

Q3 2021 Trading Update

Strong underlying growth continues; leadership maintained in US

Flutter Entertainment plc (the “Group”) announces a trading update for three months ended 30 September 2021.

Unaudited £m	Q3 2021	Q3 2020	YoY %	YoY % CC ¹
Average monthly players² ('000s)	7,257	6,401	+13%	
Sports revenue	906	798	+13%	+17%
Gaming revenue	534	527	+1%	+5%
Total revenue	1,439	1,325	+9%	+12%

All commentary within this trading update refers to constant currency¹ growth rates. Any differences due to rounding.

- Group Online revenue +13% driven by AMP² growth of 13%
 - **UK & Ireland; -5%** reflecting busier, high profile sporting calendar in prior year; recreational growth continues with an increase in AMPs of +19%
 - **Australia +20%**; excellent customer retention bolstered by benefit from stay-at-home restrictions
 - **International -3%**; growth of 6% excluding German regulatory impact
 - **US +85%**; online sports-betting share of 42%³ in Q3, with 1.9m AMPs in September

Current trading and full year guidance

- **Group ex-US:** Unfavourable sports results in first 24 days of October have impacted EBITDA by circa £60m. Combined with expected £10m EBITDA impact in Q4 from temporary Netherlands exit, Adjusted EBITDA expectations for 2021 now expected to be **£1.24bn - £1.28bn** (previous guidance: £1.27bn - £1.37bn).
- **US:** Net revenue guidance unchanged at £1.285bn - £1.425bn (\$1.8bn - \$2.0bn) with Adjusted EBITDA loss expected to be between **£250m and £275m** (previous loss guidance: £225m to £275m). This includes a £15m impact from adverse sports results in October.

Peter Jackson, Chief Executive, commented:

“Flutter delivered a strong third quarter performance, with double-digit growth in our global player base. This resulted in the Group delivering revenue growth of 12% despite challenging comparatives including a concentration of key sporting events in the prior year.

In the US we maintained our leadership position, with the quality of our product offering leading to high levels of customer engagement. As expected, the start of the NFL season saw a step-up in competitive intensity. We remained disciplined however, leveraging the broad set of high quality marketing assets at our disposal. The customer response has been very encouraging with FanDuel now regularly experiencing staking levels on Sundays that match its 2021 SuperBowl performance. Early engagement on NBA since the recent start of season has also been strong.

Across our business we continue to lead on customer protection and we recently announced measures to enhance the protection of younger customers in the UK & Ireland as part of our risk based “Triple Step” approach to affordability.

While a run of customer-friendly results in October have resulted in win margins being below expected levels in the quarter to date, the underlying strength of our business is clear; we have grown our online recreational player base by 46% in just two years². With more international jurisdictions and US states on the path to regulation, we look forward to sustainably growing our global player base further in 2022.”

Divisional analysis

Unaudited revenue £m	Total			Sports	Gaming	Average monthly players ²	
	Q3 2021	Q3 2020	YoY % CC	YoY % CC	YoY % CC	Q3 2021 (000s)	YoY%
UK & Ireland	491	519	-5%	-9%	+2%	3,060	+19%
- UK & Ireland Online	423	446	-5%	-8%	+2%	3,060	+19%
- UK & Ireland Retail	68	74	-6%	-11%	+6%		
Australia	370	320	+20%	+20%		1,086	+24%
International	299	325	-3%	+14%	-6%	1,799	-2%
US	280	161	+85%	+97%	+65%	1,312	+17%
Group	1,439	1,325	+12%	+17%	+5%	7,257	+13%

UK & Ireland

Online

We have delivered strong recreational customer growth across our UK & Ireland brands with a 19% increase in AMPs. Revenue declined by 5% in Q3 with sports down 8% and gaming 2% higher.

Sports revenue was primarily driven by a staking decline of 5% year-on-year as well as a 10 basis point reduction in net revenue margin to 9.8%. The staking decline reflected (i) the condensed nature of the Q3 2020 sporting calendar which included a large number of premium sporting fixtures (such as the conclusion of European domestic football leagues and European competitions), (ii) the easing of lockdown restrictions this year, with consumers having a wider variety of leisure activity options available to them and (iii) further enhancements to our Safer Gambling approach. The 10 basis point margin reduction year-on-year reflected less favourable sports results than in the prior year (-90 basis points), mostly offset by structural improvements in expected margin as customers increasingly engaged with higher margin "Bet Builder" products.

Gaming revenue grew 2%, an improvement on the run-rate during Q2. AMPs were up 22% despite challenging prior year comparatives as well as increased competition for discretionary customer spend and the continuous improvements we are making to our Safer Gambling protections.

Retail

Our retail estates across the UK and Ireland were fully open for the period with a total revenue decline of 6% year-on-year. Sports revenue declined 11% with half of this due to reduced margin while gaming was up 6%. As we continue to monitor the impact that Covid has had on our shops, it is worth noting that our Q3 UK retail revenues were 9% above Q3 2019 levels whereas revenue in Ireland was down 27%. We believe this primarily reflects the slower relaxation of Covid restrictions in Ireland. As a result, overall retail revenues were around 90% of 2019 levels.

Australia

Sportsbet's excellent momentum continued in Q3 with revenue up 20% as strong customer retention resulted in AMP growth of 24% to 1.1m. Travel restrictions applied to over 60% of the Australian population during the period, resulting in Sportsbet capturing additional discretionary leisure spend. Sportsbook stakes were 15% higher year-on-year. Sportsbook net revenue margin increased by 40 basis points to 11.1%, which reflected favourable sports results against both our expectations and year-on-year. The improvement in expected margin during the quarter was offset by increased generosity investment.

International

Revenue in our International division was 3% lower year-on-year, with gaming down 6% and sports up 14%. Performance reflected three key factors:

- The regulatory impact of German product and tax changes. Excluding Germany, revenue grew 6%, with casino +21%, poker -16% and sports +25%.
- The addition of Junglee which added 5 percentage points of growth year-on-year.

- The easing of Covid related social restrictions across our main markets, leading to a reduction in player engagement versus prior year, particularly for poker.

We continue to invest to improve the PokerStars customer proposition with enhanced generosity and we recently rolled out our new reward scheme to all customers. We are also continuing to make good progress in driving direct casino acquisition. Sports growth was driven by good performance across our sportsbooks.

US

Our US business continued to lead the market in Q3 with a 42% share of online sports betting and an 18% share of online gaming³. Revenue grew by 85% to £280m (\$386m) with FanDuel accounting for 94% of the total.

In Q3, our sportsbook and casino player numbers doubled year-on-year. Tougher Q3 comparatives for daily fantasy sports (166 NBA games in 2020 versus just 9 in 2021) and TVG (Kentucky Derby in September 2020 versus May 2021) impacted player volumes for both. As a result, overall AMPs increased by 17% to 1.3m in Q3, with 1.9m players active in September at the start of the NFL season.

Sports revenue increased by 97% to £184m (\$254m), including sportsbook growth of 422%.

Sportsbook stakes grew 80% in the quarter with volumes on NFL Sundays now consistently reaching levels generated during the 2021 Super Bowl. These high volumes have been handled comfortably on the Group's Global Betting Platform following FanDuel's full migration on to that platform. Sportsbook net revenue margin increased by 410 basis points year-on-year to 6.2% reflecting (i) the significant investment we made during Q3 2020 following the return of sports, (ii) favourable sports results in 2021 and (iii) our beneficial product mix. We continued our significant investment in customer acquisition and retention during the quarter, including leveraging our official sports betting partnership with the NFL. FanDuel sportsbook is now live online in 12 states with 2 recent launches in Arizona (Sep) and Connecticut (Oct). Revenue from our other sports businesses (TVG and DFS) declined by 22% reflecting the tough calendar comparatives referenced above.

Gaming revenue increased by 65% to £95m (\$132m) with our gaming products now available in 5 states following our Connecticut launch in October. Our new gaming promotions platform is now live, providing greater flexibility to reward multi-product players and improving the user experience on casino.

Outlook and guidance

- **Netherlands update:** Following the recent announcement from the Netherlands Gambling Authority, we suspended our Dutch operations on 1 October. We estimate that this temporary closure will cost the Group £10m in EBITDA in 2021 and approximately £40m in 2022. This assumes we recommence trading in Q3 2022 and that our Dutch operations break even in H2 next year as we invest to re-engage customers.
- **Group ex-US:** Unfavourable sports results in the first 24 days of October have impacted EBITDA by around £60m. Combined with the expected £10m EBITDA impact from the Netherlands, we are revising our Adjusted EBITDA expectations for 2021 to £1.24bn - £1.28bn (previous guidance: £1.27bn - £1.37bn).
- **US:** Net revenue guidance remains unchanged at £1.285bn - £1.425bn (\$1.8bn - \$2.0bn) with an Adjusted EBITDA loss now expected to be £250m - £275m (previous guidance: £225m - £275m). This revised EBITDA range includes a £15m impact from adverse sports results in October.

¹ Constant currency (“cc”) growth is calculated by retranslating the non-sterling denominated component of Q3 2020 at Q3 2021 exchange rates. Growth rates in the commentary are in local or constant currency.

² Average Monthly Players represent the average number of players who have placed and/or wagered a stake and/or contributed to rake or tournament fees during the month in the reporting period. The AMP numbers do not include Junglee players in 2020 or 2021 to allow for better comparability of underlying player growth for International and Group. Two year AMP growth refers to Q3 2021 compared with Q3 2019.

³ Online sportsbook market share is the GGR market share of FanDuel and FOX Bet for Q3 in the states in which FanDuel was live based on published gaming regulator reports in those states. Market share calculations do not include September data for Arizona, Colorado, Illinois, Tennessee and Virginia as the data has yet to be released. During Q3 FanDuel was live in 11 states; Arizona (AZ), Colorado (CO), Illinois (IL), Indiana (IN), Iowa (IA), Michigan (MI), New Jersey (NJ), Pennsylvania (PA), Tennessee (TN), Virginia (VA) and West Virginia (WV). During Q3 FOX Bet was live in 4 states; CO, NJ, MI and PA. Online gaming market share reflects combined MI, NJ, PA and WV market share of our gaming brands.

Analyst briefing:

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

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About Flutter Entertainment plc:

Flutter Entertainment plc (the “Group”) is a global sports-betting and gaming company reporting as four divisions:

- **UK & Ireland:** includes Sky Betting and Gaming, Paddy Power and Betfair brands offering a diverse range of sportsbook, exchange and gaming services across the UK and Ireland, along with over 600 Paddy Power betting shops in the UK and Ireland.
- **Australia:** the Sportsbet brand offers online sport betting and is the Australian market leader.
- **International:** includes PokerStars, Adjarabet, Betfair and Junglee operating in multiple jurisdictions around the world offering a diverse range of sportsbook, exchange and gaming services.
- **US:** includes FanDuel, TVG, Stardust, FOX Bet and PokerStars brands, offering regulated real money and free-to-play sports betting, online gaming, daily fantasy sports and online racing wagering products to customers across various states in the US.

Divisional Key Performance Indicators - Q3 2021

Unaudited

	UK & Ireland			Australia			International			US			Group		
	Q3 2021	Q3 2020	CC ¹ %	Q3 2021	Q3 2020	CC ¹ %	Q3 2021	Q3 2020	CC ¹ %	Q3 2021	Q3 2020	CC ¹ %	Q3 2021	Q3 2020	CC ¹ %
	£m	£m	Change	£m	£m	Change	£m	£m	Change	£m	£m	Change	£m	£m	Change
Average monthly players ² (000's)	3,060	2,567	+19%	1,086	876	+24%	1,799	1,835	-2%	1,312	1,122	+17%	7,257	6,401	+13%
Sportsbook stakes	2,627	2,790	-5%	3,323	3,003	+15%	349	375	-2%	2,109	1,247	+80%	8,409	7,415	+17%
Sportsbook net revenue margin	10.1%	10.4%	-30bps	11.1%	10.7%	+40bps	8.6%	7.2%	+140bps	6.2%	2.1%	+410bps	9.5%	9.0%	+50bps
Sports revenue	302	333	-9%	370	320	+20%	50	46	+14%	184	99	+97%	906	798	+17%
Gaming revenue	189	186	+2%	0	0	0%	249	279	-6%	95	62	+65%	534	527	+5%
Total revenue	491	519	-5%	370	320	+20%	299	325	-3%	280	161	+85%	1,439	1,325	+12%

	UK & Ireland Online			UK & Ireland Retail		
	Q3 2021	Q3 2020	CC ¹ %	Q3 2021	Q3 2020	CC ¹ %
	£m	£m	Change	£m	£m	Change
Average monthly players ² (000's)	3,060	2,567	+19%			
Sportsbook stakes	2,262	2,396	-5%	365	394	-5%
Sportsbook net revenue margin	9.8%	9.9%	-10bps	12.5%	13.4%	-90bps
Sports revenue	256	281	-8%	45	53	-11%
Gaming revenue	167	165	+2%	22	21	+6%
Total revenue	423	446	-5%	68	74	-6%

¹ Constant currency ("cc") growth is calculated by retranslating the non-sterling denominated component of Q3 2020 at Q3 2021 exchange rates.

² Average Monthly Players represent the average number of players who have placed and/or wagered a stake and/or contributed to rake or tournament fees during the month in the reporting period. The AMP numbers do not include Junglee players in 2020 or 2021 to allow for better comparability of underlying player growth for International and Group.