27 August 2020

Flutter Entertainment plc - 2020 Interim Results

Positive first half performance; Maintaining momentum as integration progresses

Flutter Entertainment plc (the "Group") announces interim results for the six months ended 30 June 2020.

£m	Reported[1]			Pro forma[2]			
	H1 2020 £m	H1 2019 £m	YoY %	H1 2020 £m	H1 2019 £m	YoY %	*Constant Currency[3]* YoY %
Revenue[4]	1,522	1,020	+49%	2,389	1,975	+21%	+22%
Adjusted[5] EBITDA[6]	342	216	+59%	684	523	+31%	+35%
Profit before tax	24	81	-70%				
Earnings per share[7]	18.1p	96.2p	-81%				
Adjusted[5] earnings per share[7]	187.5p	145.5p	+29%	286.3p	183.3p	+56%	
Net Debt	2,899	356					

Operational highlights

- Combination with The Stars Group ("TSG") delivering enhanced diversification; evident in H1 performance
  - Integration under way with focus on maintaining business momentum
  - New organisational structure in place; Australian integration well advanced; global technology decisions progressing
- Group ex-US: Strong momentum through H1 against backdrop of Covid-19 disruption
  - Sports: Favourable results in Q1; strong performance in Q2 benefitting from continuation of horse racing in Australia
  - Gaming: Excellent performance with significant growth in our recreational customer base
- US: Sports and gaming market share leader in H1[8]; 44% online sportsbook; 27% online gaming
  - Over 350,000 customers acquired in H1, primarily through FanDuel and TVG
  - Proprietary FanDuel account and wallet launched in all states
- Aligning regulatory approach across expanded Group; changes expected to cost Group circa £65m in contribution on an annualised basis
- Enhanced player protections during Covid-19 disruption
- Strong focus on employee wellbeing, without taking advantage of furlough schemes
- Investment opportunities identified for sustainable future growth across the Group

Financials [2,3,5,6]

- Pro forma Group revenue growth of 22% in H1 (global online +29%); reported revenue increase of 49%
- Pro forma Adjusted EBITDA £684m, growth of 35%; reported Adjusted EBITDA £342m
- Leverage[9] was 2.3 times at end of H1, driven by the strong EBITDA growth and some working capital benefits that we expect to unwind in H2
- No interim dividend in 2020 as per previous guidance (2019 interim: 67 pence per share)

Outlook[2,5,6]

- Encouraging trading H2 to date, benefitting from condensed football fixtures, favourable sports results and ongoing resilience of gaming
- The outlook remains highly uncertain, due to potential further Covid-19 related disruption and possible regulatory change across various markets
- Assuming normalised net revenue margins for balance of year, no material further disruption to sporting events and no further shutdown of retail operations, we anticipate that 2020 pro forma Adjusted EBITDA will be:
    - Between **£1,175m** and **£1,325m** for Group ex-US, reflecting an additional £50m marketing investment in H2 over H1 and enhanced RG/AML measures introduced in PokerStars
    - An EBITDA loss of **£140-160m** in the US, assuming online launches in Tennessee and Michigan in H2 and the continuation of mobile registration in Illinois for the full remainder of the half.
- Based on mid-range EBITDA outcome, leverage ratio[9] expected to be circa 2.5-2.8 times at year-end

Peter Jackson, Chief Executive, commented:
"The first half of 2020 has been defined by the outbreak of the global Covid-19 pandemic. For Flutter, my primary concern has been to keep our colleagues and customers safe. I am proud of the support we have been able to provide to our employees during this challenging time and the additional safer gambling measures we have put in place to enhance player protection. The pandemic has been a highly unusual backdrop for completion of our combination with The Stars Group and I would like to take this opportunity to thank all of my colleagues across the enlarged Group for their hard work, commitment and resilience as we have combined to form one team.

The Group's first half financial performance exceeded expectations as we benefitted from geographic and product diversification. In the period prior to Covid-19 related disruption, our businesses performed well with strong customer growth and favourable sports results. In the period thereafter, the cancellation of sports and closure of our shops led to reduced sports revenues in the UK and Ireland. However, this was more than offset by an increase in the number of recreational customers playing our poker and gaming products globally, as people sought new forms of home entertainment. In Australia and the US, the continuation of horse racing meant that overall sports revenues grew in both regions.

While maintaining strong trading momentum, we have also made good progress since May on the integration with TSG. All four regional CEOs have been appointed and most key leadership roles have now been filled. Important decisions are progressing on our technology plans and we are aligning our regulatory and responsible gambling approach across the expanded Group. In Australia, integration is particularly well advanced and we will migrate BetEasy customers over to Sportsbet imminently. We plan to provide a more detailed strategic update, as well as a synergy update, at the time of our full year results in March 2021.

The second half has started well, with good sports betting performance following the return of major sport events, whilst gaming performance has remained resilient. Looking ahead, we have identified promising opportunities to increase investment across the Group and, while the outlook with respect to Covid-19 remains highly uncertain, the diversification of our Group means we approach the future with confidence."

Notes:

[1] Reported represents the IAS 34 reported numbers. Where amounts in the table have been normalised for SDIs they are labelled as adjusted.

[2] Flutter's combination with TSG completed on May 5 2020. The pro forma numbers presented show the Group's financials with TSG included for a full 6-month period in both 2019 and 2020. The pro forma numbers include a 6-month contribution from Adjarabet in 2019 (completion date: Feb 1 2019). See Appendix 4 for a reconciliation of pro forma results to statutory results.

[3] Constant currency ("cc") growth is calculated by retranslating the non-sterling denominated component of H1 2019 at H1 2020 exchange rates (see Appendix 5). Growth rates in the commentary are in local or constant currency except reported numbers which are in nominal currency.

[4] Revenue excludes SDIs which relate to a £13.7m refund of VAT from the HMRC, based on the historic incorrect application of VAT to UK gaming machines.

[5] The "Adjusted" measures exclude separately disclosed items that are not part of the usual business activity of the Group, and have therefore been reported as "separately disclosed items (SDIs)" (see note 5 to the financial statements).

[6] EBITDA is profit before interest, tax, depreciation and amortisation expenses and is a non-GAAP measure post IFRS-16.

[7] The 2019 earnings per share figures have been restated to incorporate the 1,312,260 new Flutter ordinary shares that were issued in May 2020 as payment of the 2019 final dividend. The weighted average number of shares in issue during the period was adjusted to include these bonus shares as if they were issued 1 January, 2019.

[8] Market share refers to Flutter's total share of the online gross gaming revenue in the states where our sportsbook and gaming products were live online in H1. Sports betting: Colorado, Indiana, New Jersey, Pennsylvania and West Virginia. Gaming: New Jersey and Pennsylvania.

The leverage ratio is calculated using pro forma Adjusted EBITDA for the 12-month period to 30 June 2020.

[10] Differences due to rounding unless otherwise stated

Analyst briefing:

The Group will host a questions and answers call for institutional investors and analysts this morning at 9:30am (IST/BST). Ahead of that call, a presentation will be available on the Group's corporate website (www.flutter.com) from 8am. To dial into the conference call, participants need to register at https://cossprereg.btci.com/prereg/key.process?key=PU4DAXQJL where they will be provided with the dial in details they should dial.

A presentation replay facility will also be available later today on our corporate website:
https://www.Flutter.com/investors.

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Business Review [1,2,3,4]

The first half of 2020 was a significant one for the Group with the completion of our merger with The Stars Group ("TSG"). The combination has increased our scale and enhanced the diversification of our revenue streams, both on a product and geographical basis.

In the face of the Covid-19 pandemic we have managed to run the business remotely across some of our busiest days while also making a great start in bringing our two businesses together. Feedback from colleagues with respect to our response to the Covid-19 crisis has been positive; employee surveys have revealed that our team felt that we introduced the right precautions to keep our colleagues and customers safe and that they were supportive of our decision not to take advantage of the various Government financial support schemes offered.

Against this challenging backdrop, we were very pleased with the performance of the Group. During the first half, our revenue increased by 22% to £2.4bn and Adjusted EBITDA by 35% to £684m on a pro forma basis. This performance reflected two very distinct periods. Pre March 15 the Group delivered a strong performance, with pro forma revenues 26% higher year-on-year. In the period thereafter (March 16 to June 30, "the disrupted period"), our poker and gaming offerings delivered substantial year-on-year growth, while the continuation of horse racing in both Australia and the US, coupled with a run of bookmaker friendly sports results, benefited our sportsbooks globally. Therefore notwithstanding the cancellation of many sports, our revenues grew 20% in the disrupted period.

Combination with TSG

On May 5 2020, we completed our combination with TSG. In addition to the clear diversification benefits that the transaction brought, it enhanced the Group's brand portfolio, adding high quality consumer-facing names such as Sky Bet, Sky Vegas and PokerStars to the Flutter stable. It also strengthened the breadth of the Group's technology capabilities, with our task now to develop and expand our range of innovative products while delivering the best player protection framework to our customers. In the 3½ months since completion, we have made important decisions on how we will operate and run the business:

- **Operating model and organisation design:** Flutter will continue to operate a decentralised operating model, with a lean Group function supporting four regional teams. The four regions will be (i) UK and Ireland (which includes Sky Betting & Gaming ("SBG"), Paddy Power and Betfair UK&I operations), (ii) International (comprising PokerStars, Betfair International, Adjarabet and the Group's risk and trading B2B operations), (iii) Australia and (iv) US (FanDuel, FoxBet, TVG and PokerStars US operations). Our 4 divisional CEOs have all been appointed and most key leadership roles have been filled. We intend to report earnings on this revised 4 division basis from 2021 on.
- **Technology:** Protecting the momentum in each part of the business is of paramount importance and our approach to technology integration has been developed with this principle in mind. We have concluded that PPB's current online sports betting platform will become the Group's global sports betting platform. The roll out of this platform to FanDuel will commence later this year and we plan to deploy it to other parts of the Group over time.
- **Improving the quality and sustainability of the business:** We said at the time of the merger announcement that we would review the compliance standards and market exposures of the combined Group once the transaction was complete. Where standards differed from those of Flutter, we aimed to adopt the higher of the two. Our review has fallen into 2 broad categories;
    - (i) the quality of TSG's safer gambling/anti money laundering (AML) procedures; and,
    - (ii) the legal, regulatory and tax risk of each international market.

While we are yet to fully complete our review, we have identified areas where improvements need to be made. For example, in the area of safer gambling/AML procedures, we have put our enhanced checks in place. In addition, there were a small number of TSG jurisdictions that Flutter had previously determined it would not operate in and in such cases, we have now switched these markets off. We estimate that the combined impact of these measures will reduce contribution on an annualised basis by c.£65m.

- **Australian integration well advanced:** While pleased with the pace of Group-wide integration efforts, progress in Australia is most advanced at this point. Following a detailed review, our conclusion was that a single brand strategy would give us the best opportunity to maintain product leadership and current momentum and we have wasted no time in executing on our plan. BetEasy customers will be migrated across to Sportsbet imminently.

Across the remaining divisions, detailed reviews are well advanced to determine our brand, product and technology strategies. Once completed we will move swiftly to execute on our plans, just as we have in Australia. We intend to provide a further detailed update on these plans and synergies at our full year results in March.

First half review

On a combined basis, the pre-Covid-19 disrupted period started well with revenues up 26% on a pro forma basis, helped by bookmaker friendly sports results and ongoing gaming customer growth across our recreational brands. Growth was particularly strong at SBG, reflecting good underlying momentum and a significant variance in year-on-year net revenue margin. In the US, FanDuel launched its online casino in Pennsylvania in January as well as retail operations in Mississippi and Michigan.

From mid-March on, the impact of Covid-19 disruption was felt across our businesses in different ways. The widespread disruption to the sporting calendar materially impacted our sports and retail businesses. This was most acute in Europe where, in addition to all mainstream sports being postponed, UK and Irish horse racing was suspended for 2½ months. In Australia, and to a lesser degree the US, horse racing continued behind closed doors, experiencing a higher level of prominence on mainstream television in the absence of competing sports. This higher exposure, coupled with the closure of retail betting, led to an accelerated migration of customers from retail to online. It remains to be seen whether these customers will continue to bet online as retail outlets re-open.

In contrast to our sports betting operations, our poker and casino businesses experienced a major uplift in player numbers during this period as people sought new ways to entertain themselves while staying at home. PokerStars' average daily gaming customers increased 70% year-on-year in Q2, despite relatively low levels of marketing investment. This pattern was similar to that seen at PPB and SBG where average daily gaming actives were up 65% in Q2.

Customer activity has been encouraging since the resumption of sports. Sky Bet has seen sportsbook customer numbers return to normal levels, benefitting from the condensed UK football calendar. Paddy Power was the most downloaded betting app during Royal Ascot, having offered festival-like generosity to coincide with the resumption of racing. Encouragingly, despite the return of sports, overall gaming performance has remained resilient across our brands. In the US we retained our online sportsbook and gaming leadership position with a combined market share of 31%[5] in H1. FanDuel online sportsbook now has over half a million customers and is operating across 6 states, following our launch in Colorado in May and Iowa in August.

This combination of volume-led gaming growth, stronger horse racing revenues in Australia and the US and the successful return of sports has resulted in Group revenue growth of 20% during the disrupted period.

Maintaining player engagement responsibly: A key focus for our teams throughout the period has been responsible engagement with customers, with an emphasis on providing entertainment experiences.

At PokerStars for example, our customer surveys highlighted that the number one reason customers signed up was to join friends and family playing online. Home games, where friends have the option of playing poker against each other for virtual chips (at no cost) proved particularly popular, with average daily players increasing more than 7-fold in Q2 versus the prior quarter. With very limited sporting events occurring in Q2, our sports-led brands designed innovative content to remain relevant to our customers. Examples included free-to-play daily fantasy contests on the Democratic Party's presidential debate, 'Darts from Home' on Paddy Power and Super 6 contests on the NFL Draft in April.

Safeguarding the wellbeing of our customers remains paramount and we were particularly conscious of our heightened responsibility while 'stay-at-home' restrictions were in place. We further increased our safer gambling measures with customer interactions two-thirds higher in Q2 versus Q1 for both PPB and Sportsbet. In SBG we sent deposit limit messaging to over 700,000 customers that were active with our brands in the early weeks of the pandemic. Across PPB and SBG, total combined UK revenue was down 13% in Q2. Meanwhile at PokerStars, customers on average spent around £10 per week in the first half of 2020, consistent with H1 2019.

Increasing investment as we target sustainable growth

At the time of our equity Placing in May, we outlined how we believed the evolving landscape could create additional investment opportunities for the Group, most notably in the US (where the prospects for accelerated online regulation were improving) and in other markets where we were seeing faster customer migration from retail to online. In addition, as we have reviewed the PokerStars business, we have identified further opportunities to invest in areas such as marketing, product and technology.

US: The US remains a key focus of investment for the Group. At our full year results in February, we outlined how we expected to offer FanDuel's online sportsbook to 21% of the US population in 2021 (across 9 legislated states). Since then legislation has also been passed in Virginia (c. 2.5% of US population), with planned referenda in Maryland and Louisiana in H2 to potentially approve sports betting there also. Our planned investment in Michigan and Illinois may now occur earlier than we previously anticipated. Michigan could possibly "go live" date in Q4 2020, subject to regulatory approvals. In Illinois, the requirement for in-property mobile account registration has been temporarily removed in response to the Covid-19 outbreak. It remains uncertain as to how long the easing of this restriction will remain in place. Along with new state launches, investment in technology has been a priority and we are pleased to now have our own proprietary account and wallet live across all states. We expect to begin migration of FanDuel's existing third-party online betting platform to in-house technology before the end of 2020.

Online migration: We have highlighted in the past the ongoing migration of customers from retail to online in our core markets. In the last two years alone, this has contributed to a circa 20% reduction in the number of betting shops in the UK. Research has shown that retail brands only retain 40-50% of their customers who migrate online[6]. A similar channel shift is evident in Australia, where retail accounted for 31% of sportsbook gross revenue in 2019, down from 44% in 2016. We believe that the current Covid-19 pandemic is accelerating these trends and therefore our goal remains to acquire as many migrating customers as we can, through ongoing investment in product and value. With approximately 88% of the global gambling market still estimated to be offline[7], the future potential growth from this customer migration remains significant.

PokerStars: Prior to the combination with TSG, our hypothesis had been that PokerStars' historically high profit margins were driven, in part at least, by underinvestment. As we have sought to better understand the business post completion, we have identified 3 areas where we feel there may be opportunities to make additional investments:

- **Marketing:** Sales and marketing investment as a percentage of revenue was just 14% in 2019 compared with an industry average of around 25% while casino revenue growth in recent years has been a function entirely of cross-sell from poker, with negligible investment in direct casino acquisition.
- **Promotional generosity:** Customer generosity (free bets etc.) as a percentage of gross revenue has been reduced significantly at PokerStars over the last 5 years. This reduction has been deliberate, with specific initiatives undertaken to make sure that generosity was being directed towards customers who would enhance the overall health/liquidity of the poker ecosystem. While these measures have been effective, we know that we must get the balance right as we protect and develop our business for the long-run.
- **Product, technology and customer experience:** It is clear that the customer perception of the PokerStars product lags behind competitors in a number of jurisdictions and we have work to do to address this. We are looking at ways in which we may be able to accelerate development work on product and operational improvements to address these gaps and to build increased flexibility into the technology stack. In addition, much can be done to improve the sports betting offering within our newly formed International division and we will leverage the assets of the rest of the Group to accelerate this.

Finally, we continue to assess acquisition opportunities where we feel they will further enhance the growth profile and diversification of the Group. Given the strength of our presence in our core markets (e.g. UK, Ireland and Australia), it is more likely that such transactions will be pursued by our International division.

Capital structure and balance sheet

To better position the Group to take advantage of these investment opportunities, we took a number of steps during the first half to strengthen our balance sheet. In March, we were pleased to refinance Flutter's existing debt with well-priced facilities totalling £1.4bn. In response to the global pandemic, we paid our final 2019 dividend payment in the form of shares. Finally on May 28, we successfully raised £813m via an equity placing, with the funds used to repay existing debt.

Flutter debt is currently rated as investment grade by one rating agency. As we continue to execute on our financial goal to de-lever, we believe a clear path will emerge to further improve our rating. This should in turn provide us with the opportunity to refinance our remaining debt, thus further reducing finance costs for the Group. At 30 June 2020 the pro forma leverage[8] of the Group was below our expectations at 2.3 times. Leverage at year-end is expected to be higher (at circa 2.5-2.8 times), reflecting additional US investment year on year, working capital movements and the other investment opportunities we have noted above. We are confident that the highly cash generative nature of the Group will bring us to our leverage target of 1-2 times over the medium-term. Once we have returned to within this range, we will re-examine the Group's dividend policy.

Operating and Financial Review[1,2,3]

Group[4,9,10,11]

	Reported			Pro forma			
	H1 2020 £m	H1 2019 £m	Change %	H1 2020 £m	H1 2019 £m	Change %	CC[12] Change %
Sports revenue	924	794	+16%	1,199	1,117	+7%	+8%
Gaming revenue	598	225	+165%	1,190	858	+39%	+40%
Total revenue	**1,522**	**1,020**	**+49%**	**2,389**	**1,975**	**+21%**	**+22%**
Cost of sales	(496)	(301)	+65%	(738)	(566)	+30%	+32%
Cost of sales as a % of net revenue	*32.6%*	*29.5%*	*+310bps*	*30.9%*	*28.7%*	*+230bps*	*+220bps*
Gross profit	**1,026**	**719**	**+43%**	**1,650**	**1,409**	**+17%**	**+18%**
Sales and marketing	(287)	(214)	+34%	(426)	(389)	+9%	+10%
Contribution	**740**	**505**	+47%	**1,224**	**1,020**	**+20%**	**+22%**
Other operating costs	(360)	(263)	+37%	(473)	(435)	+9%	+9%
Corporate costs	(38)	(26)	+45%	(67)	(62)	+9%	+7%
Adjusted EBITDA[1,2]	**342**	**216**	**+59%**	**684**	**523**	**+31%**	**+35%**
Adjusted EBITDA margin	*22.4%*	*21.1%*	*+130bps*	*28.6%*	*26.5%*	*+210bps*	*+260bps*
Depreciation and amortisation	(89)	(69)	+29%	(117)	(103)	+14%	+14%
Adjusted[1] operating profit	**253**	**147**	**+73%**	**567**	**420**	**+35%**	**+40%**
Adjusted net interest expense	(35)	(7)	+415%				
Separately disclosed items	(194)	(59)	+230%				
Profit before tax	**24**	**81**	**-70%**				
Adjusted[1] earnings per share[13]	**187.5p**	**145.5p**	**+29%**	286.3	183.3p	+56%	
Basic earnings per share[13]	**18.1p**	**96.2p**	**-81%**				
Dividends per share	**-**	**67.0p**					
Net debt at period end[14]	**£2,899m**	**£356m**					

Note: Flutter's combination with TSG completed on May 5 2020. Reported 2020 numbers reflect a full 6-month contribution from Flutter and a 56-day contribution from TSG. The pro forma numbers presented show the Group's financials with TSG included for a full 6-month period in both 2019 and 2020. The pro forma numbers include a 6-month contribution from Adjarabet in 2019.

Reported revenue grew by 49% year-on-year in H1 2020 to £1,522m, following completion of the Group's combination with TSG. Reported Adjusted EBITDA increased by 59% to £342m.

Reported profit before tax was £24m (H1 2019: £81m) after charging separately disclosed items ("SDIs") totalling £194m (H1 2019: £59m). The uplift in SDIs was driven by an increase in the amortisation of acquired intangibles, as well as costs associated with the merger.

Pro Forma

Total revenue increased by 22% in H1 to £2,389m with Adjusted EBITDA growth of 35% to £684m.

The first half performance reflects two distinct phases; the first (from January 1 to March 15) was characterised by a "normal" trading environment while the second phase (from March 16 to June 30) saw widespread disruption to global sporting events as a result of Covid-19. In the commentary that follows, we refer to the period from March 16 to June 30 as the "disrupted period".

Total Group sports revenue increased by 8% in H1 with growth of 43% pre-disruption and a decline of 11% in the disrupted period. Sports revenue grew by double digit percentages across every division in the pre-disrupted period, with the highest growth recorded at SBG due to a substantial improvement in net revenue margin year-

on-year (+940bps). Overall Group net revenue margins increased by 330bps year-on-year in the pre-disrupted period, helped by favourable sports results.

During the disrupted period, sports revenue declined by 32% across our UK and Irish online facing businesses (PPB and SBG) while retail revenues were down 94%, reflecting the closure of our shops for approximately 2½ months. Elsewhere sports revenue performance was more robust with the continuation of racing in Australia leading to growth there of 57%. In the US the continuation of horseracing behind closed doors drove average daily actives growth of 79% for TVG in Q2.

Gaming revenue was 40% higher in H1, with the key driver being the uplift in recreational customer numbers across the Group's online poker and gaming platforms during the disrupted period. Pre-disruption, gaming growth had been +7% with increases in PPB, SBG and the US, partly offset by declines in TSG (poker-led) and Retail, where the business was still lapping the introduction of the £2 staking limit on FOBTs.

Cost of sales as a percentage of revenue increased by 220 basis points, driven by higher direct costs in the Group's US business and an additional quarter of higher remote gaming duty in the UK (from 15% to 21%).

Sales and marketing investment across the Group grew 10% with the increase almost entirely driven by the US. Excluding the US, sales and marketing grew 1%. Other operating costs increased by 9% in H1, reflecting continued investment in people and technology as the Group continues its international expansion.

This resulted in Adjusted EBITDA growth of 35% in H1. The 'Adjusted' EBITDA measure is consistent with 'Underlying' EBITDA as per previous Flutter financial reports. This is solely a change in naming convention to reflect accounting best practice.

Our multi-year investment in online product and technology, combined with expansion in our US footprint, has resulted in an increase in depreciation and amortisation of 14% in the half.

As we flagged at the time of the merger announcement, there are certain costs (such as share based payments and recurring professional/legal fees) that TSG historically treated as separately disclosed items (SDIs) but which Flutter considers "business as usual" operating costs. Flutter intends to treat these costs as operating costs going forward. Had Flutter's accounting treatment been applied to TSG's 2019 reported earnings, TSG's full year EBITDA would have been £663m versus its previously reported figure of £724m, a reduction of £61m. A full reconciliation of previously reported financials to presented pro forma financials can be found in Appendix 3.

Net interest expense increased by £28m reflecting the additional debt taken on by the Group following the combination with TSG in May. Separately disclosed items primarily relate to the amortisation of acquired intangibles and transaction costs relating to the TSG merger. Further detail in relation to these costs is available in the section below on separately disclosed items.

The Group's adjusted pro forma effective tax rate was 9.3% (H1 2019: 13.4%) primarily driven by the mix of taxable earnings among and across geographies.

PPB

Pro forma	PPB Total H1 2020 £m	PPB Total H1 2019 £m	PPB Total Change %	*PPB Online H1 2020 £m*	*PPB Online H1 2019 £m*	PPB Online Change %	*PPB Retail H1 2020 £m*	*PPB Retail H1 2019 £m*	PPB Retail Change %
Sportsbook stakes	**2,222**	**3,594**	**-38%**	***1,839***	***2,688***	***-32%***	***383***	***907***	***-58%***
Sportsbook net revenue margin	*10.9%*	*8.9%*	*+200bps*	*10.2%*	*7.7%*	*+250bps*	*14.6%*	*12.5%*	*+210bps*
Sports revenue	320	448	-29%	*264*	*335*	*-21%*	*56*	*113*	*-51%*
Gaming revenue	220	210	+5%	*197*	*167*	*+18%*	*23*	*43*	*-46%*
Total revenue	**540**	**658**	**-18%**	***461***	***502***	***-8%***	***79***	***156***	***-50%***
Cost of sales	(157)	(175)	-11%	*(140)*	*(140)*	*+0%*	*(17)*	*(36)*	*-53%*
Cost of sales as a % of net revenue	*29.0%*	*26.7%*	*+230bps*	*30.3%*	*27.8%*	*+250bps*	*21.6%*	*23.0%*	*-140bps*
Gross profit	**383**	**483**	**-21%**	***321***	***362***	***-11%***	***62***	***120***	***-49%***
Sales and marketing	(127)	(133)	-5%	*(124)*	*(129)*	*-4%*	*(3)*	*(3)*	*-17%*
Contribution	**256**	**350**	**-27%**	***198***	***233***	***-15%***	***59***	***117***	***-50%***
Other operating costs	(171)	(170)	+1%	*(103)*	*(91)*	*+13%*	*(69)*	*(80)*	*-14%*
Adjusted EBITDA[1,2]	**85**	**179**	**-53%**	***95***	***142***	***-33%***	***(10)***	***37***	***-126%***
Adjusted EBITDA margin	*15.7%*	*27.3%*	*-1,160bps*	*20.5%*	*28.4%*	*-780bps*	*-12.4%*	*23.7%*	*-3,610bps*
Depreciation and amortisation	(47)	(45)	+6%	*(26)*	*(24)*	*+9%*	*(21)*	*(21)*	*+2%*
Adjusted[1] **operating profit**	**37**	**134**	**-72%**	***69***	***119***	***-42%***	***(31)***	***16***	***-295%***

The PPB division operates the Paddy Power, Betfair and Adjarabet brands online, as well as retail operations in the UK and Ireland.

Total revenue (online and retail combined) reduced 18% to £540m, leading to a 53% decline in Adjusted EBITDA.

Online

Total online net revenue declined 8% in H1 to £461m, with a 21% reduction in sports and 18% increase in gaming.

Sportsbook stakes reduced 32% due to Covid-19 disruption, partly offset by a 250 basis point increase in net revenue margin. The margin improvement reflected a 220 basis point benefit from favourable sports results and increased customer interest in less mainstream sports. Sportsbook revenue declined 9% in H1 as a result. Exchange and B2B revenue reduced 40% year-on-year given its higher correlation to the volume of sporting events. Sports revenue was 21% lower in H1, having been 19% higher in the pre-disrupted period.

Gaming revenue growth was driven by excellent customer growth. Average daily actives across our 3 brands grew 37%, helped by some substitution of sports betting spend to gaming. Customer growth also reflected our continued focus on acquiring recreational customers.

Cost of sales as a percentage of revenue increased 250 basis points, reflecting the full half impact of the increase in remote gaming duty in the UK in April 2019 and a greater share of revenues coming from gaming rather than sports. Sales and marketing costs were 4% lower year-on-year but increased as a percentage of revenue (26.9% versus 25.9% in H1 2019). Other operating costs increased 13% as a result of continued tech investment in personalisation and our overall gaming proposition. Online EBITDA declined 33% to £95m.

Retail

PPB Retail generated an EBITDA loss of £10m in H1, reflecting the closure of shops for around 2½ months. Performance prior to the closures was encouraging, with revenue growth of 13% in the pre-disrupted period. This was delivered despite the introduction of staking limits on UK gaming machines in April 2019. The strong performance also reflected favourable sports results and an ongoing benefit from competitor closures. Our shops re-opened by the end of June and we have been pleased with customer activity levels since. We remain confident that our estate can make further market share gains as competitors continue to reduce the size of their estates.

SBG[9]

Pro forma	H1 2020 £m	H1 2019 £m	Change %
Sportsbook stakes	**1,639**	**2,339**	**-30%**
Sportsbook net revenue margin	*14.8%*	*7.4%*	*+740bps*
Sports revenue	253	185	+36%
Gaming revenue	186	146	+27%
Total revenue	**439**	**331**	**+32%**
Cost of sales	(119)	(91)	+30%
Cost of sales as a % of net revenue	*27.0%*	*27.6%*	*-60bps*
Gross profit	**320**	**240**	**+33%**
Sales and marketing	(70)	(73)	-4%
Contribution	**250**	**167**	**+50%**
Other operating costs	(66)	(56)	+17%
Adjusted EBITDA[1,2]	**184**	**111**	**+66%**
Adjusted EBITDA margin	*41.9%*	*33.4%*	*+860bps*
Depreciation and amortisation	(12)	(11)	+5%
Adjusted[1] **operating profit**	**172**	**99**	**+73%**

SBG includes Sky Bet sportsbook and Sky Vegas gaming businesses as well as Oddschecker

SBG increased revenue by 32% in H1 to £439m, with strong growth across both sports and gaming.

Sports revenue grew 36% with Sky Bet's net revenue margin doubling year-on-year to 14.8%. This significant increase reflected a number of factors:

- Sports results were bookmaker friendly in H1, contributing to a 590 basis point improvement in net revenue margin. Sky Bet has a higher mix of UK football, where results were particularly favourable.
- Sky Bet's expected margin increased by approximately 100 basis points due to customers betting on less mainstream (higher margin) sports. This increase in expected margin was likely a temporary phenomenon, given the postponement of traditional sports during the second quarter.
- Reduced investment in promotional activity during the 2020 Cheltenham Festival compared to elevated levels in 2019.

While net revenue margins doubled, sportsbook stakes declined 30%. This was primarily due to the cancellation of sporting events – stakes declined 46% year-on-year in the disrupted period.

Gaming revenue increased 27% year-on-year, driven by excellent customer growth; average daily actives were up 59% versus the prior year. This growth highlights the recreational appeal of the Sky Vegas brand which was the UK's most downloaded casino app in the first half of the year. The app consistently outscores competitors on key metrics such as ease of use, trust and quality of products available.

While cost of sales grew broadly in line with revenue growth, sales and marketing declined 4% with deferral of some non-committed spend once sports events were cancelled. Other operating costs grew 17% reflecting the ongoing investment being made within the business.

Overall SBG benefitted from strong operating leverage with adjusted EBITDA growth of 66% to £184m.

PokerStars[4,9]

Pro forma	H1 2020 £m	H1 2019 £m	Change %	CC[12] Change %
Sportsbook stakes	**308**	**389**	**-21%**	**-19%**
Sportsbook net revenue margin	*8.6%*	*7.6%*	*+100bps*	*+100bps*
Sports revenue	27	30	-10%	-9%
Gaming revenue	671	479	+40%	+43%
Total revenue	**697**	**509**	**+37%**	**+40%**
Cost of sales	(147)	(114)	+29%	+29%
Cost of sales as a % of net revenue	*21.1%*	*22.3%*	*-120bps*	*-180bps*
Gross profit	**550**	**395**	**+39%**	**+43%**
Sales and marketing	(82)	(74)	+10%	+10%
Contribution	**469**	**321**	**+46%**	**+51%**
Other operating costs	(89)	(84)	+6%	+6%
Adjusted EBITDA[1,2]	**380**	**237**	**+60%**	**+67%**
Adjusted EBITDA margin	*54.5%*	*46.6%*	*+780bps*	*+900bps*
Depreciation and amortisation	(23)	(18)	+29%	+29%
Adjusted[1] **operating profit**	**357**	**220**	**+63%**	**+70%**

PokerStars includes the PokerStars, PokerStars Casino, PokerStars Sports and Full Tilt brands which collectively offer online poker, casino and sports betting products. Excludes PokerStars US business.

PokerStars increased revenue by 40% in H1 to £697m. Gaming grew 43%, with poker revenue growth of 38% and casino growth of 51%.

In the pre-disrupted period, total gaming revenues declined 3%, with a continuation of the declining poker trend reported in the fourth quarter of 2019. Had the overall gaming trend continued for the entire first half, we estimate PokerStars' revenue would have been approximately £205m lower.

Post disruption, PokerStars experienced elevated customer numbers across both its poker and casino platforms as people sought alternative forms of home entertainment. In Q2, average daily customers increased by 70% leading to revenue growth of 75%.

While the absolute level of marketing spend increased by £8m year-on-year in H1, it reduced as a percentage of revenue from 14.9% to just 11.7%. This reflected good organic customer growth from mid-March despite low levels of marketing investment and highlights the resilience of the PokerStars brand. Other operating costs increased by 6%, primarily reflecting increased investment in product and technology. This was partially offset by cost saving initiatives rolled out in the second half of 2019.

Adjusted EBITDA for the division was £380m, an increase of 67% on the prior year.

Australia[4,9]

Pro forma	H1 2020 £m	H1 2019 £m	Change £	CC Change A$
Sportsbook stakes	**3,723**	**3,312**	**+12%**	**+18%**
Sportsbook net revenue margin	*11.7%*	*9.5%*	*+220bps*	*+220bps*
Revenue	**435**	**314**	**+39%**	**+45%**
Cost of sales	(200)	(140)	+43%	+50%
Cost of sales as a % of net revenue	*45.9%*	*44.5%*	*+140bps*	*+150bps*
Gross profit	**235**	**174**	**+35%**	**+41%**
Sales and marketing	(59)	(56)	+5%	+10%
Contribution	**176**	**118**	**+49%**	**+56%**
Other operating costs	(55)	(49)	+11%	+16%
Adjusted EBITDA[1,2]	**121**	**69**	**+76%**	**+84%**
Adjusted EBITDA margin	*27.9%*	*21.9%*	*+600bps*	*+600bps*
Depreciation and amortisation	(14)	(15)	-3%	+1%
Adjusted[1] operating profit	**107**	**54**	**+98%**	**+108%**

The Australian division encompassed the Sportsbet and BetEasy online sports betting brands during H1.

Pro forma net revenue in our Australian online business grew by 45% in H1 to £435m as it benefitted from the temporary closure of retail betting outlets nationwide in Q2.

While most major sports were postponed/cancelled from mid-March on, horse racing crucially continued behind closed doors, resulting in our combined Australian business experiencing growth in daily active racing customers of more than 30% in the half. The increased prominence of racing, coupled with the temporary closure of retail, led to an acceleration in the migration of retail customers online. As a result, pro forma Australian revenues grew 57% year on year during the disrupted period.

Overall stakes grew 18% in the half, notwithstanding a 220 basis point improvement in the sportsbook net revenue margin. There were a number of different factors that contributed to these increases:

- Results were favourable during H1 and we estimate this added 120 basis points to the net revenue margin.
- The increased prominence of racing, with more racing content being televised on primetime free-to-air television. Racing is a structurally higher margin product than other sports.
- The addition of some traditional retail customers who tend to bet on higher margin racing products.
- Increased investment in Australian racing customer generosity in the half. This reduced net revenue margin by 110bps versus the prior year.

While sales and marketing costs increased 10% year-on-year, they reduced as a percentage of revenue by 430bps. Other operating costs increased £6m, reflecting ongoing investment in our platforms.

Adjusted EBITDA grew 84% to £121m in the half, reflecting excellent operational leverage.

US[4,9]

Pro forma	H1 2020 £m	H1 2019 £m	Change £	CC Change US$
Sportsbook stakes	**1,090**	**862**	**+26%**	**+23%**
Sportsbook net revenue margin	*4.9%*	*4.0%*	*+90bps*	*+90bps*
Sports revenue	164	140	+18%	+14%
Gaming revenue	113	23	+394%	+380%
Total revenue	**278**	**163**	**+71%**	**+66%**
Cost of sales	(116)	(46)	+153%	+145%
Cost of sales as a % of net revenue	*41.9%*	*28.3%*	*+1,360bps*	*+1,360bps*
Gross profit	**162**	**117**	**+38%**	**+34%**
Sales and marketing	(88)	(53)	+67%	+63%
Contribution	**73**	**64**	**+14%**	**+11%**
Other operating costs	(92)	(75)	+23%	+19%
Adjusted EBITDA[1,2]	**(19)**	**(11)**	**+69%**	**+68%**
Adjusted EBITDA margin	*-6.9%*	*-7.0%*	*+10bps*	*-10bps*
Depreciation and amortisation	(18)	(11)	+61%	+57%
Adjusted[1] operating profit	**(38)**	**(23)**	**+65%**	**+62%**

The US includes FanDuel, FoxBet, TVG, PokerStars and Betfair 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

Revenue grew 66% in H1, benefitting from our diversified US product offering. We are the only operator offering sports betting, daily fantasy sports, casino, poker and horse racing wagering. The key drivers of our growth were:

- Online sportsbook was live in 5 states compared with 2 the prior year (Pennsylvania, Indiana and Colorado launched since H1 2019) while we launched our online casino in Pennsylvania in January 2020.
- Strong growth in TVG thanks to the continuation of US horse racing, with racing enjoying greater prominence on mainstream television, leading to a year on year growth in average daily actives of 79% in Q2
- Substitution of spend from sports betting to gaming following widespread disruption to global sports
- In the first half alone, we added more than 350,000 customers across our US business

Sportsbook stakes increased by 23% in the half with growth of 81% in Q1 partly offset by a 44% reduction in Q2. Net revenue margin increased by 90bps reflecting a combination of favourable sports results, an uplift from changes in sports mix and further enhancement of our risk and trading capabilities.

During Q2, when most US sports were postponed or cancelled, the combination of strong performance in our TVG horse racing business, coupled with better-than-anticipated sportsbook staking, meant that Q2 sports revenues still grew 4%. This was despite the decline in daily fantasy revenue which was particularly pronounced given its high correlation with the number of sporting events that take place.

Gaming revenue grew 380%, with continued strong growth in New Jersey boosted by the launch in Pennsylvania of the FanDuel Casino in January and PokerStars in November 2019. Q2 benefitted from substitution of customer activity to gaming, with revenues increasing more than fourfold. Cross-sell exceeded our expectations and direct gaming revenues more than doubled quarter on quarter, partly benefitting from redirection of marketing investment away from sports to gaming.

Cost of sales as a percentage of revenue increased materially year-on-year to 42%. Approximately half of the increase reflected changing product mix with daily fantasy sports revenues significantly reduced due to the cancellation of sports. DFS revenues have lower cost of sales associated with them. The remainder of the increase reflects changing state mix and some content cost appreciation.

Sales and Marketing grew in line with revenues. Other operating costs increased 19% in H1 as we continued to invest in our team and technology, with both the FanDuel and FoxBet online sportsbooks launching in Colorado in May. The US generated an Adjusted EBITDA loss of £19m in the half.

Separately disclosed items

	H1 2020 £m	H1 2019 £m
Amortisation of acquisition related intangible assets	(128)	(59)
Transaction fees and associated costs	(26)	-
Restructuring and integration costs	(41)	-
VAT refund	10	-
Operating profit impact of separately disclosed items	**(185)**	**(59)**
Financial Income	49	-
Financial Expense	(59)	-
Profit before tax impact of separately disclosed items	**(194)**	**(59)**
Tax credit on separately disclosed items	14	9
Total separately disclosed items	**(180)**	**(49)**

Separately disclosed items do not relate to the usual business activity of the Group and therefore are excluded from adjusted[1] profits.

During H1 2020, these costs included £128m of amortisation of acquired intangible assets recognised on accounting for the 2016 merger of Paddy Power and Betfair, the 2018 combination of the Group's US assets with FanDuel, the 2019 acquisition of Adjarabet and the 2020 combination with TSG.

The Group also incurred transaction fees and associated costs in relation to the combination of £26m, not including professional fees incurred by TSG prior to the date of completion. Restructuring and integration costs of £41m were also incurred by the Group relating to the realisation of synergies following completion.

During the period the Group received a VAT refund in respect of an historic claim for overpaid VAT in relation to retail gaming machines in the UK.

Financial income and expense items incurred reflect gains and/or losses on items relating to the Group's debt financing, principally related to embedded derivatives and foreign exchange. The expense line also includes a £9.5m loss arising from additional contingent consideration payable for HRTV, now part of TVG. For further details, see notes 5 and 6 of the financial statements.

Foreign Exchange

At current spot rates, the foreign exchange impact on H2 2020 EBITDA versus H2 2019 is a circa £9m headwind.

Outlook

The second half of the year has started well, benefitting from condensed football fixtures, favourable sports results and the ongoing resilience of gaming. However the outlook remains highly uncertain, due to potential further Covid-19 related disruption and potential regulatory change in various markets. Assuming normalised net revenue margins for the remainder of the year, no material additional disruption to sporting events and no further shutdown of retail operations, we anticipate that 2020 pro forma Adjusted EBITDA will be:

- Between **£1,175m** and **£1,325m** for Group ex-US, reflecting an additional £50m marketing investment in H2 over H1 and the cost of the enhanced RG/AML measures introduced in PokerStars.
- An EBITDA loss of **£140-160m** in the US, assuming online launches in Tennessee and Michigan in H2 and the continuation of mobile registration in Illinois for the full remainder of the half. Should mobile registration be restricted at some point, the loss will likely be closer to the £140m end of the range.

Based on a mid-range EBITDA outcome, the Group's leverage ratio[8] is expected to be circa 2.5-2.8x at year-end, reflecting additional investment in H2. We are very pleased with the progress achieved in H1 and we are excited about the opportunities we see for the business in H2 and beyond.

Cash flow and financial position

Pro forma	**H1 2020 £m**
Adjusted EBITDA	**684**
Capex	(118)
Working capital	105
Corporation tax	(63)
Adjusted free cash flow	**608**
Cash flow from separately disclosed items (SDI)	(84)
Free cash flow	**524**
Interest cost	(101)
Other borrowing costs	(22)
Settlement of swaps	(28)
Lease liabilities paid and other	(19)
Net increase in cash before equity raise	**356**
Proceeds from equity raise	806
Net increase in cash	**1,162**
Net (debt)/cash at start of year	**(3,827)**
Foreign currency exchange translation	(253)
Change in fair value of hedging derivatives	19
Net debt at 30 June 2020[14]	**(2,899)**

The net increase in cash during the period primarily relates to strong free cash flow of £524m and the proceeds of the Group's equity raise on May 28.

Free cash flow reflects capital expenditure during H1 of £118m. This represents a pro forma increase of £12m compared with H1 2019 due to investment in Group-wide product and technology development as well as US expansion plans. Working capital during the half was positively affected by the strong performance of the Group and the associated timing of certain related costs. We anticipate that capex for the full year will be circa £250-270m while much of the working capital benefit is expected to unwind in the second half.

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

Interest costs were £12m lower on a pro forma basis due to debt repayments during the period as well as more favourable financing which came into effect at completion.

Net debt at the end of the period incorporates an adjustment for unhedged foreign currency fluctuations relating to TSG USD and Euro denominated debt prior to completion. At completion, the Group assumed certain cross currency swap agreements and entered a new cross currency swap agreement, as part of its strategy to hedge the impact of currency fluctuations on its leverage ratio. Changes in the fair value of these hedging derivatives are also reflected in net debt.

As at 30 June 2020, the Group had net debt of £2,899m, excluding customer balances, representing a leverage ratio of 2.3 times.

Dividend

In line with our announcement of March 27th this year, the Board has suspended the Group's dividend for the current financial year ending 31 December 2020 (2019 interim dividend 67p per share). The Board is committed to reviewing dividend policy once the Group returns to its medium-term leverage target of 1-2x.

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[1] The "Adjusted" measures exclude separately disclosed items, that are not part of the usual business activity of the Group, and have been therefore reported as "separately disclosed items" (see note 5 to the financial statements).
[2] EBITDA is profit before interest, tax, depreciation and amortisation expenses and is a non-GAAP measure. The Group uses EBITDA, Adjusted EBITDA and Adjusted operating profit to comment on its financial performance. These measures are used internally to evaluate performance, to establish strategic goals and to allocate resources. The directors also consider that these are 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. These are non-GAAP financial measures and are not prepared in accordance with IFRS and, as not uniformly defined terms, these may not be comparable with measures used by other companies to the extent they do not follow the same methodology used by the Group. Non-GAAP measures should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. All of the adjustments shown have been taken from the financial statements.
[3] Flutter's combination with TSG completed on May 5 2020. The pro forma numbers presented show the Group's financials with TSG included for a full 6-month period in both 2019 and 2020. The pro forma numbers include a 6-month contribution from Adjarabet in 2019 (completion date: Feb 1 2019). See Appendix 4 for a reconciliation of pro forma results to statutory results.
[4] Growth rates in the commentary are in local or constant currency[12] except reported numbers which are in nominal currency.
[5] Market share refers to total FanDuel and FoxBet's share of the online gross gaming revenue for H1 2020 in the states in which FanDuel was live. Sports betting: Colorado, Indiana, New Jersey, Pennsylvania, West Virginia. iGaming: New Jersey and Pennsylvania.
[6] Source: Populus research, n=4,996
[7] Source: H2GC.
[8] The leverage ratio is calculated using pro forma Adjusted EBITDA for the 12-month period to 30 June 2020.
[9] A full reconciliation of previously reported financials to presented pro forma financials can be found in Appendix 3.
[10] Reported revenue and cost of sales exclude SDIs which relate to a £13.7m refund of VAT from the HMRC, based on the historic incorrect application of VAT to UK gaming machines.
[11] Reported represents the IAS 34 reported numbers. Where amounts in the table have been normalised for SDIs they are labelled as adjusted.
[12] Constant currency ("cc") growth throughout the Business Review and Operating & Financial Review is calculated by retranslating the non-sterling denominated component of H1 2019 at H1 2020 exchange rates (see Appendix 5).
[13] The 2019 earnings per share figures have been restated to incorporate the 1,312,260 new Flutter ordinary shares that were issued in May 2020 as payment of the 2019 final dividend. The weighted average number of shares in issue during the period was adjusted to include these bonus shares as if they were issued 1 January, 2019.
[14] Net debt at 30 June 2020 is the principal amount of borrowings plus associated accrued interest, minus cash & cash equivalents plus/minus carrying value of debt related derivatives. This comprised of gross cash excluding customer balances of £787m and borrowings of £3,685m at 30 June 2020 (see Appendix 6).
[15] Differences due to rounding unless otherwise stated

Appendix 1: Divisional Key Performance Indicators

Half yearly

	Pro forma basis[1]																					
£m	**PPB**			**SBG**			**PokerStars**				**Australia**				**US**				**Group**			
	H1 2020	**H1 2019**	**% Change**	**H1 2020**	**H1 2019**	**% Change**	**H1 2020**	**H1 2019**	**% Change**	**CC[2] % Change**	**H1 2020**	**H1 2019**	**% Change**	**A$ % Change**	**H1 2020**	**H1 2019**	**% Change**	**US$ % Change**	**H1 2020**	**H1 2019**	**% Change**	**CC[2] % Change**
Sportsbook stakes	2,222	3,594	-38%	1,639	2,339	-30%	308	389	-21%	-19%	3,723	3,312	+12%	+18%	1,090	862	+26%	+23%	8,982	10,497	-14%	-13%
Sportsbook net revenue margin	*10.9%*	*8.9%*	*+200bps*	*14.8%*	*7.4%*	*+740bps*	*8.6%*	*7.6%*	*+100bps*	*+100bps*	*11.7%*	*9.5%*	*+220bps*	*+220bps*	*4.9%*	*4.0%*	*+90bps*	*+90bps*	*11.1%*	*8.3%*	*+280bps*	*+280bps*
Sports revenue	320	448	-29%	253	185	+36%	27	30	-10%	-9%	435	314	+39%	+45%	164	140	+18%	+14%	1,199	1,117	+7%	+8%
Gaming revenue	220	210	+5%	186	146	+27%	671	479	+40%	+43%	0	0	n/a	n/a	113	23	+394%	+380%	1,190	858	+39%	+40%
Total revenue	**540**	**658**	**-18%**	**439**	**331**	**+32%**	**697**	**509**	**+37%**	**+40%**	**435**	**314**	**+39%**	**+45%**	**278**	**163**	**+71%**	**+66%**	**2,389**	**1,975**	**+21%**	**+22%**
Cost of sales	(157)	(175)	-11%	(119)	(91)	+30%	(147)	(114)	+29%	+29%	(200)	(140)	+43%	+50%	(116)	(46)	+153%	+145%	(738)	(566)	+30%	+32%
Cost of sales as % of net revenue	*29.0%*	*26.7%*	*+230bps*	*27.0%*	*27.6%*	*-60bps*	*21.1%*	*22.3%*	*-120bps*	*-180bps*	*45.9%*	*44.5%*	*+140bps*	*+150bps*	*41.9%*	*28.3%*	*+1360bps*	*+1360bps*	*30.9%*	*28.7%*	*+230bps*	*+220bps*
Gross Profit	**383**	**483**	**-21%**	**320**	**240**	**+33%**	**550**	**395**	**+39%**	**+43%**	**235**	**174**	**+35%**	**+41%**	**162**	**117**	**+38%**	**+34%**	**1,650**	**1,409**	**+17%**	**+18%**
Sales & marketing	(127)	(133)	-5%	(70)	(73)	-4%	(82)	(74)	+10%	+10%	(59)	(56)	+5%	+10%	(88)	(53)	+67%	+63%	(426)	(389)	+9%	+10%
Contribution	**256**	**350**	**-27%**	**250**	**167**	**+50%**	**469**	**321**	**+46%**	**+51%**	**176**	**118**	**+49%**	**+56%**	**73**	**64**	**+14%**	**+11%**	**1,224**	**1,020**	**+20%**	**+22%**
Other Operating Costs	(171)	(170)	+1%	(66)	(56)	+17%	(89)	(84)	+6%	+6%	(55)	(49)	+11%	+16%	(92)	(75)	+23%	+19%	(473)	(435)	+9%	+9%
Corporate costs																			(67)	(62)	+9%	+7%
Adjusted EBITDA	**85**	**179**	**-53%**	**184**	**111**	**+66%**	**380**	**237**	**+60%**	**+67%**	**121**	**69**	**+76%**	**+84%**	**(19)**	**(11)**	**+69%**	**+68%**	**684**	**523**	**+31%**	**+35%**
Adjusted EBITDA margin	*15.7%*	*27.3%*	*-1,160bps*	*41.9%*	*33.4%*	*+860bps*	*54.5%*	*46.6%*	*+780bps*	*+900bps*	*27.9%*	*21.9%*	*+600bps*	*+600bps*	*-6.9%*	*-7.0%*	*+10bps*	*-10bps*	*28.6%*	*26.5%*	*+210bps*	*+260bps*
Depreciation & amortisation	(47)	(45)	+6%	(12)	(11)	+5%	(23)	(18)	+29%	+29%	(14)	(15)	-3%	+1%	(18)	(11)	+61%	+57%	(117)	(103)	+14%	+14%
Adjusted operating profit / (loss)	**37**	**134**	**-72%**	**172**	**99**	**+73%**	**357**	**220**	**+63%**	**+70%**	**107**	**54**	**+98%**	**+108%**	**(38)**	**(23)**	**+65%**	**+62%**	**567**	**420**	**+35%**	**+40%**

[1] Flutter's combination with TSG completed on May 5 2020. The pro forma numbers presented show Group financials with TSG included for a full 6-month period in both 2019 and 2020. The pro forma numbers include a 6-month contribution from Adjarabet in 2019 (completion date: Feb 1 2019).

[2] Constant currency ("cc") growth is calculated by retranslating non-sterling denominated component of H1 2019 at H1 2020 exchange rates (see Appendix 5)

[3] For split of PPB between Online and Retail, please see the KPIs section of our investor relations website.

Appendix 2: Divisional Key Performance Indicators

Quarterly, unaudited

	Pro forma basis[1]																							
£m	**PPB**			**SBG**			**PokerStars**				**Australia**				**US**				**Group**			
	Q1 2020	**Q1 2019**	**% Change**	**Q1 2020**	**Q1 2019**	**% Change**	**Q1 2020**	**Q1 2019**	**% Change**	**CC[2] % Change**	**Q1 2020**	**Q1 2019**	**% Change**	**A$ % Change**	**Q1 2020**	**Q1 2019**	**% Change**	**US$ % Change**	**Q1 2020**	**Q1 2019**	**% Change**	**CC[2] % Change**
Sportsbook stakes	1,433	1,777	-19%	960	1,168	-18%	158	202	-22%	-20%	1,545	1,641	-6%	+0%	864	469	+84%	+81%	4,959	5,258	-6%	-4%
Sportsbook net revenue margin	*11.3%*	*7.7%*	*+360bps*	*15.0%*	*5.0%*	*+1000bps*	*10.4%*	*7.6%*	*+280bps*	*+280bps*	*10.4%*	*9.0%*	*+140bps*	*+140bps*	*4.6%*	*3.9%*	*+70bps*	*+70bps*	*10.5%*	*7.2%*	*+330bps*	*+330bps*
Sports revenue	211	201	+5%	151	65	+131%	16	15	+7%	+9%	161	148	+9%	+16%	88	69	+28%	+25%	627	499	+26%	+28%
Gaming revenue	107	108	-1%	80	72	+11%	268	245	+10%	+11%	0	0	n/a	n/a	43	11	+313%	+304%	498	435	+14%	+16%
Total revenue	**318**	**310**	**+3%**	**231**	**137**	**+68%**	**284**	**260**	**+9%**	**+11%**	**161**	**148**	**+9%**	**+16%**	**132**	**79**	**+66%**	**+62%**	**1,126**	**934**	**+21%**	**+22%**

	Pro forma basis[1]																							
£m	**PPB**			**SBG**			**PokerStars**				**Australia**				**US**				**Group**			
	Q2 2020	**Q2 2019**	**% Change**	**Q2 2020**	**Q2 2019**	**% Change**	**Q2 2020**	**Q2 2019**	**% Change**	**CC[2] % Change**	**Q2 2020**	**Q2 2019**	**% Change**	**A$ % Change**	**Q2 2020**	**Q2 2019**	**% Change**	**US$ % Change**	**Q2 2020**	**Q2 2019**	**% Change**	**CC[2] % Change**
Sportsbook stakes	789	1,817	-57%	680	1,171	-42%	151	187	-20%	-18%	2,177	1,671	+30%	+34%	226	393	-42%	-44%	4,023	5,239	-23%	-23%
Sportsbook net revenue margin	*10.4%*	*10.0%*	*+40bps*	*14.5%*	*9.8%*	*+470bps*	*6.8%*	*7.7%*	*-90bps*	*-90bps*	*12.6%*	*9.9%*	*+270bps*	*+270bps*	*6.2%*	*4.2%*	*+200bps*	*+200bps*	*11.9%*	*9.4%*	*+250bps*	*+250bps*
Sports revenue	109	247	-56%	102	120	-15%	10	14	-29%	-29%	273	166	+65%	+70%	76	71	+7%	+4%	571	618	-8%	-7%
Gaming revenue	113	102	+11%	106	74	+43%	403	235	+72%	+75%	0	0	n/a	n/a	70	12	+464%	+444%	692	423	+63%	+66%
Total revenue	**222**	**348**	**-36%**	**208**	**194**	**+7%**	**413**	**249**	**+66%**	**+69%**	**273**	**166**	**+65%**	**+70%**	**146**	**84**	**+75%**	**+69%**	**1,263**	**1,041**	**+21%**	**+22%**

[1] Flutter's combination with TSG completed on May 5 2020. The pro forma numbers presented show the Group's financials with TSG included for a full 6-month period in both 2019 and 2020. The pro forma numbers include a 6-month contribution from Adjarabet in 2019 (completion date: Feb 1 2019). Further details on pro forma Q3 and Q4 2019 revenues are available on Flutter's website.

[2] Constant currency ("cc") growth is calculated by retranslating non-sterling denominated component of H1 2019 at H1 2020 exchange rates (see Appendix 5)

[3] For split of PPB between Online and Retail, please see the KPIs section of our investor relations website.

Appendix 3 (i): Reconciliation of previously reported TSG results to Flutter pro forma results

H1 2019, unaudited

TSG previously filed quarterly reported results in US$m. The table below shows how these previously reported TSG financials translate into the pro forma numbers in £m shown elsewhere in this document for H1 2019. Alongside the change in reporting currency, Flutter made a number of changes to align TSG reporting with its own accounting policies, with the summary movements outlined below.

	H1 2019	TSG Reported (US $m)	Adjustments (US $m) 1	2	3	Per Flutter policies (US $m)	Legacy TSG pro forma (£m)		Legacy Flutter pro forma* (£m)	Total Flutter pro forma (£m)
	Total revenue						N/A	PPB*	**658**	**658**
	Cost of sales								(175)	(175)
	Gross profit								**483**	**483**
	Total operating costs								(303)	(303)
	Adjusted EBITDA								**179**	**179**
UK	**Total revenue**	**432**	**-**	**(4)**	**-**	**428**	**331**	SBG	N/A	**331**
	Cost of sales	(133)	-	15	-	(118)	(91)			(91)
	Gross profit	**299**	**-**	**11**	**-**	**310**	**240**			**240**
	Total operating costs	(156)	-	(11)	(1)	(168)	(129)			(129)
	Adjusted EBITDA	**143**	**-**	**-**	**(1)**	**142**	**111**			**111**
INTERNATIONAL	**Total revenue**	**662**	**(4)**	**-**	**-**	**659**	**509**	POKERSTARS	N/A	**509**
	Cost of sales	(153)	3	3	-	(147)	(114)			(114)
	Gross profit	**509**	**(1)**	**3**	**-**	**512**	**395**			**395**
	Total operating costs	(207)	8	(3)	(3)	(204)	(158)			(158)
	Adjusted EBITDA	**303**	**8**	**-**	**(3)**	**307**	**237**			**237**
AUSTRALIA	**Total revenue**	**126**	**-**	**12**	**-**	**138**	**107**	AUSTRALIA	**207**	**314**
	Cost of sales	(51)	-	(22)	-	(73)	(56)		(83)	(140)
	Gross profit	**76**	**-**	**(10)**	**-**	**65**	**50**		**124**	**174**
	Total operating costs	(60)	-	10	(2)	(52)	(40)		(65)	(105)
	Adjusted EBITDA	**16**	**-**	**-**	**(2)**	**13**	**10**		**58**	**69**
US	**Total revenue**	N/A	**4**	**-**	**-**	**4**	**3**	US	**160**	**163**
	Cost of sales		(3)	1	-	(2)	(2)		(44)	(46)
	Gross profit		**1**	**1**	**-**	**2**	**1**		**116**	**117**
	Total operating costs		(11)	(1)	(10)	(22)	(17)		(111)	(128)
	Adjusted EBITDA		**(10)**	**-**	**(10)**	**(20)**	**(16)**		**4**	**(11)**
CORPORATE	**Total revenue**	**(3)**	**-**	**3**	**-**	**-**	**-**	CORPORATE COSTS	**-**	**-**
	Cost of sales	-	-	-	-	-	-		-	-
	Gross profit	**(3)**	**-**	**3**	**-**	**-**	**-**		**-**	**-**
	Total operating costs	(27)	2	(3)	(20)	(47)	(36)		(26)	(62)
	Adjusted EBITDA	**(30)**	**2**	**-**	**(20)**	**(47)**	**(36)**		**(26)**	**(62)**
GROUP	**Total revenue**	**1,218**	**-**	**11**	**-**	**1,229**	**950**	GROUP	**1,025**	**1,975**
	Cost of sales	(337)	-	(4)	-	(341)	(263)		(303)	(566)
	Gross profit	**881**	**-**	**7**	**-**	**888**	**687**		**722**	**1,409**
	Total operating costs	(449)	-	(7)	(37)	(493)	(380)		(506)	(886)
	Adjusted EBITDA	**432**	**-**	**-**	**(37)**	**395**	**307**		**216**	**523**

Adjustments:

1. **TSG US financials:** These were previously reported within TSG International and 'Corporate', they have now moved to Flutter's US division. This increases the profitability of International and increases the loss in the US. The net EBITDA impact of this change is nil.
2. **Accounting treatment adjustments – Reclassifications:**
   Revenue recognition: The most material change here is in Australia where TSG reported revenue excluding Goods and Services Tax ("GST"). Flutter includes GST within revenue with a corresponding deduction in the cost of sales line.
   UK Intercompany transactions: Certain costs and revenues that had been removed at a consolidated Group level, via the corporate cost centre, are now consolidated within SBG per Flutter policies. Separately TSG previously recorded an 'Other income' line in each of its divisions, which has been reallocated to sports or gaming as appropriate. This is not visible in the table above.
   Expense allocation: Reallocation of expenses between cost of sales and operating expenses, principally relating to treatment of affiliates, licensing, streaming, and other costs.
   As with the US adjustment above, these are simply reclassifications with nil net impact on Adjusted EBITDA at a Group level.
3. **Accounting treatment adjustments – separately disclosed items:**
   Applying Flutter accounting policies in relation to separately disclosed items results in certain items previously added back to Adjusted EBITDA within TSG now being reported as ongoing expenses. These include share-based payments, non-recurring professional/legal fees and certain other costs. The application of Flutter policy to TSG 2019 reported earnings would have been -$37m at the EBITDA line in H1.

* Note PPB H1 2019 results are pro forma for Adjarabet, acquired in February 2019 as well as combining the legacy PPB Online and retail divisions.

Appendix 3 (ii): Reconciliation of previously reported TSG results to Flutter pro forma results
Financial Year 2019, unaudited

This reconciliation is as per above, but for the 2019 full calendar year. Please see notes above for further details.

	FY 2019	TSG Reported (US$m)	Adjustments (US$m) 1	2	3	Per Flutter policies (US$m)	Legacy TSG pro forma (£m)		Legacy Flutter pro forma* (£m)	Total Flutter pro forma (£m)
	Total revenue						N/A	PPB*	**1,323**	**1,323**
	Cost of sales								(355)	(355)
	Gross profit								**968**	**968**
	Total operating costs								(578)	(578)
	Adjusted EBITDA								**390**	**390**
UK	**Total revenue**	**947**	**-**	**(8)**	**-**	**939**	**736**	SBG	N/A	**736**
	Cost of sales	(292)	-	32	-	(260)	(203)			(203)
	Gross profit	**655**	**-**	**24**	**-**	**679**	**533**			**533**
	Total operating costs	(330)	-	(24)	(2)	(357)	(280)			(280)
	Adjusted EBITDA	**325**	**-**	**-**	**(2)**	**322**	**253**			**253**
INTERNATIONAL	**Total revenue**	**1,312**	**(12)**	**-**	**-**	**1,300**	**1,018**	POKERSTARS	N/A	**1,018**
	Cost of sales	(297)	12	7	-	(278)	(217)			(217)
	Gross profit	**1,015**	**(0)**	**7**	**-**	**1,022**	**801**			**801**
	Total operating costs	(410)	37	(7)	(0)	(382)	(298)			(298)
	Adjusted EBITDA	**605**	**37**	**-**	**(0)**	**641**	**503**			**503**
AUSTRALIA	**Total revenue**	**274**	**-**	**25**	**-**	**300**	**235**	AUSTRALIA	**446**	**681**
	Cost of sales	(104)	-	(45)	-	(150)	(117)		(182)	(299)
	Gross profit	**170**	**-**	**(20)**	**-**	**150**	**118**		**264**	**382**
	Total operating costs	(126)	-	20	(1)	(107)	(84)		(137)	(221)
	Adjusted EBITDA	**44**	**-**	**-**	**(1)**	**43**	**34**		**127**	**161**
US	**Total revenue**	N/A	**12**	**-**	**-**	**12**	**10**	US	**376**	**386**
	Cost of sales		(12)	2	-	(11)	(8)		(116)	(124)
	Gross profit		**0**	**2**	**-**	**2**	**1**		**261**	**262**
	Total operating costs		(38)	(2)	(19)	(59)	(47)		(297)	(343)
	Adjusted EBITDA		**(38)**	**-**	**(19)**	**(57)**	**(45)**		**(36)**	**(82)**
CORPORATE	**Total revenue**	**(5)**	**-**	**5**	**-**	**-**	**-**	CORPORATE COSTS	**-**	**-**
	Cost of sales	-	-	-	-	-	-		-	-
	Gross profit	**(5)**	**-**	**5**	**-**	**-**	**-**		**-**	**-**
	Total operating costs	(48)	2	(5)	(55)	(106)	(82)		(55)	(137)
	Adjusted EBITDA	**(53)**	**2**	**-**	**(55)**	**(106)**	**(82)**		**(55)**	**(137)**
GROUP	**Total revenue**	**2,528**	**-**	**23**	**-**	**2,551**	**1,999**	GROUP	**2,145**	**4,144**
	Cost of sales	(693)	-	(5)	-	(698)	(546)		(652)	(1,198)
	Gross profit	**1,835**	**-**	**18**	**-**	**1,854**	**1,453**		**1,493**	**2,946**
	Total operating costs	(914)	-	(18)	(77)	(1,010)	(790)		(1,067)	(1,857)
	Adjusted EBITDA	**921**	**-**	**-**	**(77)**	**844**	**663**		**426**	**1,089**

Appendix 4: Reconciliation of pro forma results to Statutory results

The merger of Flutter and TSG completed on 5 May 2020, with the merger accounted for as an acquisition of TSG by Flutter on that date. The Statutory results reflect this accounting treatment. Pro forma results for the Group are prepared as if Flutter and TSG had always been merged and are included in these Interim Results, as they best represent the Group's underlying performance. The 2019 pro forma numbers also include a 6-month contribution from Adjarabet in 2019, completed on 1st Feb 2019. The difference between the Statutory results and Pro forma results is the results of TSG and Adjarabet in the period prior to completion as per the table below.

	Pro forma results		**TSG & Adjarabet results pre-merger completion***		**Statutory results**	
£m	**H1 2020**	**H1 2019**	**H1 2020**	**H1 2019**	**H1 2020**	**H1 2019**
Sports revenue	1,199	1,117	275	323	924	794
Gaming revenue	1,190	858	592	633	598	225
Total revenue	**2,389**	**1,975**	**866**	**955**	**1,522**	**1,020**
Cost of sales	(738)	(566)	(243)	(265)	(496)	(301)
Cost of sales as a % of net revenue	*30.9%*	*28.7%*	*28.0%*	*27.8%*	*32.6%*	*29.5%*
Gross profit	**1,650**	**1,409**	**624**	**690**	**1,026**	**719**
Sales and marketing	(426)	(389)	(139)	(175)	(287)	(214)
Contribution	**1,224**	**1,020**	**484**	**515**	**740**	**505**
Other operating costs	(473)	(435)	(113)	(172)	(360)	(263)
Corporate costs	(67)	(62)	(29)	(36)	(38)	(26)
Adjusted EBITDA[1,2]	**684**	**523**	**342**	**307**	**342**	**216**
Adjusted EBITDA margin	*28.6%*	*26.5%*	*39.5%*	*32.2%*	*22.4%*	*21.1%*
Depreciation and amortisation	(117)	(103)	(28)	(34)	(89)	(69)
Adjusted[1] operating profit	**567**	**420**	**314**	**273**	**253**	**147**
Revenue by division						
PPB	540	658	-	5	540	653
SBG	439	331	290	331	149	-
PokerStars	697	509	468	509	230	-
Australia	435	314	87	107	348	207
US	278	163	22	3	256	160
Adjusted EBITDA by division						
PPB	85	179	-	1	85	179
SBG	184	111	117	111	67	-
PokerStars	380	237	264	237	116	-
Australia	121	69	11	10	110	58
US	(19)	(11)	(22)	(16)	2	4
Corporate costs	(67)	(62)	(29)	(36)	(38)	(26)

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

Appendix 5: Reconciliation of pro forma growth rates to pro forma constant currency growth rates

Constant currency ("cc") growth is calculated by retranslating non-sterling denominated component of H1 2019 at H1 2020 exchange rates as per the table below.

£m, pro forma	H1 2020	H1 2019	% Change	H1 2019 FX impact	H1 2019 CC	CC % Change
Sports revenue	1,199	1,117	**+7%**	(10)	1,107	**+8%**
Gaming revenue	1,190	858	+39%	(11)	847	+40%
Total revenue	**2,389**	**1,975**	**+21%**	**(21)**	**1,954**	**+22%**
Cost of sales	(738)	(566)	+30%	5	(561)	+32%
Cost of sales as a % of net revenue	*30.9%*	*28.7%*	*+230bps*		*28.7%*	*+220bps*
Gross profit	**1,650**	**1,409**	**+17%**	**(16)**	**1,394**	**+18%**
Sales and marketing	(426)	(389)	+9%	1	(388)	+10%
Contribution	**1,224**	**1,020**	**+20%**	**(14)**	**1,005**	**+22%**
Other operating costs	(473)	(435)	+9%	1	(434)	+9%
Corporate costs	(67)	(62)	+9%	(1)	(63)	+7%
Adjusted EBITDA[1,2]	**684**	**523**	**+31%**	**(15)**	**508**	**+35%**
Adjusted EBITDA margin	*28.6%*	*26.5%*	*+210bps*		*26.0%*	*+260bps*
Depreciation and amortisation	(117)	(103)	+14%	0	(102)	+14%
Adjusted[1] operating profit	**567**	**420**	**+35%**	**(15)**	**406**	**+40%**
Revenue by division						
PPB	540	658	-18%	(2)	656	-18%
SBG	439	331	+32%	(0)	331	+32%
PokerStars	697	509	+37%	(9)	500	+40%
Australia	435	314	+39%	(14)	300	+45%
US	278	163	+71%	5	168	+66%
Adjusted EBITDA by division						
PPB	85	179	-53%	(1)	179	-52%
SBG	184	111	+66%	0	111	+66%
PokerStars	380	237	+60%	(10)	227	+67%
Australia	121	69	+76%	(3)	66	+84%
US	(19)	(11)	+69%	(0)	(12)	+68%
Corporate costs	(67)	(62)	+9%	(1)	(63)	+7%

Appendix 6: Reconciliation of Pro forma cash flow to Reported statutory cash flow

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

£m	Pro forma cash flow H1 2020	TSG results pre-merger completion H1 2020	Adjustment to include borrowings H1 2020	Statutory cash flow H1 2020
Adjusted EBITDA	**684**	**342**		**342**
Capex	(118)	(33)		(85)
Working capital	105	(8)		114
Corporation tax	(63)	(3)		(60)
Adjusted free cash flow	**608**	**298**		**311**
Cash flow from separately disclosed items (SDI)	(84)	0		(84)
Free cash flow	**524**	**298**		**227**
Interest cost	(101)	(64)		(37)
Other borrowing costs	(22)	0		(22)
Settlement of swaps	(28)	0		(28)
Lease liabilities paid and other	(19)	1		(20)
Net increase in cash before equity raise	**356**	**235**		**121**
Proceeds from equity raise	806			806
Net amounts repaid on borrowings			(686)	(686)
Cash acquired in TSG			445	445
Net increase / (decrease) in cash	**1,162**	**235**	**(240)**	**686**
Net (debt)/cash at start of year	**(3,827)**	**(3,563)**	**372**	**108**
Foreign currency exchange translation	(253)		245	(8)
Change in fair value of hedging derivatives	19		(19)	
Net debt at 30 June 2020	**(2,899)**	**(3,328)**	**357**	**787**

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

[2] Capex includes purchase of property, plant and equipment, purchase of intangible assets, capitalised internal development expenditure, payment of contingent deferred consideration and proceeds from the disposal of assets.

[3] Working capital includes increase in trade and other receivables, increase / (decrease) in trade, other payables and provisions, employee equity-settled share-based payments expense before separately disclosed items, and foreign currency exchange loss / (gain).

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

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

[6] Lease liabilities paid and other includes payment of lease liabilities, proceeds from the issue of shares on exercise of employee options and dividends paid to non-controlling interest.

[7] Net amounts repaid on borrowings includes proceeds from GBP First Lien Term Loan A, net amounts drawn down previous GBP revolving credit facility, repayment of USD First Lien Term Loan B and old GBP Term Loan facility and amounts repaid on overdraft facility

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

STATEMENT OF DIRECTORS RESPONSIBILITES
For the six months ended 30 June 2020

The Directors are responsible for preparing this interim management report in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("Transparency Directive"), and the related Transparency Rules of the Central Bank of Ireland.

In preparing the interim financial information, the Directors are required to:

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

We confirm that to the best of our knowledge:

a) the condensed set of financial statements in the half-yearly financial report of Flutter Entertainment plc ("the Company") for the six months ended 30 June 2020 ("the interim financial information") which comprises the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Other Comprehensive Income, the Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statement of Cash Flows, the Condensed Consolidated Interim Statement of Changes in Equity and related explanatory notes, have been presented and prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the European Union.

b) the interim financial information presented, as required by the Transparency (Directive 2004/109/EC) Regulations 2007, includes:

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

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

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

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

On behalf of the Board of Directors

Peter Jackson	**Jonathan Hill**
Chief Executive Officer	*Chief Financial Officer*
26 August 2020	

Understanding and managing our principal risks

A summary of the principal risks and uncertainties that are most relevant to the remainder of the current financial year is included below. A number of the risks are trending upwards and the Group has identified a new risk related to the COVID-19 pandemic. Across the world the pandemic has brought a significant increase in focus on risk management for all aspects of public, private and corporate life. The Group implemented a structured business continuity program to manage the new risks recognised as the pandemic developed. Operational redesigns were implemented with minimum disruption and the Group continued to serve customers within the guidelines set by local and regional policy makers. The pandemic has identified increases in risks related to technology and third parties on which the Group relies. Processes have been deployed to manage any new risks in these areas. With the acquisition of the Stars Group, the Group has expanded its operational base significantly and recognises risks in relation to integrating businesses and standardising risk appetite over time across the newly enlarged Group.

Risk	Risk Definition	Risk Trend	Mitigation
COVID-19 Pandemic	The inability to adequately manage the impact of the COVID-19 pandemic, its implications on the Group's financial and strategic plans, the cancellation of live sporting events and subsequent impacts on business operations, as well as its short-term and long-term macroeconomic impacts.	New	▪ Activated business continuity plans and governance with regular meetings to respond quickly to the emergence of the COVID-19 pandemic, protecting the health and wellbeing of employees in all locations in compliance with local government and health authorities' guidelines ▪ Assessing risks heightened by COVID-19 on a periodic basis to ensure key strategic, operational, technology and regulatory risks continue to be managed and mitigated appropriately throughout the pandemic, supplemented by Group Internal Audit assurance. ▪ Entered into new debt arrangements in 2020, contingent only on completion of the Combination, comprising a term loan and revolving credit facility totalling £1.4bn. These facilities were utilised for the refinancing of existing Flutter and TSG debt as well as providing the Group with ongoing financial flexibility. ▪ Increased frequency of commercial forecasting and scenario cashflow modelling continue to be conducted to manage the uncertainty of our commercial related risks. ▪ Monitoring of Government guidelines and regular communications to employees to ensure the correct measures are implemented throughout the business to reduce the impact of COVID-19 on the health and wellbeing of employees and customers.
Safer Gambling	Failure to operate in a responsible manner or to embed good practice and appropriate controls to meet safer gambling requirements and public expectations into processes and systems resulting in reputational damage, regulatory enforcement or poor customer outcomes.	➲	▪ Group Safer Gambling strategy is embedded into our businesses from how we identify and interact with at-risk customers through to how we communicate to a broad group of stakeholders and how we encourage safer gambling tool usage. ▪ Providing a leading range of tools on our websites to support customers in managing their spend and play, and we are continually working to improve and enhance our tools and site content. ▪ Refining of our safer gambling capabilities and our in house developed machine learning tools and models, such as the Customer Activity Awareness Program (CAAP), continuously to enable us to identify and interact with at-risk customers. The CAAP model monitors customer behaviours daily and assigns risk scores to each active customer. ▪ Continuously investing in improvements at tackling the problem through donations to the research, treatment, education initiatives, and driving collaboration across the industry with other operators, charities and regulatory bodies.

Risk	Risk Definition	Risk Trend	Mitigation
			▪ Since the recent business combination, implementing a Group strategic review to ensure we take the best policies and processes available across the newly enlarged Group and updated the strategic approach to Safer Gambling accordingly.
Business continuity planning	The risk of interruption to the Group's businesses due to disruptive incidents such as natural disaster or cyber-attack impacting the systems, processes, people or physical locations providing business-critical services; resulting in financial loss through an inability to provide reliable services.	↑	▪ Developed business continuity plans for all critical areas of the business. These are regularly reviewed together with IT Disaster Recovery capability and service level agreements with third parties. Where possible, we have fail safe solutions and seek to limit single points of failure. ▪ Established a Business Continuity Steering Committee to maintain an oversight of the management and improvement of the Business Continuity Plans. ▪ Maintaining a BCP risk register for the tracking of progress on business continuity planning across the Group. ▪ Collaborating business continuity plans across the group for risk mitigation as COVID-19 highlighted the need to better align this risk across all our locations.
Data Protection and Cyber Security	The risk that information belonging to the Group business or its customers is accessed or modified by unauthorised parties (internal or external), or system processing is disrupted or exploited by an attacker (internal or external) owing to a failure in service provision from a Group provider or external supplier resulting in reputational damage, regulatory enforcement or financial loss through manipulation of business process or temporary inability to provide services.	↑	▪ Aligning the framework for data protection and cyber security with the aim to protect the privacy rights of individuals in accordance with the relevant legislations and GDPR and align cyber control standards across the Group in managing the risks. ▪ Implemented Technology and IT Security controls to restrict access to sensitive data and ensure individuals only have access to the data they require to do their job. ▪ Completing annual mandatory employee training on data protection and information security and cyber awareness for all employees and additional regular training for key parts of the business where customer and staff personal information are handled. ▪ Continuously investing in IT security resources and working with a variety of external security specialists to ensure security arrangements and systems are up-to-date with emerging threats.
Technology systems stability and availability, and disaster recovery	Reduced availability of our products arising from software, infrastructure and system issues resulting in a poor customer experience and may have an impact on customer loyalty affecting our ability to grow the business. Delays in restoring services following a major disruption could result in loss of customers and reputational damage.	↑	▪ Investing continuously in a cost-effective technology platform to ensure stability and availability, to eliminate single points of failure and improve performance. ▪ Monitoring of key metrics to monitor key systems and platforms globally and identify potential emerging issues for all divisions. ▪ Defined formal incident management process in place for identifying, escalating and resolving issues and a post-incident process to ensure that similar issues cannot happen again. ▪ Investing continuously in developing and testing our disaster recovery capability for our key products across the Group. Where possible, we have failover solutions available and seek to limit single points of failure.

Risk	Risk Definition	Risk Trend	Mitigation
Regulation, licencing and regulatory compliance	Failure to meet new or existing licensing or legislative requirements due to poor management of the license application process, inadequate governance and ongoing monitoring, resulting in enforcement action, increased regulatory scrutiny and loss of license.		▪ Dedicated internal and external Legal, Compliance and Tax teams for all regions with responsibility for advising business units on these matters and working with the business to set appropriate policies, processes and controls. ▪ For the jurisdictions in which we hold a licence, the relevant Compliance teams perform ongoing monitoring of compliance with the regulatory framework and licence requirements. ▪ Dedicated Regulatory Affairs and Compliance teams work with regulators and governments in relation to proportionate and reasonable regulation. ▪ Reporting by Management periodically to the Board Risk Committees on the application of various laws and regulations by the relevant jurisdiction to ensure that they are appropriately understood and managed. ▪ Report of the findings of their audit procedures by the Group's internal auditors to the Audit Committee on relevant compliance matters to ensure full oversight.
Key employees' recruitment and retention	Inability to recruit, retain and motivate existing talented and highly skilled employees due to inadequate recruitment process, remuneration and rewards packages, and lack of mentoring, training and advancement opportunities, leading to a lack of suitable people in key positions needed to keep growing and developing the business.		▪ Reviewing of key positions and reward by the Board through the Nomination and Remuneration Committees. The Executive Directors, senior management and other key employees are part of medium- or long-term incentive plans, which reward performance and loyalty. ▪ Active managing of succession planning by the HR function and the processes that are in place throughout the business to identify key roles and conduct regular appraisals, succession and talent reviews, engagement surveys as well as career development opportunities. ▪ Reviewing of employee salaries, providing a comprehensive benefit package and eligibility to join (subject to local jurisdictional requirements) our all-employee save as you earn share scheme as an opportunity for them to participate in the Group's performance. ▪ In respect of the impact of COVID-19 on employees, the Group has implemented an extensive range of measures to provide the safest working environment possible for our people and health and wellbeing initiatives. Where our UK and Ireland Retail business was closed during lockdown, employees were paid full salary without availing of any government financial supports.
Reliance on third parties and key supplier relationships	Failure in service provision by a third-party due to ineffective processes to select, contract and manage suppliers resulting in reputational damage, regulatory actions and financial loss.		▪ Established a Supplier Relationship Management framework for the managing and performance of the efficiency and quality of third-party suppliers' performance. ▪ Aligning a technology third party assurance framework for managing security risks introduced by third party to provide assurance. ▪ Limiting reliance on a single supplier where possible to reduce potential single points of failure. ▪ Reviewing of contracts and service level agreements with third parties on a regular basis to ensure adequate protection for the Group. ▪ Carrying out follow up reviews of suppliers' ability to provide required services in light of COVID-19 and taking appropriate follow up action where required.

Risk	Risk Definition	Risk Trend	Mitigation
Integration and project change risk	Missed or inappropriate targets and/or poor integration post acquisition due to lack of defined end to end process and governance around M&A resulting in failed acquisitions causing financial loss and reputational damage.	⬆	▪ Established the Flutter Transformation Management Office (TMO) with a robust framework to manage organisational changes from merger related objectives ▪ Dedicated and experienced internal resources, complemented with external expertise, are put in place to manage projects and programmes associated with integrations, with direct reporting lines to the Group's Executive Committee and Board. ▪ Dedicated business development, corporate finance and divisional management teams are in place to continually and proactively review potential acquisitions. ▪ Assessing all potential acquisition targets to ensure their strategic fit with the business and their long-term viability to generate positive returns.
Market Restrictions	Restrictions on new or existing markets such as advertising bans or material taxation changes can impact growth plans.	➡	▪ Monitoring of potential changes in regulatory environments on an ongoing basis with a view to managing any changes appropriately and cost efficiently. ▪ Continuously promoting transparent and effective regulations in all markets that create a level playing field. ▪ Established a product prioritisation process to ensure any new regulations are complied with in a timely manner. ▪ Investing continuously in the flexibility of our technology, which is key for entering or remaining in markets and allowing for adaptability as market conditions change.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the six months ended 30 June 2020

	Note	**Before separately disclosed items Six months ended 30 June 2020 (unaudited) £m**	**Separately disclosed items (Note 5) Six months ended 30 June 2020 (unaudited) £m**	**Total Six months ended 30 June 2020 (unaudited) £m**	Before separately disclosed items Six months ended 30 June 2019 (unaudited) £m	Separately disclosed items (Note 5) Six months ended 30 June 2019 (unaudited) £m	Total Six months ended 30 June 2019 (unaudited) £m
Continuing operations							
Revenue	4	**1,522.4**	**13.7**	**1,536.1**	1,019.9	-	1,019.9
Cost of sales		**(495.9)**	**(2.0)**	**(497.9)**	(301.0)	-	(301.0)
Gross profit		**1,026.5**	**11.7**	**1,038.2**	718.9	-	718.9
Operating costs excluding depreciation and amortisation		**(684.8)**	**(68.9)**	**(753.7)**	(503.1)	-	(503.1)
EBITDA [1]		**341.7**	**(57.2)**	**284.5**	215.8	-	215.8
Depreciation and amortisation		**(88.9)**	**(127.8)**	**(216.7)**	(69.3)	(58.8)	(128.1)
Operating profit		**252.8**	**(185.0)**	**67.8**	146.5	(58.8)	87.7
Financial income	6	**0.4**	**49.2**	**49.6**	0.4	-	0.4
Financial expense	6	**(34.9)**	**(58.5)**	**(93.4)**	(7.1)	-	(7.1)
Profit before tax		**218.3**	**(194.3)**	**24.0**	139.8	(58.8)	81.0
Tax (expense) / credit	7	**(29.1)**	**14.1**	**(15.0)**	(22.8)	9.4	(13.4)
Profit for the period		**189.2**	**(180.2)**	**9.0**	117.0	(49.4)	67.6
Attributable to:							
Equity holders of the Company		**191.3**	**(172.8)**	**18.5**	116.3	(39.4)	76.9
Non-controlling interest		**(2.1)**	**(7.4)**	**(9.5)**	0.7	(10.0)	(9.3)
		189.2	**(180.2)**	**9.0**	117.0	(49.4)	67.6
Earnings per share							*Restated* (Note 8)
Basic	8			**£0.181**			£0.962
Diluted	8			**£0.179**			£0.959

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	Six months ended 30 June 2020 (unaudited) £m	Six months ended 30 June 2019 (unaudited) £m
Profit for the period	**9.0**	67.6
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	**(88.2)**	-
Fair value of cash flow hedges transferred to the income statement	**86.5**	-
Foreign exchange gain on translation of the net assets of foreign currency denominated entities[1]	**174.7**	2.0
Debt instruments at FVOCI	**0.1**	-
Other comprehensive income	**173.1**	2.0
Total comprehensive income for the period	**182.1**	69.6
Attributable to:		
Equity holders of the Company	**181.0**	78.4
Non-controlling interest	**1.1**	(8.8)
	182.1	69.6

[1] Foreign exchange gain on translation of the net assets of foreign currency denominated entities is presented including an income tax credit of £6.2m which relates to the tax effect on foreign exchange activities with respect to the Group's hedging activities. A corresponding tax charge of £6.2m in relation to the same is recognised in the Condensed Consolidated Income Statement such that there is no overall impact on the Condensed Consolidated Interim Statement of Financial position.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	**30 June 2020 (unaudited) £m**	31 December 2019 (audited) £m
Assets			
Property, plant and equipment		**385.6**	298.2
Intangible assets		**5,868.6**	558.5
Goodwill	9	**9,533.7**	4,120.3
Deferred tax assets		**17.0**	11.9
Non-current tax receivable		**13.5**	-
Derivative financial assets	16	**31.6**	-
Investments	11	**4.6**	0.1
Other receivables	11	**89.4**	50.4
Financial assets – restricted cash	12	**9.2**	-
Total non-current assets		**15,953.2**	5,039.4
Trade and other receivables	11	**164.3**	64.6
Current tax receivable		**11.5**	-
Financial assets – restricted cash	12	**477.0**	189.1
Current investments – customer deposits	12	**87.2**	-
Cash and cash equivalents	12	**786.5**	108.1
Total current assets		**1,526.5**	361.8
Total assets		**17,479.7**	5,401.2
Equity			
Issued share capital and share premium		**1,334.7**	428.3
Merger reserve		**6,189.5**	-
Treasury shares		**(40.7)**	(40.7)
Shares held by employee benefit trust		**(5.8)**	(6.1)
Other reserves		**243.0**	63.7
Retained earnings		**3,624.6**	3,539.5
Equity attributable to owners of the parent		**11,345.3**	3,984.7
Non-controlling interest		**199.0**	204.9
Total equity		**11,544.3**	4,189.6
Liabilities			
Trade and other payables	13	**858.6**	369.6
Customer balances		**542.0**	179.2
Derivative financial liabilities	13	**30.9**	20.4
Provisions		**5.4**	2.9
Current tax payable		**9.8**	20.0
Lease liabilities		**54.6**	38.4
Borrowings	15	**56.2**	255.0
Total current liabilities		**1,557.5**	885.5
Trade and other payables	13	**12.2**	11.5
Derivative financial liabilities	13	**41.4**	0.7
Provisions		**54.5**	1.1
Deferred tax liabilities		**544.3**	65.0
Lease liabilities		**156.5**	132.1
Borrowings	15	**3,569.0**	115.7
Total non-current liabilities		**4,377.9**	326.1
Total liabilities		**5,935.4**	1,211.6
Total equity and liabilities		**17,479.7**	5,401.2

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020

	Note	**Six months ended 30 June 2020 (unaudited) £m**	Six months ended 30 June 2019 (unaudited) £m
Cash flows from operating activities			
Profit for the period		**9.0**	67.6
Separately disclosed items	5	**180.2**	49.4
Tax expense before separately disclosed items		**29.1**	22.8
Financial income before separately disclosed items		**(0.4)**	(0.4)
Financial expense before separately disclosed items		**34.9**	7.1
Depreciation and amortisation before separately disclosed items		**88.9**	69.3
Employee equity-settled share-based payments expense before separately disclosed items		**18.0**	12.7
Foreign currency exchange loss		**15.4**	0.5
Gain on disposal of property, plant and equipment and intangible assets		**(0.2)**	-
Cash from operations before changes in working capital		**374.9**	229.0
Increase in trade and other receivables		**5.8**	(2.1)
Increase in trade, other payables and provisions		**74.6**	11.2
Cash generated from operations		**455.3**	238.1
Tax paid		**(60.0)**	(21.9)
Net cash from operating activities before combination fees and restructuring costs and legacy tax assessments		**395.3**	216.2
Combination fees, restructuring and integration costs paid		**(83.9)**	(1.8)
Amounts paid in respect of legacy Greek and German tax assessments		**-**	(39.6)
Net cash from operating activities		**311.4**	174.8
Purchase of property, plant and equipment		**(21.8)**	(9.9)
Purchase of intangible assets		**(21.5)**	(18.6)
Proceeds from disposal of assets		**0.2**	-
Proceeds from disposal of investment		**-**	2.3
Purchase of businesses	10	**-**	(102.0)
Capitalised internal development expenditure		**(37.1)**	(24.1)
Cash acquired from acquisitions	10	**445.2**	0.2
Payment of contingent deferred consideration	10	**(4.6)**	(2.8)
Interest received		**0.4**	0.4
Net cash from / (used in) investing activities		**360.8**	(154.5)
Proceeds from the issuance of new shares in respect of equity placement (net of issuance costs)	18	**806.3**	-
Proceeds from the issue of shares on exercise of employee options		**8.9**	0.3
Dividend paid to Non-controlling interest	18	**(7.0)**	-
Dividends paid	17	**-**	(104.0)
Payment of lease liabilities		**(21.7)**	(20.0)
Proceeds from GBP First Lien Term Loan A and previous GBP Term Loan	15	**950.0**	250.0
Net amounts drawn down previous GBP Revolving Credit facility	15	**(117.2)**	(76.2)
Repayment of USD & EUR First Lien Term Loan B and old GBP Term Loan facility		**(1,513.5)**	-
Amounts (repaid) / drawn down on overdraft facility	15	**(5.0)**	-
Interest paid		**(37.5)**	(3.4)
Settlement of derivatives		**(27.6)**	-
Financing fees paid in respect of borrowing facilities		**(21.5)**	(0.3)
Purchase of own shares including direct purchase costs		**-**	(86.8)
Net cash from / (used in) financing activities		**14.2**	(40.4)
Net increase / (decrease) in cash and cash equivalents		**686.4**	(20.1)
Cash and cash equivalents at start of period		**108.1**	123.7
Foreign currency exchange (loss) / gain on cash and cash equivalents		**(8.0)**	0.4
Cash and cash equivalents at end of period	12	**786.5**	104.0

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

		Attributable to equity holders of the Company												
(unaudited)	***Number of ordinary shares in issue millions***	**Issued share capital and share premium £m**	**Merger reserve £m**	**Foreign exchange translation reserve £m**	**Cash flow hedge reserve £m**	**Financial assets at FVOCI £m**	**Other reserve £m**	**Treasury shares £m**	**Shares held by employee benefit trust £m**	**Share-based payment reserve £m**	**Retained earnings £m**	**Total equity £m**	**Non-controlling interest £m**	**Total equity £m**
Balance at 1 January 2020	***80.3***	**428.3**	**-**	**(21.5)**	**2.3**	**-**	**2.3**	**(40.7)**	**(6.1)**	**80.6**	**3,539.5**	**3,984.7**	**204.9**	**4,189.6**
Total comprehensive income for the period														
Profit for the period	-	-	-	-	-	-	-	-	-	-	**18.5**	**18.5**	**(9.5)**	**9.0**
Foreign exchange translation	-	-	-	**157.9**	-	-	-	-	-	-	-	**157.9**	**10.6**	**168.5**
Tax credit on foreign exchange hedging	-	-	-	**6.2**	-	-	-	-	-	-	-	**6.2**	-	**6.2**
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	**(88.2)**	-	-	-	-	-	-	**(88.2)**	-	**(88.2)**
Fair value of cash flow hedges transferred to the income	-	-	-	-	**86.5**	**0.1**	-	-	-	-	-	**86.6**	-	**86.6**
Total comprehensive income for the period	-	-	-	**164.1**	**(1.7)**	**0.1**	-	-	-	-	**18.5**	**181.0**	**1.1**	**182.1**
Transactions with owners of the Company, recognised directly in equity														
Shares issued on equity placement (net of issuance costs) (Note 18)	***8.0***	**812.6**		-	-	-	-	-	-	-	**(6.3)**	**806.3**	-	**806.3**
Shares issued on exercise of employee share options (Note 18)	***0.8***	**8.9**	-	-	-	-	-	-	-	-	-	**8.9**	-	**8.9**
Shares issued as consideration for the acquisition of TSG (Note 10)	***65.3***	**5.1**	**6,189.5**	-	-	-	-	-	-	-	-	**6,194.6**	-	**6,194.6**
Issue of replacement options (Note 10)	-	-	-	-	-	-	-	-	-	**58.8**	-	**58.8**	-	**58.8**
Shares issued as consideration for acquisition of TSG Australia (Note 10)	***0.8***	**79.7**	-	-	-	-	-	-	-	-	-	**79.7**	-	**79.7**
Equity-settled transactions – expense recorded in income statement	-	-	-	-	-	-	-	-	-	**27.6**	-	**27.6**	-	**27.6**
Equity-settled transactions – vestings	-	-	-	-	-	-	-	-	**0.3**	**(0.2)**	**(0.1)**	-	-	-
Tax on share-based payments	-	-	-	-	-	-	-	-	-	-	**3.7**	**3.7**	-	**3.7**
Transfer to retained earnings on exercise of share options and vesting of share awards	-	-	-	-	-	-	-	-	-	**(69.4)**	**69.4**	-	-	-
Dividend paid to Non-controlling interest (Note 18)	-	-	-	-	-	-	-	-	-	-	-	-	**(7.0)**	**(7.0)**
Dividends to shareholders (Note 17)	***1.3***	**0.1**	-	-	-	-	-	-	-	-	**(0.1)**	-	-	-
Total contributions by and distributions to owners of the Company	***76.3***	**906.4**	**6,189.5**	-	-	-	-	-	**0.3**	**16.8**	**66.6**	**7,179.6**	**(7.0)**	**7,172.6**
Balance at 30 June 2020	***156.6***	**1,334.7**	**6,189.5**	**142.6**	**0.6**	**0.1**	**2.3**	**(40.7)**	**(5.8)**	**97.4**	**3,624.6**	**11,345.3**	**199.0**	**11,544.3**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2019

		Attributable to equity holders of the Company									
(unaudited)	*Number of ordinary shares in issue millions*	Issued share capital and share premium £m	Foreign exchange translation reserve £m	Other reserves £m	Treasury shares £m	Shares held by employee benefit trust £m	Share-based payment reserve £m	Retained earnings £m	Total equity £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2019	*81.4*	424.8	4.1	2.2	(40.7)	(8.6)	86.1	3,530.1	3,998.0	213.3	4,211.3
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	76.9	76.9	(9.3)	67.6
Foreign exchange translation	-	-	1.5	-	-	-	-	-	1.5	0.5	2.0
Total comprehensive income for the period	-	-	1.5	-	-	-	-	76.9	78.4	(8.8)	69.6
Transactions with owners of the Company, recognised directly in equity											
Shares issued (Note 18)	*0.1*	0.3	-	-	-	-	-	-	0.3	-	0.3
Business combinations (Note 10)	-	-	-	-	-	-	-	-	-	31.6	31.6
Own shares acquired by the Group (Note 18)	*(1.4)*	(0.1)	-	0.1	-	-	-	-	-	-	-
Equity-settled transactions – expense recorded in income statement	-	-	-	-	-	-	12.7	-	12.7	-	12.7
Equity-settled transactions – vestings	-	-	-	-	-	0.2	(0.2)	-	-	-	-
Tax on share-based payments	-	-	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Transfer to retained earnings on exercise of share options	-	-	-	-	-	-	(11.8)	11.8	-	-	-
Dividends to shareholders (Note 17)	-	-	-	-	-	-	-	(104.0)	(104.0)	-	(104.0)
Total contributions by and distributions to owners of the Company	*(1.3)*	0.2	-	0.1	-	0.2	0.7	(92.3)	(91.1)	31.6	(59.5)
Balance at 30 June 2019	*80.1*	425.0	5.6	2.3	(40.7)	(8.4)	86.8	3,514.7	3,985.3	236.1	4,221.4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Flutter Entertainment plc (the "Company") is a company incorporated in the Republic of Ireland. The Condensed Consolidated Interim Financial Statements of the Company for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group"). The Condensed Consolidated Interim Financial Statements are unaudited but have been reviewed by KPMG, the Group's auditor, whose report is set out on the last page of this document.

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

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 2019, prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the EU together with an unqualified audit report thereon under Section 391 of the Irish Companies Act 2014, will be annexed to the annual return and filed with the Registrar of Companies in Ireland.

The Condensed Consolidated Interim Financial Statements were approved for issue by the Board of Directors of Flutter Entertainment plc on 26 August 2020.

2. Basis of preparation and accounting policies

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting' as adopted by the EU. The Condensed Consolidated Interim Financial Statements are prepared on the historical cost basis except for derivative financial instruments (which include betting transactions), equity securities, certain financial assets which have been designated as FVOCI, contingent deferred consideration and share-based payments, all of which are stated at fair value (grant date fair value in the case of equity-settled share-based payments).

Going concern

The Group has considerable financial resources which includes at 30 June 2020 £786.5m of cash and cash equivalents and a £450m Revolving Credit Facility with undrawn capacity of £375m (see Note 15) with borrowings due within the next 12 months of £56.2m. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. See 'Understanding and Managing our Principal risks' in this report for more detail including those related to COVID-19.

The Group's forecasts for the year ending 31 December 2020 and beyond indicate that it will continue to have significant financial resources and operate well within its banking covenants as outlined in Note 15 for at least a period of 12 months from the date of these financial statements. Various downside scenarios over and above those already included in the base case model on the potential impact of further reductions to cashflows due to COVID-19 and Enhanced Regulation have also been considered in respect of these forecasts.

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 interim financial statements, and therefore they continue to adopt the going concern basis in the consolidated financial statements.

<u>New accounting policies</u>

The financial information contained in the Condensed Consolidated Interim Financial Statements has been prepared in accordance with the accounting policies set out in the Group's last annual financial statements in respect of the year ended 31 December 2019, except as set out below.

The Group has introduced the below new accounting policies or expanded existing policies as a result of the Combination. These policies do not impact the Group's reported revenue, operating profit, or amounts reported in the statement of financial position in 2019.

2. Basis of preparation and accounting policies (continued)

Revenue

The services provided by the Group comprise sports betting (sportsbook, the exchange sports betting product, and pari-mutuel betting products), daily fantasy sports products, fixed odds games betting, online games and casino, peer-to-peer games including online bingo and online poker and business-to-business services. Revenue is stated exclusive of value-added tax.

The Group's betting and gaming activities are classified as derivative financial instruments, with the exception of the exchange sports betting product and pari-mutuel betting products on which commission income is earned, peer-to-peer games on which commission income and tournament fees are earned (including daily fantasy sports), and business-to-business services on which fees are earned.

Revenue from sportsbook betting activities represents the net gain or loss from betting activities in the period plus the gain or loss on the revaluation of open positions at period end and is stated net of the cost of customer promotions and bonuses incurred in the period. These derivatives are recognised initially at fair value and subsequently at fair value through profit or loss, within the revenue line as this represents the Group's principal activity. Customer promotions (including free bets) and bonuses are deducted from sportsbook betting revenue.

Revenue from the exchange sports betting product represents commission earned on betting activity and is recognised on the date the outcome for an event is settled.

Revenue from conversion margins is the revenue earned on the processing of real-money deposits and cash outs in specified currencies. Revenue from customer cross-currency deposits and withdrawals is recognised when the transaction is complete at a point in time. Revenue is recognised with reference to the underlying arrangement and agreement with the players and represents a single performance obligation and is recorded within the applicable line of operations.

Play-money gaming revenue - Customers can participate in online poker tournaments and social casino games using play-money, or virtual currency. Customers can purchase additional play-money chips online to participate in the poker tournaments and social casino games. The revenue is recognised at a point in time when the customer has purchased such chips as control has been transferred to the customer and no further performance obligations exist. Once a customer has purchased such chips, they are non-refundable and non-cancellable.

Other - The Group sponsors certain live poker tours and events, uses its industry expertise to provide consultancy and support services to the casinos that operate the events, and has marketing arrangements for branded poker rooms at various locations around the world. The Group also provides customers with access to odds comparisons, tips and other information to assist with betting, and provides other media and advertising services, and limited content development services with revenue generated by way of affiliate commissions, revenue share arrangements and advertising income as applicable. Revenue is recognised upon satisfying the applicable performance obligations, at a point in time or over time as applicable.

Revenue from Daily Fantasy Sports products represents entry fees less prizes paid and player acquisition and retention incentives. Prizes are generally paid in cash or an entry fee into specific contests or tournaments.

The Group earns service fees from offering fantasy sports contests ("Contests") and fantasy sports tournaments ("Tournaments") to users. Contests are generally completed in a single day or up to one week. Tournaments are generally completed in one week or up to several months over two to three rounds. For Contests, revenue is recognised when the contest is settled. For Tournaments, revenue is recognised over the period of the tournament as each round is completed and there is no longer a service obligation to each user that participated in the tournament.

The Group offers various incentives to build loyalty, encourage and engage users on the platform, the costs of incentives are recorded as a reduction to the amount recognised as revenue for service fees.

Revenue from sponsorships represents advertising campaigns for customers who become a presenting sponsor at events. Customers are generally billed prior to the campaign launch and revenue is earned over the period of the event.

2. Basis of preparation and accounting policies (continued)

Revenue from pari-mutuel betting products represents a percentage of stake and is recognised on settlement of the event, and is stated net of customer promotions and bonuses in the period.

Revenue from fixed odds games and the online casinos represents net winnings ("customer drop"), being amounts staked net of customer winnings, and is stated net of customer promotions and bonuses incurred in the period.

Revenue from peer-to-peer games represents commission income ("rake") and tournament fees earned from games completed by the period end, and is stated net of the cost of customer promotions and bonuses incurred in the period.

Revenue from business-to-business services represents fees charged for the services provided in the period.

Financial Assets

Recognition and Measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at FVTPL (as defined below), transaction costs that are directly attributable to the acquisition of the financial asset. The Group classifies financial assets into one of the following measurement categories:

- Those to be measured subsequently at fair value through profit or loss ("FVTPL");
- Those to be measured subsequently through other comprehensive income ("FVOCI"); or
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Except in very limited circumstances, the classification may not be changed subsequent to initial recognition. The Group only reclassifies debt instruments when its business model for managing those assets changes.

Debt instruments
Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of that asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: debt instruments are measured at amortised cost if they are held within a business model with the objective of collecting the contractual cash flows and those cash flows solely represent payments of principal and interest. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the debt instrument is derecognised or impaired. Interest income from these debt instruments is recognised using the effective interest rate method. Cash, restricted cash and accounts receivable are classified as amortised cost.

- FVOCI: debt instruments are measured at FVOCI if they are held within a business model with the objective of either collecting the contractual cash flows or of selling the debt instrument, and those cash flows solely represent payments of principal and interest. Movements in the carrying amount are recorded in other comprehensive income, with impairment gains or losses, interest income and foreign exchange gains or losses recognised in profit or loss. When the debt instrument is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. Bonds recorded within current investments are classified as FVOCI.

- FVTPL: debt instruments that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instrument that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented in the consolidated income statement. The Group does not currently hold any financial assets at FVTPL.

2. Basis of preparation and accounting policies (continued)

Financial Liabilities

Recognition and measurement

Financial liabilities are classified, at initial recognition, as either financial liabilities at FVTPL or other financial liabilities.

- FVTPL: Financial liabilities are classified as FVTPL if they are held for trading or are designated as FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or the financial liability is managed and its performance is evaluated on a fair value basis. Any gains or losses arising on re-measurement are recognised in the consolidated income statement. Derivative instruments and certain other level 3 liabilities (See Note 16) are classified as FVTPL.

- Other financial liabilities: Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability (or a shorter period where appropriate) to the net carrying amount on initial recognition. Long-term debt is classified within other financial liabilities and is measured at amortised cost.

Debt modifications

The Group may pursue amendments to its credit agreements based on, among other things, prevailing market conditions. Such amendments, when completed, are considered by the Group to be debt modifications.

The accounting treatment of debt modifications depends upon whether the modified terms are substantially different than the previous terms. The terms of an amended debt agreement are considered substantially different when either: (i) the discounted present value of the cash flows under the new terms, discounted using the original effective interest rate, are at least ten percent different from the discounted present value of the remaining cash flows of the original debt or (ii) management determines that other changes to the terms of the amended agreement, such as a change in the environment in which a floating interest rate is determined, are substantially different. If the modification is considered to be substantially different, the transaction is accounted for as an extinguishment of the original debt instrument, which is derecognised and replaced by the amended debt instrument, with any unamortised costs or fees incurred on the original debt instrument recognised as part of the gain or loss on extinguishment. If the modification is not considered to be substantially different, an adjustment to the carrying amount of the original debt instrument is recorded, which is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate with the difference recognised in financial expense in the consolidated income statement.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities that are classified as FVTPL) are added to or deducted from, as applicable, the fair value of the financial instrument on initial recognition. These costs are expensed to financial expenses in the consolidated income statement over the term of the related interest-bearing financial asset or financial liability using the effective interest method. When a debt facility is retired by the Group, any remaining balance of related debt transaction costs is expensed to financial expenses in the period that the debt facility is retired. Transaction costs related to financial instruments at FVTPL are expensed when incurred.

2. Basis of preparation and accounting policies (continued)

Derivatives

As permitted by IFRS 9, the Group continues to apply the hedge accounting requirements of IAS 39 rather than the requirements of IFRS 9 and complies with the annual hedge accounting disclosures as required by IFRS 7.

The Group uses derivative instruments for risk management purposes and does not use derivative instruments for speculative trading purposes (except for derivatives with respect to the Group's Sportsbook line of operations, which are transactions within the scope of IFRS 9 but reported as revenue as discussed above). All derivatives are recorded at fair value in the consolidated statements of financial position. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. For derivatives not designated as hedging instruments, the re-measurement of those derivatives each period is recognised in the consolidated income statement.

Derivatives may be embedded in other financial liabilities and non-financial instruments (i.e., the host instrument). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined instrument (i.e., the embedded derivative plus the host instrument) is not held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognised in the consolidated income statement.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately under IFRS 9. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

Hedge accounting

The Group designates certain derivatives as either:

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Group formally documents how the hedging relationship meets the hedge accounting criteria. It also records the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

Cash flow hedges

The Group uses derivatives for cash flow hedges. The effective portion of the change in fair value of the hedging instrument is recorded in other comprehensive income and accumulated in the cash flow hedging reserve, while the ineffective portion is recognised immediately in the consolidated income statement. Gains and losses on cash flow hedges accumulated in other comprehensive income (loss) are reclassified to the consolidated income statement in the same period the hedged item affects the consolidated income statement. If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to the consolidated income statement.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging item relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading foreign exchange translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement. Gains and losses accumulated in other comprehensive income are reclassified to the consolidated income statement when the foreign operation is partially disposed of or sold.

2. Basis of preparation and accounting policies (continued)

Separately disclosed items
Separately disclosed items are those that in management's judgement need to be disclosed by virtue of their size, incidence or if not part of the Group's normal trading activities. The separate reporting of these items helps provide a better understanding of the Group's underlying performance.

Such items may include the amortisation of acquisition related intangibles, significant restructuring and integration costs, material fees in respect of acquisitions, significant impairment of property, plant and equipment and intangible assets and significant movement in the fair value of contingent consideration. Following the acquisition of the TSG, and the significant change in the Group's debt and derivatives portfolio, the Group also considers items such as the gain/loss on Embedded derivatives, the gain/loss on accelerated debt repayments, foreign exchange gain/losses on financial instruments associated with financing activities, forward contract gain/losses associated with financing and the write off and expensing of one-off fees that do not meet the criteria for capitalisation as items that should be separately disclosed.

In the majority of cases, it is the material impact that these items have on the financial statements that determines whether they should be separately disclosed. Materiality is determined by assessing whether disclosing such items separately would present a reader with a better understanding of the performance of the Group. If such items were deemed to be less than material, they would not be separately disclosed.

These items, usually due to their size and nature tend to be non-recurring items and would not arise on an annual basis. However, in other cases, items such as for example, the amortisation of acquisition related intangibles may occur over several years but are disclosed separately due to their finite life and the significantly changing amortisation profile of the assets in question in the related years. Other items such as the gain/loss on embedded derivatives and foreign exchange gains/losses associated with financing activities would also arise on a regular basis and are disclosed separately due to their volatile nature.

The separate disclosure of such items helps the reader better understand underlying business performance.

The tax related impact of such items is also disclosed separately.

Adoption of new and revised standards

In preparing these financial statements for the current period the Group has adopted the following amendments to IFRS:

Amendments to existing standards

- Amendments to references to the Conceptual Framework in IFRS Standards
- Definition of material (Amendments to IAS 1 and IAS 8)

None of the above had a significant impact on the financial statements.

3. Judgements and estimates

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

In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements with the exception of the judgements in relation to the Embedded Derivative and the FOX equity option (which policies are outlined in further detail in Notes 2 and 3) 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 2019 and are detailed below.

Valuation of tax provisions and liabilities and associated receivables
Taxation within the Group includes both Income Taxes and Gaming Taxes. Judgement and estimation is required to interpret international tax laws and the way these taxes interact within each jurisdiction, to identify and value provisions in relation to gaming and income taxes as applicable. The liabilities for uncertain tax positions reflected within current tax payable and provisions in the Consolidated Statement of Financial Position for the six months ended 30 June 2020 are comprised of a number of individual immaterial uncertain tax positions relating to the risks assessed in various jurisdictions by Management. Uncertainties have been measured using the best estimate of the likely outcome. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the income tax or gaming tax expense in the period in which such a determination is made. Management uses in-house tax experts, professional firms and previous experience when assessing tax risks and the Group believes that the accrual for all tax liabilities at 30 June 2020 is adequate for all uncertain tax positions based on its assessment of the range of factors outlined above. Further information in relation to the judgement relating to the disputed legacy German and Greek tax assessments is outlined in Note 11.

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. Judgement and estimation is required in particular in the identification and valuation of separable intangible assets and determining appropriate useful economic lives for these assets. 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 period are disclosed in Note 10.

Measurement of the recoverable amounts of cash generating units containing goodwill and indefinite life licences and brands intangible assets
The Group reviews the carrying value of goodwill for impairment annually (or more frequently if there are indications that the value of goodwill may be impaired) by comparing the carrying values of these cash generating units with their recoverable amounts (being the higher of value in use and fair value less costs to sell).

The impairment review is performed on a "value-in-use" basis, which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and an appropriate growth rate. Certain of these estimates and assumptions are subjective in nature.

The impact of COVID-19 on the performance of the group and its individual business units is set out in the business review section of the H1 results announcement. The retail cash generating units (CGUs) were impacted significantly due to the temporary suspension of the activities of shops for a period leading to shorter term impacts such as social distancing as well as longer term uncertainty in respect of customer behaviours. Based on the significant headroom that existed in the 31 December 2019 impairment test, the strong performance of the shops for the period up to the date of suspension of activities, customer activity levels since the shops have reopened as well as opportunities to make further market share gains as competitors reduce the size of their respective estates, the Group is satisfied that no impairment has arisen during the period to 30 June 2020.

3. Judgements and estimates (continued)

For the Group's various Online CGUs which generate income from sportsbook the impact of COVID-19 has not been as significant due to greater substitution possibilities and they also benefit from the ongoing retail to online migration. While no impairments have arisen in the Group's CGUs during the period to 30 June 2020, there is economic uncertainty in the global economy due to the ongoing COVID-19 global pandemic and this could be a potential future risk.

Lease term and judgement of whether the Group is reasonably certain to exercise extension options
Some property leases, particularly in our retail business contain extension and break options to provide operational flexibility. These options are held by the Group and not by the lessors. The Group assesses whether it is reasonably certain to exercise these options at lease commencement date. The Group is of the view that other than the underlying trading of the shop, there is no economic incentive to extend a particular lease. For example, the rents are at market rates, there are no significant leasehold improvements and there are no significant costs relating to exiting or relocating.

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

Valuation of Embedded Derivative on Senior Notes
The Senior Notes (as defined in Note 15) include certain embedded features allowing the Group to redeem the Senior Notes or allowing the holders to require a redemption of the Senior Notes. These features were bifurcated from the carrying value of the Senior Notes. Management used estimates, including an implied credit spread of 4.2% as at 30 June 2020 (5 May 2020 - 5.1%), in determining the fair value of the Embedded Derivative. The implied credit spread represents management's estimate of the Group's creditworthiness as implied by the market value of the Senior Notes. During the period ending 30 June 2020 a gain of £29.9 million was recorded through financial income in relation to the re-measurement of this Embedded Derivative.

FOX equity option
As part of the Combination, the Group acquired the following agreement in relation to TSG's US business.

On 8 May 2019, TSG and FOX Sports ("FOX Sports"), a unit of Fox Corporation, announced plans to launch FOX Bet, the first-of-its kind national media and sports wagering partnership in the United States and entered into a commercial agreement of up to 25 years. As part of the transaction, FOX Sports will receive certain brand license, integration and affiliate fees. In addition, during the term of the commercial agreement, TSG has agreed to a minimum annual advertising commitment on certain FOX media assets. Prior to the tenth anniversary of the commercial agreement, and subject to certain conditions and applicable gaming regulatory approvals, FOX Sports has the right to acquire up to a 50% equity stake in TSG's U.S. business. In accordance with IFRS 2, Share-based payment based on the judgment of management, this right granted to FOX Sports is considered a contingently cash-settled share-based payment because FOX Sports, subject to receiving regulatory approvals and meeting certain other conditions, has discretion to exercise the right. During the period ended 30 June 2020, the Group recorded £2.1m to sales and marketing expense in relation to the commercial agreement.

Management has made certain judgments in the recognition and measurement of liabilities in relation to this commercial agreement and associated right of FOX Sports to acquire equity, including its judgment as to the probable method of settlement. The right has been valued using a discounted cash flow model and as it represents a contingently cash-settled share-based payment, will be recorded at fair value at each reporting period.

4. Operating segments

Reportable business segment information
Subsequent to the Combination, the Group's reportable segments are as follows:
- PPB;
- PokerStars;
- Sky Betting and Gaming;
- Australia; and
- US.

The reportable segments reflect the way financial information is reviewed by the Group's Chief Operating Decision Maker (the Board of Directors, "CODM"). The Group has restated the operating segment information for the six months ended 30 June 2019 accordingly.

The previous reportable segments of PPB Online and PPB Retail have been aggregated in the PPB segment due to the similar products, markets and regulatory environment that both segments operate in.

The PPB segment derives its revenues primarily from sports betting (sportsbook and the exchange sports betting product) and gaming (games, casino, bingo and poker) services for the Paddy Power and Betfair brands and some business-to-business ("B2B") services globally. Services are delivered through the internet and through licenced bookmaking shop estates in the UK and Ireland with a small proportion delivered through the public telephony system.

The PokerStars segment derives its revenues primarily from Poker, Gaming and Sports betting for the Pokerstars, BetStars, Full Tilt and their related brands mainly via the internet.

The Sky Betting and Gaming segment derives its revenues primarily from sportsbook and gaming (games, casino, bingo and poker) for Sky Bet and its related brands via the internet as well as from Oddschecker, the UK's leading odds comparison website.

The Australia segment comprising the Sportsbet and BetEasy brands earns its revenues from sports betting services provided to Australian customers using primarily the internet with a small proportion using the public telephony system.

The US segment comprising the FanDuel, TVG, Betfair, Pokerstars and FoxBet brands earns its revenues from sports betting, daily fantasy sports and gaming services provided to US customers using primarily the internet with a proportion of US sports betting services also provided through a small number of retail outlets.

Corporate administrative costs (Board, Finance, Legal, Internal Audit, HR, Property and other central functions) cannot be readily allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions. These are shown in the reconciliation of reportable segments to Group totals.

The accounting policies in respect of operating segments reporting are the same as those described in the basis of preparation and summary of significant accounting policies set out in the Company's last annual financial statements in respect of the year ended 31 December 2019.

The Group does not allocate income tax expense or interest to reportable segments. Treasury management is centralised for the PPB, PokerStars, Sky Betting and Gaming, Australia and US segments.

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

Seasonality
The Group's sportsbook revenue is driven by a combination of the timing of sporting and other events and the Group's results derived from those events. The COVID-19 pandemic that caused the postponement and cancellation of sporting events across the world has skewed results for the period. Gaming and other revenue is not as dependent on the sporting calendar.

4. Operating segments (continued)

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

	PPB	PokerStars	Sky Betting and Gaming	Australia	US	Corporate	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers before VAT refund	**540.1**	**229.7**	**148.8**	**348.0**	**255.8**	**-**	**1,522.4**
Cost of sales	**(156.8)**	**(51.3)**	**(40.4)**	**(148.2)**	**(99.2)**	**-**	**(495.9)**
Gross profit	**383.3**	**178.4**	**108.4**	**199.8**	**156.6**	**-**	**1,026.5**
Operating costs excluding depreciation and amortisation	**(298.3)**	**(62.4)**	**(41.9)**	**(90.0)**	**(154.3)**	**(37.9)**	**(684.8)**
Adjusted EBITDA [1]	**85.0**	**116.0**	**66.5**	**109.8**	**2.3**	**(37.9)**	**341.7**
Depreciation and amortisation	**(47.5)**	**(7.1)**	**(3.7)**	**(12.3)**	**(16.1)**	**(2.2)**	**(88.9)**
Reportable segment profit / (loss) before separately disclosed items	**37.5**	**108.9**	**62.8**	**97.5**	**(13.8)**	**(40.1)**	**252.8**
Amortisation of acquisition related intangible assets (Note 5)	**(27.1)**	**(51.0)**	**(29.6)**	**(4.4)**	**(15.7)**	**-**	**(127.8)**
VAT refund (Note 5)	**10.3**	**-**	**-**	**-**		**-**	**10.3**
Reportable segment profit / (loss) after amortisation of acquisition related intangibles and VAT refund	**20.7**	**57.9**	**33.2**	**93.1**	**(29.5)**	**(40.1)**	**135.3**
Combination fees and associated costs[2]							**(26.3)**
Restructuring and Integration costs[2]							**(41.2)**
Operating profit							**67.8**

Reportable business segment information for the six months ended 30 June 2019:

	PPB	PokerStars	Sky Betting and Gaming	Australia	US	Corporate	Total
	£m	£m	£m	£m	£m	£m	£m
Revenue from external customers	653.2	-	-	206.8	159.9	-	1,019.9
Cost of sales	(173.6)	-	-	(83.1)	(44.3)	-	(301.0)
Gross profit	479.6	-	-	123.7	115.6	-	718.9
Operating costs excluding depreciation and amortisation	(300.8)	-	-	(65.2)	(111.2)	(25.9)	(503.1)
Adjusted EBITDA [1]	178.8	-	-	58.5	4.4	(25.9)	215.8
Depreciation and amortisation	(45.2)	-	-	(11.6)	(10.1)	(2.4)	(69.3)
Reportable segment profit / (loss) before separately disclosed items	133.6	-	-	46.9	(5.7)	(28.3)	146.5
Amortisation of acquisition related intangible assets (Note 5)	(38.5)	-	-	-	(20.3)	-	(58.8)
Operating profit	95.1	-	-	46.9	(26.0)	(28.3)	87.7

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

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

4. Operating segments (continued)

Reconciliation of reportable segments to Group totals:

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Revenue		
Total revenue from reportable segments, being total Group revenue before VAT refund	**1,522.4**	1,019.9
VAT refund	**13.7**	-
Total revenue from reportable segments, being total Group revenue	**1,536.1**	1019.9
Profit and loss		
Operating profit	**67.8**	87.7
Unallocated amounts:		
Financial income	**49.6**	0.4
Financial expense	**(93.4)**	(7.1)
Profit before tax	**24.0**	81.0

Disaggregation of revenue under IFRS 15

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

	PPB £m	**PokerStars £m**	**Sky Betting and Gaming £m**	**Australia £m**	**US £m**	**Total £m**
Sports revenue[1]	**320.1**	**8.3**	**84.5**	**348.0**	**163.3**	**924.2**
Gaming revenue[2]	**233.7**	**221.4**	**64.3**	**-**	**92.5**	**611.9**
Total Group revenue	**553.8**	**229.7**	**148.8**	**348.0**	**255.8**	**1,536.1**

Group revenue disaggregated by product line for the six months ended 30 June 2019:

	PPB £m	PokerStars £m	Sky Betting and Gaming £m	Australia £m	US £m	Total £m
Sports revenue[1]	447.6	-	-	206.8	140.0	794.4
Gaming revenue	205.6	-	-	-	19.9	225.5
Total Group revenue	653.2	-	-	206.8	159.9	1,019.9

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

[2] Gaming revenue includes Games, Poker, Casino and Bingo and in PPB includes the VAT refund (see Note 5).

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

	PPB £m	**PokerStars £m**	**Sky Betting and Gaming £m**	**Australia £m**	**US £m**	**Total £m**
UK	**378.4**	**21.8**	**147.9**	**-**	**-**	**548.1**
Ireland	**78.3**	**2.7**	**0.9**	**-**	**-**	**81.9**
Australia	**-**	**-**	**-**	**348.0**	**-**	**348.0**
US	**-**	**-**	**-**	**-**	**255.8**	**255.8**
Rest of World	**97.1**	**205.2**	**-**	**-**	**-**	**302.3**
Total Group revenue	**553.8**	**229.7**	**148.8**	**348.0**	**255.8**	**1,536.1**

Group revenue disaggregated by geographical market for the six months ended 30 June 2019:

	PPB £m	PokerStars £m	Sky Betting and Gaming £m	Australia £m	US £m	Total £m
UK	421.5	-	-	-	-	421.5
Ireland	123.7	-	-	-	-	123.7
Australia	-	-	-	206.8	-	206.8
US	-	-	-	-	159.9	159.9
Rest of World	108.0	-	-	-	-	108.0
Total Group revenue	653.2	-	-	206.8	159.9	1,019.9

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

5. Separately disclosed items

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Amortisation of acquisition related intangible assets	**(127.8)**	(58.8)
Combination fees and associated costs	**(26.3)**	-
Restructuring and integration costs	**(41.2)**	-
VAT refund	**10.3**	-
Operating profit impact of separately disclosed items	**(185.0)**	(58.8)
Financial Income	**49.2**	-
Financial Expense	**(58.5)**	-
Profit before tax impact of separately disclosed items	**(194.3)**	(58.8)
Tax credit on separately disclosed items	**14.1**	9.4
Total separately disclosed items	**(180.2)**	(49.4)
Attributable to:		
Equity holders of the Company	**(172.8)**	(39.4)
Non-controlling interest	**(7.4)**	(10.0)
	(180.2)	(49.4)

Amortisation of acquisition related intangible assets
Non-cash amortisation of £127.8m has been incurred in the period (six months ended 30 June 2019: £58.8m) as a result of intangible assets separately identified under IFRS 3 as a result of the merger with Betfair in 2016, the acquisitions of FanDuel Limited in 2018 and Adjarabet in 2019 and the Combination with TSG in 2020.

Combination fees and associated costs
Combination fees and associated costs of £26.3m relate to costs incurred in the period directly as a result of the Combination. This does not include any professional fees incurred by TSG prior to the Combination.

Restructuring and integration costs
This relates to incremental, one-off costs incurred during the six months ended 30 June 2020, as a result of significant restructuring and integration initiatives due to the Combination with TSG. No such costs were incurred in 2019.

VAT refund
In May 2020, HMRC confirmed it would not appeal the ruling of the Upper Tier Tribunal in the cases of Rank Group Plc and Done Brothers (Cash Betting) Ltd (trading as Betfred) that VAT was incorrectly applied to revenues earned from certain gaming machines prior to 2013. The Group has submitted protective claims for the period and are in the process of formally requesting repayment from HMRC. The Group continues to engage with HMRC to agree the quantum and timing of the refund. Accordingly, it has recognised income to the extent that the Group consider it is virtually certain it will receive the refund, net of the best estimate of associated third party costs expected to be incurred as a result of the refund.

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

Financial Income
As detailed in Note 6, this comprises the gain of £36.9m on the remeasurement of the embedded derivatives and the FX gain of £12.3m on financial instruments associated with financing activities.

Financial expense
As detailed in Note 6, this comprises the loss of £9.5m on the remeasurement of the HRTV contingent consideration (see Note 13), the FX loss on the forward contract of £11.2m, a loss of £32.8m relating to accelerated debt repayments and £5.0m relating to the expensing of one-off financing related fees not eligible for capitalisation.

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

6. Financial income and expense

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Recognised in profit or loss:		
Financial income:		
Gain on remeasurement of embedded derivatives (see Note 5 and Note 15)	**36.9**	-
Foreign exchange gain on financing instruments associated with financing activities (Note 5)	**12.3**	-
Movement in fair value of investment	**0.1**	-
On financial assets at amortised cost		
Interest income	**0.3**	0.4
Total	**49.6**	0.4
Financial expense:		
Change in fair value of contingent consideration (see Note 5)	**9.5**	-
Foreign exchange loss on forward contract associated with financing activities (see Note 5)	**11.2**	-
Financing related fees not eligible for capitalisation (See Note 5 and Note 15)	**5.0**	-
Accelerated accretion on debt repayments (See Note 5 and Note 15)	**32.8**	-
On financial liabilities at amortised cost		
Interest on borrowings, bank guarantees and bank facilities	**28.4**	3.6
Other interest	**6.5**	3.5
Total	**93.4**	7.1

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Recognised in other comprehensive income / (loss):		
Effective portion of changes in fair value of cash flow hedges	**(88.2)**	-
Fair value of cash flow hedges transferred to income statement	**86.5**	-
Net change in fair value of cash flow hedge reserve	**(1.7)**	-
Debt instruments at FVOCI	**0.1**	-
Foreign exchange gain on translation of the net assets of foreign currency denominated entities	**174.7**	2.0
Total	**173.1**	2.0

No amounts were recorded in the income statement in respect of ineffective cash flow hedges in the six months ended 30 June 2020 (six months ended 30 June 2019: £nil).

7. Tax expense

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

The Group's adjusted effective tax rate before separately disclosed items for the period was 13.3% (six months ended 30 June 2019: 16.3%), which compares to the standard Irish tax rate of 12.5%. A tax credit on separately disclosed items amounting to £14.1m was accounted for in the period ended 30 June 2020 (six months ended 30 June 2019: £9.4m) (see Note 5).

8. Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. The weighted average number of shares has been adjusted for amounts held as Treasury Shares and amounts held by the Paddy Power Betfair plc Employee Benefit Trust (“EBT”).

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

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

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

	Six months ended 30 June 2020	Restated[1] Six months ended 30 June 2019
Numerator in respect of basic and diluted earnings per share (£m):		
Profit attributable to equity holders of the Company	**18.5**	76.9
Numerator in respect of adjusted earnings per share (£m):		
Profit attributable to equity holders of the Company	**18.5**	76.9
Separately disclosed items (Note 5)	**172.8**	39.4
Profit for adjusted earnings per share calculation	**191.3**	116.3
Weighted average number of ordinary shares in issue during the period (in ‘000s)[1]	**102,042**	79,947
Basic earnings per share	**£0.181**	£0.962
Adjusted basic earnings per share	**£1.875**	£1.455
Adjustments to derive denominator in respect of diluted earnings per share (in ‘000s):		
Weighted average number of ordinary shares in issue during the period[1]	**102,042**	79,947
Dilutive effect of share options and awards on issue	**1,448**	218
Adjusted weighted average number of ordinary shares in issue during the period[1]	**103,490**	80,165
Diluted earnings per share	**£0.179**	£0.959
Adjusted diluted earnings per share	**£1.848**	£1.451

1. The 2019 earnings per share figures have been restated to incorporate the 1,312,260 new Flutter ordinary shares that were issued in May 2020 as payment of the 2019 final dividend. The weighted average number of shares in issue during the period was adjusted to include these bonus shares as if they were issued 1 January, 2019.

The average market value of the Company’s shares of £90.54 (30 June 2019: £60.15) was used to calculate the dilutive effect of share options based on the market value for the period that the options were outstanding.

The number of options excluded from the diluted weighted average number of ordinary shares calculation due to their effect being anti-dilutive is nil (30 June 2019: 396,342).

9. Goodwill

The following cash generating units, being the lowest level of asset for which there are separately identifiable cash flows, have the following carrying amounts of goodwill:

	PPB Online £m	UK Retail £m	Irish Retail £m	PokerStars £m	Sky Betting and Gaming £m	Australia £m	US £m	Total £m
Balance at 1 January 2019	3,432.7	18.9	20.7	-	-	42.5	560.5	4,075.3
Arising on acquisitions during the year (Note 10)	69.6	-	-	-	-	-	-	69.6
Foreign currency translation adjustment	(5.9)	-	-	-	-	(1.4)	(17.3)	(24.6)
Balance at 31 December 2019	3,496.4	18.9	20.7	-	-	41.1	543.2	4,120.3
Arising on acquisitions during the period (Note 10)	**-**	**-**	**-**	**1,938.4**	**2,551.8**	**420.1**	**354.2**	**5,264.5**
Foreign currency translation adjustment	**0.3**	**-**	**-**	**71.0**	**-**	**36.1**	**41.5**	**148.9**
Balance at 30 June 2020	**3,496.7**	**18.9**	**20.7**	**2,009.4**	**2,551.8**	**497.3**	**938.9**	**9,533.7**

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 impact of COVID-19 on the performance of the group and its individual business units is set out in the business review section of the H1 results announcement. The retail cash generating units (CGUs) were impacted significantly due to the temporary suspension of the activities of shops for a period leading to shorter term impacts such as social distancing as well as longer term uncertainty in respect of customer behaviours. Based on the significant headroom that existed in the 31 December 2019 impairment test, the strong performance of the shops for the period up to the date of suspension of activities, customer activity levels since the shops have reopened as well as opportunities to make further market share gains as competitors reduce the size of their respective estates, the Group is satisfied that no impairment has arisen during the period to 30 June 2020. For the Group's various Online CGUs which generate income from sportsbook the impact of COVID-19 has not been as significant due to greater substitution possibilities and they also benefit from the ongoing retail to online migration. While no impairments have arisen in the Group's CGUs during the period to 30 June 2020, there is economic uncertainty in the global economy due to the ongoing COVID-19 global pandemic and this could be a potential future risk.

10. Business combinations

Six months ended 30 June 2020

Acquisition of The Stars Group Inc.

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

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

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

10. Business combinations (continued)

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

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

Since the date of acquisition to 30 June 2020, TSG has contributed £453.5m of revenue and £165.1m of Adjusted operating profit.

If the TSG acquisition had occurred on 1 January 2020, then their contribution to revenue and Adjusted operating profit would have been £1,319.7m and £479.2m respectively for the period ended 30 June 2020. Acquisition costs in respect of this transaction are disclosed as Combination fees and associated costs in Note 5 and within transaction fees in Note 4 of the 2019 financial statements.

Included within the intangible assets were £5,155m of separately identifiable intangibles comprising brands, customer relations and technology acquired as part of the acquisition, with the additional effect of a deferred tax liability of £524m thereon. These intangible assets are being amortised over their useful economic lives of up to 20 years. Receivables acquired amounted to £114.6m. The book value equated to the fair value as all amounts are expected to be received.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is growth by combining business activities, a strong workforce, leveraging existing products and synergy savings of the merged operations. The goodwill associated with the PokerStars and Sky Betting and Gaming businesses has been allocated to separate CGU's. The goodwill associated with the Australia and US businesses has been allocated to the respective existing Australia and US CGU's and it has been deemed that separate CGU's are not appropriate.

As the transaction only completed in May 2020 and 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, the fair values of the identifiable assets and liabilities acquired are provisional.

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

10. Business combinations (continued)

	Provisional as at 5 May 2020 £m
Assets	
Property, plant and equipment	102.2
Intangible assets	5,295.4
Deferred tax asset	8.3
Non-current tax receivable	19.1
Derivative financial assets	79.2
Investments	4.0
Other receivables	26.2
Financial assets – restricted cash	8.9
Total non-current assets	5,543.3
Trade and other receivables	88.4
Current tax receivable	28.7
Financial assets – restricted cash	292.4
Current investments – customer deposits	89.7
Cash and cash equivalents	445.2
Total current assets	944.4
Total assets	6,487.7
Liabilities	
Trade and other payables	496.4
Customer balances	376.7
Derivative financial liabilities	10.0
Provisions	1.4
Current tax payable	15.1
Lease liabilities	16.4
Borrowings	59.7
Total current liabilities	975.7
Trade and other payables	3.1
Derivative financial liabilities	56.9
Provisions	49.3
Non-current tax payable	22.3
Deferred tax liabilities	491.5
Lease liabilities	26.1
Borrowings	3,873.9
Total non-current liabilities	4,523.1
Total liabilities	5,498.8
Net assets acquired	**988.9**
Goodwill	**5,264.5**
Consideration	**6,253.4**

Consideration satisfied by:	
Issue of 65,316,588 Flutter Entertainment plc ordinary shares	6,194.6
Issue of replacement share options and awards	58.8
Consideration	**6,253.4**

10. Business combinations (continued)

Six months ended 30 June 2019

Acquisition of Adjarabet

On 1 February 2019, the Group completed the acquisition of an initial 51% controlling stake in Adjarabet, the market leader in online betting and gaming in the regulated Georgian market. The Group, through agreed option agreements, expects to acquire the remaining 49% after three years.

In 2018, Adjarabet generated revenues (unaudited) of 215m Georgian Lari (GEL) (£64m) and EBITDA (unaudited) of GEL68m (£20m). The initial cash consideration paid by the Group for the 51% stake was £102m. A mechanism has also been agreed, consisting of call and put options, which enables the Group to acquire the remaining 49% after three years at a valuation equivalent to 7 times 2021 EBITDA. The call/put option consideration can be settled, at the Group's election, in cash or shares. As a consequence of both the put and call options being only exercisable at fair value being the future EBITDA and earnings multiple which are considered to be two key inputs into valuing the option, it was determined that the fair value was not material and was close to nominal value.

From the date of acquisition to 30 June 2019, Adjarabet business contributed £28.6m of revenue and £8.0m of operating profit. If the Adjarabet acquisition had occurred on 1 January 2019, then their contribution to revenue and operating profit would have been £33.5m and £8.7m respectively for the period ended 30 June 2019.

Included within the intangible assets were £74.4m of separately identifiable intangibles comprising brand and, customer relations acquired as part of the acquisition, with the additional effect of a deferred tax liability of £11.1m thereon. These intangible assets are being amortised over their useful economic lives of up to ten years. Receivables acquired amounted to £1.2m. The book value equated to the fair value as all amounts are expected to be received.

The main factors leading to the recognition of goodwill (none of which is deductible for tax purposes) is growth by combining business activities, a strong workforce, leveraging existing products and synergy savings. The goodwill has been allocated to the PPB Online CGU and it has been deemed that a separate CGU is not appropriate.

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

10. Business combinations (continued)

	Fair values as at 1 February 2019 £m
Assets	
Property, plant and equipment	2.6
Intangible assets	75.6
Total non-current assets	78.2
Trade and other receivables	2.7
Financial assets – restricted cash	1.6
Cash and cash equivalents acquired	0.2
Total current assets	4.5
Total assets	82.7
Liabilities	
Trade and other payables	5.7
Customer balances	1.6
Total current liabilities	7.3
Trade and other payables	0.7
Deferred tax liabilities	11.1
Total non-current liabilities	11.8
Total liabilities	19.1
Net assets acquired	**63.6**
Goodwill	69.6
Non-controlling interest measured at the fair value of net assets identified	(31.2)
Consideration	**102.0**

The consideration is analysed as:	
Consideration paid in cash	102.0
Consideration	**102.0**

10. Business combinations (continued)

Net cash outflow from purchase of businesses

	Six months ended 30 June 2020 £m	Six months ended 30 June 2019 £m
Cash consideration – acquisitions in the period	**-**	102.0
Cash acquired – acquisitions in the period	**(445.2)**	(0.2)
Cash consideration – acquisitions in previous periods	**4.6**	2.8
	440.6	104.6
Analysed for the purposes of the statement of cash flows as:		
Purchase of businesses	**-**	102.0
Cash acquired – acquisitions in the period	**(445.2)**	(0.2)
Payment of contingent deferred consideration	**4.6**	2.8
	440.6	104.6

On 12 May 2020, the Group issued 819,230 new Flutter ordinary shares as consideration for the acquisition by Flutter of the remaining 20% interest of TSG Australia Pty Ltd. The value of shares issue amounted to AUD$151.4m (£79.7m).

As announced on 2 October 2019, in order to achieve economic alignment of Flutter's and TSG's strategic third-party relationships across their respective US businesses, the Group entered into arrangements conditional on completion of the Combination with FOX (TSG's US media partner for FOX Bet), Fastball and Boyd (together Flutter's co-shareholders in FanDuel Group) pursuant to which:

- FSG Services, a wholly-owned subsidiary of FOX Sports will have the right to acquire an approximate 18.5% equity interest in FanDuel Group at its market value in 2021 (structured as a 10-year option from 2021, subject to a carrying value adjustment); and

- Fastball and Boyd will receive a total payment of the 12.5% of the increase in FOX Bet's market value between completion of the Combination and the exercise of Flutter's option to acquire Fastball's remaining equity interest in July 2023 (also subject to a carrying value adjustment). Discussions are currently ongoing with the relevant parties in respect of the future operating model for the FOX Bet business. The outcome of these discussions will determine the relevant base value for determining any potential liability.

11. Investments and trade and other receivables

Non-current assets

	30 June 2020	31 December 2019
	£m	£m
Investments – FVTPL	**4.6**	0.1

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

Non-current assets

	30 June 2020	31 December 2019
	£m	£m
Other receivables		
Other receivables	**14.0**	-
Prepayments	**25.0**	9.0
Value-added tax and goods and services tax	**2.5**	-
Finance lease receivable	**1.6**	2.6
Deferred financing costs on Revolving Credit Facility (see Note 15)	**4.8**	-
Amounts paid in respect of legacy German and Greek tax assessments	**41.5**	38.8
	89.4	50.4
Derivative financial assets		
Derivatives held for hedging (see Note 16)	**31.6**	-
	31.6	-

Current assets

	30 June 2020	31 December 2019
	£m	£m
Trade and other receivables		
Trade receivables	**25.3**	8.5
Other receivables	**13.5**	8.0
Finance lease receivable	**0.9**	0.4
Receivable from insurance	**17.8**	-
Value-added tax and goods and services tax	**29.8**	1.9
Prepayments	**77.0**	45.8
	164.3	64.6

Non-current other receivables comprises primarily of deposits for licences and property. Deferred financing costs relates to fees that the Group has incurred and capitalised on its undrawn Revolving Credit Facility and will be recorded as financial expense over the life of the facility using the straight-line method.

Receivable from Insurance of £17.8m relates to the amount due from the Group's insurance carriers in respect of the full settlement agreement relating to the Quebec class action lawsuit. An amount of £17.8m payable in respect of the lawsuit is included within trade and other payables. In July 2020, both the proceeds from the insurance and the amount payable in respect of the lawsuit were settled in full.

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

11. Investments and trade and other receivables (continued)

The Hessen Fiscal Court provided the Group with its decision relating to the Group's appeal of a 2012 German tax assessment relating to the Betfair Exchange, which operated in Germany until November 2012. The Fiscal Court found against the Group and deemed that a tax liability of approximately €40m is payable (including accrued interest). This represents a multiple of the revenues generated by the Exchange during the assessment period. Separately, the Group was issued with a Greek tax assessment for financial years 2012, 2013 and 2014, relating to paddypower.com's Greek interim licence. This assessment concluded that the Group is liable to pay €15m in taxes including penalties and interest. This is substantially higher (by multiples) than the total cumulative revenues ever generated by paddypower.com in Greece. There is potential that the periods after 2014 could also be subject to further challenge by the Greek tax authorities.

The Group strongly disputes the basis of these assessments, and in line with the legal and tax advice we have received, is confident in our grounds to successfully appeal them. The appeals process is ongoing in both cases. Accordingly, we do not consider that these amounts represent liabilities for the Group and no provision has been made for amounts assessed or potential further assessments. This involves a series of judgements about future events and ultimately the court judgements and therefore the directors may need to re-assess the accounting treatment as matters develop further. Pending the outcome of these appeals, we paid the total Greek tax assessment (including the penalties and interest) and the €30.6m German tax assessment during 2019, with the late payment interest to be paid when assessed.

12. Current investments, Financial assets – restricted cash and cash and cash equivalents

	30 June 2020	31 December 2019
	£m	£m
Non-current financial assets – restricted cash	**9.2**	-
Current Investments – customer deposits	**87.2**	-
Current financial assets – restricted cash	**477.0**	189.1
Cash and cash equivalents	**786.5**	108.1
	1,359.9	297.2

Included in financial assets – restricted cash at 30 June 2020 are bank deposits which were either (1) restricted at that date, as they represented customer funds balances securing player funds held by the Group, (2) required to be held to guarantee third party letter of credit facilities or as collateral for foreign exchange trades or (3) cash held as collateral for the Kentucky proceedings (see Note 19). Customer funds that are not held in trust are matched by liabilities of equal value.

Investments relate to customer deposits 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.

As at 30 June 2020, £287.8m (31 December 2019: £318.2m) was held in trust in The Sporting Exchange (Clients) Limited on behalf of the Group's customers and is equal to the amounts deposited into customer accounts. Neither cash and cash equivalents or restricted cash include these balances on the basis that they are held on trust for customers and do not belong to and are not at the disposal of the Group.

13. Trade and other payables

Current liabilities

	30 June 2020	31 December 2019
	£m	£m
Trade and other payables		
Trade payables	**44.0**	25.3
PAYE and social security	**26.0**	9.7
Value-added tax and goods and services tax	**27.9**	3.0
Betting duty, data rights, and product and racefield fees	**139.1**	60.1
Employee benefits	**91.6**	52.3
Contingent deferred consideration – business combinations	**21.2**	7.4
Accruals and other payables	**508.8**	211.8
	858.6	369.6
Derivative financial liabilities		
Sports betting open positions (see Note 16)	**30.9**	20.4

Non-current liabilities

	30 June 2020	31 December 2019
	£m	£m
Trade and other payables		
Employee benefits	**-**	0.5
Contingent deferred consideration – business combinations	**9.3**	11.0
Accruals and other payables	**2.9**	-
	12.2	11.5
Derivative financial liabilities		
Derivatives held for hedging (see Note 16)	**40.0**	-
Sports betting open positions (see Note 16)	**1.4**	0.7
	41.4	0.7

Included in non-current accruals and other payables at 30 June 2020 is deferred and contingent consideration of £9.3m (31 December 2019: £11.0m) primarily due to Betfair's historical acquisition of HRTV (£9.1m), a horseracing television network based in the United States. The amount payable in respect of the HRTV acquisition at 30 June 2020 amounted to £25.1m (31 December 2019: £18.3m), with £16.0m due within one year (31 December 2019: £7.3m) and £9.1m due after one year from the reporting date (31 December 2019: £11.0m). The amount payable within one year also includes amounts in respect of Diamond Game Enterprises, acquired as part of the combination with TSG (£5.1m).

14. Financial instruments

The Group determined that the carrying values of its short-term financial assets and liabilities approximate their fair value because of the relatively short periods to maturity of these instruments and their low credit risk.

Certain of the Group's financial assets and liabilities are measured at fair value, including at FVTPL or FVOCI, at the end of each reporting period. The following provides information about how the fair values of these financial assets and liabilities were determined as at 30 June 2020:

14. Financial instruments (continued)

Financial instruments carried at fair value

Fair value hierarchy
The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation method used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

	30 June 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Bonds – FVOCI	**87.2**	**-**	**-**	**87.2**
Investments – FVTPL	**-**	**-**	**4.6**	**4.6**
Derivatives	**-**	**31.6**	**55.7**	**87.3**
Total financial assets	**87.2**	**31.6**	**60.3**	**179.1**
Derivatives	**-**	**(51.6)**	**(32.3)**	**(83.9)**
Non-derivative financial liabilities	**-**	**-**	**(26.0)**	**(26.0)**
Total financial liabilities	**-**	**(51.6)**	**(58.3)**	**(109.9)**

	31 December 2019			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Investments – FVTPL	-	-	0.1	0.1
Derivative financial liabilities	-	-	(21.1)	(21.1)
Non-derivative financial liabilities			(18.4)	(18.4)
Total financial liabilities	-	-	(39.5)	(39.5)

The fair values of other financial assets and liabilities measured at amortised cost, other than those for which the Group has determined that their carrying values approximate their fair values on the consolidated statement of financial position as at 30 June 2020 are as follows:

	30 June 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
First Lien Term Loans B (as defined below)	-	**1,883.1**	**-**	**1,883.1**
Senior Notes	-	**857.8**	**-**	**857.8**
Total financial liabilities	-	**2,740.9**	**-**	**2,740.9**

As part of its periodic review of fair values, the Group recognises transfers, if any, between levels of the fair value hierarchy at the end of the reporting period during which the transfer occurred. There were no transfers between levels of the fair value hierarchy during the six months ended 30 June 2020 or the year ended 31 December 2019.

14. Financial instruments (continued)

Valuation of Level 2 financial instruments

Borrowings

The Group has determined that the carrying value of the GBP First Lien Term Loan A (as defined below) approximates its fair value. The Group estimates the fair value of its First Lien Term Loans B and Senior Notes by using a composite price derived from observable market data for a basket of similar instruments which approximates fair value.

Embedded derivative
The fair value of the 0% interest rate floor included within the EUR First Lien Term Loan B was determined using a discounted value of the estimated cash flows using the forward EURIBOR rates compared to the estimated cash flows using the floor and considering Euro interest rate volatility.

Derivative Financial Instruments

Swap Agreements
The Group uses derivative financial instruments to manage its interest rate and foreign currency risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis of the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, such as interest rate curves spot and forward FX rates.

To comply with the provisions of IFRS 13, *Fair value measurement*, the Group incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the applicable counterparty's non-performance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of non-performance risk, the Group has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although the Group has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilise Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. As of 30 June 2020, the Group has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions, with the exception of the Embedded Derivative in connection with the Senior Notes, which is classified as Level 3, and determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Group determined that its valuations of its derivatives in their entirety are classified in Level 2 of the fair value hierarchy.

Level 3 fair values

Some of the Group's financial assets and liabilities are classified as Level 3 of the fair value hierarchy because the respective fair value determinations use inputs that are not based on observable market data. As at 30 June 2020, the valuation techniques and key inputs used by the Group for each Level 3 asset or liability were as follows:

Embedded derivative redemption option in connection with the Senior Notes issuance
The Group used an interest rate option pricing valuation model to determine the fair value of the redemption option using an implied credit spread of 4.2% at 30 June 2020. A 10-basis point increase or decrease in the implied credit spread would have a £3.5m or £3.5m impact on fair value, respectively. Changes in the fair value of the redemption option are recorded in financial income or expense in the consolidated income statement.

Investments
The Group valued its equity investments in private companies with reference to earnings measures from similar businesses in the same or similar industry and adjusts for any significant changes in the earnings multiple and the valuation. A reasonable change in assumptions would not have a material impact on fair value. Changes in the fair value of equity in private companies are recorded in financial income or financial expense in the consolidated income statement.

14. Financial instruments (continued)

Sports betting open positions (Level 3)
Derivative financial liabilities comprise sports betting open positions. The fair value of open sports bets at the period end has been calculated using the latest available prices on relevant sporting events. Changes in the fair value of the unsettled bets are recorded in Revenue in the Condensed consolidated income statement.

It is primarily based on expectations as to the results of sporting and other events on which bets are placed. Changes in those expectations and ultimately the actual results when the events occur will result in changes in fair value. There are no reasonably probable changes to assumptions and inputs that would lead to material changes in the fair value methodology although final value will be determined by future sporting results.

Non-derivative financial liabilities (Level 3)

Contingent consideration (Level 3)
Non-derivative financial liabilities includes contingent consideration. The contingent consideration payable is determined with reference to forecast performance for the acquired businesses during the relevant time periods and the amounts to be paid in such scenarios. The fair value was estimated by assigning probabilities to the potential payout scenarios. The significant unobservable inputs are forecast performance for the acquired businesses.

The fair value of contingent consideration is primarily dependent on forecast performance for the acquired businesses in excess of a predetermined base target. An increase and decrease of 10% in the excess over the predetermined base target during the relevant time periods would increase and decrease the value of contingent consideration at 30 June 2020 by £1.7m and £1.7m respectively (31 December 2019: £0.7m and £0.7m).

EBITDA support agreement (Level 3)
In connection with the initial public offering Innova Gaming Group Inc. (TSX: IGG) ("Innova"), TSG entered into an EBITDA support agreement with Innova. The Group uses a net present value approach for the EBITDA support agreement. There are no reasonably probable changes to assumptions and inputs that would lead to material changes in the fair value methodology.

15. Borrowings

The following is a summary of borrowings, including accrued interest, outstanding as at 30 June 2020 and 31 December 2019.

	Contractual interest rate	30 June 2020 Principal outstanding balance in currency of borrowing	30 June 2020 Carrying amount (including accrued interest)	31 December 2019 Principal outstanding balance in currency of borrowing	31 December 2019 Carrying amount (including accrued interest)
	%	Local currency m	£m*	Local currency m	£m*
GBP First Lien Term Loan A	1.84 and 1.93	£950.0	940.7	-	-
USD First Lien Term Loan B	3.81	$1,761.8	1,392.0	-	-
EUR First Lien Term Loan B**	3.75	€507.2	455.5	-	-
Senior Notes**	7.00	$1,000	837.0	-	-
Previous GBP Term Loan	1.51	-	-	£250.0	249.7
Previous GBP RCF – GBP	1.80 and 1.81	-	-	£79.0	78.1
Previous GBP RCF – Euro	0.63 and 0.65	-	-	€45.0	37.9
Overdraft facility	0.50	-	-	£5.0	£5.0
Total borrowings			**3,625.2**		**370.7**
Current portion			56.2		255.0
Non-current portion			3,569.0		115.7

* The carrying amounts include accrued interest as at 30 June 2020 and 31 December 2019 of £27.2m and £0.5m, respectively and is included within the current portion of borrowings above.

** The carrying amounts include a liability of £11.6m and an asset of £55.7m relating to the embedded derivatives in the EUR First Lien Term Loan B and the Senior Notes respectively. See below in this note for further detail.

15. Borrowings (continued)

During the six months ended 30 June 2020, the Group incurred the following interest on its then outstanding borrowings:

	Effective Interest rate*	Interest**	Interest accretion***	Total interest
	%	£m	£m	£m
GBP First Lien Term Loan A	2.08	1.9	0.1	2.0
USD First Lien Term Loan B	5.74	16.7	21.5	38.2
EUR First Lien Term Loan B	4.74	4.2	11.3	15.5
Senior Notes	5.70	8.8	(1.1)	7.7
Previous GBP Term Loan	1.63	1.4	0.5	1.9
Previous GBP RCF – GBP	2.36	0.7	1.1	1.8
Previous GBP RCF – Euro	0.81	0.1	0.5	0.6
		33.8	**33.9**	**67.7**

* The effective interest rate calculation excludes the impact of the accelerated interest accretion expense due to prepayments as well as the impact of the Swap Agreements (as defined below).
** In addition to the amount included above, the Group incurred £1.1m of interest expense relating to commitment, utilisation, and fronting fees associated with its Revolving Credit Facility and its Previous GBP RCF.
*** Interest accretion for the six months ended 30 June 2020 includes £32.8m included within financial expenses in respect of prepayments of the Group's First Lien Term Loans B and its Previous GBP Term Loan and previous GBP RCF.

The Group's change in borrowings (excluding accrued interest) from 31 December 2019 to 30 June 2020 was as follows:

	Opening balance	New Debt	Principal payments	Adjustments to amortised costs*	Interest accretion**	Gain on Embedded derivative	FX translation	Closing balance
	£m	£m	£m	£m	£m	£m	£m	£m
GBP First Lien Term Loan A	-	950.0	-	(10.5)	0.1	-	-	939.6
USD First Lien Term Loan B	-	2,329.5	(955.6)	(5.1)	21.5	-	1.7	1,392.0
EUR First Lien Term Loan B	-	738.2	(307.9)	(2.1)	11.3	(7.0)	23.0	455.5
Senior Notes	-	834.9	-	-	(1.1)	(29.9)	7.0	810.9
Previous GBP Term Loan	249.5	-	(250.0)	-	0.5	-	-	-
Previous GBP RCF	115.7	130.0	(247.2)	-	1.6	-	(0.1)	-
Overdraft	5.0	-	(5.0)	-	-	-	-	-
Total	**370.2**	**4,982.6**	**(1,765.7)**	**(17.7)**	**33.9**	**(36.9)**	**31.6**	**3,598.0**

* Adjustments to amortised costs include transactions costs and fees incurred and capitalised in respect of the TLA Agreement and the amendment to the Syndicated Facility Agreement.
** 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. Interest accretion for the six months ended 30 June 2020 includes £32.8m included within financial expenses in respect of prepayments of the Group's First Lien Term Loans B and its Previous GBP Term Loan and previous GBP RCF.

15. Borrowings (continued)

As at 30 June 2020, the contractual principal repayments of the Group's outstanding borrowings, excluding accrued interest, amount to the following:

	< 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4 -5 years £m	>5 years £m
GBP First Lien Term Loan A	-	-	-	-	950.0	-
USD First Lien Term Loan B	29.0	29.0	29.0	29.0	29.0	1,282.8
EUR First Lien Term Loan B	-	-	-	-	-	461.5
Senior Notes	-	-	-	-	-	810.4
	29.0	**29.0**	**29.0**	**29.0**	**979.0**	**2,554.7**

Revolving credit facility, first lien term loans and senior notes

On 11 March 2020, the Group, along with its subsidiaries 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"), contingent on the completion of The Stars Group Combination. The TLA Agreement comprised a term loan and revolving credit facility totalling £1.3 billion. On 5 May 2020, the Group completed the TSG Combination, assumed TSG's existing indebtedness with an acquisition date fair value of approximately £3,934m and terminated its then-existing revolving credit facility under which there were no drawings. In addition, on 5 May 2020, an Incremental Facility Agreement was signed to increase borrowing capacity under the TLA agreement by £100 million to £1.4 billion, with all terms and conditions consistent with the TLA Agreement. Each of the Group's facilities are discussed below. During the six months ended 30 June 2020, the Group complied with all covenants related to its borrowings under all facilities.

TLA Agreement - GBP First Lien Term Loan A

The TLA Agreement and subsequent Incremental Facility Agreement both as described above provide a term loan facility in an aggregate amount of £950m priced at GBP-LIBOR plus 1.75% (the "GBP First Lien Term Loan A"), with a maturity date of 5 May 2025 and a GBP-LIBOR floor of 0%. There is no amortisation on the GBP First Lien Term Loan A and the principal is due at maturity. The Group incurred £10.5m of transaction costs and fees which have been capitalised against the principal of the debt and will be recorded as financial expense over the term of the debt using the effective interest rate method.

TLA Agreement – Revolving Credit Facility

The TLA Agreement and subsequent Incremental Facility Agreement both as described above provide a a multi-currency revolving loan facility in an aggregate amount of £450 million (the "Revolving Credit Facility"). Maturing on 5 May 2025, the Revolving Credit Facility includes a margin of 1.75% for borrowings with a 0% interest rate floor as well as a utilisation fee ranging from 0.1% to 0.4% based on the proportion of drawings to the total commitment. The commitment fee on the Revolving Credit Facility is 35% of the margin and is payable in respect of available but undrawn borrowings. The Revolving Credit Facility is available for general corporate purposes including the refinancing of existing borrowings. The Group incurred £5.0m of transaction costs and fees which have been capitalised and will be recorded as financial expense over the life of the facility using the straight-line method. These capitalised costs have been included within non-current receivables on the consolidated statement of financial position.

15. Borrowings (continued)

As at 30 June 2020 no loan amounts were drawn under the Revolving Credit Facility. The Group had £75m of letters of credit issued but undrawn against the Facility as of 30 June 2020 leaving undrawn capacity of £375m.

The TLA Agreement limits the Group's ability to, among other things, (i) incur additional debt, (ii) grant additional liens on their assets and equity, (iii) distribute equity interests and/or distribute any assets to third parties, (iv) make certain loans or investments (including acquisitions), (v) consolidate, merge, sell or otherwise dispose of all or substantially all assets, (vi) pay dividends on or make distributions in respect of capital stock or make restricted payments, and (vii) modify the terms of certain debt or organisational documents, in each case subject to certain permitted exceptions.

Borrowings under the TLA Agreement are subject to the satisfaction of customary conditions, including the absence of a default and compliance with certain representations and warranties. The TLA Agreement requires, subject to a testing threshold, that the Company comply on a bi-annual basis with a maximum net total leverage ratio of 5.10 to 1.00.

First Lien Term Loans B

On 5 May 2020 the Group completed TSG Combination and assumed its existing indebtedness which included a USD term loan with an outstanding principal balance of USD $2.96 billion priced at LIBOR plus 3.50% (the "USD First Lien Term Loan B") and a EUR first lien term loan with an outstanding principal balance of €850 million priced at EURIBOR plus 3.75% (the "EUR First Lien Term Loan B" and, together with the USD First Lien Term Loan, the "First Lien Term Loans B"), each with a maturity date of 10 July 2025 and a LIBOR and EURIBOR floor, as applicable, of 0%. The USD First Lien Term Loan requires scheduled quarterly principal payments in amounts equal to 0.25% of the initial aggregate principal amount of the USD First Lien Term Loan B of USD $3,575 million, with the balance due at maturity. There is no amortisation on the EUR First Lien Term Loan B and the principal is due at maturity.

On 15 June 2020, pursuant to the terms of an amendment agreement in respect of the syndicated facility agreement that governs the First Lien Term Loans B (the "Syndicated Facility Agreement", certain amendments were incorporated to the Syndicated Facility Agreement so that (a) the covenants and restrictions therein bind the combined Flutter and TSG allowing it to operate and integrate as such; and (b) the reporting obligations under the Syndicated Facility Agreement are synchronised with reporting of the consolidated financial results of the Group to other of the Group's stakeholders. The Group has also entered into a guarantee agreement in respect of the obligations under the Syndicated Facility Agreement. As part of this amendment, the Group made prepayments of USD $1.2 billion on its USD First Lien Term Loan B and €343 million on its EUR First Lien Term Loan A, each including accrued interest to the date of repayment, using proceeds from the GBP First Lien Term Loan A, the Equity Placing and available cash on hand. The Group made a cash payment of £2.8 million to the lenders as a result of this amendment. The amendment was treated as a non-substantial modification under IFRS 9, *Financial instruments* and as a result £6.7m of transaction costs and fees were capitalised and will be recorded as financial expense over the term of the debt using the effective interest rate method. In addition, interest accretion of £30.9m was recorded in respect of the prepayments noted above.

EURIBOR is currently negative and the interest rate floor on the EUR First Lien Term Loan B represents an embedded derivative that is required to be bifurcated from its carrying value upon its recognition on 5 May 2020. The fair value of the interest rate floor liability as at 5 May 2020 and 30 June 2020 was £18.6m and £11.6m, respectively. See Notes 14 and 16**.**

The Syndicated Facility Agreement limits Stars Group Holdings B.V., as borrower, and its subsidiaries' ability to, among other things, (i) incur additional debt, (ii) grant additional liens on their assets and equity, (iii) distribute equity interests and/or distribute any assets to third parties, (iv) make certain loans or investments (including acquisitions),

15. Borrowings (continued)

(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.

Senior Notes

Also assumed in connection with TSG Combination, are the 7.00% Senior Notes due 2026 (the "Senior Notes") which were issued by Stars Group Holdings B.V. and Stars Group (US) Co-Borrower, LLC (the "Issuers"), on 10 July 2018 at par in an aggregate principal amount of USD $1 billion. The Senior Notes mature on 15 July 2026. Interest on the Senior Notes is payable semi-annually on 15 January and 15 July of each year. In connection with but prior to TSG Combination, on 1 May 2020, the Issuers obtained the consent of the requisite number of holders of the Senior Notes to amend certain provisions of the indenture governing the Senior Notes (the "Senior Notes Amendment") such that once effective (a) the covenants and restrictions therein bind the entire combined group consisting of The Stars Group and Flutter allowing it to operate as such; and (b) the Stars Group Holdings B.V.'s reporting obligations under the indenture are synchronised with reporting of the Combined Group's consolidated financial results to other Combined Group stakeholders. The Group made a payment of £1.8m to the holders of the Senior Notes that consented to the Senior Notes Amendment and incurred other transaction costs and fees of £3.2m. These amounts were recorded as a financial expense in the consolidated income statement.

Prior to 15 July 2021, the Issuers may redeem some or all of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date, plus an applicable ''make-whole'' premium. On or after 15 July 2021, the Issuers may redeem some or all of the Senior Notes at declining redemption prices as set forth in the Indenture that governs the Senior Notes. This redemption option represents an embedded derivative that required bifurcation from the carrying value of the Senior Notes upon their recognition on 5 May 2020. The fair value of the redemption option as at 5 May 2020 and 30 June 2020 was £25.8m and £55.7m, respectively. See Notes 14 and 16**.**

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

(c) Previous GBP term loan and previous GBP revolving credit facility

In 2015, the Group secured a committed revolving credit bank loan facility (the "Previous GBP RCF") of €300 million provided by a syndicate of banks which was scheduled to expire in May 2020. In 2018, the Previous GBP RCF was amended to an amount of £450 million and was extended to expire in April 2023. In May 2019, the Group also secured a term loan facility of £250 million provided by a syndicate of banks (the "Previous GBP Term Loan"). The term loan facility was for an initial period of 18 months with an option to extend further by up to 12 months. At 31 December 2019, £79 million and €45 million of the Previous GBP RCF was drawn down and £250 million of the Previous GBP Term Loan was drawn down totalling to £367.3 million. On 5 May 2020, the Group repaid and extinguished the Previous GBP RCF and the Previous GBP Term Loan using the proceeds of the GBP First Lien Term Loan. As a result of the extinguishment, unamortised transaction costs of £1.9m were recognised as an interest accretion expense included within financial expense in the consolidated income statement.

Borrowings under the Previous GBP RCF and the Previous GBP Term Loan were unsecured but were guaranteed by the Group and certain of its operating subsidiaries. Borrowings under the Previous GBP RCF incurred interest at GBP-LIBOR plus a margin of between 1.10% and 2.50%. A commitment fee, equivalent to 35% of the margin, was payable in respect of available but undrawn borrowings. Borrowings under the Previous GBP Term Loan incurred interest at LIBOR plus a margin of between 0.60% and 2.40%.

16. Derivatives

Derivatives and Hedge Accounting

The Group uses derivative financial instruments for risk management and mitigation purposes. As such, any change in cash flows associated with derivative instruments is expected to be offset by changes in cash flows related to the hedged position. On 5 May 2020 the Group completed TSG Combination and assumed the existing hedging instruments held by TSG. Further, as part of managing the Group's exposure to foreign exchange risk, the Group entered into cross currency swap agreements in respect of the Senior Notes. The Group's derivatives are discussed below.

Swap agreements

On 5 May 2020 the Group completed TSG Combination and assumed the existing hedging instruments held by TSG consisting of a) USD-EUR amortising cross-currency interest rate swap agreements (the "EUR Cross-Currency Interest Rate Swaps") with a remaining notional amount of €1.96 billion, which fix the USD to EUR exchange rate at 1.167 and fix the Euro interest payments at an average interest rate of 3.6%, b) EUR-GBP amortising cross-currency interest rate swap agreements (the "GBP Cross-Currency Interest Rate Swaps") with a remaining notional amount of £983 million, which fix the EUR to GBP exchange rate at 0.889 and fix the GBP interest payments at an average interest rate of 5.4%, and c) an amortising USD interest rate swap agreement (the "Interest Rate Swap") with a remaining notional amount of USD $600 million and swaps the USD three-month LIBOR to a fixed interest rate of 2.82%. The EUR Cross-Currency Interest Rate Swaps and GBP Cross-Currency Interest Rate Swaps have a profile that amortises in line with the USD First Lien Term Loan B and are set to mature in July 2023.

On 7 May 2020, a subsidiary of the Group entered into USD-EUR cross-currency swap agreements (the "Cross-Currency Swaps" and, collectively with the EUR Cross-Currency Interest Rate Swaps, the GBP Cross-Currency Interest Rate Swaps, and the Interest Rate Swap, the "Swap Agreements") with a total notional amount of €927.1 million, which fix the USD to EUR exchange rate at 1.079 and fix the Euro interest payments at an average interest rate of 6.16%. The cross-currency interest rate swaps have an interest payment profile aligned with the Senior Notes and are set to mature on 15 July 2021.

Subsequent to TSG Combination to align the Swap Agreements with the changes to the structure of the Group's borrowings (see Note 15), the Group a) settled the Interest Rate Swap resulting in a cash payment of £27.8m, b) settled a notional amount of €447 million of the EUR Cross-Currency Interest Rate Swaps resulting in a cash receipt of £0.2m.

Embedded derivatives

See Note 15 for a discussion of the features embedded in the EUR First Lien Term Loan B and the Senior Notes that the Group bifurcated as it determined that the features were derivatives to be classified and recorded at fair value through profit or loss.

The fair value of the 0% interest rate floor included within the EUR First Lien Term Loan B as at 5 May 2020 and 30 June 2020 was a liability of £18.6m and £11.6m, respectively. The fair value of this embedded derivative was determined using a discounted value of the estimated cash flows using the forward EURIBOR rates compared to the estimated cash flows using the floor and considering Euro interest rate volatility. This embedded derivative is categorised as Level 2 within the fair value hierarchy.

The fair value of the redemption option included within the Senior Notes as at 5 May 2020 and 30 June 2020 was an asset of £25.8m and £55.7m, respectively. The fair value of this embedded derivative was determined using an interest rate option pricing valuation model. The key assumptions include the implied credit spread of 5.1% at 5 May 2020 and 4.2% at 30 June 2020. This embedded derivative is categorised as Level 3 within the fair value hierarchy.

The Group did not account for the embedded derivatives as qualifying hedges under IAS 39.

Sports betting open positions

The fair value of open sports bets at the period end has been calculated using the latest available prices on relevant sporting events.

16. Derivatives (continued)

It is primarily based on expectations as to the results of sporting and other events on which bets are placed. Changes in those expectations and ultimately the actual results when the events occur will result in changes in fair value. There are no reasonably probable changes to assumptions and inputs that would lead to material changes in the fair value methodology although final value will be determined by future sporting results.

The following table summarises the fair value of derivatives as at 30 June 2020 and 31 December 2019:

	30 June 2020		**31 December 2019**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	£m	**£m**	**£m**	**£m**
Derivatives held for hedging				
Derivatives designated as cash flow hedges				
Cross currency interest rate swaps	31.6	-	-	-
Cross currency swaps	-	36.6	-	-
Total derivatives designated as cash flow hedges	31.6	36.6	-	-
Derivatives designated as net investment hedges				
Cross currency interest rate swaps		3.4	-	-
Total derivatives designated as net investment hedges	-	3.4	-	-
Total derivatives held for hedging	31.6	40.0	-	-
Derivatives held for risk management and other purposes not designated as hedges				
Sports betting open positions	-	32.3	-	21.1
Total derivatives held for risk management and other purposes not designated as hedges	-	32.3	-	21.1
Derivatives included within Borrowings				
Embedded derivatives	55.7	11.6	-	-

Hedge Accounting

Cash flow hedge accounting

In accordance with the Group's risk management strategy, the Group acquired and entered into, as applicable, the Swap Agreements to mitigate the risk of fluctuation of coupon and principal cash flows due to changes in foreign currency rates and interest rates related to the USD First Term Lien Loan B and the Senior Notes.

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 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 high credit quality counterparties.
- Difference in tenor of hedged items and hedging instruments.
- Use of different discounting curves for hedged item and hedging instrument, because for cross-currency interest rate swaps the discounting curve used depends on collateralisation and the type of collateral used.
- Difference in timing of settlement of the hedging instrument and hedged item.
- Designation of off-market hedging instruments.

16. Derivatives (continued)

The EUR Cross-Currency Interest Rate Swaps were designated in cash flow hedge relationships to hedge the foreign exchange risk and interest rate risk on the USD First Term Lien Loan B bearing a minimum floating interest rate of 3.5% (USD three-month LIBOR plus a 3.5% margin, with a LIBOR floor of 0%). The Cross-Currency Swaps were designated in cash flow hedge relationships to hedge the foreign exchange risk on the Senior Notes.

Net investment hedge accounting

In accordance with the Group's risk management strategy, the Group designates certain 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.

Upon acquiring the GBP Cross-Currency Interest Rate Swaps, the Group designated these instruments as a hedge of the forward foreign exchange risk of its net investment in its GBP functional subsidiaries. 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.

17. Dividends paid on ordinary shares

Due to the impact of COVID-19, the Board paid the 2019 final dividend in May 2020 in ordinary shares rather than cash. This resulted in the Group issuing 1,312,260 Flutter ordinary shares of €0.09 each.

The 2018 final dividend of £104.0m was settled via cash.

Given the impact of the current disruption caused by COVID-19 and the ambition for the Combined Group to de-lever, the Board considers it prudent to suspend the dividend for the current financial year ending 31 December 2020. The Board is committed to reviewing dividend policy once the Group returns to its medium-term leverage target of 1-2x.

18. Changes in equity

During the six month period ended 30 June 2020, 76,295,368 ordinary shares (six months ended 30 June 2019: 132,966) were issued as follows:

- On 5 May 2020, the Company issued a total of 65,316,588 ordinary shares in exchange for 289,909,400 shares in TSG in respect of the all share Combination with The Stars Group Inc. (the "Combination") resulting in Flutter Entertainment plc shareholders owning 54.64% and the Stars Group Inc. shareholders owning 45.36% of Flutter Entertainment plc (the "Company", together with its subsidiaries, the "Group"), on a fully diluted basis (excluding any out of the money options). Under the terms of the Combination, holders of TSG shares received 0.2253 ordinary shares with nominal value of EUR 0.09 each in the Company ("ordinary shares") in exchange for each outstanding TSG share (the 'Exchange Ratio'). Post-Combination, the Company is the Ultimate Parent of The Stars Group Inc.. This gave rise to a Merger Reserve of £6,189.5m.

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

- 1,312,260 new ordinary shares as consideration for the 2019 final dividend in May 2020 as outlined in Note 17.

- 819,230 new Flutter ordinary shares as consideration for the acquisition by Flutter of the remaining 20% interest of TSG Australia Pty Ltd. The value of shares issue amounted to AUD$151.4m (£79.7m).

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

As at 30 June 2020, 1,965,600 ordinary shares were held in treasury (30 June 2019: 1,965,600). All rights (including voting rights and the right to receive dividends) in the shares held in treasury are suspended until such time as the shares are reissued. The Group's distributable reserves are restricted by the value of the treasury shares, which amounted to £40.7m as of 30 June 2020 (30 June 2019: £40.7m).

At 30 June 2020, the Flutter Entertainment plc Employee Benefit Trust (the "EBT") held a further 67,320 (30 June 2019: 97,948 shares) of Flutter Entertainment plc shares in respect of potential future awards relating to the Group's employee share plans, which were acquired at a total cost of £5.8m (30 June 2019: £8.4m). The Group's distributable reserves at 30 June 2020 are further restricted by this cost amount.

As detailed in the Condensed Consolidated Interim Statement of Changes in Equity during the six month period ended 30 June 2020, the movement in the share-based payment reserve and in the shares held by the EBT is due to the equity-settled share-based payments charge and the vesting and exercising of share-based payments awards. A total of 3,077 shares in respect of share-based payments awards and related dividends were vested from the EBT to certain staff during the six months ended 30 June 2020 (six months ended 30 June 2019: 2,124 shares).

The movement in the foreign exchange translation reserve in the six months to 30 June 2020 reflects the strengthening of EUR, USD and AUD against GBP in the period.

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 30 June 2020.

During the period, the Group paid a dividend of £7.0m to the Non-Controlling interest in Adjarabet.

At 30 June 2020, other reserves comprise undenominated capital and a net wealth tax reserve.

19. 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. See Note 11 for details of legacy German and Greek tax assessments.

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

Kentucky Proceedings
Prior to the Combination, the Commonwealth of Kentucky, ex. rel. J. Michael Brown, Secretary of the Justice and Public Safety Cabinet, filed a legal proceeding against Stars Interactive Group a 100% owned subsidiary of The Stars Group Inc., then named Oldford Group, and certain affiliates thereof (together, the "Oldford Parties") and various other defendants (the "Kentucky Proceeding"), pursuant to which the Commonwealth sought to recover alleged gambling losses on behalf of Kentucky residents who played real-money poker on the PokerStars website during the period between 12 October 2006 and 15 April 2011. On 12 August 2015, the trial court in the Kentucky Proceeding entered a default judgment against the Oldford Parties following certain alleged discovery failures, including by certain former owners of the Oldford Parties, and partial summary judgment on liability in favour of the Commonwealth. On 23 December 2015, the trial court entered an order for damages in the amount of approximately US$290 million, which the trial court trebled to approximately US$870 million.

TSG, through certain subsidiaries, filed a notice of appeal to the Kentucky Court of Appeals and posted a US$100 million supersedeas bond to stay enforcement of the order for damages during the pendency of the appeals process. In connection with the posting of the bond, TSG delivered cash collateral in the amount of $5 million and letters of credit in the aggregate amount of US$65 million. See Notes 12 and 15. On 21 December 2018, the Kentucky Court of Appeals ruled in TSG's favour and reversed in its entirety the US$870 million judgment.

On 18 January 2019, the Commonwealth filed a motion for discretionary review with the Kentucky Supreme Court asking the Court to determine if it will hear an appeal of the decision issued by the Kentucky Court of Appeals. On 11 April 2019, the Kentucky Supreme Court granted such discretionary review. The Kentucky Supreme Court heard oral arguments on 2 July 2020, with judgment being reserved. The Group believes that judgment will be handed down later in 2020 or early 2021.

No liability has been recognised relating to this matter as based on all available information, the Group does not consider it probable that there will be a future material outflow.

20. Related parties

There were no material transactions with related parties during the six months ended 30 June 2020 or 30 June 2019 or the year ended 31 December 2019.

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 events to report.

INDEPENDENT REVIEW REPORT TO FLUTTER ENTERTAINMENT PLC

Introduction

We have been engaged by Flutter Entertainment plc ('the Company') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the Condensed Consolidated Interim Income Statement, the Condensed Consolidated Interim Statement of Other Comprehensive Income, the Condensed Consolidated Interim Statement of Financial Position, the Condensed Consolidated Interim Statement of Cash Flows, the Condensed Consolidated Interim Statement of Changes in Equity and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's ("FRCs") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*'.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 '*Interim Financial Reporting'* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007, and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

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

The purpose of our review work and to whom we owe our responsibilities

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

26 August 2020

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