including net investment hedges	—	—	—	—	—	259.4	—	—	—	259.4	3.2	262.6
Effective portion of changes in fair value of cash flow hedges (Note 7)	—	—	—	210.7	—	—	—	—	—	210.7	—	210.7
Fair value of cash flow hedges transferred to the income statement (Note 7)	—	—	—	(182.7)	—	—	—	—	—	(182.7)	—	(182.7)
Financial assets at FVOCI (Note 7)	—	—	—	—	(2.6)	—	—	—	—	(2.6)	—	(2.6)
Tax on foreign exchange hedging (Note 8)	—	—	—	—	—	(4.9)	—	—	—	(4.9)	—	(4.9)
Total comprehensive income/(loss) for the year	—	—	—	28.0	(2.6)	254.5	—	—	(302.0)	(22.1)	0.3	(21.8)
Transactions with owners of the Company, recognised directly in equity												
Shares issued on exercise of employee share options	0.5	7.0	—	—	—	—	—	—	—	7.0	—	7.0
Acquisition of non-controlling interest in Adjarabet (Note 11)	—	—	—	—	—	—	—	—	(169.9)	(169.9)	(34.2)	(204.1)
Business combinations (Note 11)	—	—	—	—	—	—	—	—	(12.3)	(12.3)	130.1	117.8
Ordinary shares of the Company acquired by the Employee Benefit Trust	—	—	(2.8)	—	—	—	—	—	—	(2.8)	—	(2.8)
Equity-settled transactions – expense recorded in the income statement	—	—	—	—	—	—	—	153.4	—	153.4	—	153.4
Equity-settled transactions – vesting	—	—	6.6	—	—	—	—	—	(6.6)	—	—	—
Tax on share-based payments (Note 18)	—	—	—	—	—	—	—	—	4.4	4.4	—	4.4
Transfer to retained earnings on exercise of share options and vesting of share awards	—	—	—	—	—	—	—	(43.4)	43.4	—	—	—
Dividend paid to non-controlling interest (Note 18)	—	—	—	—	—	—	—	—	—	—	(5.4)	(5.4)
Total contributions by and distributions to owners of the Company	0.5	7.0	3.8	—	—	—	—	110.0	(141.0)	(20.2)	90.5	70.3
Balance at 31 December 2022	176.1	484.6	(0.2)	50.7	(4.3)	60.3	2.5	241.7	9,373.3	10,208.6	128.3	10,336.9

¹ Included in other reserves in the Statement of Financial Position.

Notes 1 to 21 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Number of ordinary shares in issue	Issued share capital and share premium	Merger reserve	Shares held by			Fair value reserve ¹	Foreign exchange translation reserve ¹	Other reserves ¹	Share- based payment reserve ¹	Retained earnings	Total equity attributable to shareholders of the Company	Non- controlling interest	Total equity
	m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£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 for the year	—	—	—	—	—	—	—	—	—	—	(415.8)	(415.8)	3.9	(411.9)
Foreign exchange translation including net investment hedges	—	—	—	—	—	—	—	(226.6)	—	—	—	(226.6)	2.4	(224.2)
Tax on foreign exchange hedging	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Effective portion of changes in fair value of cash flow hedges	—	—	—	—	—	61.4	—	—	—	—	—	61.4	—	61.4
Fair value of cash flow hedges transferred to the income statement	—	—	—	—	—	(28.4)	—	—	—	—	—	(28.4)	—	(28.4)
Financial assets at FVOCI	—	—	—	—	—	—	(1.3)	—	—	—	—	(1.3)	—	(1.3)
Tax on foreign exchange hedging	—	—	—	—	—	—	—	(17.2)	—	—	—	(17.2)	—	(17.2)
Total comprehensive income / (loss) for the year	—	—	—	—	—	33.0	(1.3)	(243.8)	—	—	(415.8)	(627.9)	6.3	(621.6)
Transactions with owners of the Company, recognised directly in equity														
Shares issued on exercise of employee share options	0.6	13.2	—	—	—	—	—	—	—	—	—	13.2	—	13.2
Business combinations (Note 11)	—	—	—	—	—	—	—	—	—	—	—	—	17.1	17.1
Cancellation of Treasury shares (Note 18)	(2.0)	(0.2)	—	40.7	—	—	—	—	0.2	—	(40.7)	—	—	—
Merger reserve capitalisation (Note 18)	—	7,982.9	(7,982.9)	—	—	—	—	—	—	—	—	—	—	—
Reduction of capital (Note 18)	—	(10,000.0)	—	—	—	—	—	—	—	—	10,000.0	—	—	—
Ordinary shares of the Company acquired by the Employee Benefit Trust	—	—	—	—	(180.7)	—	—	—	—	—	—	(180.7)	—	(180.7)
Equity-settled transactions – expense recorded in income statement	—	—	—	—	—	—	—	—	—	80.5	—	80.5	—	80.5
Equity-settled transactions – vesting	—	—	—	—	182.5	—	—	—	—	—	(182.5)	—	—	—
Tax on share-based payments	—	—	—	—	—	—	—	—	—	—	0.7	0.7	—	0.7
Exercise of share awards	—	—	—	—	—	—	—	—	—	(49.6)	49.6	—	—	—
Dividend paid to non-controlling interest (Note 18)	—	—	—	—	—	—	—	—	—	—	—	—	(16.7)	(16.7)
Total contributions by and distributions to owners of the Company	(1.4)	(2,004.1)	(7,982.9)	40.7	1.8	—	—	—	0.2	30.9	9,827.1	(86.3)	0.4	(85.9)
Balance at 31 December 2021	175.6	477.6	—	—	(4.0)	22.7	(1.7)	(194.2)	2.5	131.7	9,816.3	10,250.9	37.5	10,288.4

¹ Included in other reserves in the Statement of Financial Position.

Notes 1 to 21 form an integral part of these condensed consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

Flutter Entertainment plc (the “Company”) and its subsidiaries (together referred to as the “Group”) is a global sports betting and gaming group, whose headquarters are in Dublin, Ireland. The Group’s four reportable segments are (i) UK and Ireland (“UK&I”), which includes Sky Betting & Gaming, Paddy Power (both online and retail), tombola and Betfair’s operations in the UK and Ireland; (ii) Australia, comprising Sportsbet, the market leader in the Australian online betting market; (iii) International which includes online poker, gaming, betting, lottery, rummy and daily fantasy sport product offerings under the Sisal, PokerStars, Betfair International, Adjarabet and Jungle games brands; and (iv) US, which includes sports betting, daily fantasy sports, poker and gaming services under the FanDuel, TVG, FOX Bet, Stardust and PokerStars brands.

The Company is a public limited company incorporated and domiciled in the Republic of Ireland and has its primary listing on the London Stock Exchange under the symbol FLTR and a secondary listing on the Irish Stock Exchange under the symbol FLTR.IR.

The 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 2022, prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union (“EU”) together with an unqualified audit report thereon under section 391 of the Companies Act 2014, will be annexed to the annual return and filed with the Registrar of Companies.

The consolidated financial statements of the Group for the year ended 31 December 2022 comprise the financial statements of the Company and its subsidiary undertakings and were approved for issue by the Board of Directors on 1 March 2023.

2. Recent accounting pronouncements

Adoption of new accounting standards

The IASB issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 31 December 2022;

- Amendments to IAS 37: Onerous contracts - Cost of Fulfilling a Contract;
- Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 1, IFRS 9 and IAS 41: Annual Improvements to IFRS Standards 2018–2020; and
- Amendments to IFRS 3: Reference to the Conceptual Framework.

The adoption of the new standards and interpretations did not have a significant impact on the Group’s consolidated financial statements.

Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flow)

In April 2022, the IFRS Interpretations Committee issued an agenda decision clarifying the definition of cash and cash equivalents in the statement of cash flows stating that cash amounts that are only restricted by an obligation to a third party meet the definition of cash under IAS 7 Statement of Cash Flows. The title of the agenda decision is Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flow).

Prior to this clarification, the Group had not treated cash amounts that were restricted due to, for example gaming regulatory requirements to hold cash to match customer liabilities, as cash and cash equivalents in the statement of cash flows and had instead classified these balances as financial assets - restricted cash.

The Group considers these cash balances to not be available to the Group and will disaggregate these cash balances from the cash balances that are available to the Group, for general corporate purposes in accordance with IAS 1 paragraph 55.

In accordance with this clarification, the Group has made a change in accounting policy and has presented cash and cash equivalents for the purpose of its cash flow including these restricted balances and has restated the prior period accordingly as follows.

2. Recent accounting pronouncements (continued)

	31 December 2021 Originally reported	31 December 2021 Reclassification	31 December 2021 Restated	31 December 2020 Originally reported	31 December 2020 Reclassification	31 December 2020 Restated
Current assets						
Financial asset – restricted cash	677.6	(677.6)	-	587.9	(587.9)	-
Cash and cash equivalents - customer balances	-	677.6	677.6	-	587.9	587.9
Cash and cash equivalents - available for corporate use	951.7	-	951.7	603.4	-	603.4
Cash and cash equivalents	951.7	677.6	1,629.3	603.4	587.9	1,191.3

The change in the classification for the purpose of statement of cash flows did not impact the Statement of Financial Position other than to rename the captions. The Group acknowledges that in accordance with this agenda decision that a change in accounting policy gives rise to the requirement to present a third Statement of Financial Position. In the context of the limited impact this change in accounting policy has had on the Group's Statement of Financial Position, and the fact that the full impact on the Group's Statements of Financial Position as at 31 December 2021 and 2020 is set out above, the Group has concluded that a third Statement of Financial Position would not give the users of these financial statements any further information and on this basis, a third Statement of Financial Position has not been presented.

IFRS standards issued not yet effective

The following IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the Group's consolidated financial statements:

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective 1 January 2023);
- IFRS 17 Insurance Contracts and amendments to Insurance Contracts (effective date 1 January 2023);
- IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies; (effective date 1 January 2023);
- Amendments to IAS 8: Definition of Accounting Estimates (effective date 1 January 2023);
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date 1 January 2023);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date to be confirmed);
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17) (effective date 1 January 2023); and
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective date 1 January 2024).

IBOR reform

The Company has considered the impact of interest rate benchmark reform ("IBOR reform") on its loan accounting and hedge accounting. The Company has adopted the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39 and IFRS 7 issued in August 2020 ("Phase 2 relief"). Adopting these amendments provides temporary relief from applying specific loan accounting and hedge accounting requirements for hedging relationships directly affected by IBOR reform.

For loan accounting, the reliefs have the effect that the Company can update its effective interest rate for the change to the new risk-free rate without recognising an immediate gain or loss. For hedge accounting, the reliefs have the effect that IBOR reform should not generally cause hedge accounting to cease and updates to hedge documentation relating to IBOR reform will not result in a de-designation event for existing hedge relationships. However, any hedge ineffectiveness should continue to be recorded in the income statement. Qualifying for the reliefs is contingent on the Company's transition, i.e. the new risk-free rate plus credit adjustment spread, being economically equivalent to the previous LIBOR basis.

2. Recent accounting pronouncements (continued)

On 5 March 2021, the UK's Financial Conduct Authority ("FCA") formally announced the cessation of all GBP London Interbank Offered Rate ("LIBOR") benchmark settings currently published by ICE Benchmark Administration ("IBA") immediately after 31 December 2021. In response, the Company has entered into agreements with its lenders that amended the benchmark rate referenced in the Term Loan A agreement from GBP LIBOR to GBP SONIA for the interest periods commencing after 1 January 2022. In accordance with the Phase 2 amendments to IFRS 9, the Company has adjusted the effective interest rate on its borrowings resulting in no immediate impact on profit or loss.

The Group's USD First Lien Term Loan B, and certain of its cross-currency interest rate swaps are indexed to USD-LIBOR. See Notes 16 and 17 for details of the borrowings and hedging derivatives notional amounts. The Group is monitoring and evaluating the related risks, which include interest payments on its borrowings, and amounts received on certain of its cross-currency interest rate swaps. These risks arise in connection with transitioning contracts to an alternative rate, including any resulting value transfer that may occur. Additional risk exists as the method of transitioning to an alternative reference rate may be challenging and requires agreement with the respective counterparty about how to make the transition.

The table below indicates the nominal amount and carrying amount of financial instruments that will be affected by IBOR reform which are yet to transition to alternative benchmark rates. The Company has adopted the Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 issued in September 2019 ("Phase 1 relief") in relation to its derivatives in hedge relationships. Adopting these amendments provides temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Current Benchmark Rate	Non-Derivative Financial Liability Nominal Amount	Derivative Instruments Nominal Amount
USD Libor	\$2,901.7m	\$2,901.7m

The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness will continue to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

As illustrated above, the Company has a significant exposure to changes in the USD IBOR benchmark. At 31 December 2022 the Company has term loan of USD \$2,901.7m and cross-currency interest rate swaps with a notional amount of USD \$2,901.7m, which are indexed to USD LIBOR. The cross-currency interest rate swaps are designated in a cash flow hedge relationship hedging the USD LIBOR term loan. In assessing whether the hedges are expected to be highly effective on a forward-looking basis, the Company has assumed that the USD LIBOR interest rate on which the cash flows of its interest rate swaps and its hedged floating rate loans are based are not altered by IBOR reform.

The Company anticipates that USD LIBOR will transition to SOFR and has considered an IBOR transition plan to be implemented in 2023. The 2028 Term Loan raised for the Sisal acquisition in 2022 uses SOFR + CSA as the underlying reference rate. At the time of this financing, the loan agreements for the existing 2026 Term Loan B were updated to ensure consistent treatment on transition to SOFR. The transition project will include changes to systems, processes, risk and valuation models, as well as managing related tax and accounting implications. The Company currently anticipates that the areas of greatest change will be amendments to the contractual terms of its LIBOR referenced floating-rate swaps and updating its hedge designation. None of the Group's cross-currency interest rate swaps relating to the term loan of USD \$2,901.7m have interest rate reset dates which occur after 30 June 2023, the date on which USD LIBOR is expected to be discontinued. The Group expects the EURIBOR will continue to exist as a benchmark rate for the foreseeable future.

The Group will continue to apply the amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed to ends. The Group has assumed that this uncertainty will not end until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment.

3. Basis of preparation and summary of significant accounting policies

The condensed consolidated financial statements are prepared on the historical cost basis except for derivative financial instruments (which include betting transactions), equity securities, certain financial assets which have been designated as fair value through Profit and Loss (FVTPL), fair value through Other Comprehensive Income (FVOCI), contingent deferred consideration and share-based payments, all of which are stated at fair value (grant date fair value in the case of share-based payments). The consolidated financial statements are presented in pounds sterling and are rounded to the nearest 0.1 million.

3. Basis of preparation and summary of significant accounting policies (continued)

Further to IAS Regulation (EC1606/2002, 'Accounting standards adopted for use in the EU'), EU law requires that the annual consolidated financial statements of the Group be prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union ("EU"). These consolidated financial statements have been prepared on the basis of IFRS adopted by the EU and effective for accounting periods ending on or after 1 January 2022.

The accounting policies applied in the preparation of these consolidated financial statements have been applied consistently during the year and prior year, except as noted above and in Note 2 'Recent accounting pronouncements'.

Going concern

The Group reported EBITDA of £917.6m and a loss after tax of £304.9m for the year ended 31 December 2022. This includes £976.4m of depreciation and amortisation charged against profit in the year. The net cash generated from operating activities during the year ended 31 December 2022 was £1,297.4m. The balance sheet at 31 December 2022 reported a net current liability position of £416.3m. During the 12 months ended 31 December 2022, the Group has been in compliance with all covenants related to its lending arrangements.

The Directors have considered the available financial resources which include, at 31 December 2022, £2,091.1m of cash and cash equivalents of which £797.9m is available for corporate use and a £749m Revolving Credit Facility with undrawn capacity of £675m. Whilst there are certain contractual loan repayments due within the next 12 months of £35.6m, the Group's lending facilities primarily fall due in 2025 and 2026 as set out in more detail in Note 16. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Group's forecasts for the 12 months from 1 March 2023 and beyond indicate that it will continue to have significant financial resources, continue to settle its debts as they fall due and operate well within its banking covenants as outlined in Note 16 for at least a period of 12 months from the date of these consolidated financial statements. 12 months from the date of these consolidated financial statements was selected as the going concern period as it represents the period in which the Group has prepared detailed forecasts for the majority of the period and it also reduces the degree of judgement and estimation uncertainty involved in both the forecasts and the downside scenarios.

Various downside scenarios over and above those already included in the base case model on the potential impact of further reductions to cash flows due to reduced customer discretionary income, changes in the legal, regulatory and licencing landscape and the Group's cyber and IT resilience have been considered in respect of these forecasts. The impact of these items involves judgement and estimation uncertainty.

In the event that it were necessary to draw down additional debt funding, the Directors have a reasonable expectation that this could be achieved within the confines of its existing debt facilities and financial covenant requirements.

Having given regard to the above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these consolidated financial statements, and therefore they continue to adopt the going concern basis in its consolidated financial statements.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings based on accounts made up to the end of the financial year. A subsidiary is an entity controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated on consolidation except to the extent that unrealised losses provide evidence of impairment.

4. Judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Judgements

In preparing these Consolidated Financial Statements, the significant judgements in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2021 and are detailed below:

Valuation of tax assets and liabilities

Whilst we maintain good communication with key tax authorities, given the global nature of our business and the complex international tax landscape, there remain areas of tax uncertainty and therefore there is a level of uncertainty with regards to the measurement of our tax assets and liabilities. Uncertainties have been measured using the best estimate of the likely outcome. This assessment relies on estimates and assumptions and may involve a series of judgements about future events.

Where uncertain tax treatments exist, the Group assesses whether it is probable that a tax authority will accept the uncertain tax treatment applied or proposed to be applied in its tax filings. The Group assesses each uncertain tax treatment as to whether it should be considered independently or whether some tax treatments should be considered collectively based on what the Group believes provides a better estimate of the resolution of the uncertainty. The Group considers whether it is probable that the relevant authority will accept each uncertain tax treatment, or group of uncertain tax treatments, assuming that the taxation authority will have full knowledge of all relevant information when doing so.

The key areas of judgement are in relation to intercompany transactions, including internally generated intangible asset transfers, and the recognition of deferred tax, particularly in respect to the US business. Whilst we have strong profitability forecasts in respect to the US business, and we are confident the US business will be profitable in the foreseeable future, the Group recognises that the US business remains loss making during the current period and has not been profitable to date, taking this into account, the Group has partially recognised losses.

Recognition of deferred tax assets requires consideration of the value of those assets and the likelihood that those assets will be utilised in the foreseeable future. The recognition relies on the availability of sound and relatively detailed forecast information regarding the future performance of the business which has the legal right to utilise the deferred tax assets. The Group performed its assessment of the recovery of deferred tax assets at 31 December 2022, taking into account the Group's actual and historic performance, the impact of tax legislation enacted at the reporting date and the detailed financial forecasts and budgets for the business covering the periods over which the assets are expected to be utilised.

New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax assets and liabilities; such changes to tax assets and liabilities will impact the income tax in the period in which such a determination is made. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks and the Group believes that the position for all tax assets and liabilities at 31 December 2022 is adequate based on its assessment of the range of factors outlined above but given the inherent uncertainty, it is possible that resolution of tax uncertainties may differ from the amounts provided for.

Estimates

Determining the fair value of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting year. The following discussion sets forth key sources of estimation uncertainty at the end of the reporting year that management believes have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Acquisition accounting and value of acquired assets and liabilities

The acquisition method of accounting is used to account for all business combinations. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The acquisition of Sisal (see Note 11) during the year resulted in significant judgement and estimation in particular in relation to the identification and valuation of separable intangible assets, future cashflows, appropriate discount rates and determining appropriate useful economic lives for these assets. The discount rates used ranged from 8.8% to 14.9% and the terminal growth rates were between 0% and 5.0%. If the purchase consideration exceeds the fair value of the net assets acquired, then the difference is recognised as goodwill. The Group has one year from the acquisition date to re-measure the fair values of the acquired assets and liabilities and the resulting goodwill if new information is obtained relating to conditions that existed at the acquisition date. Acquisition related costs are expensed as incurred. The business combinations entered into during the year are disclosed in Note 11.

4. Judgements and estimates (continued)

Measurement of the recoverable amounts of cash generating units containing goodwill, indefinite life licences and intangible assets

The Group reviews the carrying value of goodwill for impairment annually (or more frequently if there are indications that the value of goodwill may be impaired) by comparing the carrying values of these cash generating units with their recoverable amounts (being the higher of value in use and fair value less costs to sell). The impairment review is performed on a “value-in-use” basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. Certain of these estimates and assumptions are subjective in nature.

5. Operating segments

Reportable business segment information

The Group’s four reportable segments are:

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

UK & Ireland

The UK & Ireland (“UK&I”) segment is comprised of the operations of Sky Betting & Gaming, Paddy Power, Betfair and from January 2022, tombola (see Note 11). Revenues are earned primarily from sports betting (sportsbook and the exchange sports betting product) and gaming services (games, casino, bingo and poker). Until August 2021, this segment also included the results of Oddschecker (odds comparison website) at which point the business was disposed. Services are provided primarily via the internet but also through licensed bookmaking shop estates.

Australia

The Australia segment is comprised of the operations of the Sportsbet brand and earns its revenues from sports betting services provided to Australian customers primarily online.

International

The International segment is comprised of PokerStars, Betfair International, Adjarabet, Junglee Games and from August 2022, Sisal (see Note 11). The International segment earns most of its revenues from poker, casino, rummy, lottery and sports betting through various brands. Services are provided primarily via the internet but also through licensed retail outlets mainly in Italy following the acquisition of Sisal.

US

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

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 Group does not allocate income tax expense or financing income and expenses to reportable segments. Treasury management is centralised for the UK&I, Australia, International and US segments.

Assets and liabilities information is reported internally in total and not by reportable segment and, accordingly, no information is provided in this note on assets and liabilities split by reportable segment.

Seasonality

The Group’s sportsbook revenue is driven by a combination of the timing of sporting and other events and the Group’s results derived from those events. The Covid pandemic caused some postponement and cancellation of sporting events across the world and skewed results for the comparative year in particular. Gaming and other revenue is not as dependent on the sporting calendar.

5. Operating segments (continued)

Reportable business segment information for the year ended 31 December 2022:

	UK&I £m	Australia £m	International £m	US £m	Corporate £m	Total £m
Revenue from external customers	2,143.7	1,263.0	1,682.5	2,604.0	—	7,693.2
Cost of sales before separately disclosed items	(653.3)	(635.4)	(569.7)	(1,305.6)	—	(3,164.0)
Gross profit before separately disclosed items	1,490.4	627.6	1,112.8	1,298.4	—	4,529.2
Operating costs excluding depreciation and amortisation before separately disclosed items	(836.1)	(237.4)	(755.2)	(1,548.1)	(107.4)	(3,484.2)
Adjusted EBITDA¹ before separately disclosed items	654.3	390.2	357.6	(249.7)	(107.4)	1,045.0
Depreciation and amortisation before separately disclosed items	(133.0)	(29.4)	(121.4)	(79.4)	(5.4)	(368.6)
(Loss)/profit on disposal before separately disclosed items	(2.6)	—	0.5	1.1	—	(1.0)
Reportable segment profit/(loss) before separately disclosed items	518.7	360.8	236.7	(328.0)	(112.8)	675.4
Legal provision releases	—	17.7	20.6	—	—	38.3
Amortisation of acquisition-related intangible assets (Note 6)	(261.1)	(23.2)	(305.6)	(17.9)	—	(607.8)
Reportable segment profit/(loss) after amortisation of acquisition-related intangibles	257.6	355.3	(48.3)	(345.9)	(112.8)	105.9
Transaction fees and associated costs ²						(35.0)
Restructuring and integration costs ²						(130.7)
Operating loss						(59.8)

5. Operating segments (continued)

Reportable business segment information for the year ended 31 December 2021:

	UK&I £m	Australia £m	International £m	US £m	Corporate £m	Total £m
Revenue from external customers	2,062.9	1,293.5	1,288.4	1,391.4	—	6,036.2
Cost of sales before separately disclosed items	(621.2)	(635.8)	(391.6)	(613.6)	—	(2,262.2)
Gross profit before separately disclosed items	1,441.7	657.7	896.8	777.8	—	3,774.0
Operating costs excluding depreciation and amortisation before separately disclosed items	(825.8)	(221.2)	(604.6)	(1,020.7)	(100.7)	(2,773.0)
Adjusted EBITDA¹	615.9	436.5	292.2	(242.9)	(100.7)	1,001.0
Depreciation and amortisation before separately disclosed items	(125.7)	(25.6)	(51.8)	(46.5)	(4.8)	(254.4)
Loss on disposal before separately disclosed items	—	—	—	—	(0.3)	(0.3)
Reportable segment profit/(loss) before separately disclosed items	490.2	410.9	240.4	(289.4)	(105.8)	746.3
Germany and Greece tax expense	—	—	(47.3)	—	—	(47.3)
Kentucky settlement and associated legal costs	—	—	(163.1)	—	—	(163.1)
Gain on disposal	12.2	—	—	—	—	12.2
Amortisation of acquisition-related intangible assets (Note 6)	(225.9)	(20.9)	(276.4)	(20.1)	—	(543.3)
Reportable segment profit/(loss) after amortisation of acquisition-related intangibles	276.5	390.0	(246.4)	(309.5)	(105.8)	4.8
Transaction fees and associated costs ²						(22.1)
Restructuring and integration costs ²						(45.2)
Operating loss						(62.5)

1 Adjusted EBITDA which is a non-GAAP measure in the above segment note is defined as profit for the year before separately disclosed items, depreciation, amortisation, impairment, (loss) / gain on disposal, financial income, financial expense and tax expense / credit. It is considered by the Directors to be a key measure of the Group's financial performance.

2 The Group does not allocate transaction fees and restructuring and integration costs to reportable segments.

Reconciliation of reportable segment pre-Separately disclosed items information to Group totals:

	2022			2021		
	Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m
Gross profit	4,529.2	17.7	4,546.9	3,774.0	(47.3)	3,726.7
Operating costs excluding depreciation, amortisation and (loss)/gain on disposal	(3,484.2)	(145.1)	(3,629.3)	(2,773.0)	(230.4)	(3,003.4)
EBITDA¹	1,045.0	(127.4)	917.6	1,001.0	(277.7)	723.3
Depreciation and amortisation	(368.6)	(607.8)	(976.4)	(254.4)	(543.3)	(797.7)
(Loss) /gain on disposal	(1.0)	—	(1.0)	(0.3)	12.2	11.9
Operating loss	675.4	(735.2)	(59.8)	746.3	(808.8)	(62.5)
Net finance costs	(157.8)	(57.2)	(215.0)	(126.0)	(99.9)	(225.9)
Profit / (loss) before tax	517.6	(792.4)	(274.8)	620.3	(908.7)	(288.4)
Tax expense	(181.9)	151.8	(30.1)	(166.3)	42.8	(123.5)
Profit / (loss) for the period	335.7	(640.6)	(304.9)	454.0	(865.9)	(411.9)

1 EBITDA is defined as profit for the year before depreciation, amortisation, impairment, (loss)/gain on disposal, financial income, financial expense and tax expense/credit. It is considered by the Directors to be a key measure of the Group's financial performance.

See Note 6 for further detail on separately disclosed items.

5. Operating segments (continued)

Disaggregation of revenue under IFRS 15:

Group revenue disaggregated by product line for the year ended 31 December 2022:

	UK&I £m	Australia £m	International £m	US £m	Total £m
Sports revenue ¹	1,180.9	1,263.0	358.3	1,985.4	4,787.6
Gaming revenue ²	962.8	—	1,324.2	618.6	2,905.6
Total Group revenue	2,143.7	1,263.0	1,682.5	2,604.0	7,693.2

Group revenue disaggregated by product line for the year ended 31 December 2021:

	UK&I £m	Australia £m	International £m	US £m	Total £m
Sports revenue ¹	1,281.8	1,293.5	220.2	978.3	3,773.8
Gaming revenue ²	781.1	—	1,068.2	413.1	2,262.4
Total Group revenue	2,062.9	1,293.5	1,288.4	1,391.4	6,036.2

1 Sports revenue comprises sportsbook, exchange sports betting, daily fantasy sports and pari-mutuel betting.

2 Gaming revenue includes Games, Poker, Casino, Lottery, Rummy and Bingo.

Geographical information

Group revenue disaggregated by geographical market for the year ended 31 December 2022:

	UK&I £m	Australia £m	International £m	US £m	Total £m
US	—	—	—	2,594.3	2,594.3
UK	1,869.3	—	59.4	—	1,928.7
Australia	—	1,263.0	—	—	1,263.0
Rest of World ¹	3.2	—	702.6	9.7	715.5
EU (excl. Ireland) ²	47.9	—	915.5	—	963.4
Ireland	223.3	—	5.0	—	228.3
Total Group revenue	2,143.7	1,263.0	1,682.5	2,604.0	7,693.2

1 The Rest of World category includes multiple countries, that individually represent less than 1% of total Group revenue.

2 The EU (excl. Ireland) category includes multiple countries, the largest of which is Italy, that individually represent less than 7% of total Group revenue.

Group revenue disaggregated by geographical market for the year ended 31 December 2021:

	UK&I £m	Australia £m	International £m	US £m	Total £m
US	—	—	—	1,391.4	1,391.4
UK	1,860.1	—	73.7	—	1,933.8
Australia	—	1,293.5	—	—	1,293.5
Rest of World ¹	8.7	—	551.9	—	560.6
EU (excl. Ireland) ²	—	—	656.4	—	656.4
Ireland	194.1	—	6.4	—	200.5
Total Group revenue	2,062.9	1,293.5	1,288.4	1,391.4	6,036.2

1 The Rest of World category includes multiple countries that individually represent less than 2% of total Group revenue.

2 The EU (excl. Ireland) category includes multiple countries that individually represent less than 4% of total Group revenue.

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

5. Operating segments (*continued*)

Non-current assets

Non-current assets (property, plant and equipment, intangible assets and goodwill) by geographical area are as follows:

	31 December 2022	31 December 2021
	£m	£m
UK	8,855.7	8,492.3
Ireland	151.9	159.9
Australia	667.1	645.6
US	1,037.6	868.5
Italy ²	2,053.4	—
Rest of World ¹	4,676.4	4,507.5
Total	17,442.1	14,673.8

1 This relates mainly to goodwill and fair value adjustments on acquisition intangibles such as brand and customer relationships pertaining to PokerStars worldwide operations (reported within the International segment) not otherwise allocated to any specific country or region.

2 This relates to the acquisition of Sisal in 2022. See Note 11 for more details.

6. Separately disclosed items

The separately disclosed items noted in Note 5 are comprised as follows:

	2022	2021
	£m	£m
Transaction fees and associated costs	(35.0)	(22.1)
Restructuring and integration costs	(130.7)	(45.2)
Legal provision releases	38.3	—
Kentucky settlement and associated legal costs	—	(163.1)
Germany and Greece tax expense	—	(47.3)
EBITDA impact of separately disclosed items	(127.4)	(277.7)
Amortisation of acquisition-related intangible assets	(607.8)	(543.3)
Disposal of Oddschecker Global Media	—	12.2
Operating loss impact of separately disclosed items	(735.2)	(808.8)
Financial income	11.0	—
Financial expense	(68.2)	(99.9)
Loss before tax impact of separately disclosed items	(792.4)	(908.7)
Tax credit on separately disclosed items	151.8	42.8
Total separately disclosed items	(640.6)	(865.9)
Attributable to:		
Equity holders of the Company	(636.2)	(860.0)
Non-controlling interest	(4.4)	(5.9)
	(640.6)	(865.9)

Amortisation of acquisition-related intangible assets

Amortisation of £607.8m has been incurred in the year (year ended 31 December 2021: £543.3m) as a result of intangible assets separately identified under IFRS 3 as a result of the merger with Betfair in 2016, the acquisitions of FanDuel Limited in 2018 and Adjarabet in 2019, the Combination with TSG in 2020, the acquisitions of Jungle and Singular in 2021 and the acquisitions of tombola and Sisal in 2022.

Transaction fees and associated costs

During the year ended 31 December 2022, £35.0m (year ended 31 December 2021: £22.1m) of costs were incurred relating to various acquisitions and the FOX option arbitration proceedings. The costs were included as separately disclosed items as they have not been incurred in the ordinary course of business.

6. Separately disclosed items (continued)

Restructuring and integration costs

During the year ended 31 December 2022 costs of £130.7m (year ended 31 December 2021: £45.2m) relating to incremental, one-off costs, were incurred by the Group mainly as a result of significant restructuring and integration initiatives following the Combination with TSG in 2020.

Legal provision releases

During the year ended 31 December 2022, the settlement of two separate legacy TSG litigation matters in the International and Australian divisions resulted in the release of various legal provisions and an Income Statement credit of £38.3m. These were included as separately disclosed items as they have not been incurred in the ordinary course of business.

Kentucky settlement and associated legal costs

On 22 September 2021, the Group announced that the legal dispute between Flutter and the Commonwealth of Kentucky had been settled in full. The Group agreed to pay a further \$200m (£145.2m) to Kentucky in addition to the \$100m (£71.1m) previously forfeited to the Commonwealth as part of the supersedeas bond in the case in line with the provision outstanding at 31 December 2020. In return, Kentucky released Stars Interactive Holdings (IOM) Ltd, Rational Entertainment Enterprises Ltd and, inter alia, all Flutter entities from any claims relating to the matters in issue in the Kentucky proceedings, and the proceedings were consequently dismissed with prejudice. As a result of this settlement, costs of £163.1m (including associated legal costs of £17.9m) were incurred during the year ended 31 December 2021.

Germany and Greece tax expense

Germany

In 2012 Betfair was issued with a German tax assessment relating to the Betfair Exchange, which operated in Germany until November 2012. The assessment deemed that a tax liability of approximately €30.6m was payable. This represented a multiple of the revenues generated by the Exchange during the assessment period.

The Group paid the €30.6m German tax assessment in 2019, with the late payment interest of approximately €10m to be paid when assessed.

In September 2021 the German Federal Tax Court dismissed the Group's appeal of the tax assessment. Whilst the Group has lodged a formal complaint to the Federal Constitutional Court, it has decided to recognise the amount of the German tax assessment including the late payment interest. This resulted in an expense of €40.6m (£34.5m) being recorded during the year ended 31 December 2021 in relation to the principal amount of tax and late payment interest.

Greece

In 2019, the Group was issued with a Greek tax assessment for financial years 2012, 2013 and 2014, relating to paddypower.com's Greek interim licence. This assessment concluded that the Group is liable to pay €15.0m in taxes including penalties and interest. This is substantially higher (by multiples) than the total cumulative revenues ever generated by paddypower.com in Greece. Pending the outcome of its appeal, in 2019 the Group paid the total Greek tax assessment (including the penalties and interest) of €15.0m.

In June 2021, the Athens Administrative Court of Appeal dismissed the Group's judicial recourses. While the Group has further appealed to the Greek Supreme Administrative Court, based on the nature of the decision received and the points of law which can be appealed, and in line with legal and tax advice it has received, it decided to recognise the amount of the Greek assessment, of €15.0m (£12.9m) as an expense in profit or loss during the year ended 31 December 2021.

The Group considered these cost as one-off costs and not as part of ongoing operations in the period.

Disposal of Oddschecker Global Media

On 31 August 2021 the Group sold all of the shares of Oddschecker Global Media ("OGM"), a fully owned subsidiary of the Group, to Bruin Capital, in exchange for £127.1m in cash (proceeds of £141.3m net of £14.2m cash already on the balance sheet) and recorded a gain on the disposal of £12.2m. There is potential for the Group to receive further consideration of up to £20m pending future events. However, it is currently not probable that further amounts will be received and therefore no asset has been recorded. Prior to the disposal, the non-current assets were measured at the lower of their carrying amount and fair value less costs sell. No impairments were recognised. The assets and liabilities of OGM were included within the UK&I segment up to the date of sale.

Financial income

During the year ended 31 December 2022, foreign exchange gains of £11.0m were recorded. These gains were included as separately disclosed items due to their volatile nature.

6. Separately disclosed items (continued)

Financial expense

During the year ended 31 December 2022, the Group recorded a charge of £56.9m upon the settlement of the Sisal bridging loan and a further £11.3m mainly relating to financing fees associated with the debt drawdown for the Sisal acquisition that were not eligible for capitalisation. These charges were included as separately disclosed items due to their non-recurring nature. See also Note 7 and Note 16.

During the year ended 31 December 2021, on repayment of the Senior Notes in 2021, the Group recorded a charge of £78.8m relating to the Senior Notes settlement. In conjunction with the repayment and refinancing, the Group incurred an additional £16.8m of fees that were not subject to capitalisation and £4.3m of fees relating to debt covenant amendments as a result of the Kentucky litigation. These charges were included as separately disclosed items due to their non-recurring nature. See also Note 7.

Presentation within the Consolidated Income Statement

The release of the Australia legal provision and the Germany and Greece tax expense are included in the Consolidated Income Statement within cost of sales. Transaction fees and associated costs, restructuring and integration costs, the release of the International legal provision and the Kentucky settlement costs are included in the Consolidated Income Statement within operating costs excluding depreciation, amortisation, and loss / (gain) on disposal.

Tax credit on separately disclosed items

The tax credit of £151.8m (2021: £42.8m) has arisen primarily on the tax effect of acquisition related intangible amortisation of £87.1m, the recognition of a deferred tax asset of £42.9m following an internal transfer of intangibles and the tax effect of other separately identified items of £21.8m. The 2021 tax credit amounts in respect to acquisition related intangible amortisation, internal transfer of intangibles and other separately identified intangibles were offset by an increase of £104.1m in the deferred tax liability on separately identifiable acquisition-related intangible assets as result of the increase in the UK's main corporation tax rate from 19% to 25% from 1 April 2023.

7. Financial income and expense

Recognised in profit or loss

	2022	2021
	£m	£m
Financial income:		
Foreign exchange gain on financing instruments associated with financing activities (Note 6)	11.0	—
Movement in fair value of investment	4.9	1.7
<i>On financial assets at amortised cost:</i>		
Interest income	6.2	1.5
Total	22.1	3.2
Financial expense:		
Settlement of borrowings (see Note 6 and Note 16)	56.9	78.8
Change in fair value of contingent consideration	—	3.3
Foreign exchange loss on financing instruments associated with financing activities	—	1.2
Financing related fees not eligible for capitalisation (see Note 6 and Note 16)	11.3	21.1
<i>On financial liabilities at amortised cost:</i>		
Interest on borrowings, bank guarantees and bank facilities	137.4	106.0
Interest on lease liabilities	12.6	8.5
Other interest	18.9	10.2
Total	237.1	229.1

7. Financial income and expense (continued)

Recognised in other comprehensive income/(loss):

	2022	2021
	£m	£m
Recognised in other comprehensive income/(loss):		
Effective portion of changes in fair value of cash flow hedges	210.7	61.4
Fair value of cash flow hedges transferred to income statement	(182.7)	(28.4)
Net change in fair value of cash flow hedge reserve	28.0	33.0
Debt instruments at FVOCI	(2.6)	(1.3)
Foreign exchange (loss) / gain on net investment hedges, net of tax	(113.7)	68.2
Foreign exchange gain/(loss) on translation of the net assets of foreign currency denominated entities	371.4	(309.6)
Total	283.1	(209.7)

A charge of £1.8m was recorded in the income statement in respect of ineffective cash flow hedges in the year ended 31 December 2022 (2021: £2.5m).

8. Tax expense

	2022	2021
	£m	£m
Recognised in profit or loss:		
Current tax charge	168.8	127.3
Prior year under provision	6.4	1.0
Total current tax	175.2	128.3
Deferred tax credit	(146.7)	(6.2)
Prior year under provision	1.6	1.4
Decrease in net deferred tax liability	(145.1)	(4.8)
Total tax expense in income statement	30.1	123.5

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of corporation tax to the profit before tax is as follows:

	2022	2021
	£m	£m
Loss before tax	(274.8)	(288.4)
Tax on Group profit before tax at the standard Irish corporation tax rate of 12.5%	(34.4)	(36.1)
Depreciation on non-qualifying property, plant and equipment	(4.0)	(5.4)
Effect of different statutory tax rates in overseas jurisdictions	(19.2)	5.5
Non-deductible expenses	36.0	26.8
Non-taxable income	(1.4)	(4.0)
Effect of changes in statutory tax rates	(1.9)	104.4
Movement on deferred tax balances not recognised	47.0	29.9
Under provision in prior year	8.0	2.4
Total Tax Expense	30.1	123.5

The Group's adjusted effective tax rate before separately disclosed items for the year was 35.1% (year ended 31 December 2021: 26.8%), which compares to the standard Irish tax rate of 12.5%. A total tax credit on separately disclosed items of £151.8m was recorded during the year ended 31 December 2022 (year ended 31 December 2021: £42.8m) (see Note 6).

The Group's consolidated effective tax rate on profits including separately disclosed items for 2022 is (11.0)% (2021: (42.8)%). The separately disclosed items impacting the consolidated tax rate include the unwind of deferred tax liabilities recognised in respect of acquisition-related intangibles.

The Group's adjusted effective tax rate is also materially impacted by the movement on deferred tax balances which remain unrecognised due to the doubt over the future recoverability of those assets including the unrecognised US losses referred to in Note 4, as well as the effect of expenses which are not deductible for tax purposes.

8. Tax expense (continued)

The future effective tax rate of the Group will be affected by the ongoing geographic mix of profits in accordance with the OECD guidelines in relation to Base Erosion and Profit Shifting. On 15 December 2022, European Union (EU) Member States unanimously adopted the Minimum Tax Directive via written procedure ensuring a global minimum level of taxation (set at 15%) for multinational enterprise groups. GLoBE Model rules were released in March 2022 and broadly EU Member States have until 31 December 2023 to transpose the Directive into national legislation with the rules to be applicable for fiscal years starting on or after 31 December 2023. None of the countries in which the Group operates has enacted or substantively enacted Pillar Two Model Rules as part of their national laws as of 31 December 2022. Whilst consultation on a number of areas remains ongoing, we will continue to monitor developments closely and we expect this to lead to an increase in tax from 2024 onwards.

9. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The weighted average number of shares has been adjusted for amounts held as treasury shares and amounts held by the Paddy Power Betfair plc Employee Benefit Trust ("EBT").

Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Adjusted EPS is determined by adjusting the profit attributable to ordinary shareholders for the impact of separately disclosed items.

The calculation of basic, diluted and adjusted EPS is as follows:

	2022	2021
<i>Numerator in respect of basic and diluted earnings per share (£m):</i>		
Loss attributable to equity holders of the Company	(302.0)	(415.8)
<i>Numerator in respect of adjusted earnings per share (£m):</i>		
Loss attributable to equity holders of the Company	(302.0)	(415.8)
Separately disclosed items (Note 6)	636.2	860.0
Profit for adjusted earnings per share calculation	334.2	444.2
Weighted average number of ordinary shares in issue during the period (in '000s) ¹	176,833	175,780
Basic earnings per share	(£1.708)	(£2.365)
Adjusted basic earnings per share	£1.890	£2.527
<i>Adjustments to derive denominator in respect of diluted earnings per share (in '000s):</i>		
Weighted average number of ordinary shares in issue during the period	176,833	175,780
Diluted earnings per share	(£1.708)	(£2.365)

¹ Where any potential ordinary shares would have the effect of decreasing a loss per share, they have not been treated as dilutive. The number of options excluded from the diluted weighted average number of ordinary shares calculation due to their effect being anti-dilutive is 2,537,536 (2021: 2,289,170).

The average market value of the Company's shares of £99.09 (31 December 2021: £137.61) was used to calculate the dilutive effect of share options based on the market value for the period that the options were outstanding.

10. Goodwill

Goodwill acquired through business combination activity has been allocated to CGUs that are expected to benefit from synergies in that combination. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes, and are not larger than the operating segments determined in accordance with IFRS 8. A total of 16 (2021: 13) CGUs have been identified and these are grouped together for goodwill impairment purposes as per the below. Any indefinite life intangible assets attributed to one of the 16 CGUs (2021: 13) is tested for impairment at the CGU level.

10. Goodwill (continued)

	Number of cash generating units		Goodwill	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
UK&I Online	4	3	5,984.7	5,766.9
UK Retail	1	1	18.9	18.9
Irish Retail	1	1	20.7	20.7
International	6	4	3,696.3	2,490.3
Australia	1	1	505.1	482.4
US	3	3	634.3	567.6
Total Group	16	13	10,860.0	9,346.8

	UK&I Online £m	UK Retail £m	Irish Retail £m	International £m	Australia £m	US £m	Total £m
Balance at 1 January 2021	5,845.5	18.9	20.7	2,560.9	507.7	563.0	9,516.7
Arising on acquisitions during the year (Note 11)	—	—	—	58.5	—	—	58.5
Disposals (Note 11)	(78.0)	—	—	—	—	—	(78.0)
Foreign currency translation adjustment	(0.6)	—	—	(129.1)	(25.3)	4.6	(150.4)
Balance at 1 January 2022	5,766.9	18.9	20.7	2,490.3	482.4	567.6	9,346.8
Arising on acquisitions during the period (Note 11)	217.2	—	—	1,021.9	—	—	1,239.1
Foreign currency translation adjustment	0.6	—	—	184.1	22.7	66.7	274.1
Balance at 31 December 2022	5,984.7	18.9	20.7	3,696.3	505.1	634.3	10,860.0

The Group reviews the carrying value of goodwill for impairment annually (or more frequently if there are indications that the value of goodwill may be impaired) by comparing the carrying values of these CGUs with their recoverable amounts (being the higher of value in use and fair value less costs to sell).

Goodwill in the UK&I online segment arose from the acquisition of tombola in 2022 (see Note 11), the acquisition of the Sky Betting and Gaming business as part of the TSG acquisition in 2020, and the acquisition of the Betfair online business (excluding operations outside of Ireland and the UK) as part of the all-share merger with Betfair Group plc in 2016.

Goodwill in UK Retail arose from the acquisition of two London bookmaking businesses in 2004, the acquisition of a retail bookmaking company in Northern Ireland in 2008 and the acquisition of a number of retail bookmaking shop properties since 2010.

Goodwill in Irish Retail arose from the amalgamation of three bookmaking businesses to form Paddy Power in 1988 and the acquisition of a number of retail bookmaking shop properties since 2007.

The International goodwill amount arose from the acquisition of Sisal in 2022 (see Note 11), the acquisitions in 2021 of a 57.3% controlling stake in Jungle Games, an Indian online rummy operator and Singular, a B2B operator which offers a flexible, modular sports betting and gaming technology platform (see Note 11), the acquisition of the PokerStars business as part of the TSG acquisition in 2020, the acquisition of an initial 51% controlling stake in Adjarabet, the market leader in online betting and gaming in the regulated Georgian market, in February 2019 and the acquisition of the Betfair online business (excluding the operations of Ireland, the UK, and the US) acquired as part of the all-share merger with Betfair Group plc in 2016.

The Australia segment goodwill amount arose from the acquisition of an initial 51% interest in Sportsbet Pty Limited (“Sportsbet”), the subsequent acquisition of International All Sports Limited (“IAS”) by Sportsbet, both in 2009, and goodwill arising from BetEasy through the 2020 combination with TSG.

The US segment goodwill amount arose from the acquisition of the US business acquired as part of the all-share merger with Betfair Group plc in 2016, the acquisition of an initial 61% of FanDuel Limited, a market leading operator in the daily fantasy sports market in the United States, in 2018 and goodwill arising on FoxBet through the combination with TSG in 2020.

Impairment tests for cash generating units containing goodwill and indefinite life intangible assets

In accordance with accounting requirements, the Group performs an annual impairment test of its CGUs. The most recent test was performed at 31 December 2022.

10. Goodwill (continued)

For the purpose of impairment testing, the Group's CGUs include amounts in respect of goodwill and indefinite life intangible assets, comprising licences acquired as part of the purchase of the D McGranaghan Limited business in 2008 and a shop acquisition in 2011 and brands acquired as part of the purchase of Sportsbet and IAS in 2009. Based on the reviews as described above, no impairment has arisen.

11. Business combinations and disposals

Year ended 31 December 2022

Acquisition of Sisal

On 4 August 2022, the Group completed the acquisition of 100% of Sisal, Italy's leading retail and online gaming operator with operations also in Turkey (of which it has a controlling 49% interest) and Morocco. The purchase comprised of a cash payment of £1,674.8m (€2,002m).

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

	Provisional fair values as at 4 August 2022 £m
Assets	
Property, plant and equipment	156.0
Trade and other receivables	9.7
Deferred tax assets	16.2
Intangible assets	1,057.8
Total non-current assets	1,239.7
Trade and other receivables	67.3
Cash and cash equivalents - available for corporate use	89.9
Cash and cash equivalents - customer balances	304.2
Total current assets	461.4
Total assets	1,701.1
Liabilities	
Trade and other payables	195.6
Customer balances	304.2
Lease liability	16.7
Total current liabilities	516.5
Trade and other payables	24.0
Lease liability	45.2
Provisions	39.8
Deferred tax liability	291.1
Total non-current liabilities	400.1
Total liabilities	916.6
Net assets acquired	784.5
Goodwill	1,015.8
Non-controlling interest measured at the fair value of net assets identified	(125.5)
Consideration	1,674.8
The consideration is analysed as:	
Consideration satisfied by cash	1,674.8
Consideration	1,674.8

Included within the intangible assets were £1,057.8m of separately identifiable intangibles comprising brand, customer relations, licences, and technology acquired as part of the acquisition, with the additional effect of a deferred tax liability of £291.1m thereon. These intangible assets are being amortised over their useful economic lives of up to 20 years. The book value equated to the fair value on the remaining assets as all amounts are expected to be received.

11. Business combinations and disposals (continued)

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is the opportunity to increase the Group's exposure to an attractive fast-growing regulated online market with Sisal's omni-channel offering delivering a competitive advantage to the Group. The acquisition provides the Group with lottery capabilities for the first time and presents the opportunity to grow outside of Italy as Sisal have already done in Turkey via this product offering. There are also tangible opportunities to deliver material revenue synergies from the acquisition of Sisal through (i) leveraging Sisal's retail channel to grow online deposits for existing Flutter brands, (ii) enhancing Sisal's sports betting offering by utilising Flutter's pricing and risk management capabilities and (iii) enhancing Sisal's casino product by providing it with access to Flutter's in-house gaming content. The goodwill has been allocated to the existing International CGU.

Since the date of acquisition to 31 December 2022, Sisal has contributed revenue of £397.7m and £23.8m of profit after tax to the results of the Group. If the acquisition had occurred on 1 January 2022, Sisal's contribution to revenue and profit after tax would have been £862.5m and £69.0m respectively.

The acquisition accounting remains provisional for one year from the acquisition date and may change if new information is obtained relating to conditions that existed at the acquisition date.

Acquisition of tombola

On 10 January 2022, the Group completed the acquisition of a 100% stake in tombola, the UK market's leading online bingo operator. tombola is a successful bingo-led gaming company with an emphasis on providing a low staking bingo proposition to a highly engaged customer base. The purchase comprised of a cash payment of £409.9m. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Fair values as at 10 January 2022 £m
Assets	
Property, plant and equipment	11.4
Intangible assets	245.0
Total non-current assets	256.4
Trade and other receivables	12.6
Cash and cash equivalents - available for corporate use	14.7
Total current assets	27.3
Total assets	283.7
Liabilities	
Trade and other payables	29.7
Total current liabilities	29.7
Deferred tax liabilities	61.3
Total non-current liabilities	61.3
Total liabilities	91.0
Net assets acquired	192.7
Goodwill	217.2
Consideration	409.9
The consideration is analysed as:	
Consideration satisfied by cash	409.9
Consideration	409.9

Included within the intangible assets were £245.0m of separately identifiable intangibles comprising brand, customer relations and technology acquired as part of the acquisition, with the additional effect of a deferred tax liability of £61.3m thereon. These intangible assets are being amortised over their useful economic lives of up to 20 years. The book value equated to the fair value on the remaining assets as all amounts are expected to be received.

11. Business combinations and disposals (*continued*)

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) are the expansion of the Group's position in online bingo and the sharing of product capabilities, expertise and technology across the UK&I Online division. The goodwill has been allocated to the existing UK&I Online CGU.

Since the date of acquisition to 31 December 2022, tombola has contributed revenue of £175.0m and £10.2m profit after tax to the results of the Group. There is no significant difference between these amounts and the amounts if the acquisition had occurred on 1 January 2022.

Other business combinations

Adjarabet

As part of the acquisition of Adjarabet in 2019, a mechanism was agreed, consisting of call and put options, which enabled the Group to acquire the remaining 49% after three years at a valuation equivalent to seven times the 2021 EBITDA. The call/put option consideration could be settled, at the Group's election, in cash or shares. During the year ended 31 December 2022, the non-controlling interest elected to exercise the put option and the Group entered into an arrangement with the seller to acquire the remaining shares for a cash payment of €238.0m (£204.1m) in line with the terms of the original agreement.

Sachiko

The Group also during the year completed the acquisition of 100% of Sachiko Gaming Private Limited, an online poker gaming developer based in India in exchange for a 5% equity stake in the Group's subsidiary Junglee Games. The fair value of the consideration was £6m based on the fair value of Junglee at the date of the acquisition. The purpose of the acquisition is to combine it with the the Group's existing Indian business and widen and expand its product offering in the fast growing Indian market. Due to the immaterial size of the transaction, no further disclosures are provided.

As part of the acquisition of Sachiko, the Group has put in place arrangements, consisting of call and put options, that could result in it acquiring the 5% of Junglee held by the former shareholders of Sachiko in 2028 and 2032 based on the future Revenue and EBITDA performance of Junglee. As the Group cannot avoid settling the call/put options in cash, a liability of £12.3m has been recorded at 31 December 2022.

Year ended 31 December 2021

Acquisition of Junglee Games

On 28 January 2021, the Group completed the acquisition of an initial 50.1% stake in Junglee Games ("Junglee"), an Indian online rummy operator, for US\$67.3m (£49.3m), with US\$63.5m (£46.5m) paid in cash and the remainder recorded as deferred consideration and paid subsequently in 2021. On the same date the Group entered into call and put options which would enable the Group to acquire an additional 7.2% stake in Junglee in exchange for cash consideration. In June 2021, these options were exercised and the Group acquired the additional 7.2% stake in Junglee in exchange for cash consideration of US\$7.5m (£5.5m) with US\$7.0m (£5.1m) paid in cash and the remainder recorded as deferred consideration and paid subsequently in 2021. This has been accounted under the anticipated acquisition method, with the combined 57.3% recognised as acquired from 28 January 2021.

Junglee is a top three player in the legal Indian online rummy market. The Group sees good potential to further develop Junglee's product offering, including its recently launched daily fantasy sports product, leveraging the Group's capabilities in this area. The Group has put in place arrangements, consisting of call and put options that could see its ownership in the business increase to 100% in 2025. The call and put options consideration can be settled, at the Group's election, in cash or shares. As a consequence of both the call and put options being only exercisable at fair value being the future EBITDA and revenue multiple, which are considered to be two key inputs into valuing the option, it was determined that the fair value of the call and put options was not material and was close to nominal value.

Included within the intangible assets were £42.9m of separately identifiable intangibles comprising brand, technology and customer relations acquired as part of the acquisition, with the additional effect of a deferred tax liability of £10.8m thereon. These intangible assets are being amortised over their useful economic lives of up to 10 years. The book value equated to the fair value on the remaining assets as all amounts are expected to be received.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is growth by combining the Group's significant operating experience in other markets with the local market knowledge and skills of the management team in Junglee, driving revenue synergies over time. The goodwill has been allocated to the existing International CGU and it has been deemed that a separate CGU is not appropriate.

Since the date of acquisition to 31 December 2021, Junglee has contributed £50m of revenue and £7.4m of a net loss after tax to the results of the consolidated Group.

If the acquisition had occurred on 1 January 2021, Junglee's contribution to revenue and net loss after tax for the year ended 31 December 2021 would have been £53m and £6.6m respectively.

11. Business combinations and disposals (continued)

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

	Fair values as at 28 January 2021 £m
Assets	
Property, plant and equipment	0.2
Intangible assets	42.9
Total non-current assets	43.1
Trade and other receivables	3.8
Cash and cash equivalents - available for corporate use	17.7
Total current assets	21.5
Total assets	64.6
Liabilities	
Trade and other payables	13.1
Total current liabilities	13.1
Deferred tax liabilities	10.8
Total non-current liabilities	10.8
Total liabilities	23.9
Net assets acquired	40.7
Goodwill	31.2
Non-controlling interest measured at the proportionate interest method	(17.1)
Consideration	54.8
The consideration is analysed as:	
Consideration satisfied by cash	46.5
Put option satisfied by cash	5.1
Deferred consideration	2.8
Put option deferred consideration	0.4
Consideration	54.8

11. Business combinations and disposals (continued)

Acquisition of Singular

On 10 September 2021, the Group completed the acquisition of a 100% stake in Singular, an European sports betting and gaming technology platform which is already fully integrated with our Adjarabet business and will provide us with greater optionality as we enter new markets. The purchase comprised of an initial cash payment of €16.5m (£14.1m) with a further €20.1m (£17.2m) payable subject to the business meeting strategic milestones in the future, recorded as contingent consideration and €1.0m (£0.8m) included within deferred consideration.

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

	Fair values as at 10 September 2021 £m
Assets	
Property, plant and equipment	0.2
Intangible assets	4.3
Total non-current assets	4.5
Trade and other receivables	0.9
Cash and cash equivalents - available for corporate use	0.5
Total current assets	1.4
Total assets	5.9
Liabilities	
Trade and other payables	0.9
Total current liabilities	0.9
Deferred tax liabilities	0.2
Total non-current liabilities	0.2
Total liabilities	1.1
Net assets acquired	4.8
Goodwill	27.3
Consideration	32.1
The consideration is analysed as:	
Consideration satisfied by cash	14.1
Contingent consideration	17.2
Deferred consideration	0.8
Consideration	32.1

Included within the intangible assets were £4.3m of separately identifiable intangibles comprising technology and customer relations acquired as part of the acquisition, with the additional effect of a deferred tax liability of £0.2m thereon. These intangible assets are being amortised over their useful economic lives of up to five years. The book value equated to the fair value on the remaining assets as all amounts are expected to be received.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is growth by combining the Group's significant operating experience in other markets with the local market knowledge and skills of the management team in Singular. The goodwill has been allocated to the existing International CGU and it has been deemed that a separate CGU is not appropriate.

If the acquisition had occurred on 1 January 2021, Singular's contribution to revenue and net profit after tax for the 12 months ended 31 December 2021 would have been insignificant in terms of third party revenue and £0.1m respectively. Since the date of acquisition to 31 December 2021, Singular has contributed insignificant third party revenue and a £0.2m profit after tax to the results of the Group.

Disposal of Oddschecker Global Media

On 31 August 2021 the Group sold all of the shares of Oddschecker Global Media ("OGM"), a fully owned subsidiary of the Group, to Bruin Capital, in exchange for £127.1m in cash (proceeds of £141.3m net of £14.2m cash already on the balance sheet) and recorded a gain on the disposal of £12.2m (see also Note 6). There is potential for the Group to receive further consideration of up to £20m pending future events. However, it is currently not probable that further amounts will be received and therefore no asset has been recorded. Prior to the sale, the non-current assets were measured at the lower of their carrying amount and fair value less costs to sell. No impairments were recognised. The assets and liabilities of OGM were included within the UK&I segment up to the date of sale.

11. Business combinations and disposals (continued)

The net assets disposed and the gain on disposal recognised by the Group were as follows:

	31 August 2021
	£m
Property, plant and equipment	0.8
Intangible assets	48.1
Goodwill	78.0
Trade and other receivables	2.1
Cash and cash equivalents	14.2
Total assets	143.2
Accounts payable and other liabilities	(7.3)
Deferred taxes	(11.6)
Total liabilities	(18.9)
Net assets disposed	124.3
Disposal costs	(4.8)
Proceeds	141.3
Gain on disposal	12.2

Cash (outflows) / inflows from business combinations:

	31 December 2022	31 December 2021
	£m	£m
Cash consideration paid for acquisitions in the period	(2,084.7)	(63.4)
Cash consideration paid for put option exercised in the period	—	(5.5)
Cash consideration paid for further interest in subsidiary	(204.1)	—
Cash and cash equivalents - available for corporate use acquired from acquisitions in the period	104.6	18.2
Cash and cash equivalents - customer balances acquired from acquisitions in the period	304.2	—
Cash consideration – acquisitions in previous periods	(15.3)	(21.6)

As presented in the statement of cash flows:

Purchase of businesses net of cash acquired	(1,675.9)	(50.7)
Acquisition of further interest in subsidiary	(204.1)	—
Payment of contingent deferred consideration	(15.3)	(21.6)

During the year the Group settled in cash, deferred consideration liabilities of £15.3m in relation to Betfair's historical acquisition of HRTV, a horseracing television network based in the US. No further payments are due in respect of this acquisition.

12. Investments and trade and other receivables

Non-current assets

	31 December 2022	31 December 2021
	£m	£m
Investments – FVTPL	9.2	5.5

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

	31 December 2022	31 December 2021
	£m	£m
Other receivables		
Other receivables	21.4	11.8
Prepayments	12.6	13.8
Deferred financing costs (see Note 16)	4.5	3.7
Total	38.5	29.3

12. Investments and trade and other receivables (continued)

Other receivables

Other receivables are comprised primarily of deposits for licences and property as well as VAT refunds due.

Deferred financing costs on Revolving Credit Facility

In May 2020, the Group entered into a new Revolving Credit Facility agreement as part of its financing agreements. The Group incurred £5.3m of initial transaction costs and fees relating to the Revolving Credit Facility with an additional £3.7m capitalised following the increase of the facility in September 2022, which have been capitalised and included within non-current receivables. The balance at 31 December 2022, net of accretion, was £4.5m (2021: £3.7m). These fees are charged as financial expenses over the term of Revolving Credit Facility agreement. As at 31 December 2022, £63.0m was drawn under the Revolving Credit Facility (31 December 2021: £Nil).

Current assets

	31 December 2022	31 December 2021
	£m	£m
Trade and other receivables		
Trade receivables	95.4	39.5
Other receivables	73.4	34.4
Value-added tax and goods and services tax	7.5	5.1
Prepayments	168.7	124.9
Total	345.0	203.9

13. Current investments, financial assets - restricted cash and cash equivalents

	31 December 2022	31 December 2021
	£m	Restated £m
Non-current:		
Financial assets – restricted cash	13.0	7.4
Current:		
Investments at FVOCI - customer deposits	138.0	83.0
Cash and cash equivalents - customer balances	1,293.2	677.6
Cash and cash equivalents - available for corporate use	797.9	951.7
Total	2,242.1	1,719.7

Financial assets

Non-current financial assets – restricted cash include:

- amounts required to be held as to guarantee third party letter of credit facilities.

Cash and cash equivalents – customer balances include:

- customer funds balances securing player funds held by the Group. These customer funds match customer liabilities of equal value.

The effective interest rate on bank deposits at 31 December 2022 was 2.2% (31 December 2021: 0.3%). The bank deposits also have a weighted average maturity date of 1.8 days from 31 December 2022 (2021: one day). The Directors believe that all short-term bank deposits can be withdrawn without significant penalty.

Investments – customer deposits

Investments relate to customer deposits, and are held in accounts segregated from investments held for operational purposes. Investments held in relation to customer deposits are liquid investments in short duration corporate and government bonds and are classified as current assets consistent with the current classification of customer deposits to which the investments relate. Management's investment strategy for the portfolio results in the majority of the bonds being held to maturity. Bonds are classified as FVOCI.

Amounts held in trust

As at 31 December 2022, £366.2m (31 December 2021: £355.6m) was held in trust in The Sporting Exchange (Clients) Limited on behalf of the Group's customers and is equal to the amounts deposited into customer accounts. Neither cash and cash equivalents nor restricted cash include these balances on the basis that they are held on trust for customers and do not belong to and are not at the disposal of the Group.

13. Current investments, financial assets - restricted cash and cash equivalents (*continued*)

Currency details

Investments - customer deposits, financial assets - restricted cash, cash and cash equivalents - customer balances and cash and cash equivalents - available for corporate use are analysed by currency as follows:

	31 December 2022	31 December 2021
	£m	£m
GBP	201.6	708.7
EUR	745.2	165.0
AUD	160.5	238.2
USD	992.6	570.8
Other	142.2	37.0
Total	2,242.1	1,719.7

14. Trade and other payables

Current liabilities

	31 December 2022	31 December 2021
	£m	£m
Trade and other payables		
Trade payables	204.4	74.2
PAYE and social security	36.8	19.7
Value-added tax, goods and services tax, betting duties, data rights, and product and racefield fees	352.9	220.7
Employee benefits	181.4	156.1
Contingent deferred consideration - business combinations	—	21.0
Accruals and other liabilities	757.6	604.7
Total	1,533.1	1,096.4

Non-current liabilities

	31 December 2022	31 December 2021
	£m	£m
Trade and other payables		
Employee benefits	6.2	2.1
Contingent deferred consideration - business combinations	17.8	16.9
Put/call liability for acquisition	12.3	—
Accruals and other payables	14.5	0.8
Total	50.8	19.8

Contingent deferred consideration – business combinations

The Group's contingent deferred consideration liabilities amounted to £17.8m at 31 December 2022 relates to the acquisition of Singular in 2021 (see also Note 11).

At 31 December 2021, the contingent deferred consideration liabilities of £37.9m related to the following:

- £17.8m relating to the acquisition of Singular in 2021 (see also Note 11).
- £15.4m contingent and deferred consideration relating to Betfair's historical acquisition of HRTV, a horse racing television network based in the United States. This liability was settled in full during 2022; and
- £4.7m in respect of Diamond Game Enterprises, assumed as part of the Combination with TSG. This liability was released to the income statement during 2022.

Sachiko

As part of the acquisition of Sachiko (see Note 11), the Group has put in place arrangements, consisting of call and put options, that could result in it acquiring the 5% of Junglee held by the former shareholders of Sachiko in 2027 and 2032 based on the future Revenue and EBITDA performance of Junglee. As the Group cannot avoid settling the put/call options in cash, a liability of £12.3m has been recorded at 31 December 2022.

15. Provisions

Provisions balances at 31 December 2022 and 31 December 2021 and movements during the year ended 31 December 2022 are outlined below:

	Employee benefits (long service leave) £m	Onerous contracts £m	Gaming tax £m	Other legal £m	Other £m	Total £m
Balance at 31 December 2021	3.5	13.7	22.4	72.0	7.5	119.1
Acquired on business combinations	—	—	4.4	35.4	—	39.8
Additional provisions recognised	1.1	1.0	6.6	0.7	9.1	18.5
Amounts used during the year	(0.5)	(6.3)	(9.4)	(3.4)	(5.9)	(25.5)
Unused amounts reversed	(0.3)	—	(2.5)	(38.3)	(3.2)	(44.3)
Foreign currency translation	0.2	1.0	1.1	3.6	0.7	6.6
Balance at 31 December 2022	4.0	9.4	22.6	70.0	8.2	114.2

Presented in:

Balance at 31 December 2021:

Current	2.2	6.6	22.4	34.5	5.6	71.3
Non-current	1.3	7.1	—	37.5	1.9	47.8
Total	3.5	13.7	22.4	72.0	7.5	119.1

Balance at 31 December 2022:

Current	2.9	4.8	18.3	14.5	6.2	46.7
Non-current	1.1	4.6	4.3	55.5	2.0	67.5
Total	4.0	9.4	22.6	70.0	8.2	114.2

Employee benefits (long service leave)

The timing and amount of long service leave cash outflows are primarily dependent on when staff employed at the reporting date avail of their entitlement to leave and their expected salaries at that time. As of 31 December 2022 and 31 December 2021, it was expected that cash outflows would occur primarily within the following five years.

Onerous contracts

The onerous contracts provision at 31 December 2022 relates to various marketing and minimum guarantee contracts where the cost of fulfilling these contracts exceeds the expected economic benefits to be received from them.

Gaming tax

These are gaming tax provisions relating to amounts provided for taxes in certain jurisdictions where the interpretation of tax legislation is uncertain. When the Group disagrees with the application of unclear tax legislation, for example when it is applied retrospectively and / or results in a one-off disproportionate tax equivalent to many times the profit derived by the Group from its historic activities in that jurisdiction, the Group continues to challenge these interpretations.

Whilst the maximum potential obligation for all ongoing cases could be greater than the recognised provision, and the outcomes may not be known for some time, a liability has been recorded for the Directors' best estimate of the cash outflows that will ultimately be required in respect of each claim. Management has not provided a sensitivity for this provision as the range is not considered to be material. Management notes this is a key judgement (see Note 4), however, it is not a key judgement that will have a material impact in the coming year.

Other legal

Other legal provisions generally consist of payments for various future legal settlements where, based on all available information, management believes it is probable that there will be a future outflow.

These provisions comprise a number of different legal cases, the majority of which are immaterial including those that were acquired as part of the Sisal business combination during the year. The most significant relates to the foreign payments contingent liabilities outlined in more detail in Note 19. Further disclosure in respect of these provisions has not been provided as such information would be expected to be prejudicial to the Group's position in such matters.

Whilst the maximum potential obligation for all ongoing cases could be greater than the recognised provision, and the outcomes may not be known for some time, a liability has been recorded for the Directors' best estimate of the cash outflows that will ultimately be required in respect of each claim. Management has not provided a sensitivity for this provision as the range is not considered to be material. Management notes this is a key estimate; however, it is not a key judgement that will have a material impact in the coming year.

15. Provisions (continued)

Other

Other provisions primarily comprise a number of different regulatory provisions.

16. Borrowings

The following is a summary of borrowings, including accrued interest, outstanding as at 31 December 2022 and 31 December 2021:

	31 December 2022			31 December 2021	
	Contractual interest rate ¹	Principal outstanding balance	Carrying amount (including accrued interest) ²	Principal outstanding balance	Carrying amount (including accrued interest)
		in currency of borrowing		in currency of borrowing	
%	Local currency (m)	£m	Local currency (m)	£m	
GBP First Lien Term Loan A 2025	5.18	£1,017.9	1,012.0	£1,017.9	1,009.6
EUR First Lien Term Loan A 2026	4.65	€549.5	486.9	€—	—
USD First Lien Term Loan A 2026	7.08	\$200.0	165.3	\$—	—
USD First Lien Term Loan B 2026	2.76	\$2,901.7	2,375.7	\$2,931.0	2,142.6
USD First Lien Term Loan B 2028	6.74	\$1,246.9	1,030.5	\$—	—
EUR First Lien Term Loan B 2026	4.70	€507.2	443.9	€507.2	419.6
GBP Revolving Credit Facility 2025	5.18	£63.0	63.2	£—	—
Total borrowings			5,577.5		3,571.8
Presented in:					
Current portion			35.6		22.1
Non-current portion			5,541.9		3,549.7
Total borrowings			5,577.5		3,571.8

1 The rates include the impact of the contractual Swap Agreements (as defined below).

2 The carrying amounts at 31 December 2022 include accrued interest of £1.1m (31 December 2021: £0.4m) presented within the current portion of borrowings above.

During the year ended 31 December 2022, the Group incurred the following interest on its then outstanding borrowings:

	Effective interest rate ¹	Interest accretion	Interest ²	Total Interest ²
	%	£m	£m	£m
GBP First Lien Term Loan A 2025	5.59	2.5	31.6	34.1
EUR First Lien Term Loan A 2026	4.81	—	5.1	5.1
USD First Lien Term Loan A 2026	7.30	—	3.5	3.5
USD First Lien Term Loan B 2026	3.10	5.7	51.7	57.4
USD First Lien Term Loan B 2028	7.00	0.0	21.1	21.1
EUR First Lien Term Loan B 2026	5.24	1.4	12.4	13.8
EUR First Lien Term Loan B4 2026	4.20	1.8	7.7	9.5
GBP Revolving Credit Facility 2025	5.20	—	4.3	4.3
Total		11.4	137.4	148.8

1 The effective interest rate calculation includes the impact of the Swap Agreements (as defined below).

2 Interest shown includes the impact of the Swap Agreements and is the cash cost. In addition to the amount included above, the Group incurred £3.1m of interest expense relating to commitment, utilisation, and fronting fees associated with its Revolving Credit Facility.

16. Borrowings (continued)

The Group's change in borrowings during the year ended 31 December 2022 was as follows:

	Balance at 1 Jan 2022	New debt	Principal payments	Adjustments to amortised costs ¹	Interest accretion ²	Loss on extinguishment	FX translation	Balance at 31 December 2022
	£m	£m	£m	£m	£m	£m	£m	£m
GBP First Lien Term Loan A 2025	1,009.2	—	—	—	2.5	—	—	1,011.7
EUR First Lien Term Loan A 2026	—	480.0	—	—	—	—	6.8	486.8
USD First Lien Term Loan A 2026	—	177.5	—	—	—	—	(12.3)	165.2
USD First Lien Term Loan B 2026	2,142.6	—	(24.3)	—	5.7	—	251.3	2,375.3
USD First Lien Term Loan B 2028	—	1,109.5	(2.6)	—	—	—	(76.6)	1,030.3
EUR First Lien Term Loan B 2026	419.6	—	—	—	1.4	—	23.1	444.1
EUR First Lien Term Loan B4 2026	—	1,669.5	(1,767.0)	(56.1)	1.8	56.9	94.9	—
GBP Revolving Credit Facility 2025	—	584.0	(521.0)	—	—	—	—	63.0
Total	3,571.4	4,020.5	(2,314.9)	(56.1)	11.4	56.9	287.2	5,576.4
Accrued interest	0.4							1.1
Total borrowings	3,571.8							5,577.5

1 Adjustments to amortised costs include transaction costs and fees incurred in respect of the refinancing and additional debt drawdown noted below.

2 Interest accretion represents interest expense calculated at the effective interest rate less interest expense calculated at the contractual interest rate and is recorded in financial expenses in the consolidated income statement.

The Group's change in borrowings during the year ended 31 December 2021 was as follows:

	Balance at 1 Jan 2021	New debt	Principal payments	Adjustments to amortised costs	Interest accretion	Embedded derivative settlement	FX translation	Balance at 31 Dec 2021
	£m	£m	£m	£m	£m	£m	£m	£m
GBP First Lien Term Loan A 2025	939.5	67.9	—	(0.5)	2.3	—	—	1,009.2
USD First Lien Term Loan A 2026	1,042.9	1,099.8	(18.0)	(5.4)	5.3	—	18.0	2,142.6
EUR First Lien Term Loan A 2026	449.1	—	—	(2.2)	1.3	—	(28.6)	419.6
Senior Notes	682.8	—	(733.2)	—	(46.8)	96.1	1.1	—
Total	3,114.3	1,167.7	(751.2)	(8.1)	(37.9)	96.1	(9.5)	3,571.4
Accrued interest	24.6							0.4
Total borrowings	3,138.9							3,571.8

16. Borrowings (continued)

As at 31 December 2022, the contractual principal repayments of the Group's outstanding borrowings, excluding accrued interest, amount to the following:

	< 1 year	1-2 years	2-3 years	3-4 years	>4 years ¹
	£m	£m	£m	£m	£m
GBP First Lien Term Loan A 2025	—	—	1,017.9	—	—
EUR First Lien Term Loan A 2026	—	—	—	486.8	—
USD First Lien Term Loan A 2026	—	—	—	165.3	—
USD First Lien Term Loan B 2026	23.8	23.8	23.8	2,326.4	—
USD First Lien Term Loan B 2028	10.9	10.9	10.9	10.9	986.9
EUR First Lien Term Loan B 2026	—	—	—	449.3	—
GBP Revolving Credit Facility 2025	—	—	63.0	—	—
	34.7	34.7	1,115.6	3,438.7	986.9

1 Principal repayments due > 4 years are payable in 2028.

Revolving Credit Facility and First Lien Term Loans

Each of the Group's facilities are discussed below.

TLA Agreement - GBP First Lien Term Loan A

In May 2020, certain members of the Group, comprising Flutter Entertainment Plc, PPB Financing Unlimited Company and PPB Treasury Unlimited Company as borrowers, entered into a Term Loan A and Revolving Credit Facility Agreement (the "TLA Agreement") comprising a term loan and revolving credit facility totalling £1.4bn. In December 2021, an additional lender was added to the facility increasing the overall TLA Agreement by £100m bringing the total to £1.5bn. From this £100m, the Group received £68m cash drawings from the TLA with the remaining £32m becoming available as incremental RCF. As part of the refinancing noted further below, during the year we entered into the Third Amendment of the TLA Agreement on 23 September 2022 which enabled the drawdown of €549.5m and \$200.0m during the year. The TLA Agreement described above provides a term loan facility in an aggregate amount of:

- £1,017.9m (2021: £1,017.9m) priced at SONIA plus CAS plus a margin of 1.75% (the "GBP First Lien Term Loan A"), with a maturity date of 5 May 2025 and a SONIA floor of 0%;
- €549.5m (2021: €0) priced at 1M EURIBOR plus 2.75% and a EURIBOR floor of 0% (the "EUR First Lien Term Loan A") with a maturity date of 31 July 2026; and
- \$200.0m (2021: \$0) priced at Daily Compound SOFR plus 0.2616% CAS plus a margin of 2.75% (the "USD First Lien Term Loan A") with a maturity date of 31 July 2026.

There is no amortisation on the GBP, EUR and USD First Lien Term Loan A and the principals are due at maturity. The Group incurred £11.9m of initial transaction costs and fees on drawdown which have been capitalised against the principal of the debt in 2020 and are recorded as financial expense over the term of the debt using the effective interest rate method. As part of an internal restructure in 2022, the Group has added subsidiaries FanDuel Group Financing LLC and Betfair Interactive US Financing LLC as borrowers to the TLA.

TLA Agreement – Revolving Credit Facility

The TLA Agreement described above provides a multi-currency revolving credit facility in an aggregate amount of £748.8m (2021: £482.0m) (the "Revolving Credit Facility"). Maturing on 5 May 2025, the Revolving Credit Facility includes a margin of 1.75% over SONIA for borrowings with a 0% interest rate floor as well as a utilisation fee ranging from 0.1% to 0.4% based on the proportion of drawings to the total commitment. The commitment fee on the Revolving Credit Facility is 35% of the margin and is payable in respect of available but undrawn borrowings. The Revolving Credit Facility is available for general corporate purposes including the refinancing of existing borrowings. As part of the amendment to the TLA Agreement described above, the Group increased the size of the Revolving Credit Facility by an additional £267m. The Group incurred £5.3m of initial transaction costs and fees relating to the Revolving Credit Facility in May 2020 with an additional £3.7m incurred following the increase of the facility in September 2022. These fees have been capitalised and included within non-current receivables. During the year ending 31 December 2022 the Group drew down £584.0m of this facility and repaid £521.0m leaving an outstanding principal amount of £63.0m (2021:£nil).

16. Borrowings (continued)

The Group has an undrawn capacity of £675m (2021: £441m) on the Revolving Credit Facility with £11m (2021: £41m) of capacity reserved for the issuance of Group guarantees as of 31 December 2022.

The terms of the TLA Agreement limit the Group's ability to, among other things: (i) incur additional debt (ii) grant additional liens on their assets and equity (iii) distribute equity interests and/or distribute any assets to third parties (iv) make certain loans or investments (including acquisitions) (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments, and (vii) modify the terms of certain debt or organisational documents, in each case subject to certain permitted exceptions. The TLA Agreement requires, subject to a testing threshold, that the Company comply on a bi-annual basis with a maximum net total leverage ratio of 5.1 to 1.0. During the twelve months ended 31 December 2022, the Group is in compliance with all covenants related to its First Lien Term Loan A.

First Lien Term Loan B's

The Group's First Lien Term Loan B has three separate tranches outstanding as follows:

- USD first lien term loan with an outstanding principal balance of \$2,901.7m (2021: \$2,931.0m) priced at USD-LIBOR plus 2.25% (2021: 2.25%) (the "USD First Lien Term Loan B") with a maturity date of 21 July 2026, and a LIBOR floor, as applicable, of 0%;
- USD first lien term loan with an outstanding principal balance of \$1,246.9m (2021: \$0) priced at 3M Term SOFR plus CSS plus 3.25% margin with a 0.5% SOFR floor (the "the USD First Lien Term Loan B 2") with a maturity date of 22 July 2028; and
- EURO first lien term loan with an outstanding principal balance of €507.2m (2021: €507.2m) priced at EURIBOR plus 2.5% (2021: 2.5%) (the "EUR First Lien Term Loan B") with a maturity date of 21 July 2026 and EURIBOR floor, as applicable, of 0%.

The two USD First Lien Term Loan B tranches requires scheduled quarterly principal payments in amounts equal to 0.25% of the combined initial aggregate principal amount of the USD First Lien Term Loan B of \$4,188m (2021: \$2,938m), with the balance due at maturity of each tranche. There is no amortisation on the EUR First Lien Term Loan B and the principal is due at maturity.

In December 2021, Flutter executed a €2,000m TLB Facility Agreement to underwrite the Sisal acquisition. This facility was drawn on 2 August, 2022 to fund the Sisal acquisition. The facility had a maturity date of 31 July 2026. The Group incurred €67.5m (£56.1m) of initial transaction costs and fees on drawdown which was capitalised against the principal of the debt and recorded as a financial expense over the term of the debt using the effective interest rate method. On 23 September 2022, the Group refinanced the €2,000m TLB facility by raising First Lien Term Loan B of \$1,250m, €549.5m and \$200.0m of Term Loan A as outlined above. The Group recognised a loss on extinguishment of £56.9m upon repayment of the €2,000m TLB Facility.

The three tranches of First Lien Term Loan B are governed by the "Syndicated Facility Agreement". The Syndicated Facility Agreement limits Stars Group Holdings B.V. and Flutter Financing B.V, as borrowers, and its subsidiaries' ability to, among other things, (i) incur additional debt (ii) grant additional liens on their assets and equity (iii) distribute equity interests and/or distribute any assets to third parties (iv) make certain loans or investments (including acquisitions), (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments (vii) enter into certain transactions with affiliates (viii) change lines of business and (ix) modify the terms of certain debt or organisational documents, in each case subject to certain permitted exceptions. The agreement also provides for customary mandatory prepayments, including a customary excess cash flow sweep if certain conditions are met. During the twelve months ended 31 December 2022, the Group is in compliance with all covenants related to its First Lien Term Loan B's.

Reconciliation to Statement of Cash Flows:

Reconciliation of movements in borrowings to the Statement of Cash Flows:

	2022	2021
	£m	£m
Financing activities:		
Proceeds from borrowings	4,020.5	1,167.7
Repayment of borrowings	(2,314.9)	(751.2)
Interest paid	(142.5)	(141.9)

17. Derivatives

Derivatives and hedge accounting

The Group uses derivative financial instruments for risk management and risk mitigation purposes. As such, any change in cash flows associated with derivative instruments are expected to be offset by changes in cash flows related to the hedged item. The Group's derivatives are discussed below.

Swap agreements

The Group has executed cross-currency interest rate swaps which swap the profile of the USD First Lien Term Loan B and USD First Lien Term Loan A in their entirety into EURO and GBP to better match the currency mix of the Group's EBITDA. In 2022 as part of the refinancing described above, the Group executed additional cross-currency interest rate swaps to swap the additional USD First Lien Term Loan B and USD First Lien Term Loan A into EURO and GBP. In combination, these hedging instruments comprise of: (i) USD-EUR amortising cross-currency interest rate swap agreements (the "EUR Cross-Currency Interest Rate Swaps") with an outstanding notional amount of €2,009m (£1,780m) (31 December 2021: €1,489m (£1,251m)), which fix the USD to EUR exchange rate at 1.127 (2021: 1.174) and fix the euro interest payments at an average interest rate of 2.92% (31 December 2021: 1.7%) and (ii) USD-GBP amortising cross-currency interest rate swap agreements (the "GBP Cross-Currency Interest Rate Swaps") with a remaining notional amount of £1,689m (31 December 2021: £895m), which fix the USD to GBP exchange rate at 1.234 and fix the GBP interest payments at an average interest rate of 5.63% (31 December 2021: 2.5%). The EUR Cross-Currency Interest Rate Swaps and GBP Cross-Currency Interest Rate Swaps are in hedging relationships with and have a profile that amortises in line with the USD First Lien Term Loan B. The EUR Cross-Currency Interest Rate Swaps and GBP Cross-Currency Interest Rate Swaps have maturity dates in July 2023 and September 2024.

Sports betting open positions

Amounts received from customers on sportsbook events that have not occurred by the balance sheet date are derivative financial instruments and have been designated by the Group on initial recognition as financial liabilities at fair value through profit or loss.

The fair value of open sports bets at 31 December 2022 and 31 December 2021 has been calculated using the latest available prices on relevant sporting events. The carrying amount of the liabilities is not significantly different from the amount that the Group is expected to pay out at maturity of the financial instruments. Sports bets are non-interest bearing. There is no interest rate or credit risk associated with open sports bets.

It is primarily based on expectations as to the results of sporting and other events on which bets are placed. Changes in those expectations and ultimately the actual results when the events occur will result in changes in fair value.

There are no reasonably probable changes to assumptions and inputs that would lead to material changes in the fair value methodology, although final value will be determined by future sporting results.

The following table summarises the fair value of derivatives as at 31 December 2022 and 31 December 2021:

	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Derivatives held for hedging				
<i>Derivatives designated as cash flow hedges:</i>				
Cross-currency interest rate swaps - current	275.1	—	—	—
Cross-currency interest rate swaps - non-current	—	(61.0)	31.7	(54.6)
Total derivatives designated as cash flow hedges	275.1	(61.0)	31.7	(54.6)
<i>Derivatives designated as net investment hedges:</i>				
Cross-currency interest rate swaps - current	4.5	(37.1)	—	—
Cross-currency interest rate swaps - non-current	—	(12.2)	36.3	—
Total derivatives designated as net investment hedges	4.5	(49.3)	36.3	—
Total derivatives held for hedging	279.6	(110.3)	68.0	(54.6)
Derivatives held for risk management and other purposes not designated as hedges				
Sports betting open positions - current	—	(107.6)	—	(74.0)
Sports betting open positions - non-current	—	(0.5)	—	(0.5)
Total derivatives held for risk management and other purposes not designated as hedges	—	(108.1)	—	(74.5)

17. Derivatives (continued)

Hedge accounting

Cash flow hedge accounting

In accordance with the Group's risk management strategy and Group Treasury Policy, the Group executed the Swap Agreements to mitigate the risk of fluctuation of coupon and principal cash flows due to changes in foreign currency and interest rates related to the USD First Lien Term Loan B and USD First Lien Term Loan A and to better align the currency of the Group's debt to the currency of its EBITDA. At the inception of designated hedging relationship, the Group documents the risk management objectives and strategy for undertaking hedge documentation about economic relationship of the hedge item and hedging instrument.

The Group assesses hedge effectiveness by comparing the changes in fair value of a hypothetical derivative reflecting the terms of the debt instrument issued due to movements in the applicable foreign currency exchange rate and benchmark interest rate with the changes in fair value of the cross-currency interest rate swaps and cross-currency swaps used to hedge the exposure, as applicable. The Group uses the hypothetical derivative method to determine the changes in fair value of the hedged item. The Group has identified, and to the extent possible, mitigated, the following possible sources of ineffectiveness in its cash flow hedge relationships:

- the use of derivatives as a protection against currency and interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives with counterparties with strong investment grade credit ratings;
- differences in the timing of settlement of the hedging instrument and hedged item; and
- the designation of off-market hedging instruments.

Certain of the EUR Cross-Currency Interest Rate Swaps in combination with the GBP Cross-Currency Interest Rate Swaps are designated in cash flow hedge relationships to hedge the foreign exchange risk and interest rate risk on the USD First Lien Term Loan B. The remaining EUR Cross-Currency Interest Rate Swaps have been bifurcated for hedge accounting purposes with the GBP portion of the exposure designated in a cash flow hedge relationship and the EUR exposure designated in a net investment hedge relationship.

As at 31 December 2022, £11.2m (2021: £12.1m) of accumulated other comprehensive income is included in the cash flow hedging reserve (see Note 18) related to de-designated cash flow hedges and is reclassified to the consolidated income statement as the hedged cash flows impact income/(loss).

Net investment hedge accounting

In accordance with the Group's risk management strategy, as noted above the Group designates certain EUR cross-currency interest rate swap contracts in net investment hedging relationships to mitigate the risk of changes in foreign currency rates with respect to the translation of assets and liabilities of subsidiaries with foreign functional currencies.

The Group assesses hedge effectiveness by comparing the changes in fair value of the net assets designated, due to movements in the foreign currency rate with the changes in fair value of the hedging instruments used to hedge the exposure. The Group uses the hypothetical derivative method to determine the changes in fair value of the hedged item. The only source of ineffectiveness is the effect of the counterparty and the Group's own credit risk on the fair value of the derivative, which is not reflected in the fair value of the hypothetical derivative.

The Group has also designated the carrying amount of the EUR First Lien Term Loans as a hedge of the spot foreign exchange risk of its net investment in its EUR functional subsidiaries. The Group assesses hedge effectiveness using the forward rate method by comparing the currency and the carrying amount of the EUR First Lien Term Loan B and EUR First Lien Term Loan A with the currency and the net assets of its EUR functional subsidiaries.

As at 31 December 2022, nil (2021: £61.4m) of accumulated other comprehensive income is included in the foreign exchange translation reserve (see Note 18) related to de-designated net investment hedges and is reclassified to the consolidated income statement upon disposal of the net investment in the applicable foreign subsidiaries.

18. Share capital and reserves

Share capital

The total authorised share capital of the Company comprises 300,000,000 ordinary shares of €0.09 each (2021: 300,000,000 ordinary shares of €0.09 each). All issued share capital is fully paid. The holders of ordinary shares are entitled to vote at general meetings of the Company on a one vote per share held basis. Ordinary shareholders are also entitled to receive dividends as may be declared by the Company from time to time.

Transactions during the year ended 31 December 2022:

- A total of 465,782 ordinary shares were issued as a result of the exercise of employee share options, giving rise to share capital and share premium of £7.0m;

Transactions during the year ended 31 December 2021:

- A total of 558,275 ordinary shares were issued as a result of the exercise of employee share options, giving rise to share capital and share premium of £13.2m;
- On 25 August 2021, the Group announced it cancelled all its 1,965,600 ordinary shares of €0.09 each previously held by it as treasury shares; and
- In accordance with the authority conferred by shareholders pursuant to resolution 10 at Flutter's Annual General Meeting ("AGM") held on Thursday, 29 April 2021, the Board on 10 September 2021 confirmed that it had completed the capitalisation of £7,982.9m, being the entirety of the amounts standing to the credit of Flutter's merger reserve account at 31 December 2020. In accordance with the provisions of sections 84 and 85 of the Companies Act 2014 and the authority conferred by resolution 11 as approved by shareholders at the AGM, the Board applied to the Irish High Court to reduce the Company's capital by the amount of £10,000m standing to the credit of Flutter's share premium account following completion of the capitalisation. On 3 November 2021, the Irish High Court approved the reorganisation of the Company's capital by the reduction of £10,000m standing to the credit of Flutter's share premium account, and the transfer of such sum to the Company's distributable reserves account. This resulted in the transfer of £10,000m from share premium to retained earnings.

Equity reserves

Equity reserves at 31 December 2022 and at 31 December 2021 include the following classes of reserves:

Merger reserve

In accordance with the authority conferred by shareholders pursuant to resolution 10 at Flutter's Annual General Meeting held on Thursday, 29 April 2021, the Board on 10 September 2021 confirmed that it had completed the capitalisation of £7,982.9m, being the entirety of the amounts standing to the credit of Flutter's merger reserve account at 31 December 2020. This resulted in the transfer of £7,982.9m from merger reserve to share premium.

Treasury shares

On 25 August 2021, the Group announced it cancelled all its 1,965,600 ordinary shares of €0.09 each previously held by it as treasury shares which resulted in the transfer of £40.7m from treasury shares to retained earnings and share capital.

Shares held by Employee Benefit Trust

At 31 December 2022, the Paddy Power Betfair plc Employee Benefit Trust ("EBT") held 1,396 (31 December 2021: 33,158) of the Company's own shares, which were acquired at a total cumulative cost of £0.2m (31 December 2021: £4.0m) in respect of potential future awards relating to the Group's employee share plans. The Company's distributable reserves at 31 December 2022 are restricted by this cost amount. 23,775 shares were purchased at a cost of £2.8m during the year ended 31 December 2022 (31 December 2021: 1,337,894 shares at a cost of £180.7m). During the year ended 31 December 2022, 55,537 shares with an original cost of £6.6m were transferred from the EBT to the beneficiaries of the EBT (year ended 31 December 2021: 1,372,056 shares with an original cost of £182.5m).

Cash flow hedge reserve

The cash flow hedge reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that had not yet occurred at that date.

Fair value reserve

The fair value reserve represents the fair value movement in Current Investments at FVOCI - customer deposits.

Foreign exchange translation reserve

The foreign exchange translation reserve at 31 December 2022 amounted to a credit balance of £60.3m (31 December 2021: debit balance of £194.2m) and arose from the retranslation of the Group's net investment in primarily EUR, AUD and USD functional currency companies. The movement in the foreign exchange translation reserve for the year ended 31 December 2022, reflects mainly the strengthening of EUR and USD against GBP in the period.

18. Share capital and reserves (*continued*)

Other reserves

Other reserves comprise undenominated capital. Undenominated capital at 31 December 2022 of £2.5m (31 December 2021 of £2.5m) relates to the nominal value of shares in the Company acquired by the Company of £2.3m (31 December 2021: £2.3m) and subsequently cancelled, and an amount of £0.2m (31 December 2021: £0.2m) which arose on the redenomination of the ordinary share capital of the Company at the time of conversion from Irish pounds to Euro.

Share-based payment reserve

During the year ended 31 December 2022, an amount of £153.4m was expensed in the Consolidated Income Statement with respect to share based payments (year ended 31 December 2021: £80.5m) and an amount of £43.4m (year ended 31 December 2021: £49.6m) in respect of share options exercised during the year was transferred from the share-based payment reserve to retained earnings.

An amount of £3.7m of deferred tax relating primarily to the Group's share-based payments was credited to retained earnings in the year ended 31 December 2022 (year ended 31 December 2021: debit of £0.2m). An amount of £0.7m of current tax relating to the Group's share-based payments was credited to retained earnings in year ended 31 December 2022 (year ended 31 December 2021: credit of £0.9m).

Non-controlling interest

During the year ended 31 December 2022 the Group paid dividends totalling £5.4m to the non-controlling interest in Adjarabet (year ended 31 December 2021: £16.7m).

As outlined in more detail in Note 11, as a result of the exercise of the put option held by the Adjarabet non-controlling interest and the agreement to settle in cash for €238.0m (£204.1m), an amount of £34.2m was recorded in non-controlling interest with the remaining amount of £169.9m booked to retained earnings.

As a result of the acquisition of Sisal during the year (see Note 11), £125.5m was recorded in respect of the non-controlling interest. The acquisition of 100% of Sachiko Gaming Private Limited an online Poker gaming developer based in India in exchange for a 5% equity stake in the Group's subsidiary Jungle Games resulted in an amount of £4.6m being recorded in non-controlling interest.

19. Commitments and contingencies

Guarantees

The Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group. The Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Group has uncommitted working capital overdraft facilities of £16.2m (31 December 2021: £16.2m) with Allied Irish Banks p.l.c. These facilities are secured by a Letter of Guarantee from Flutter Entertainment plc.

The Group has bank guarantees: (i) in favour of certain gaming regulatory authorities to guarantee the payment of player funds, player prizes, and certain taxes and fees due by a number of Group companies; and (ii) in respect of certain third-party rental and other property commitments, merchant facilities and third party letter of credit facilities. The maximum amount of the guarantees at 31 December 2022 was £246.7m (31 December 2021: £44.4m). No claims had been made against the guarantees as of 31 December 2022 (31 December 2021: £Nil). The guarantees are secured by counter indemnities from Flutter Entertainment plc and certain of its subsidiary companies. The value of cash deposits over which the guaranteeing banks hold security was £22.6m at 31 December 2022 (31 December 2021: £17.5m).

As mentioned in Note 16, borrowings under the TLA Agreement and Syndicated Facility Agreement are guaranteed by the Company and certain of its operating subsidiaries.

Contingent liabilities

The Group operates in an uncertain marketplace where many governments are either introducing or contemplating new regulatory or fiscal arrangements.

The Board monitors legal and regulatory developments and their potential impact on the business, however, given the lack of a harmonised regulatory environment, the value and timing of any obligations in this regard are subject to a high degree of uncertainty and cannot always be reliably predicted.

19. Commitments and contingencies (continued)

Prior to the combination with TSG in 2020, the Board of TSG became aware of the possibility of improper foreign payments by TSG or its subsidiaries in certain jurisdictions outside of Canada and the United States relating to its historical B2B business (which was never profitable and effectively ceased operations in 2014). When this matter arose, TSG contacted the relevant authorities in the United States and Canada with respect to these matters and, following the Combination, the Group continues to co-operate with the United States and Canada governmental authorities in respect of all inquiries. Based on its review to date, the Board of Flutter has not identified issues that it believes would have a significant adverse effect on the Group's financial position or business operations.

The Group has seen a number of player claims in Austria for reimbursement of historic gaming losses. We have provided our remote services in Austria on the basis of multi-jurisdictional Maltese licences and EU law, however the Austrian Courts consider that our services are contrary to local law.

Together with its legal advisers, the Group is currently reviewing its position and strongly disputes the basis of these judgements. The prospect of these judgements being successfully enforced against our Maltese licenced subsidiaries is unknown. It is not possible at this stage to provide a reasonable estimate of the contingent liability as the matter is still at an early stage and unlikely to be fully resolved in the short term.

The Group has also provided remote services in Germany (outside of Schleswig-Holstein) on the basis of multi-jurisdictional Maltese licences and EU law. While some German Courts consider that such services are contrary to local law, no Court has ruled against our subsidiaries.

Capital commitments

Capital expenditure contracted for at the statement of financial position date but not yet incurred was as follows:

	31 December 2022	31 December 2021
	£m	£m
Property, plant and equipment	10.7	1.3
Intangible assets	9.0	1.6
Total	19.7	2.9

20. Related parties

There were no material transactions with related parties during the year ended 31 December 2022 or the year ended 31 December 2021.

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

21. Events after the reporting date

There are no items that require further disclosure.