



27 September 2023

Flutter Entertainment plc

Acquisition of MaxBet, #2 sports betting and gaming operator in Serbia

Flutter Entertainment plc (“Flutter”) is pleased to announce the acquisition of an initial 51% stake in MaxBet, Serbia’s #2 omni-channel sports betting and gaming operator for a cash consideration of €141m (£123m). Flutter also has the opportunity to acquire the remaining 49% in 2029¹.

MaxBet will provide Flutter with the platform to access fast-growing markets via a strong podium brand. This also creates an opportunity to accelerate growth and deliver a gold medal position for Flutter through expansion in the Balkans region by leveraging the benefits of the *Flutter Edge*.

MaxBet has built a strong omni-channel presence within its core Serbian market. Leveraging its growing retail presence, MaxBet has successfully capitalised on the fast-growing online market in Serbia which grew by 25% on a compound annual basis over the last 5 years. During LTM to June 2023, the business generated pro forma fully regulated revenue of €145m of which 44% is online², with Adjusted EBITDA of €32m.

This acquisition of MaxBet fully aligns with Flutter’s key strategic criteria for value creative M&A:

1. Provides an enhanced competitive position in fast growing, regulated markets:

- Serbia is an attractive, regulated market (2022: €700m) with relatively low online penetration of circa 35% and expected online compound annual growth to 2025 of approximately 15%³.
- Market dynamics within the Balkans region typically create competitive moats for omni-channel operators due to cash-led economies as well as the importance of retail footprints.

2. Adds a “local hero” brand to the Flutter portfolio:

- MaxBet is the #2 Serbian operator with an estimated 20% online share³. It has over 400 retail outlets across four markets, a well-known local brand and 95k online average monthly players.
- A strong management team and 2,400 employees provide significant local market expertise. This capability underpins a strong execution on cross-sell and online expansion, despite low levels of marketing spend.

3. Presents a clear opportunity to add the benefits of the Flutter Edge and deliver tangible revenue synergies through:

- Access to digital marketing expertise to enhance customer acquisition and retention.
- Flutter’s global proprietary pricing and risk management capabilities to deliver a differentiated sports betting product.
- Unparalleled gaming content and innovation for an improved gaming experience.
- Flutter technology to increase the scalability of MaxBet’s platforms and enhance its product offering.

The transaction is subject to customary regulatory clearances and is expected to close in Q1 2024.

Peter Jackson, Flutter Chief Executive, commented:

“I am excited to announce the addition of MaxBet to the Flutter portfolio. This acquisition continues our progress against the strategic priorities we have set for our International division; to buy and build podium positions in regulated markets. We believe MaxBet is an excellent opportunity to replicate the success we have achieved in markets like Georgia, India and Italy by acquiring a strong brand in a podium position, where we see a compelling opportunity to combine that extensive local expertise with the power of the Flutter Edge to accelerate and transform growth.”

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1 Payment of €141m is on a debt and cash free basis. A further payment may be made if MaxBet exceeds its expected financial performance in 2023. A mechanism has been put in place to acquire the remaining 49% in 2029 on similar terms.

2 Revenue includes net gaming revenue from sports betting and gaming activities as well as other revenue primarily from food and beverage sales in MaxBet retail outlets. MaxBet operates omni-channel operations in Serbia, Bosnia and Montenegro as well as a retail only footprint in North Macedonia. During LTM to June 2023, the company delivered 89% of revenues from Serbian operations.

3 Market size, online penetration and market share based on net gaming revenue and using management internal estimates.