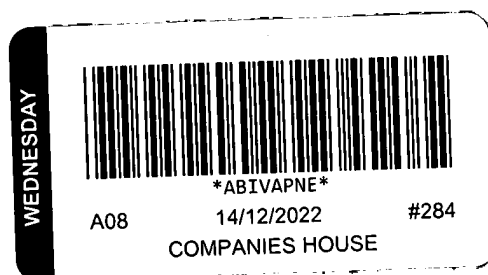


Betfair Limited

Directors' report and financial statements

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Betfair Limited

Directors and other information

Directors

Kevin Smith
Recep Ozcan

Secretary

Jonathan Seeley

Registered office

Waterfront
Hammersmith Embankment
Chancellors Road
London
W6 9HP

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Bankers

Barclays Bank
Belfast
Imperial House
Donegal Square East
BT1 5HL
Belfast

Registered number

05140986

Betfair Limited

Strategic Report

The Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Principal activity and future developments

The principal activity of Betfair Limited (the 'Company') is the provision of support services to other companies within the Flutter Entertainment group (comprising Flutter Entertainment plc, and its subsidiaries (the 'Group')). The Directors believe that these activities will continue for the foreseeable future.

Review of business

The Directors were satisfied with the performance of the Company during the year and further details of the performance of the Company are provided below.

Directors' statement of compliance with duty to promote the success of the Company

The Directors, in line with their duties under Section 172 of the Companies Act 2006 ("s172"), have considered, in good faith, what would be mostly likely to promote the success of the Company for the benefit of Flutter Entertainment plc (ultimate parent Company) and in doing so have regard to a range of matters when making decisions for the long term. Such consideration is included in the statements set out below and having regard amongst other matters to the following:

- the likely consequences of any decision in the long term;
 - the interests of the Company's employees;
 - the need to foster the Company's business relationships with suppliers and others;
 - the impact of the Company's operations on the community and the environment;
 - the desirability of the Company maintaining a reputation for high standards of business conduct;
- and
- the need to act fairly as between members of the Company.

Stakeholder engagement

The Company is committed to high standards of business conduct and integrity. The key stakeholders have been identified as suppliers, employees and shareholders.

(i) Suppliers

Key areas of focus include innovation, health and safety and sustainability. The Directors recognise that relationships with suppliers are important to the Company's long-term success and are briefed on supplier feedback and issues.

(ii) Employees

Our people are key to our success and we want them to be successful individually and as a team. There are many ways we engage with and listen to our people including the Company's Intranet site, face to face briefings, internal communities and newsletters.

Key areas of focus include health and well being, development opportunities, pay and benefits. Regular reports about what is important to our colleagues are made to the Directors ensuring consideration is given to their needs.

Betfair Limited

Strategic Report (*continued*)

Directors' statement of compliance with duty to promote the success of the Company (*continued*)

(iii) Shareholders

Reports are regularly made to the Company Board by the Directors about the strategy, performance and key decisions taken which provides the Board with assurance that proper consideration is given to stakeholder interests in decision making.

At Group level, the Board is well informed about the views of shareholders through the regular reporting and it uses this information to assess the impact of decisions on each units of the business as part of its own decision making process.

Effect and impact of principal Board decisions and how the Board considered stakeholders views:

Response to COVID 19

With significant uncertainty created by the COVID 19 pandemic the Directors with the approval of the Board oversaw the Company's response to ensuring that the Company emerge from the crisis well positioned for long term success, whilst supporting our employees and their safety and continuing to deliver for our customers. Whilst there will be some impact on operations, the Directors do not expect a significant impact on profitability.

The Directors considered the health, safety and wellbeing of all employees and contractors as their first priority. In particular, for those still required to be on site to support customer delivery, the Directors without hesitation considered and provided safety measures to protect their wellbeing. For those able to work from home the Directors considered the infrastructure to support this and their working efficiency. Given the increase in homeworking consideration was also given to the increased risk of cyber attacks and data breaches and how to mitigate this.

As a result of the above, the Directors were satisfied that measures were in place to protect the health, safety and wellbeing of the people and continue to monitor the situation.

Additional security measures were deployed to enhance the security of our networks further, in light of homeworking.

Key performance indicators (KPIs)

The Directors believe the financial KPIs of the Company are turnover and profit before tax. In the year ended 31 December 2021, turnover of £87.8m (2020: £96.0m) was recognised in respect of amounts received from fellow Group undertakings for support services. The Company generated a profit before taxation of £3.5m (2020: £4.7m).

The average number of employees has decreased to 495 (2020:499).

The Board continues to focus on responsible gambling initiatives and wider environmental, social and governance matters relevant to the Company.

The Board continuously monitors the performance of the business.

Betfair Limited

Strategic Report (*continued*)

Going concern

The Company is in a net current liability of £4.3m which is primarily attributable to intercompany payables. The Company's ultimate parent undertaking, Flutter Entertainment plc, has indicated that no Group company will demand repayment such that it would threaten the counterparty's ability to continue as a going concern. On this basis, despite the net liability position, the Directors have formed the opinion that the Company's financial statements should be prepared on the going concern basis.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. The key business risks and uncertainties affecting the Group are considered to relate to regulation, licensing and regulatory compliance, data management and cyber security, technology infrastructure, systems stability and availability, business continuity planning and disaster recovery, product availability and competition, reliance on third parties and key supplier relationships, health and safety and key employees recruitment and retention. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 84 to 91 of the Flutter Entertainment plc Annual Report and Accounts 2021 which does not form part of this report. A copy of the Flutter Entertainment plc Annual Report and 2021 Accounts can be found on its website, www.flutter.com/investors.

Risks are formally reviewed by the Flutter Entertainment plc Board and appropriate processes are put in place to mitigate them. It is possible that the overall effect of such events would result in adverse implications for the Company.

Financial risk management

The Group, which applies to the Company where applicable, continues to have a prudent treasury management policy in place.

The Company's operations expose it to a variety of other financial risks, including interest rate and foreign exchange movements. Management continues to monitor closely the Company's financial risks and mitigate its exposure where appropriate.

This Strategic Report is approved on behalf of the Board of Directors by:



Recep Ozcan
Director

25 November 2022

Betfair Limited

Directors' report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 December 2021.

Future developments

Details of the Company's business activities are set out in the Strategic Report.

Research and development

The Company incurred expenditure on research and non-capitalised development activities amounting to £4.6m (2020: £4.7m). This amount has been charged directly to the Profit and Loss and Other Comprehensive Income.

Results and dividends

The results of the Company for the year ended 31 December 2021 are set out in the Statement of Profit and Loss and Other Comprehensive income on page 12 and in the related notes. The profit for the year before taxation amounted to £3.5m (2020: £4.7m). The Statement of Financial Position at 31 December 2021 is set out on page 13 and indicates net assets of £7.4m (2020: *net liabilities* (£1.5m)). The Directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil).

Events subsequent to reporting date

The Directors are not aware of any matter or circumstance occurring since 31 December 2021 that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Directors and Secretary

The following Directors and Secretary served during the year and subsequent to the balance sheet date:

Directors

Recep Ozcan
Kevin Smith

Secretary

Jonathan Seeley

Employees

The responsibility for formulating, implementing and ensuring adherence to employment policies and relevant legislation falls under the remit of our Human Resources function. The Company fully supports the principle of equal opportunity for all employees and opposes all forms of discrimination and has policies to ensure it meets its legal obligations. It is also Company policy to give full and fair consideration to the recruitment of disabled persons, and to provide such persons with the same training, career development and promotion opportunities as other employees. In the event of employees becoming disabled, every effort is made to ensure that their employment within the Company continues and that appropriate training is provided. The Company believes in open and continuous communications as an important part of the employee engagement process. The Company has an intranet and various internal communication channels for informing employees about financial results, business development and other news concerning the Company and its people. Our Code of Conduct applies to all employees across the Company.

Betfair Limited

Directors' report (*continued*)

Charitable and political contributions

The Company made no charitable contributions during 2021 (2020: Nil). The Company made no political contributions in 2021 (2020: Nil).

Supplier payment policy

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and, KPMG LLP therefore will continue in office.

Disclosure of information to the Auditor

Each of the Directors who held office at the date of approval of the Directors' Report confirms that:

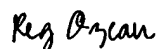
- so far as they are aware, there is no relevant audit information of which the Auditor is unaware; and
- that they have taken all steps that they ought to have taken as a Director to make them aware of any relevant audit information and to establish that the Auditor is aware of that information.

Other Information

The environmental disclosures required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 have not been included in these financial statements as these disclosures have been included in the Annual Report of Flutter Entertainment plc which consolidates the results of this Company.

Flutter Entertainment plc, the ultimate parent, applies the UK Corporate Governance Code. The relevant disclosures are made in the Flutter Entertainment plc Annual Report and 2020 Accounts which can be found on its website, www.flutter.com/investors.

On behalf of the Board of Directors:



Recep Ozcan
Director

25 November 2022

Company registered number: 05140986

Registered office: Waterfront, Hammersmith Embankment, Chancery Road, London, W6 9HP

Betfair Limited

Statement of Directors' responsibilities in respect of the strategic report, the Directors' report and the financial statements

The Directors are responsible for preparing the Directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('FRS 102').

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors:



Recep Ozcan
Director

25 November 2022



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Betfair Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Betfair Limited ('the Company') for the year ended 31 December 2021 set out on pages 12 to 27, which comprise the statement of profit and loss and other comprehensive income, the statement of financial position, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *Financial Reporting Standard Applicable in the UK and Republic of Ireland*.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant section of this report.



Independent auditor's report to the members of Betfair Limited (*continued*)

Report on the audit of the financial statements (*continued*)

Conclusions relating to going concern (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: gambling regulations, anti-money laundering law and employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of Betfair Limited (*continued*)

Report on the audit of the financial statements (*continued*)

Other information

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the strategic report and directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements including being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of Betfair Limited (*continued*)

Respective responsibilities and restrictions on use (*continued*)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion in an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**R. McCarthy Senior Statutory
Auditor for and on behalf of
KPMG, Statutory Auditor**
1 Stokes Place
St. Stephen's Green
Dublin 2

25 November 2022

Betfair Limited

Statement of Profit and Loss and Other Comprehensive Income

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	2	87,835	96,015
Cost of sales		(5,144)	(8,049)
Gross profit		82,691	87,966
Administration expenses		(78,737)	(82,715)
Operating profit		3,954	5,251
Interest receivable and similar income	6	52	43
Interest payable and similar charges	7	(530)	(631)
Profit on ordinary activities before taxation		3,476	4,663
Taxation	8	(3)	(234)
Profit and total comprehensive income for the financial year		3,473	4,429

All activities relate to continuing operations in the current and the prior year.

The notes on pages 15 to 27 form an integral part of these financial statements.

Betfair Limited

Statement of Financial Position

as at 31 December 2021

	Note	2021 £'000	2020 £'000
Non current assets			
Investments	9	7,347	7,347
Tangible fixed assets	10	3,348	3,695
Intangible assets	11	984	743
Total non current assets		11,679	11,785
Current assets			
Debtors	12	131,276	109,954
Cash at bank and in hand		935	699
Total current assets		132,211	110,653
Creditors: amounts falling due within one year	13	(136,531)	(123,937)
Net current liabilities		(4,320)	(13,284)
Net assets/(liabilities)		7,359	(1,499)
Capital and reserves			
Called up share capital	14	40,000	40,000
Profit and loss account		(56,473)	(59,946)
Capital contribution reserve		23,832	18,447
Total equity attributable to equity holders of the Company		7,359	(1,499)

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 25 November 2022 and were signed on its behalf by:

Recep Ozcan

Recep Ozcan
Director

Company registered number: 05140986

Betfair Limited

Statement of Changes in Equity for the year ended 31 December 2021

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	40,000	8,984	(64,375)	(15,391)
Profit for the year	-	-	4,429	4,429
Total comprehensive income for the year	-	-	4,429	4,429
Equity-settled Share-based payments granted to Company employees	-	9,463	-	9,463
Total contribution from owners of the Company	-	9,463	-	9,463
Balance at 31 December 2020	40,000	18,447	(59,946)	(1,499)
Balance at 1 January 2021	40,000	18,447	(59,946)	(1,499)
Profit for the year	-	-	3,473	3,473
Total comprehensive income	-	-	3,473	3,473
Equity-settled Share-based payments granted to Company employees	-	5,385	-	5,385
Total contribution from owners of the Company	-	5,385	-	5,385
Balance at 31 December 2021	40,000	23,832	(56,473)	7,359

Betfair Limited

Notes

forming part of the financial statements

1 Accounting policies

Betfair Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 05140986 and the registered address is Waterfront, Hammersmith Embankment, Chancellors Road, London, W6 9HP.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules in accordance with applicable UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"), and comply with the requirements of the United Kingdom Companies Act 2006.

The Company's ultimate parent undertaking Flutter Entertainment plc includes the Company in its consolidated financial statements. The consolidated financial statements of Flutter Entertainment plc are prepared in accordance with International Financial Reporting Standards as adopted by EU and are available to the public from www.flutter.com/investors and can be obtained from: The Company Secretary, Flutter Entertainment plc, Belfield Office Park, Beech Hill Road, Clonskeagh, Dublin 4. In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes;
- Key management personnel compensation.

As the Consolidated Financial Statements of the Flutter Entertainment Group include equivalent disclosures, the Company has also taken the exemption under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared in GBP, which is the Company's functional currency. All amounts in the financial statements have been rounded to the nearest £1000.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company is in a net current liability position of £4.3m, which is primarily attributable to intercompany payables. The Company's ultimate parent undertaking, Flutter Entertainment plc, has indicated that no Group company will demand repayment such that it would threaten the counterparty's ability to continue as a going concern. On this basis, despite the net liability position, the Directors have formed the opinion that the Company's financial statements should be prepared on the going concern basis.

Betfair Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Gains and losses arising on the retranslation of cash and cash equivalent balances are included within 'operating costs excluding depreciation and amortisation' in the income statement rather than as financial income or expense, as the Directors consider that the gains or losses arising relate to operations, as the Company broadly matches its foreign currency denominated assets and liabilities to ensure that foreign exchange gains and losses are minimised. Gains and losses on retranslation of non-cash assets and liabilities are also dealt with as operating items.

Income tax

Income tax in the income statement comprises current and deferred tax. Income Tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, based on laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset to the extent that they relate to income taxes levied by the same taxation authority.

Turnover

Turnover represents the fee income from the provision of support services and the management of customer funds and management recharges to fellow Group undertakings and it is recognised as it is earned.

Cost of sales

Cost of sales principally comprises processing fees.

Interest receivable

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired.

Interest payable

Interest expense is calculated in line with intercompany loan agreements in place.

Betfair Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease. Operating lease incentives are recognised over the lease term on a straight-line basis.

Tangible fixed assets

Tangible assets are stated at historical cost less accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost less residual value on a straight-line basis over their estimated useful lives, as follows:

Leasehold property - Unexpired term of the lease, except for leases with an initial term of ten or less years, which are depreciated over the unexpired term of the lease plus the renewal length of the lease if there is an unconditional right of renewal

Fixtures & fittings	3 – 5 years
Computer equipment	3 years

Intangible assets

Intangible assets, including licence costs, computer software and games licences, are capitalised and amortised over their estimated useful economic lives on a straight line basis, as follows:

Computer software	3 years
Licences	Over the term of the licence

Financial assets

Interests in subsidiary undertakings are stated in the Company statement of financial position as financial assets, at cost less, where necessary, provisions for impairment.

Other investments, representing minority shareholdings, are stated in the Company statement of financial position as financial assets, at cost less, where necessary, provisions for impairment.

Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise and indications that a debtor or issuer will enter bankruptcy.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Betfair Limited

Notes *(continued)*

1 Accounting policies (continued)

Non-derivative financial instruments

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for lifetime expected credit losses.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, cash and cash equivalents, deposits and trade and other payables are measured at amortised cost.

Pensions

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Share based payments

The Company (through its holding company, Flutter Entertainment plc) has operated equity-settled share option schemes for employees under which employees acquire options over parent company shares. The fair value of share options granted is recognised as an employee benefit cost with a corresponding increase in the capital contribution reserve. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The Company (through its holding company, Flutter Entertainment plc) operates an equity-settled share save scheme ("SAYE") for employees under which employees acquire options over parent company shares at a discounted price subject to the completion of a savings contract. The fair value of share options granted is recognised as an employee benefit cost with a corresponding increase in the capital contribution reserve. The fair value is measured at grant date and spread over the period of the savings contract. The fair value of the options granted is measured using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The Company (through its holding company, Flutter Entertainment plc) operates equity-settled long-term and medium term incentive plans for selected senior executives and other key management under which they are conditionally awarded shares which vest upon the achievement of predetermined earnings targets and / or future service periods. The fair value is measured at the award grant date and is spread over the period during which the employees become unconditionally entitled to the shares with a corresponding increase in a capital contribution reserve. The fair value of the shares conditionally granted is measured using the market price of the shares at the time of grant.

The Company (through its holding company, Flutter Entertainment plc) also currently operates a deferred share incentive plan (DSIP) whereby one-third of any annual incentive payment (determined under the Annual Cash Incentive Plan) may be paid in deferred shares. Any such deferred element granted under the DSIP will vest 50% after 1 year and 50% after 2 years from the date of grant and will be fair valued using the same methodology as other long and medium term incentive plans. The two-thirds cash portion is measured on an undiscounted basis and expensed as the related service is provided. A liability is recognised for the amount expected to be paid under this cash portion if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Betfair Limited

Notes (continued)

2 Turnover

	2021 £'000	2020 £'000
Income from the provision of support services to Group undertakings	87,838	95,569
(Expense)/income from the management of customer funds	(3)	446
	<u>87,835</u>	<u>96,015</u>

All turnover was generated in the UK.

3 Wages and salaries

	2021 £'000	2020 £'000
Wages and salaries	39,115	42,169
Social welfare costs	8,511	8,705
Pension	1,685	1,542
Equity settled share-based payments	5,385	9,463
Redundancy	115	498
	<u>54,811</u>	<u>62,377</u>

The average number of persons employed by the Company, including directors, during the year was 495 (2020: 499).

4 Statutory information and directors remuneration

	2021 £'000	2020 £'000
Depreciation and amortisation	1,489	2,034
Loss recognised on disposal of assets	-	2
Research and development expense	4,643	4,725
	<u>6,132</u>	<u>6,761</u>

	2021 £'000	2020 £'000
Directors' emoluments	584	699
Company contributions to pension schemes	33	42
	<u>617</u>	<u>741</u>

There were two Directors in the Group's Personal Pension Plan during the year (2020: 2).

Betfair Limited

Notes (continued)

5 Statutory information and directors remuneration (continued)

The highest-paid Director received total emoluments of £330,188 (2020: £491,634). Company pension contributions of £17,318 (2020: £19,969) were made to the Group's Personal Pension Plan on their behalf.

Two Directors exercised options during the year (2020: Two). The audit fee was borne by the parent company.

6 Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest receivable	-	8
Interest receivable from Group undertakings	52	35
	<u>52</u>	<u>43</u>

7 Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable to Group undertakings	530	631
	<u>530</u>	<u>631</u>

Betfair Limited

Notes (continued)

8 Taxation

	2021 £'000	2020 £'000
Analysis of tax charge/(credit) for the year		
Origination and reversal of timing differences	(148)	314
Prior year adjustment	151	(80)
Total deferred tax expense	3	234
Total tax expense	3	234
Reconciliation of effective tax rate		
Profit before taxation	3,476	4,663
Tax using the UK corporation tax rate of 19% (2019:19%)	660	886
<i>Effects of:</i>		
Permanently disallowable items	311	(5,142)
Effect of changes in tax rate	(422)	-
Group relief surrendered for nil payment	(697)	4,570
(Over)/under provision in prior years	151	(80)
Total tax expense/(credit)	3	234

9 Fixed asset investments

	Shares in fellow Group undertakings £'000	Total £'000
Cost		
At 31 December 2020 & 31 December 2021	7,347	7,347

Betfair Limited

Notes (continued)

9 Fixed asset investments (continued)

The related undertakings in which the Company has a direct interest at 31 December 2021 are as follows:

	Country of incorporation and registered address	Principal activity	Ordinary shares held % Company	Group
Timeform Limited	England and Wales Waterfront, Hammersmith Embankment, Chancellors Road, London, W6 9HP	Publisher	100	100
Winslow One Limited	England and Wales Waterfront, Hammersmith Embankment, Chancellors Road, London, W6 9HP	Holding company	100	100

The related undertakings in which the Company has an indirect interest at 31 December 2021 are as follows:

	Country of incorporation and registered address	Principal activity	Ordinary shares held % Company	Group
Portway Press Limited	England and Wales Waterfront, Hammersmith Embankment, Chancellors Road, London, W6 9HP	Non-trading	-	100
Winslow Three Limited	Cayman Islands 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9007	Holding company	-	100
Betfair Italia S.R.L.	Palazzo Cova, Via Carducci 36, 20123, Milan Italy,	Online sports betting and gaming	-	75
TSE (Malta) LP	57/63 Line Wall Road. Gibraltar	Online sports betting	-	99
Betfair International Plc	Triq il-Kappillan Mifsud, Santa Venera, SVR1851, Malta	Online sports betting and gaming	-	75
Betfair International Spain S.A.	Paseo de las Palmeras, Number 10, Mezzanine office number one, Ceuta, 51001	Online sports betting and gaming	-	100

Betfair Limited

Notes (continued)

10 Tangible Fixed Assets

	Leasehold Property £'000	Fixtures & Fittings £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 January 2021	8,520	6,969	53,415	68,904
Additions	-	102	543	645
At 31 December 2021	8,520	7,071	53,958	69,549
Depreciation				
At 1 January 2021	8,488	4,067	52,654	65,209
Charge for the year	23	512	457	992
At 31 December 2021	8,511	4,579	53,111	66,201
Net book value				
At 31 December 2021	9	2,492	847	3,348
At 31 December 2020	32	2,902	761	3,695

Betfair Limited

Notes (continued)

11 Intangible assets

	Computer Software £'000	Licences £'000	Total £'000
Cost			
At 1 January 2021	37,527	775	38,302
Additions	735	3	738
At 31 December 2021	38,262	778	39,040
Amortisation			
At 1 January 2021	37,445	114	37,559
Charge for the year	495	2	497
At 31 December 2021	37,940	116	38,056
Net book value			
At 31 December 2021	322	662	984
At 31 December 2020	82	661	743

Betfair Limited

Notes (continued)

12 Debtors: due within one year

	2021 £'000	2020 £'000
Corporation tax	7,160	5,417
Sundry debtors	3,981	4,423
Prepayments	2,975	2,659
Deferred tax assets	1,760	1,763
Amounts owed by Group undertakings	114,960	94,266
Other tax and social security	440	1,426
	<u>131,276</u>	<u>109,954</u>

Amounts owed by Group undertakings are unsecured and repayable on demand. Interest is charged at 3 Month GBP Libor plus 1%.

The elements of the deferred tax asset at 31 December is analysed as follows:

	2021 £'000	2020 £'000
Deferred capital allowances	1,760	1,763
	<u>1,760</u>	<u>1,763</u>

The movement for deferred tax during the year is as follows:

	2021 £'000	2020 £'000
Balance brought forward	1,763	1,997
Deferred capital allowances	(3)	(314)
Other short-term timing differences	-	80
Balance carried forward	<u>1,760</u>	<u>1,763</u>

13 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	1,367	567
Other tax and social security	1,881	1,185
Accruals	29,454	30,437
Legal Provision	450	-
Amounts payable to Group undertakings	103,379	91,748
	<u>136,531</u>	<u>123,937</u>

Amounts payable to Group undertakings are unsecured and repayable on demand. Interest is charged at 3 Month GBP Libor plus 1%.

Betfair Limited

Notes (continued)

14 Called up share capital

	2021 £'000	2020 £'000
Authorised		
40,001,000 ordinary shares of £1 each	<u>40,001</u>	<u>40,001</u>
Allotted, called up and fully paid		
40,000,001 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Shareholder meetings of the Company.

15 Commitments and contingencies

Leases

The Company had total future minimum payments under non-cancellable operating leases as follows:

	2021 Land and buildings £'000	2020 Land and buildings £'000
Not later than one year	2,247	1,997
Later than one year and not later than five years	<u>5,238</u>	<u>7,101</u>
	<u>7,485</u>	<u>9,098</u>

During the year, £2.1m (2020: £2.2m) was recognised as an expense in the profit and loss account in respect of operating leases.

The Company had the following capital commitments at year end:

	2021 £'000	2020 £'000
Property, plant and equipment	<u>280</u>	<u>36</u>

At 31 December 2021 and 2020, the Company had no other commitments or contingencies.

16 Use of estimates and judgements

In the opinion of the Directors, there were no accounting estimates and judgements made in the course of preparing these financial statements that were difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS1 (revised).

Betfair Limited

Notes *(continued)*

17 Immediate parent and ultimate parent company

The immediate parent company is The Sporting Exchange Limited, with its registered office at Waterfront, Hammersmith Embankment, Chancery Road, London, W6 9PS, UK.

Flutter Entertainment plc is the ultimate parent company, with its registered office at Belfield Office Park, Beech Hill Road, Clonskeagh, Dublin 4, Ireland. Copies of the Group's Annual Report and Accounts 2021 can be found at www.flutter.com/investors, and can be obtained from:

The Company Secretary
Flutter Entertainment plc
Belfield Office Park
Beech Hill Road
Clonskeagh
Dublin 4

18 Events subsequent to reporting date

The Directors are not aware of any matter or circumstance occurring since 31 December 2021 that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Betfair Limited

Directors' report and
financial statements

Year ended 31 December 2021

Registered number: 05140986